DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

THIRD SESSION—SEVENTEENTH PARLIAMENT

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1932

CANADA

House of Commons Debates

OFFICIAL REPORT

Thursday, February 4, 1932.

THIRD SESSION—SEVENTEENTH PARLIAMENT—OPENING

The parliament which had been prorogued from time to time to the 4th day of February, 1932, met this day at Ottawa, for the despatch of business.

The house met at three o'clock, the Speaker in the chair.

Mr. Speaker read a communication from the Governor General's secretary announcing that His Excellency the Governor General would proceed to the Senate chamber at three p.m. on this day, for the purpose of formally opening the session of the Dominion parliament.

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly the house went up to the Senate chamber.

And the house being returned to the Commons chamber:

VACANCY

Mr. SPEAKER: I have the honour to inform the house that during the recess I received communications from two members, notifying me that the following vacancy had occurred in the representation, viz:

Of John Francis Buckley, member for the electoral district of Athabaska, by decease.

I accordingly issued my warrant to the chief electoral officer to make out new writs of election for the said electoral district.

NEW MEMBERS

Mr. SPEAKER: I have the honour to inform the house that the clerk of the house has received from the chief electoral officer certificates of the election and return of the following members, viz:

Of Charles Bourgeois, Esquire, for the electoral district of Three Rivers-St. Maurice.

Of Humphrey Mitchell, Esquire, for the electoral district of Hamilton East.

NEW MEMBERS INTRODUCED

Charles Bourgeois, Esquire, member for the electoral district of Three Rivers-St. Maurice, introduced by Right Hon. R. B. Bennett and Hon. Mr. Guthrie.

Humphrey Mitchell, Esquire, member for the electoral district of Hamilton East, introduced by J. S. Woodsworth and A. A. Heaps.

OATHS OF OFFICE

Right Hon. R. B. BENNETT (Prime Minister) moved for leave to introduce Bill No. 1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

GOVERNOR GENERAL'S SPEECH

Mr. SPEAKER: I have the honour to inform the house that when the house did attend His Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of parliament. To prevent mistakes I have obtained a copy which is as follows:

Honourable Members of the Senate:

Members of the House of Commons:

In addressing you for the first time, I desire to express my gratification at having been selected by His Majesty as his representative in the Dominion of Canada, and to acknowledge with profound thanks the reception which has been accorded to me by the people of this country. I accept it as a proof of their loyalty and devotion to the crown. I shall count it a happiness as well as a duty to associate myself with you in your labours for the welfare of Canada.

You enter upon your duties at a time of continuing and universal economic disturbance and distress. World conditions are beyond the control of the Canadian people. But I rejoice that their resolute adherence to policies designed for the welfare of the nation has minimized the adverse influence of external economic forces. This period of trial has shown the Canadian situation to be fundamentally

sound. The oversubscription of the national service loan manifests both the unity and patriotism of the people, and their supreme confidence in the financial strength of the Dominion. Canada still maintains its high place in world commerce. Within the last few months, a favourable balance of trade has been established. The provisions made at the last session of parliament for unemployment and farm relief are proving effective.

You are successfully meeting difficult domestic problems. Conditions are gradually improving. But prosperity in full measure must await the satisfactory adjustment of accounts between debtor and creditor nations of the world and the restoration of international monetary standards, from which the acute financial difficulties have compelled a temporary departure.

Since the last session of parliament my ministers have commenced negotiations with the government of the United States of America for the completion of the St. Lawrence waterway.

A commission has been appointed to inquire into the whole problem of transportation in Canada. My ministers expect that the report of the commission will be ready for submission to parliament during the present session.

My ministers have under consideration a commercial treaty with the Dominion of New Zealand.

A Canadian delegation is participating in the disarmament conference, which was opened at Geneva on the 2nd of February. I join with you in the prayer that the representatives of the nations there assembled may reach an understanding which will put beyond peril the cause of enduring world peace.

On the invitation of my government, an economic conference of members of the British commonwealth of nations will meet in Ottawa on July 18th next.

The Geneva Narcotics Convention of 1931, the Red Cross, Prisoners of War and other conventions, will be submitted for your approval.

Among the other measures to which your attention will be invited will be a bill relating to insurance and bills relating to patents and trade marks.

You will also be asked to consider bills to amend the Canada Shipping Act and the Fisheries Act.

Members of the House of Commons:

The public accounts for the last fiscal year and the estimates for the coming year will be submitted at an early date. The estimates will conform to my ministers' determination to maintain a policy of rigid economy, consistent with the discharge of those statutory and contractual obligations, which is essential to the preservation of the integrity and credit of the Dominion.

Honourable Members of the Senate:

Members of the House of Commons:

I sincerely congratulate you on the fortitude and patience with which the people of Canada have borne the hardships of this period of depression and maintained their usual high regard for law and order. A sense of unity more abundantly prevails. The spirit of sympathetic cooperation has been strengthened. The Canadian people have united in the fight against adversity. Prosperity is their just reward. I know it will be your privilege, by the unselfish and zealous discharge of your duties to hasten its return. May Divine Providence bless and guide you in your deliberations.

[Mr. Speaker.]

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Monday next.

Motion agreed to.

SELECT STANDING COMMITTEES

Right Hon. R. B. BENNETT (Prime Minister) moved:

That a special committee be appointed to prepare and report, with all convenient speed, lists of members to compose the select standing committees of this house under standing order 63, said committee to be composed of Messrs. Rhodes, Duranleau, Simpson (Algoma West), Stewart (Edmonton West), and Casgrain.

Motion agreed to.

INTERNAL ECONOMY COMMISSION

Right Hon. R. B. BENNETT (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an approved minute of council, appointing the Honourable E. N. Rhodes, Minister of Finance; the Honourable D. M. Sutherland, Minister of National Defence; the Honourable Alfred Duranleau, Minister of Marine and the Honourable T. G. Murphy, Minister of the Interior and Superintendent General of Indian Affairs, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter 145 of the revised statutes of Canada, 1927, intituled "An Act respecting the House of Commons."

DEPUTY SERGEANT-AT-ARMS

Mr. SPEAKER: I have the honour to inform the house that the Sergeant-at-Arms, with my approval, has appointed Lieutenant J. L. Williams to be his deputy during the present session of parliament.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

Mr. MACKENZIE KING: May I ask my right hon. friend if it is the intention to adjourn until to-morrow?

Mr. BENNETT: Yes.

Mr. MACKENZIE KING: I assume that to-morrow will be devoted to further preliminaries, and that the debate on the address will be proceeded with on Monday?

Mr. BENNETT: Yes, Mr. Speaker, the right hon. gentleman is correct. Personally I share the view that it would be always wise to proceed at once with the debate on the address, but that view is not entertained in all quarters; therefore we will follow the usual custom of meeting to-morrow and disposing of some preliminary business that might well engage the attention of the house, especially business with respect to those members who are no more. On Monday the debate on the address will take place.

Mr. MACKENZIE KING: May I ask if, since last session, there has been any further correspondence between Ottawa and Washington with respect to the St. Lawrence waterway which might be tabled before the debate takes place?

Mr. BENNETT: I think there is no correspondence except an intimation that on a given day the Canadian minister would be at a given place. There is no correspondence touching the merits of arrangements or negotiations for a treaty between the United States and Canada; up to the present time there has been nothing but purely verbal discussions.

Mr. MACKENZIE KING: Has any order in council been passed since last session pertaining to the St. Lawrence waterway?

Mr. BENNETT: So far as I know, Mr. Speaker, no orders in council have been passed since last session. But I will make that perfectly certain, and if there are any I will send copies to the right hon. gentleman.

Motion agreed to and the house adjourned at 4.10 p.m.

Friday, February 5, 1932

The house met at three o'clock.

INDUSTRIAL PROPERTY

INTERNATIONAL CONVENTION FOR PROTECTION TABLED BY SECRETARY OF STATE

Hon. C. H. CAHAN (Secretary of State): I desire to lay on the table a copy of the international convention for the protection of industrial property, which was signed on behalf of Canada on November 6, 1925, and ratification of which was authorized by the Canadian government by order in council and deposited on May 1, 1928. As nearly as I can ascertain, this convention has not been laid before parliament, and, as I wish to introduce a bill based upon it, I am laying it on the table now.

ILLEGAL WARFARE CLAIMS

Hon. C. H. CAHAN (Secretary of State): I wish to lay on the table the interim report made by Errol M. McDougall, commissioner on reparations, upon claims made arising out of the ill treatment of prisoners of war. This report is rather voluminous. Many requests have been made for it, and I should therefore like to make the usual motion as to the printing of the report for distribution. By leave of the house I move:

That six hundred copies of the interim report to His Excellency the Governor General in Council, dated January 13, 1932, made by Errol M. McDougall, Esquire, a commissioner appointed to investigate and report upon illegal warfare claims and reparations payable in respect thereof, laid on the table of the house this day, be printed forthwith, and that standing order 64 in relation thereto be suspended.

Mr. MACKENZIE (Vancouver): Will this report be available for discussion?

Mr. CAHAN: I am laying it on the table to-day and am now moving to have it printed at the earliest possible date.

Motion agreed to.

FISHING BOUNTIES

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, as it is required that a statement of the amounts paid by way of fishing bounties be laid on the table of the house, I desire to point out that such payments are mentioned at page 32 of the report of the Department of Fisheries which has been tabled this afternoon.

TRIBUTES TO DECEASED MEMBERS

THE LATE CLÉMENT ROBITAILLE—THE LATE JOHN FRANCIS BUCKLEY

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I should assume that when we left here in August last it was the sincere hope of every member of the house that upon reconvening our ranks would not be depleted by the hand of death. Unfortunately it is my sad duty to record the fact that two of our number have passed to the great beyond. I offer to my right hon. friend (Mr. Mackenzie King) and his associates my very sincere sympathy in the loss they have sustained, a loss which is common to the house as a whole. In the passing of the two members to whom I have referred we have lost

warm-hearted, genial companions, men who served their party loyally but whose relations were most friendly with every member of this house.

The first to meet his death was the hon. member for Athabaska (Mr. Buckley), who had attained the age of forty years only the day before his death. Although born in the neighbouring republic he was a citizen of Great Britain and came to this country while still a young man. After serving with great distinction in the war he attended one of the Inns of Court in London and as his vocation in life adopted the profession of law. Settling in northern Alberta he gained for himself a very creditable reputation not only in his immediate community but throughout that large district, and was elected to this house by a substantial majority.

With the improved conditions for transport there is also an enhanced risk; while motoring on the day succeeding his birthday he met with sudden death. The very large number of people who attended his funeral—the largest known in that section of the country—attest to the high regard in which he was held by the people in the community he served. We have lost one of our number who gave promise of being not only a very worthy citizen in every respect but one who, I doubt not from what I knew of him, would have attained a high place in the councils of his party. I am sure the sympathy of this house is extended to his bereaved widow, who had become his wife only within the year, and to all those who were dear to him through family ties.

The second one of our number to cross the river, the late Mr. Robitaille, represented a riding in the great island of Montreal. He too followed the law as his profession, and although he took no great part in the debates and business of this house he had those qualities which so endeared him to the community in which he lived that time after time he was elected not by majorities of a few hundred but by majorities of many thousands. I am told by those who are well able to express opinions that his position in the profession was one of singular importance because he acted not only for municipalities but as a wise and loyal friend for all those requiring the services and advice of a sound counsellor. We recall him as he sat in his seat, but he will be with us no more. He left behind him a large family, and it will be a matter of satisfaction to them, as it is to us, to know that occupying a place of great importance and having been elected several times by the people of his constituency he was held in such high esteem not only by them but by hon. members in this house of all shades of political opinion. Mr. Speaker, we desire to convey our expressions of sympathy and regret not only to those who will miss him most in this house but also to the immediate families directly concerned and to that wider circle of friends who will feel a deep sense of loss in his passing.

Alas, as I said in my opening words, we had hoped that in the short time we have been separated we might meet with no breaks in our ranks. Such is not the case; we are constantly reminded that death is ever about us and that the span of life, although it is becoming longer through the learning and teachings of science, is always uncertain.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I thank the Prime Minister (Mr. Bennett) very warmly for having expressed to those of us on this side of the house who have lost two of our colleagues the sympathy of himself and his party. I thank him even more for the touching tributes which he has paid to the memory of our late friends, who were also friends of many in his own party.

Some lives there are which are lived so quietly, so unobtrusively, that it is not until they are taken from us that we begin to realize how considerable was the place they held in the communities from whence they came, and just what their presence meant to those who shared their accustomed environments. Such was the case with the lives of Mr. Buckley and Mr. Robitaille, each of which was brought to a close with such tragic suddenness.

Mr. Buckley was one of the youngest members of this house, having entered, as the Prime Minister has just said, at the beginning of this parliament. Having just completed his fortieth year, he was among the number of those who have still much of youth on their side. It is an evidence of the hazards and chances of life that, having been among the first to enlist in the Princess Patricia's Canadian Light Infantry and having served with his regiment throughout the war, Mr. Buckley should have survived the perils and vicissitudes of the great war, to meet instantaneous death within a short distance of his own home and in the constituency which some eighteen months before had honoured him with its representation in this parliament. The tragedy of his death is further emphasized by the fact, also mentioned by my right hon. friend, that his marriage had taken place only last year.

Mr. Buckley had everything before him; he had pioneered in the land of his adoption, he had risked his life in the service of his country overseas, he had obtained an enviable place in his profession, he had won for himself a seat in parliament, and had gained the happiness of a home. Though he was but a short time a member of parliament, he gave such evidence in this house of manly character and of ability that the promise of future prominence in his profession and in public life was self evident. By his death his province, this parliament, and our country have suffered loss. It is difficult indeed to understand the decrees of fate in circumstances of the kind. We can only hope and believe that somehow, somewhere:

> —that force,
> Surely, has not been left vain!

That:

> Somewhere, surely, afar,
> In the sounding labour-house vast
> of being, is practised that strength,
> Zealous, beneficent, firm!

Mr. Robitaille was a member of the same profession as Mr. Buckley. He was, however, considerably his senior in years, he had been for a much longer time a member of the bar, and was a much older member of parliament, having been in this house during the last ten years. To many of us he was a very close personal friend and we shall miss him greatly, particularly because of the quality which has been referred to by the Prime Minister, the quality of loyalty to those whom he supported in the house and to the principles and convictions which he held as a public man and which he espoused so ably. His death too was tragically sudden. Only two days before, he had been at his office, apparently in good health; he passed away almost without warning in the midst of his family circle, leaving to mourn his loss a wife and eleven children.

As has been said, Mr. Robitaille did not take an active part in debate, but he was very faithful in his attendance upon the duties of parliament, and in watching and serving the interests of the large constituency which he represented. The fact that representing, as he did, one of the most populous and important constituencies, namely that of Maisonneuve, he was returned to this parliament by very large majorities on all occasions shows the confidence and affection in which he was held by those who knew him best. All of us in this house will I am sure, as the Prime Minister has said, cherish his memory irrespective of party. We can truly say that he has honoured the name of the province from which he came, and the race which in so many ways has contributed so much of what is best to the public life of this dominion.

I join very warmly, Mr. Speaker, with the Prime Minister in expressing the hope that through you will be conveyed to those who in their homes have been so greatly bereaved, the sympathy of the entire house.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, may I be permitted on behalf of those who sit in this corner of the house to join with the Prime Minister (Mr. Bennett) and the Leader of the Opposition (Mr. Mackenzie King) in conveying our sympathy to the families of the two members who have left us since the house last met.

I had known Mr. Robitaille ever since I became a member of the house. It is true that he was of a very quiet disposition, but I am sure all of us who had come in contact with him for any length of time were very much distressed to hear of his sudden death.

With regard to Mr. Buckley, we in the province of Alberta felt a great affection for him because of the fact that he was one of us. Probably I was the last member of this house to see him, having had the privilege on the sixteenth day of November of meeting him in his home town and congratulating him on his fortieth birthday. I had made arrangements to see him a couple of days later, and when further east of the town of St. Paul I was advised by telephone of his death I can assure you, sir, that I was very much shocked by the tragic news. Mr. Buckley was in the best of health when I saw him and was looking forward to meeting the members at this session. During the succeeding days I had the privilege of meeting many of his constituents, and they assure me that they felt they had lost not only a good friend but a man who would have gone far in his profession and in public life had he been spared.

When, Mr. Speaker, you convey the sentiments of this house to the bereaved families, will you please include the members in this corner as sharing in the general regret at the passing of our two old friends.

MINISTERIAL CHANGES

PORTFOLIOS OF LABOUR AND FINANCE—ACCEPTANCE OF OFFICE BY RIGHT HON. MR. MEIGHEN

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have the honour to inform the house that owing to the ill health of the Minister of Labour (Senator Robertson) I have been compelled to advise His Excellency to accept his resignation. The Hon. Wesley A. Gordon has relinquished the portfolio of immigration and colonization to

become Minister of Labour. He will continue to discharge the duties of Minister of Immigration and Colonization, and of Minister of Mines. It is a question whether those departments should not be merged, and it is one to which the government has given some consideration and attention.

I should like to bear tribute to the service rendered to this country by Senator Robertson. A man of great breadth of view, fair-minded, with a warm appreciation and understanding of the conditions of others, and interested in the welfare of humanity to a singular degree, it may be truthfully said, that he actually wore himself out in the service of his country. If ever there was a casualty in the conflict against economic conditions you may speak of him as a casualty, for he has been stricken by ill health through the services he has rendered to Canada.

The Department of Fisheries will be administered by the Minister of Marine (Mr. Duranleau), the department to which it was once attached, the former minister (Mr. Rhodes) having relinquished the portfolio to become Minister of Finance—a position which I have relinquished, much, I am sure, to the sorrow of my right hon. friend.

It also gives me very great pleasure to advise this house that Right Hon. Arthur Meighen, a member of the Senate, has been sworn as a member of the administration without portfolio.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the Prime Minister (Mr. Bennett) has followed the customary procedure in announcing to the house at the beginning of a session the changes which have taken place in the ministry since the last session. In so far as there is cause for rejoicing in the changes that have been made, I see no reason why we on this side of the house should not join very heartily with hon. gentlemen opposite, because after all my right hon. friend has just been carrying out what we have been advising him to do all along. We have urged the appointment of someone other than himself as Minister of Finance; the appointment of a Minister of Labour who would have a seat in this house, and the strengthening of the government generally. I am sure it would have been more to the Prime Minister's own advantage and to the advantage of the country, had he effected what he has just done a year and a half ago, at the beginning of the first session, instead of at the beginning of the third session of this parliament.

I am afraid that for the most part the task of the new ministers will be that of undoing much of the mischief my right hon. friend has done during the time he has more or less monopolized the offices of government.

May I extend to the new Minister of Finance (Mr. Rhodes) the very warm congratulations of myself and of all who in this house belong to the Liberal party, and wish him well in the discharge of his public duties. He is an old member of parliament, and is well known to us all. He has a fine public record, and possesses high attainments and qualifications which eminently fit him for the position. I am sure we wish him all success in what at this time must be a very onerous and difficult task. I believe that my hon. friend has accepted this office from a high sense of public duty, because it means additional strain and work to him at a time when political ambitions may not mean as much as they did before he had won the name for himself which he now possesses. We will do what we can to join with him in effecting necessary economies, and if he will do something towards stabilizing the tariff and avoiding extremes in other matters, which I think he personally appreciates as being highly necessary, he will find us ready to go a long way with him.

I should like to extend my hearty congratulations also to the new Minister of Labour (Mr. Gordon), coupled with my best wishes as well for a successful administration of his new department. As he knows, right along we have been advising the Prime Minister to have a Minister of Labour in this house, and now that at last this has been done, I may say that we are pleased with the choice that has been made. May I say to my hon. friend that having had the privilege of holding the portfolio of Minister of Labour for a time in the federal administration I can appreciate both his opportunities and his responsibilities. In the course of the time during which he may hold that position, I hope he may be able to do much in helping to solve the great and complex human problems so intimately associated with labour. It is not to be expected that he will ask for any assistance from this side, but may I say to him that in his efforts to improve industrial conditions in Canada he will at least receive no embarrassment from myself or those of us who sit to the left of the Speaker. Where opportunity permits, we shall be only too glad to afford him all we can in the way of cooperation.

I am only too ready to join with the Prime Minister in expressing profound sympathy with Senator Robertson, and at the same time

my appreciation of the services he has sought to render and has rendered this country while acting as Minister of Labour. I agree that Senator Robertson's breakdown in health has been due to the zealous manner in which he has endeavoured to deal with the great problems of his department, and we all deeply deplore the fact that the strain has been such as to impair his health and make it necessary for him to tender his resignation as Minister of Labour. I am equally sure I speak for all in this house when I say that we hope he will soon be restored to full health and strength and again be in a position to resume his duties as a member of the other chamber.

In speaking of Senator Robertson's breakdown, may I say that I believe my right hon. friend will now see that the suggestion and appeal, made in all earnestness, that the great work of unemployment relief should be carried on by a commission and not be left in the hands of a single minister of the crown at a time such as that through which the country has been passing, was a very wise and prudent one. I hope the present Minister of Labour, viewing the situation as it is in Canada to-day and as it is likely to remain for some time to come, will carefully consider whether even yet in his own interests, the interests of his colleagues, the interests of the government and the interests of the country it is not desirable to have this great work of administering unemployment relief in the hands of a properly constituted relief commission. After all, ministers of the crown have enough in the way of responsibility in administering the regular work of their departments, and when a task which is quite exceptional has to be undertaken, it may be necessary to carry it out by exceptional methods. Again I extend to my hon. friend my best wishes.

The Prime Minister has referred to one other ministerial change which is in the nature of an addition to the ministry, namely, the appointment of the Right Hon. Arthur Meighen, a former Prime Minister of Canada, as a member of the cabinet without portfolio. I do not agree with Senator Meighen's point of view on many things; I do not expect to be able to agree with much that he will have to say with regard to the policies of his party, but I am in entire agreement with hon. gentlemen opposite in my admiration for his outstanding attainments as a parliamentarian, and his exceptional qualifications for the leadership of the house to which he has just been appointed. To him, as an old political opponent but a still older personal friend, I extend my best wishes for successful leadership in the Senate of the party of which he has just been chosen leader.

Yesterday in witnessing the imposing ceremony of the opening of parliament, I could not help but think of the curious twists and turns of which public life gives so many evidences, when I saw the former leader of the Conservative party, one who had held the position of Prime Minister of Canada, occupying a position to the left of His Excellency the Governor General, as leader of the upper house, when I knew that his ambitions had always been much more closely associated with the House of Commons, and when I reflected that to the right of the Governor General in the person of the present Prime Minister was one who, if I am not mistaken, at one time had ambitions which led him rather in the direction of the upper house, and which ambitions he was only prevented from realizing, because his leader of the day would not give him the appointment to which he aspired. As I looked at these two gentlemen on either side of the throne, I could not help wondering what in the course of time this double-barrelled leadership of the Conservative party was going to mean.

Mr. BENNETT: It will mean two or three fewer senators at an early date.

Mr. MACKENZIE KING: We will hope that is not the only effect it will have. Up to the present I had thought that as far as the political citadel of the Conservative party was concerned there was not room there for more than one big gun. However, we will wait and see.

Apart from this pleasantry, which my right hon. friend has not found it possible to take in that spirit, I do say that I believe the country even more than the right hon. gentleman will be relieved by the fact that he has surrendered one of the many portfolios which he has held and that the country will welcome at this time particularly whatever evidences he may find it possible to give of a strengthening of his ministry.

Mr. ROBERT GARDINER (Acadia): It is not my intention to criticize the past deeds of the Prime Minister (Mr. Bennett) nor to offer him advice for the future. I am merely taking this opportunity to congratulate my good friend (Mr. Rhodes) on the achievement of being appointed to the office of Minister of Finance. We realize that this is a very heavy portfolio and we recognize that he will bring to bear upon the discharge of his duties a very great ability. We hope that he will be successful in the task that lies

before him. That is our wish regarding the present Minister of Finance. May I also take this opportunity to congratulate my good friend who has held the portfolio of Immigration and Colonization (Mr. Gordon) upon his appointment to the portfolio of Labour. I had some experience with the hon. gentleman last summer and I can assure you, Mr. Speaker, that there is not a member of this house who stands higher in my esteem than does the hon. gentleman who has just been appointed to the office of Minister of Labour. May I again congratulate both hon. gentlemen, repeating that I have no advice to offer the Prime Minister.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

He said: I may say that there are no orders in council with respect to the St. Lawrence waterway. I made perfectly certain that this was so; there has been nothing in the way of orders in council since last session.

Motion agreed to and the house adjourned at 3.50 p.m.

Monday, February 8, 1932

The house met at three o'clock.

CHARGES BY HON. G. N. GORDON

MOTION FOR SPECIAL COMMITTEE OF INVESTIGATION

Hon. HUGH GUTHRIE (Minister of Justice): At this point I wish to make a motion of which I gave notice on Thursday last and which appeared in the votes and proceedings of this house. In doing so may I be permitted to say that the incident which has given rise to this motion occurred a short time ago in the city of Hamilton.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I do not wish to interrupt my hon. friend (Mr. Guthrie) but I suggest to him that, as no intimation was given that this matter would be discussed this afternoon, customary procedure would not be violated if he permitted the debate on the address to proceed until His Excellency had been thanked for his address and then took up other matters. That is the correct procedure and I hope my hon. friend will follow it.

Mr. GUTHRIE: I believe I am following correct procedure. The orders of the day announced that at a certain juncture motions would be called, and in the regular way I am introducing a motion of which regular notice has been given. The matter is of sufficient consequence to engage the attention of the house for a few minutes. I do not anticipate prolonged discussion; personally I intend to offer very few remarks.

The incident to which I refer occurred at the city of Hamilton a few weeks ago, and as it involves a very dark reflection upon a man who is Prime Minister of Canada and the chief adviser of His Excellency the Governor General, and pertains to matters of public concern, and as the allegation is said to come from a man who served as a member in this house and was at one time a member of the government of this country and is yet one of the king's privy councillors for Canada, the matter is of added importance. To my mind it is of sufficient concern and consequence to be brought to the attention of the house at the earliest possible moment. An opportunity will be afforded to the Hon. Mr. Gordon to state whether in fact he did make the statements as set out in the newspapers and as quoted in the notice of motion, and he will be given an opportunity to state what if any foundation he had for making such statements. This matter concerns the honour of the first citizen of Canada, a member of this house, and concerns also the dignity of the House of Commons. For that reason it is of the utmost importance to proceed at once.

When a matter such as this reaches the press it is looked upon by newspapers throughout the whole length and breadth of Canada as front page material, and for that reason receives wide publicity. Many of us have waited from day to day and from week to week to see if there would be any explanation or withdrawal of the statement. I understand that at a meeting held in the city of Cobourg about the middle of January the Hon. Mr. Gordon made a statement which might be regarded as a somewhat belated explanation of or apology for his remarks pertaining to Mr. Herridge. The present motion does not complain about anything said with respect to Mr. Herridge; it seeks only to investigate the remarks made by Mr. Gordon concerning the Prime Minister of Canada. Mr. Gordon has been singularly silent in regard to any explanation or apology on that branch of the subject.

I beg therefore to move seconded by Mr. Stevens:

That a special committee consisting of seven members of this house to be named hereafter be appointed to enquire into certain charges

and allegations made by the Honourable George N. Gordon, K.C., a member of the King's Privy Council for Canada, upon a public occasion in the city of Hamilton, on the 6th day of January, 1932, as reported in the Globe newspaper published at the city of Toronto on the 7th day of January, 1932, and also in respect of a further statement made by the said George N. Gordon at Lindsay on the 8th of January, 1932, and published in the said Globe newspaper on the 9th day of January, 1932, and also published in other newspapers throughout Canada, reflecting upon the Right Honourable R. B. Bennett, Prime Minister of Canada and a member of this house, in regard to matters of public concern; and which said charges and allegations published in the said Globe newspaper are in the following terms and were published on the following respective dates—

January 7, 1932.—"The bald charge that Premier Bennett had financed the honeymoon trip of his sister to Europe out of the Canadian treasury, and that he had obtained a new private railway car for his own use at a cost to Canada of $125,000, was made to local Liberals to-night by Hon. G. N. Gordon, K.C., who was deputy speaker in the federal house under the King government."

"He criticized Premier Bennett for having appointed his brother-in-law as Canada's envoy at Washington, and then charged that the cost of Mrs. Herridge's honeymoon trip to Europe had been paid for by Premier Bennett out of the Canadian treasury."

January 9, 1932.—"I have been too long in the public eye to make statements that are not based on facts," Mr. Gordon said, adding that only a small section of his reference to Mr. Herridge appeared correctly in The Globe. A large audience in Hamilton heard every word he said, and he followed his notes very closely, Mr. Gordon continued.

"Major Herridge was Mr. Bennett's brother-in-law, and this was his honeymoon trip," said Mr. Gordon. "He also went to London to argue an appeal before the Privy Council, so if he was a full-time Canadian legal adviser he should not have taken the full time preparing and arguing the appeal before the Privy Council and thus neglecting his duty as the Premier's legal adviser, which Mr. Bennett permitted him to do."

"Mr. Herridge, according to Mr. Gordon, remained a long time in London as a Canadian official, and was in the pay of the Dominion government during the time of his honeymoon trip."

With power to call for persons, papers and records and to examine witnesses upon oath and to report from time to time to this house.

Mr. MACKENZIE KING: Before the motion is carried I should like to repeat my former remarks concerning what is due His Excellency in the matter of the speech which he has presented to parliament and for which we were expecting to express our thanks this afternoon. I believe, were one to search the records of British parliamentary institutions the world over, one would not find a case, where, at the instance of the Prime Minister, through one of his colleagues, a matter of this particular character would be interjected as a subject of debate before His Majesty or His Majesty's representative had been thanked for the speech from the throne delivered to parliament with a view to opening its deliberations. I am not surprised that the Prime Minister has absented himself from the house at this time. Quite evidently he knew this matter was to come up, and for reasons best known to himself is not present. However, there is a custom followed in matters of debate and other business in parliament, and we might as well understand at once whether that custom is going to be observed or not. That custom is that each side of the house should receive some due notice and warning of matters which are to come up for public discussion. If this question is of the great importance the Minister of Justice (Mr. Guthrie) has just said it is, it was certainly due to myself as leader of the opposition that I should have had some notice that it was to be brought before the house to-day, and it was due to every hon. member on this side that that notice should have been given in the regular manner in which notice is generally given with regard to other motions. My hon. friend the Minister of Justice who has just made the motion has been in parliament for many, many years. I do not hesitate to say to him that never in his parliamentary experience has he known anything of this kind, and that if our positions were reversed and he were standing where I am on this side of the house to-day he would be most eloquent and emphatic in the exception which he would be taking to this method of procedure.

As to the motion itself, may I say, Mr. Speaker, that personally I felt more or less shocked when I saw the notice which had been placed on the order paper and realized that it had come from the Prime Minister himself. The Minister of Justice says he is not so much concerned with Mr. Herridge—and I presume that includes Mrs. Herridge—but that with regard to something which has been said about the Prime Minister it is all important that we should have this investigation. May I say that if the Prime Minister had been as considerate of his sister and of his brother-in-law as he has been of himself, he would have been very careful to avoid bringing their names into public discussion in the manner in which he has. This is a means on the part of the Prime Minister to satisfy his self-will and wounded pride of his own. No man in Canada has less reason to take umbrage at what political opponents say about him than has the right hon. Prime Minister. If I had wished to seek revenge

for some of the things the Prime Minister has said about me at one time or another, I should not have taken advantage of my position of power and authority in parliament to serve this end; I would have brought action against him for criminal libel; for he has used expressions which I consider of that character. People who live in glass houses ought to be very careful how and where they throw stones.

I am not going to take up any time at the moment in discussing the merits of the motion. If the Prime Minister wishes to have the kind of notoriety for himself and others who are related to him which an inquiry of this kind is certain to give not only in Canada but throughout the world, he is certainly welcome to it; but I think he would be well advised —and well advised by his Minister of Justice —to have this motion withdrawn instead of having it proceeded with. As a matter of fact I think there was a general sentiment throughout this house—and I need not go further than the Conservative organ in this city to express the view of many Conservatives in the country as well as in parliament as they have been expressed since the motion was put on the order paper—that this whole business is a "tempest in a teapot," and that it is not befitting the dignity of parliament that its time should be wasted in matters of this sort. If the time of parliament is to be taken up and the money of the people used for furthering inquiries into matters which affect the vanity or the susceptibilities of the Prime Minister, a lot of public money will be wasted to no good purpose, and I do not believe the people will endorse for one minute the object of this particular investigation.

May I add, Mr. Speaker, that Mr. Gordon, who is mentioned in this motion as having made the statements referred to, did make a public retraction and apology in respect to them. The Minister of Justice says the apology was not sufficient. If it was not sufficient, and something more was required, surely there were other means of obtaining it than by asking this house, before it has begun the business of the session at all, to start an elaborate inquiry by a special committee. This thirst on the part of the Prime Minister for personal vengeance in so many directions is something that the people of this country are beginning to find very difficult to understand. It is perhaps well we should at once realize that something in the nature of a reign of terror is to be started at this session, and that we are to experience in the parliamentary sense of the term as much in the way of "frightfulness" as possible. Well, if that is the policy of hon. gentlemen opposite as dictated by their leader, they must take the consequences that will inevitably follow from such a course.

Motion agreed to.

ALBERTA—BRITISH COLUMBIA BOUNDARY

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 2, respecting the boundary between the provinces of Alberta and British Columbia.

Some hon. MEMBERS: Explain.

Mr. CAHAN: I would have preferred to explain the purpose of the bill on the second reading. This is a bill to confirm a survey made by the interprovincial boundary commission appointed in 1913 to delimit the boundary between the provinces of Alberta and British Columbia.

The boundary between these two provinces is defined by sections 7 and 8 of the Imperial Act 29 and 30 Victoria, chapter 67, which are as follows:

> 7. Until the union, British Columbia shall comprise all such territories, within the Dominion of Her Majesty, as are bounded to the south by the territories of the United States of America, to the west by the Pacific ocean and the frontier of the Russian territories in North America, to the north by the sixtieth parallel of north latitude, and to the east from the boundary of the United States northwards by the Rocky mountains and the one hundred and twentieth meridian of west longitude; and shall include Queen Charlotte's island and all other islands adjacent to the said territories, except Vancouver island and the islands adjacent thereto.
>
> 8. After the union, British Columbia shall comprise all the territories and islands aforesaid and Vancouver island and the islands adjacent thereto.

This act of the imperial parliament established a natural topographical boundary line along the crest of the Rocky mountains from the international boundary as far north as the most northerly crossing of the one hundred and twentieth meridian of west longtitude and thence followed the said meridian northerly to its intersection with the sixtieth parallel of north latitude. In April 1912 the survey of the boundary was discussed between the surveyor general of dominion lands, and the surveyor general of British Columbia at the instance of the Minister of Lands for British Columbia, with the result that order in council P.C. 337 was approved on the 18th February 1913, recommending that an invitation be extended to the provinces of Alberta and British Columbia to join in a survey to define the exact boundaries. Subsequent orders in

council were made with which I will deal later, on the second reading, if it is deemed necessary. At all events, subsequent orders in council were passed by the dominion and the two provinces which, with the consent and cooperation of the three governments, created an international boundary commission, at first composed of three members and later limited to two. This commission was composed of J. M. Wallace, D.L.S., representing the Dominion government until September 20, 1915; R. W. Cautley, D.L.S. and A.L.S., representing the government of the province of Alberta and, after September 20, 1915, representing both the Dominion and Alberta governments, and A. O. Wheeler, D.L.S. and B.C.L.S., representing the government of the province of British Columbia.

This commission carried on the survey of the boundary continuously from 1913 to 1924, at which time the Rocky mountain section of the boundary had been completed, together with 252 miles of the 120th meridian survey to a point in latitude 57°25'40". At this point the governments decided to discontinue the survey for the time being, leaving about 174 miles of the 120th meridian still to be surveyed through uninhabited and unproductive country.

The work of this commission has been highly commended by the officers of the Dominion, the British Columbia and the Alberta governments, and the report of the commission includes an atlas in three parts signed by all the parties.

In order that this boundary as surveyed to the point mentioned, that is, to the end of mile 252 of the 120th meridian at a point in latitude 57°26'40", should be the boundary, a statute was passed at the last session by the legislature of Alberta confirming that boundary as so established, and a statute in similar terms was passed by the legislature of British Columbia approving of the boundary as so determined. However, in order that this may be the boundary under the provisions of the British North America Act, 1871, it must be confirmed by the parliament of Canada. This bill is introduced for that purpose.

Motion agreed to and bill read the first time.

BOARDS OF TRADE ACT

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 3 to amend the Boards of Trade Act.

Motion agreed to and bill read the first time.

PATENT ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 4 to amend the Patent Act.

Motion agreed to and bill read the first time.

INDUSTRIAL PROPERTY

BILL RESPECTING UNFAIR COMPETITION IN TRADE AND COMMERCE

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 5 respecting unfair competition in trade and commerce.

Some hon. MEMBERS: Explain.

Mr. MACKENZIE KING: We would like to know what is meant by unfair competition.

Mr. SPEAKER: Probably the minister will explain when he moves the first reading of the bill.

Some hon. MEMBERS: Explain.

Mr. CAHAN: Mr. Speaker, an international convention for the protection of industrial property was signed at Paris on March 20, 1883, and this convention constituted an international union for the protection of industrial property. This convention was subsequently revised at Brussels on December 14, 1900, and again at Washington on June 2, 1911. On September 1, 1923, Canada adhered to the convention which had been so revised, and thereby became a member of the union for the protection of industrial property. A fourth assembly was held at The Hague on November 6, 1925, at which the government of Canada was represented by Mr. Frederick Herbert Palmer, M.C., a Canadian government trade commissioner who was duly authorized in that behalf. This assembly again proposed certain important amendments to the convention which was then in force.

Subsequently, by order in council passed by the government of my right hon. friend, P.C. 648, dated April 19, 1928, ratification of The Hague convention of 1925 was authorized on behalf of Canada, and the ratification on behalf of Canada was deposited at The Hague on May 1, 1928, from which date The Hague convention became binding upon Canada.

It appeared to me that The Hague convention of 1925 was one of those conventions coming within the resolution adopted by the House of Commons on June 21, 1926, to the effect that before His Majesty's Canadian ministers should advise ratification of any treaty, convention or agreement affecting

Canada, the approval of the parliament of Canada should be first obtained. It would appear, nevertheless, that through inadvertence or otherwise this international convention for the protection of industrial property which was signed on behalf of Canada on November 6, 1925, and which was formally ratified on behalf of Canada on May 1, 1928, was not laid upon the table of the house until I did so on Friday last. In the meantime representations have been made to the government with regard to carrying out the terms of that convention which really, so far as this bill is concerned, largely affect trade marks.

In order that this convention may be carried into effect I have introduced this bill respecting unfair competition in trade and commerce, which in turn necessitates many amendments to the existing Trade Marks and Designs Act, which is chapter 201 of the revised statutes of Canada, 1927. In case this bill passes a second reading I shall ask the favourable consideration of the house to a motion to refer it to a select special committee before which those who are interested in the question of trade marks may appear and present their views for the information of the house.

Mr. MACKENZIE KING: Mr. Speaker, my hon. friend has dealt at some length with the international convention and the labyrinth of stages through which it has passed over a period of years, but he has not yet answered the question as to what constitutes the element of unfair competition.

Mr. CAHAN: The element of unfair competition dealt with has to do with the use of trade marks and industrial designs which affect international trade, and it is that phase of unfair competition with which this bill is concerned. I will be prepared at a later time to enter upon a discussion of the terms of the bill which deal particularly with trade marks. My right hon. friend is well aware that for some time past there have been grave doubts cast upon the constitutional validity of our present Trade Marks Act, but I suggest that the bill is so framed that it will be valid under our constitution, particularly as it, in terms, expressly states that it is for the enforcement of an international convention to which the empire, including Canada, was a party, and which this parliament is called upon to enforce.

Motion agreed to and bill read the first time.

[Mr. Cahan.]

CANADIAN DESTROYERS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to direct a question to the Minister of National Defence (Mr. Sutherland). On January 26 an American despatch from Washington, D. C. announced that two Canadian ships were guarding the port of Acajutla, Salvador. The despatch reads:

> Washington, D.C., Jan. 26.—The two Canadian destroyers, Skeena and Vancouver, are standing by alone to-day off the Salvador port of Acajutla. The two United States destroyers have moved to La Libertad.

May I ask under whose authority our fleet is in these foreign waters?

Hon. D. M. SUTHERLAND (Minister of National Defence): The two destroyers in question were on their usual winter cruise which this year was taking them down past Central America through the canal to the West Indies. At the time that they were practically passing this place Acajutla in the republic of Salvador, these troubles broke out. There were a number of British citizens there and it was thought advisable that the ships put in at that port and be available for the protection of British subjects should it become necessary.

Mr. MACKENZIE KING: Will the minister assure the house that this incident has nothing to do with any attempt to blast a way into the markets of South America?

SURVEY OF NATIONAL PORTS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Marine (Mr. Duranleau) when he expects to be able to present to parliament the report of Sir Alexander Gibb.

Hon. ALFRED DURANLEAU (Minister of Marine): We shall have to have the report before it can be tabled. It has not yet been received but we hope to have it within ten or fifteen days.

REPORT ON MARITIME FISHERIES

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I might ask the Minister of Marine (Mr. Duranleau) as Acting Minister of Fisheries whether the report of Cockfield, Brown & Company with regard to the fisheries of the maritime provinces has been received, and, if so, when he expects to be able to lay it on the table of the house.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): The report in question has been received but I am informed that it is so very voluminous, covering nearly two hundred pages and containing plans, sketches and so forth, that the printing of it would be out of all proportion. However, there is being prepared a complete digest of the whole report which I think we shall be able to submit probably at the end of this week.

Mr. RALSTON: I understand that the report itself will be laid on the table; it is only a question of printing.

Mr. DURANLEAU: It will not be printed, nor do I know whether the report itself will be tabled. We will table a complete digest of it. Of course the report will be available at the department to any member of the house who wishes to consult it.

PURCHASE OF LABRADOR

On the orders of the day:

Mr. WILLIAM DUFF (Antigonish-Guysborough): Will the Prime Minister (Mr. Bennett) be good enough at his convenience to lay on the table of the house any correspondence between the members of the Newfoundland government and the members of his own government relevant to the negotiations regarding the sale or purchase of what is commonly known as Newfoundland Labrador. If there is no such correspondence will the Prime Minister at some future date kindly give a résumé of any conversations between members of the Newfoundland government and members of his own government with respect to the matter.

Right Hon. R. B. BENNETT (Prime Minister): There is a question on the order paper dealing with this matter. When that question is answered the information sought will be given.

SPEECH FROM THE THRONE

ADDRESS IN REPLY MOVED BY MR. CHARLES BOURGEOIS AND SECONDED BY MR. J. H. STITT

The house proceeded to the consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

Mr. CHARLES BOURGEOIS (Three Rivers-St. Maurice) (Translation): Mr. Speaker, it is an honour fraught with danger for one inexperienced as I am to ask this house to approve the speech from the throne, since, from times immemorial, hon. members who constitute His Majesty's loyal opposition, invariably find matter in it for criticism. I do not deceive myself to the extent of hoping that on this occasion the opposition will be so gracious as to admit that the government to which I adhere has well administered the country's affairs and that Canada once for all, has again entered the path which leads to progress and prosperity.

However, there is an event over which there can exist no discrepancy of views and feeling in this assembly, an event which has given us great joy: it is the birth last August, of a child who is entitled to the affection of all Canadians, I refer to the birth of the Hon. George St. Lawrence Neuflize Ponsonby. With regard to this happy event, all the members of this hon. house, I feel certain, associate themselves with my humble person in expressing to His Excellency the Right Hon. the Earl of Bessborough and to his gracious spouse, the Baroness of Neuflize, our sincerest congratulations and in formulating for their son, the Hon. George St. Lawrence Neuflize Ponsonby, our best and most sincere wishes of happiness. May they rest assured that all Canadians whatever may be their country of origin and French Canadians in particular, have been deeply moved by the thoughtfulness of Their Excellencies in giving to this noble descendant of two glorious families, from France and England, immediately after the name of His British Majesty, that of St. Lawrence the name of our river which, owing to its beauty and immense flow of water, its resources and the variety of the landscapes of its shores, the innumerable and great acts of heroism it has witnessed, is really worthy of being designated as royal and deserves to be truly associated with the name of His British Majesty whose empire is so vast that the sun never sets over it. This name can only be a good omen, because the St. Lawrence has been the channel over which floated the flag of Montcalm and Wolfe, it was the course followed by our heroic missionaries and our bold explorers. Who can foretell, in the course of his life, what the future has in store for this young Canadian, may he not some day be called upon by the Canadians, his fellow-countrymen—in keeping with the treaty of Westminster—to preside over the destinies of the country of his birth and become one of the successors, at Rideau Hall, to His Excellency the present Governor General, thus fulfilling the sincerest wish of all.

Such thoughts lead to others with reference to Her Excellency Lady Bessborough, the Baroness Roberte de Neuflize. It is, I believe, the first time, since new France has become a possession of Great Britain, that a

French lady happens to be "Our Dame" at Rideau Hall. Is that not a reason for us to marvel in seeing how history repeats itself? We know that in the Ursulines' chapel in Quebec, where a cannon ball dug the grave of the Marquis de Montcalm, there stands in front of the statute of the Virgin a lamp which for ever burns. Must not the flame of this lamp of remembrance, kept up by pious hands, have burned more brilliantly when there arrived amongst us this noble French lady, born of the same race as the glorious vanquished of 1759, and whom destiny has chosen to be Vice-Queen of the country ruled in the past by those great patriots. I am led to believe that if this proud but dauntless Louis de Buade, Count de Frontenac, returned to this soil of ours, he would unfurl over the Quebec citadel the old fleur-de-lis flag and once more would welcome through the mouthpiece of his canons the Baroness Roberte de Neuflize and the Earl of Bessborough, his successor as Governor of New France, now the Dominion of Canada.

While this world-wide economic crisis through which we are passing lasts, it is my earnest belief that we should appreciate the serious and effective endeavours put forth by the government which presides to-day over the destinies of the country, endeavours which have already given precious results and which give rise for the future to greater hopes. It is this reassuring situation that the speech from the throne justly points out with reason, and it is also the unequivocal message which I bring to the government on behalf of the people of Three Rivers-St. Maurice.

I have the honour, sir, of representing, I am proud to say, one of the most important ridings which appears on the electoral map; important owing to its history which dates back to the glorious outset of the colony, important owing to the large number of its present rural and city population, in majority French Canadians, however, there is also a large number of English, Irish and Scandinavians; equally important also is the county of Three Rivers-St. Maurice owing to its vast natural resources, especially its forests and water powers, as well as its numerous industries that have been established there. One can easily understand what interest would be taken in the by-election, last summer, under such conditions and circumstances. Besides, the government having been in power for hardly a year, had to deal with problems and difficulties almost insurmountable. In the course of the special session, in September, 1930, as well as during the regular session of 1931, which was then on the eve of closing,

our opponents had been relentless in their criticism, contending that the government had sadly failed to redeem its pledges, that the alarming state of the country far from improving, had on the contrary grown worse. I well remember, at that time, having read with much interest, the speeches of those who later on were to become my colleagues on the opposite benches. "You have betrayed," they said, "the trust which the people of this country reposed in you, especially that of the electors of Quebec." If we could have foreseen then, they further added, what is taking place to-day, if you had brought forth on the public hustings the budget which was adopted at that session of 1931, if the right hon. Prime Minister (Mr. Bennett) had stated that his intention was to increase the sales tax, to put a further duty on imports, raise the rate of postage, etc., etc., it is with stones that he would have been chased from public meetings.

The opportunity was given to our opponents to come forward and repeat on the public hustings, before the electorate of Three Rivers, what they had stated with so much apparent conviction on the floor of this house. During three weeks we had to undergo a formidable assault by our friends in the opposition, and this, in a Liberal riding, in a Liberal stronghold considered to be impregnable, in a county which twelve months previous had renewed its trust in favour of a Liberal candidate by giving him a majority of almost 4,000 votes, a constituency which had not once elected a Conservative representative since 1896, when Sir Adolph P. Caron was elected to succeed Sir Hector Langevin, two men who have left lasting names in Canadian politics. The people of the county of Three Rivers-St. Maurice turned a deaf ear to the appeals, prejudices and untimely criticisms of our friends in the opposition. They reposed their trust in a government of worthy men who, having solely the best interests of this country at heart and simply wishing to relieve the anxiety of the people in the economic crisis which is persisting, made a supreme effort so as to strengthen our finances through a tariff policy truly Canadian and thereby reestablish the administration of the affairs of Canada on a solid foundation.

The constituency of Three Rivers-St. Maurice forewarned by the result of the general election, understood the importance of a loyal and generous cooperation with the new leaders that the country had chosen. Yielding to the pressing appeals of the hon. Minister of Marine, my friend the hon. Mr. Duranleau, to whom I wish to publicly acknowledge here my gratitude and appreciation,

convinced, I say, of the earnestness of such men and their ability to restore prosperity to this country, within a reasonable delay and with the full cooperation of all citizens, the constituency of Three Rivers-St. Maurice placed their entire trust in the Bennett government and have sent me here to fully express their entire confidence. It is a duty, sir, which I consider among the most outstanding of those covered by my mandate.

The county of Three Rivers-St. Maurice did not allow itself to be deceived by the sophistry of those opposed to the government. It realized that the enormous work already accomplished, although very effective, could not yield full results immediately, and, as the hon. Postmaster General (Mr. Sauvé) so very sensibly stated in a speech which he delivered in Three Rivers, on August the second:

> Would not the farmer be looked upon as senseless who, having just completed his seeding, returned to his fields to cut his crop? Can we expect a manufacturer, who is promoting an industry, to realize immediately large returns? He invests not with the hope of immediate results, but because he is convinced that, once well organized both as regards production and sales, he will gradually increase his output and profits. Such is the case with a new government.

The people whom I represent in the house have clearly stated that they are satisfied with the activities and endeavours of this government. They have come to the conclusion that the past is a guarantee for the future. The speech from the throne which was read at the opening of the session affords us a proof that they were right.

In fact, we are made aware that the government intends to follow up its sound national policy of protection, by efficiently protecting our industries, by encouraging the building of new factories, and this is a very wise step. This policy has already produced marvellous results and the speech from the throne indicates a number of them of great importance: the changing of an unfavourable trade balance to a favourable one in the last months of the present fiscal year, the success obtained by the last national loan; and if we add further the statement which the right hon. Prime Minister recently made of the establishment of about one hundred new factories, we must conclude that these are achievements which prove that the country is in an excellent financial state and that we have reason to have faith in the future.

In my own county, we were given an opportunity of benefiting by the government's policies: a cellophane paper factory was built at Shawinigan Falls; and according to the statement given out by Mr. Purvies, president of the Canadian Industries, which are the owners of the factory mentioned, the establishment of this new industry was made possible owing to the fact that a tariff of 10 per cent was placed on cellophane paper. This applies to other cities throughout the country, and also in the province of Quebec, especially in Sherbrooke, St. Lambert, Scottstown and Montreal, as the Gazette pointed out last week; moreover quite recently in Ste-Thérèse a new factory has opened its doors, known as the Zonite Products Corporation, with an output of $2,000,000 per year. Referring to a news item which appeared in the La Patrie on Feb. 2, the building of this factory was decided immediately after the tariff increase was adopted by the Conservative government. The article further adds that it was the hon. member for Terrebonne (Mr. Parent) who welcomed the company's officials "on behalf of the Canadian government," the hon. member for Terrebonne with whom I have the honour of being personally acquainted, having met him in the course of my last election, when he came forward to preach the Liberal doctrine to crowds of unbelievers in my county. There is no doubt that the statement was incomplete and that the hon. member for Terrebonne—"speaking on behalf of the Canadian government"—did not let this opportunity slip by of praising the new policy which conferred on his beautiful constituency, and especially on the lovely town of Ste-Thérèse, the privilege of possessing a factory of such importance.

Nobody will withhold from the present government his congratulations for having generously helped the various provinces to weather the unemployment crisis through which Canada is passing. It was a very urgent duty. I am unaware whether, in its grants to help the provinces to stem unemployment, the dominion government reserved the right to indicate how the money it supplied was to be spent or whether it intends to do so in the future, through the grants that it may allow them for such a purpose.

Although my knowledge of the economic situation of the country is rather limited and that I do not feel qualified to suggest a specific solution, a sovereign and infallible remedy, I may state that in the province of Quebec and probably also in all the other provinces, though in an unequal measure, the solution of the serious problems of unemployment rests mostly in the return to the farm. I am convinced that our country is still first of all a farming one and that it is

by encouraging our farmers that we must begin our economic restoration. As Theodore Roosevelt stated:

The only effective way to help any man is to help him to help himself and the worst lessen to teach him is that he can be permanently helped at the expense of someone else.

In a splendid novel which had a remarkable success in France and which was exceptionally well translated in English by our fellow-citizen, Sir Andrew MacPhail—I refer to "Maria Chapdelaine"—Louis Hémon drew the exquisite portrait of the young French Canadian girl, daughter of pioneers and future mother of forest settlers, an ever present picture, but, in many ways, this portrait is also that of many other young Canadian girls, whether they be from English, Scotch or Irish descent. However, "Maria Chapdelaine" must, to preserve her high ideals and physical beauty, her charm and smile, remain in the country and continue to live the ancestral life. The atmosphere of cities to her is unhealthy, she wastes away, and the same may be said of her cousins, the English, Scotch, Irish, or the French Canadians whom city life unnerves and weakens when it does not contaminate them physically or infect their minds with socialism or even worse, communism. Let us rest assured, there is no Hercules, no adversity capable of laying low the Canadian people, if following the example of Antaeus, their feet stick to the soil, their foster-mother.

I now broach the important question of our railways. One must be blind or in bad faith not to acknowledge that at present their condition is far from being satisfactory. By degrees, our three transcontinental railways were built across Canada: the Canadian Pacific, the Canadian Northern and the Grand Trunk Pacific. Did legitimate hopes justify the building and the completing of these three great railway systems? In a speech delivered at the Sphinx Club, in London, the Hon. Rodolphe Lemieux, an ex-Speaker of this house, after mentioning the existence in Canada of these three great transcontinental railways, predicted that it would soon be necessary to construct the Hudson Bay railway and, he further added:

Yes, we are proud of our system of transportation, and only yesterday the Governor of Canada, one of the best men that the English aristocracy has ever given to Canada, Earl Grey, rediscovered the Hudson Bay which was known to the old traders of the Hudson Bay Company two hundred years ago, the Hudson Bay through which our own Commissioner in London, Lord Strathcona, came nearly eighty years ago. When I was a lad, he left Scotland to serve Canada and to serve the Empire. Yes, Hudson Bay has been rediscovered. To show you the importance of the country, the importance of the foreign interest in Canada, the three transcontinentals will not be sufficient to give an outlet for transportation of our grain, but we shall require, in the near future, the shorter route of the Hudson Bay. All this will benefit Canada, but above all it will benefit the British Empire.

[Mr. Bourgeois.]

But these four railways—for the Hudson Bay railway of which the Hon. Mr. Lemieux proclaimed the necessity, has also been built—are almost all in a deplorable financial state. Does this, however, justify charging this government with a want of foresight or with negligence. No. These conditions of which we deplore the existence, arise from numerous causes. First, we must mention the world-wide disturbance brought on by the war of 1914. We must further take into account the closing of our country to immigrants from Europe and, on the other hand, take into consideration that these European countries and the Argentine republic as well, have been within these last years, growing wheat on a large scale. The consequence, therefore, was that on both these scores our railways were the losers. Less immigrants to transport to the west and less wheat to carry to our Atlantic ports. Add to these causes the competition of motor trucks.

Must we for all that throw up the sponge and allow our railways, especially those that have become state lines, to extricate themselves as best they can? I feel certain that the house holds different views, that it approves the policy of the present government which is to help our railways, and especially those which form part of our national inheritance. However, before further steps are taken, the government has decided to inquire into the conditions prevailing in these extensive systems, in order to remedy their defects, and that is why a commission of inquiry, presided over by Hon. Justice Duff, has been appointed. It is only reasonable to expect that this inquiry will bring to light the shortcomings of our railway systems and point out the retrenchments to be made in their management.

This house learns that our government has entered into negotiations with the United States of America for the purpose of carrying out the St. Lawrence deep waterway. I am not acquainted with the plans prepared in this connection by the engineers to whom the study of this colossal project has been entrusted. All I know is what has been disclosed to the public by the Canadian press. This deep waterway would be undertaken in that part of our great river comprised between Prescott and Cornwall known as the international section, and our rich neighbours, the United States, would contribute largely to this gigantic enterprise. The house feels confident

that in the working out of this scheme, the government was guided solely by the interests of Canada; there can be no question in this matter of international courtesy. No one will gainsay that the possession of this great waterway on the greater part of its course, constitutes one of the major assets of this country, I would even go so far as to state that it is the main channel of our economic life. I am not an hydraulic engineer; however, I may state that from the geographical viewpoint, considering the area drained, the width and depth of its course and the enormous flow of water, the St. Lawrence is, without comparison, the most important waterway in the world. None can be compared to it, neither the Amazon, the Nile, the Volga and the Rhine. Pascal said: "Rivers are movable roads." The St. Lawrence is an imperial highway which moves along carrying towards the ocean and Europe the products of the entire northern part of this continent. Over a thousand miles of its course, it is navigable for ocean-going vessels, so much so that at Montreal, we have this unique fact, an ocean port located a thousand miles from the ocean. I represent a constituency of the province of Quebec, and so far as electric energy is concerned—for it is certainly with this purpose in view that the deep waterways of the St. Lawrence is sought—Quebec possesses all the water power it needs. Therefore, it is not as a citizen of the province of Quebec that I am looking into this problem. I consider that such a vast undertaking, one of such a vital interest to the country, should be studied without losing sight of the interests of the Dominion as a whole, and it is not simply as a French-Canadian but solely as a Canadian, one dyed in the wool, that I consider this matter.

We have the firm hope that this great enterprise of the St. Lawrence deep waterway will be carried out in the interest and to the advantage of Canada. This faith rests on the confidence we are reposing, and with good reason, on the patriotism of our Prime Minister and his colleagues. We shall not be deceived, I feel absolutely convinced of this, because they are fully aware of their responsibilities as heirs and followers of the policy laid down by Macdonald and Cartier, they are endowed with the courage and foresight necessary to see that nothing is sacrificed of our interests or nothing is neglected in order to safeguard our rights.

The speech from the throne mentions the Conference on disarmament opened at Geneva on February 2 last. Let us hope that our representatives will work efficiently to establish a lasting peace throughout the world, and thus promote the prosperity and greatness of the British Empire and, thereby, of Canada which forms part of it.

May I now refer to the Imperial Economic Conference, which is to take place at Ottawa, on July 18, next. We are entitled to expect much good from it. This Conference, without doubt, will be one of the most important events in our country's history. The ideas advocated in London by the Prime Minister, in October, 1930, are, we are convinced, on the eve of being entirely put into practice, to the best advantage of Canada and the other dominions forming part of the British Commonwealth.

The various and numerous proposals announced in the speech from the throne lead us to believe that we shall have, during the present session, to fulfil an arduous task. Might I be allowed to wish everyone, in the fulfilment of this task, the indomitable courage, the invincible confidence and heroic tenacity which was shown by one of the most illustrious inhabitants of this Canadian soil.

We have in Three Rivers, in that city almost three centuries old, since it was founded in 1634 by the Sieur de Laviolette, that historical and glorious town of Three Rivers which I have the great privilege of representing here, we have, I say, a humble monument which narrates one of the most thrilling feats of our national history. Along our esplanade, skirting the St. Lawrence river, there is to be found a pedestal upon which the wayfarer reads with emotion:

> On this site was located the house where was born, November 17, 1685, the most illustrious son of Three Rivers, Pierre Gaultier de Varennes, Sieur de la Vérendrye, the discoverer of the Rocky mountains and the Canadian West.

After untold hardships and at the cost of superhuman efforts, La Vérendrye, with his own resources only, without the help of any governing power, started from the post of Kaministikwia and went up this river, skirting Rainy Lake, where he built in 1731, Fort St. Pierre then proceeding along lake of the Woods, where he erected, the following year Fort St. Charles, he continued along the Winnipeg river, where he build in 1734, Fort de Maurepas. Crossing towards the north-west, lake Dauphin (Manitoba) and lake du Cygne, he explored the Biche (Red Deer) river and reached the source of the Saskatchewan river.

In 1738, he erected Fort LaReine (Portage la Prairie) on the north shore of the Assiniboia river and, in the angle formed by this river and that of the Red river, he erected Fort

Rouge, where to-day the city of Winnipeg stands, Fort Dauphin on the northwest point of the lake by that name and Fort Bourbon, at the outlet of the Biche river. On January 1, 1743, he came in sight of the Rocky Mountains, a marvel to gaze upon, and like Christopher Columbus intent on discovering a new world. he found himself beneath new skies. He had incurred debts to the extent of £40,000 and had not yet reached the goal of his dreams, that western ocean separating America from Asia. However it was a new world, the unbounded world of the far off prairies, rich in resources and which later on was to become, thanks to the efforts of our pioneers of the West, that marvellous ocean of wheat whose waves of golden sheaves contribute to the feeding of a large portion of the globe and to the wealth of our country. His footsteps had led him towards those fertile regions, represented to-day by our hon. western colleagues, that section of the country which was for a long time, and which will again be, let us hope, the granary of the world, thanks to the sound policy of the right hon. Prime Minister, the most brilliant representative of the Canadian west.

La Vérendrye to achieve this splendid result had to fight against natural obstacles, the bitter cold, the oppression of heat, the depression of fatigue, against the hostilities of men, the spitefulness of his rivals, the discouragement of his companions, against himself, against doubt, this ever terrifying doubt, the negation of endeavour, the chilling of all energy. Let us not forget that in order to help our country to weather the crisis through which it is passing, we must energetically fight, that struggle is part of life. And as Victor Hugo stated in his immortal verses:

Ceux qui vivent, ce sont ceux qui luttent: ce sont
Ceux dont un dessein ferme emplit l'âme et le front
Ceux qui d'un haut destin gravissent l'âpre cime
Ceux qui marchant pensifs épris d'un but sublime
Ayant devant les yeux sans cesse, nuit et jour
Ou quelque saint labeur on quelque grand amour.

At the outset of his glorious but too short a reign, Edward VII said:

So long as I have a breath of life in me,
I shall labour for the good of my people,

and on his death bed he whispered:

I have tried to do my duty.

It behooves us to imitate, as much as possible, this splendid example, so as to ensure the greatness and progress of our common country.

[Mr. Bourgeois.]

Perhaps I may be permitted, Mr. Speaker, to conclude these remarks with a few words in my imperfect English for which I should apologize in advance to this hon. house.

As hon. members are aware, the population of Three Rivers and Shawinigan Falls includes a considerable body of English speaking citizens. They are a great asset and because of what they have in common with my compatriots in the community life, as well as what may be considered to be their own traditional characteristics and attainments, they bring a large contribution to the welfare, progress and happiness of the city of Laviolette and its district. I am glad to say that much of the remarkable development in our economic and social activities has been due to them, to their acquired wealth, to their initiative and enterprise and to their virtues. What I wish particularly to make known, as sincerely and cordially as I can in their own tongue, is the pride and gratefulness I felt when, on the evening of my election it became apparent that the great majority of the English speaking element had cast their votes in favour of the present member for Three Rivers. They have conferred upon me an honour which is fully appreciated, and I desire first to thank them for the trust they have reposed in me. I might perhaps add: the trustfulness of man grows with the trust.

Three Rivers does not enjoy in this difficult time the full prosperity which marked the condition of her industrial life in recent years. We have been suffering from the universal depression; our principal industries have been deeply affected. But everyone remains confident that these hours of stress will soon pass and that in the near future the city and district will rise again as active and prosperous as ever. Everyone has an eye to the great opportunities which are bound to be in store for Three Rivers. It may be pointed out in this connection that the policies of the present government which I support seem to be beginning to make themselves felt in our midst since a new company of considerable importance, The Canadian Industries has been established in Shawinigan Falls and the Canada Iron Foundries is just opening up in Three Rivers a new plant to manufacture valves for water pipes and hydrants.

What is taking place in that constituency is, as a matter of fact, only one of the signs which are already to be found elsewhere in Canada. As the right honourable premier said recently in Toronto, one hundred new manufactories have been opened in the course

of recent months throughout the country. These signs are more encouraging and are sufficient to strengthen the hearts of those who, in these days, have to bear the heavy responsibilities and cares of office.

It might be mentioned also that the last Federal election in Three Rivers was a by-election; that it occurred several months after the general elections and culminated in the capture of the seat which had been a Liberal stronghold for years; and that, therefore, the present administration may, in justice to themselves and their policies, as carried out in parliament, attach to it a significance implying a well defined vote of confidence.

In bringing these remarks to a close, Mr. Speaker, and leaving aside all party consideration, I would like to appeal to my fellow citizens of every creed, race and condition and have them say heartily and cheerfully: "Wake up Canada." We are not ruined. We are not bankrupt. We are not despondent. We are not downhearted. Men and women of the east and west; catholics and protestants, Canadians of old Quebec and old Ontario; of the maritime and western provinces; farmers of the St. Lawrence Valley, of the great prairies and of the Fraser river; merchants and bankers of Montreal, Toronto, Winnipeg, and Vancouver, men of capital, men of management and men of labour; men of all professions; we have still our fields, our forests, our rivers, our mines, our fisheries, our railways, our ships; we have still our great institutions, the treasures of this wonderful country of ours which await our renewed endeavours to make it happier, more prosperous and glorious than it ever was.

Lastly, we have ourselves our everlasting hopes and aspirations, our energy and courage and above all our duty to God and country, I say steadfastly "Canada wake up."

Mr. SPEAKER: The hon. member perhaps is not familiar with the rule which limits his speech to forty minutes. I direct his attention to the fact that he has exceeded his time.

Mr. BOURGEOIS: (Translation) Mr. Speaker, I have the honour to move, seconded by the hon. member for Selkirk (Mr. Stitt) that an humble Address be presented to His Excellency the Governor General of Canada, to thank His Excellency for the gracious speech which he has been pleased to make to both Houses of Parliament, at the opening of this session.

Mr. JAMES H. STITT (Selkirk): Mr. Speaker, as I rise to second the motion of the hon. member for Three Rivers-St. Maurice (Mr. Bourgeois) I realize the inadequacy of language in which to express myself as a humble Canadian let alone as one possessing the sentiments proper on such an occasion as is this. On such an occasion when we meet in this honourable assembly not only to try to promote the progress and prosperity of Canada, but if possible to rehabilitate the welfare of the great commonwealth of nations to which we belong, to try to give social justice to all classes, and, perhaps higher and better still, to promote peace in a world which has been blasted by and is, at the present time, almost on the verge of war, I would not be quite human and less than kind if I did not thank the Prime Minister (Mr. Bennett) for the honourable place he has given me in this debate. I do so, however, with the humble realization that this is because of the great constituency which I have the honour to represent and of the great central province, Manitoba, of which it forms a part.

"Manitoba" is a word to conjure with and perhaps delight the fancy. The word "Manitoba" is derived from the language of the original inhabitants of this continent: "Manitou", meaning the Great Spirit, and "Woban", meaning the narrows. The original inhabitants, as they listened to the wind blowing through the narrows of lake Winnipeg, which also happens to be a part of my constituency, believed it was the voice of God speaking through the narrows and they were wont to say "Manitou woban." The original settlers in that part of the country, who were also the original settlers in my constituency, the settlers of Lord Selkirk, took this fancy from the Indians, and our province was called by them "Manitoba". Is it therefore any wonder, when this name was derived in this way, in this place of unparalleled and mystic beauty, when the original settlers believed it was the voice of God speaking in mystery to the water, that I regard the honour of the position which I occupy at the present moment as an honour to my constituency and to my province?

I well recognize the fact that there are many members from the central province who are more eloquent and gifted than I am. I would like to advise the house that only recently, I believe yesterday, three members on this side from the great province of Manitoba and on whose desk the laurel wreath is resting at this moment, won for Canada and for Manitoba the curling championship of the world. Under such circumstances I can well be humble, because there is no doubt that if they had not engaged in carrying the

fair fame of Manitoba before the world, someone else would have had the honour of seconding this motion.

I wonder if I might be permitted to say something about the great historic constituency of Selkirk. Selkirk, as hon. members all know, was the original portal to the northland, the portal of the voyageurs whereby they were able to traverse the northern part of the country into Hudson bay. The constituency of Selkirk at the present time might well be termed the portal of the great Canadian west. I believe that at the village of Marquette on the western borders of my constituency, you will find the very heart of Canada, for it is there that the Canadian Pacific Railway, that great transportation system, is bisected into two equal parts, one running to the east and the other to the west. If Selkirk enjoys this invaluable location from a geographical standpoint, it is also a constituency in which there are inhabitants to the number of around 45,000. It is an area which embraces the whole of lake Winnipeg. It is over 250 miles in extent and on the land portion over fifty miles in width. It might be interesting for members of the house to realize that it is in Selkirk that we find the original home of Manitoba No. 1 hard wheat, for it was, I believe, the Selkirk settlers who first grew No. 1 hard and exported it to the markets of the old land.

If Selkirk is the original home of No. 1 hard wheat, it is also the place where the finest butter in Canada is made at the present time. Hon. members may laugh and say that this is an exaggeration. Just a few months ago I had the satisfaction at Stonewall of presenting to a farmer's wife a gold medal for winning at the Royal Winter Fair for the last two successive years, the first prize for the best butter produced on a farm in Canada by a farmer's wife. Furthermore, the best butter in Canada was produced the year before last in the dairy at Teulon in the very heart of my constituency by a new Canadian named George Deorn. It is well for the house to recognize this fact; it is well to realize that in these days of depression, in these days when Canada is faced with such problems as it has never faced before, there are farmers' wives and gentlemen in the factories who make products the finest in the Dominion of Canada.

If my constituency is remarkable for the fact that it was the original home of No. 1 wheat and also for the fact that the best butter in Canada is produced there, it must also be remembered that the fisheries of lake Winnipeg are extensive, for lake Winnipeg is the home of the palatable whitefish and the luscious goldeye. May I direct the attention of the house to the fact that in the province of Manitoba in the year 1930 there was produced $1,830,000 worth of fish, over $1,000,000 of which came from the constituency which I have the honour to represent in this house.

In the first part of the speech from the throne His Excellency expressed gratification at being selected by His Majesty as his representative in this dominion. May I say, sir, that we also express our pleasure, and I should like to say on behalf of hon. members on both sides of the house representing the two great races in Canada how grateful and thankful we are for the coming of His Excellency to Canada. By his coming not only was there forged a further golden link of empire, but history was made because I believe that for the first time the representative of His Majesty was appointed on the recommendation of His Majesty's Canadian privy council.

It may be that upon such an occasion the imagination stirs and one is wont to express himself in verse. Not often has a poor maker of verses an opportunity to express the result of his effort in public. However, the day before His Excellency came to Canada I thought it a proper occasion to celebrate in verse not only the forging of this further link of empire but at the same time the realization of the autonomy of the Canadian people. In part I have written as follows:

There be men in this good land from England and Ireland,
From Wales and from Scotland and lands o'er the sea,
And some of us once broke a lance in a far land,
With men now asleep who were led, sir, by thee.
We hasten to greet thee with song when we meet thee,
Let the iron gun boom and the silver band blare,
In that golden desire for that greater empire
Which is ours and is God's in the life we would share.

We meet at a time of universal economic depression. I believe it is fair to say, however, that the government which I have the honour to support has met the situation by wise policies prosecuted vigorously. Speaking this afternoon, it is not difficult for me to analyze the cause of the economic situation in Canada.

About two years ago it was analyzed by my hon. friends opposite. We are the heirs of world depression; we are struggling as a young nation of ten million people finding ourselves in the aftermath of a war in which was wasted the accumulated wealth of centuries and imperilled the future credit of the world. Gold standards and other standards of currency have been thrown aside; inflation, followed by extravagance, wastage and unemployment, has been the order of the day.

Coming from the constituency of Selkirk I am not one to minimize the situation we now face in Canada. I do believe, however, that we might render some service to the country and to this house if we considered briefly the measures taken by the government to circumvent our difficulties. To summarize, I would mention the following: First, there was the great conversion loan; second, the national service loan; third, the Unemployment Relief Act of the special session; the Unemployment and Farm Relief Act of 1931; the protection given to industry by anti-dumping legislation, and lastly a measure, from which we have the most hope, paving the way for action to rejuvenate trade within the empire. In the speech from the throne we have notice that a conference of the British commonwealth of nations will be held in Ottawa on July 18 next. Surely, Mr. Speaker, that is a record of which any government might be proud when we realize that the present government has been in power less than two years.

I have prepared some statistics furnished me by the director of unemployment relief and which show perhaps more clearly than anything else just how colossal has been the undertaking of the government in that regard. With your permission, Mr. Speaker, I should like to have these statistics incorporated in Hansard:

Dominion Contribution		Total contribution by dominion, provinces and municipalities
Municipal works. . .	$14,000,000	$43,000,000
Provincial works. . .	1,500,000	3,500,000
Provincial highways. .	6,000,000	13,000,000
Trans-Canada highway	3,250,000	6,500,000
Works in Yukon. . .	10,000	10,000
Saskatchewan drought area medical aid. .	100,000	100,000
Federal public works.	6,000,000	6,000,000
Grade crossings—Railway Commission	500,000	500,000
Total.	$31,301,000	$73,078,000

In the first column there is shown the federal contribution to unemployment works and projects, and in the second column the total amount subscribed by the dominion, the municipalities and provinces for these undertakings. Commenting upon these figures, it will be noted that for municipal works the federal government has set aside $14,000,000, and that the total value of the work will be $43,000,000. For purely provincial works the sum allocated by the Dominion government is $1,500,000, and the total value of the work will amount to over $3,500,000. For provincial highways the Dominion government has set aside $6,000,000, and the total contribution is $13,000,000. If the figures I have before me are added together we find that the federal government by the Unemployment and Farm Relief Act of 1931, has allocated a total of over $31,000,000 and with the aid of the municipalities and provinces this sum will reach the colossal amount of over $73,000,000. If you add to this figure the $20,000,000 voted at the special session and the extra $20,000,000 subscribed by the provinces and the municipalities you get an additional $40,000,000, making in all $113,000,000. If you add to this amount the $14,000,000 appropriated and almost spent for direct relief the total emerges at about $128,000,000. If you add the bonus on the production of wheat of $10,000,000, you have the grand total of from $138,000,000 to $140,000,000 which this government has raised and expended with the aid of the provinces and the municipalities for the relief of unemployment. Could anything be more eloquent of the fact that a wise policy has been laid down and has been carried out with vigour and with success?

I come from a constituency where there are large numbers of working men. Last winter I was fearful of the conditions that might arise in West Kildonan and in the town of Selkirk, and I want to assure the house that the allocation of moneys under this scheme of relief which was made jointly by the dominion, the province and the municipalities proved a tremendous benefit to those unemployed workers. I desire to pay a tribute to the cooperation of the municipal councils and the provincial government. It may seem strange that I should be able to say that in the districts in my constituency where there was most unemployment there was least complaint, and this was due solely to the wise policies inaugurated by the federal government.

In the speech from the throne reference is made to the St. Lawrence waterway and to

the Imperial economic conference. I am sure that the right hon. leader of the opposition (Mr. Mackenzie King) and his party generally will support any measure of the government tending to the making of a treaty with the United States for the construction of the St. Lawrence waterway. There is one way in which we can help our farmers very beneficially, and that is to reduce their transportation costs. With the early completion of the facilities at Hudson bay and with the construction, I hope in the near future, of the St. Lawrence waterway, the great western part of Canada will be helped to find more easily and with less expense markets for our products, especially our wheat.

Now, sir, let me say a word in passing with regard to the Imperial economic conference which is to be held in Ottawa next July. There has been considerable debate as to the proposals made with respect to this conference, and during last session we were told by the opposition that the conference would never take place. Is it not remarkable, Mr. Speaker, that the British commonwealth of nations have agreed to meet here next July, when, as it were, the seat of empire will be transferred from London to Ottawa?

In the course of the studies that I have made in preparation for this session I have read diligently the Manchester Guardian, the London Observer and the London Times, and it is apparent from these journals that the people of the old land are serious about the approaching economic conference; there is no doubt about that. As evidence of this I should like to quote an excerpt from the Ottawa Citizen of the 5th instant containing a statement by the Right Hon. Neville Chamberlain, the present Chancellor of the Exchequer. It is headed "Britain's Trade Bill Means the End of Free Trade." Mr. Chamberlain said:

> There can be few occasions in all our long political history when the son of a man who counted for something in his day and generation has been vouchsafed the privilege of setting the seal upon a work which his father began, but which, perforce, he had to leave unfinished. Nearly twenty-nine years have passed since Joseph Chamberlain entered upon his great campaign in favour of an Imperial preference tariff reform, and more than seventeen have elapsed since he died without having seen the fulfilment of his aims.
>
> Time and misfortunes of the country have brought conviction to many who did not fully agree with him then. I believe he would have found consolation for the bitterness of his disappointment if he could have foreseen these proposals which are direct, legitimate descendants of his constructions laid before the House of Commons, which he loved, in the presence of one and by the lips of the other of the two immediate successors to his name.

[Mr. J. H. Stitt.]

Surely there have been few more remarkable incidents in the British House of Commons. In the presence of his brother, the son of the late Joseph Chamberlain was able to announce that the dream of the great imperialist was about to come true. And may we not claim some credit for our leader that England has set her face in the direction of protection? I endorse the statement of Mr. John L. Garvin in the London Observer that Joseph Chamberlain had again become incarnate in the person of the Right Hon. R. B. Bennett, and I am proud to be a member of this party which has the advantage of such a great leader. For was it not the right hon. gentleman who proclaimed this policy to a reluctant England; was it not he who led the line?

I desire to congratulate the government on the ministerial changes announced last Friday. I think I voice the sentiments of my colleagues when I say that we are very pleased that the mantle of Minister of Labour has fallen upon the Hon. Wesley A. Gordon. Those of us who represent constituencies where there are many working men desire to pay a tribute to the excellent relief work carried out by the Hon. Gideon Robertson, Mr. Gordon's predecessor. If ever a man was a casualty to his country's need I believe the ex-Minister of Labour was, and I tender to him my humble thanks for the patience with which he always received the representations I made to him on behalf of the workers of Selkirk. We are also very much pleased at the elevation of the Hon. Mr. Rhodes to the office of Minister of Finance. With his long parliamentary and business experience we believe he will prove a worthy successor to the long line of great Canadians who have preceded him as finance minister of this dominion.

In this connection I desire to add a word with regard to the elevation to the Senate of Right Hon. Arthur Meighen, and to say that I am grateful that his counsel will be available as a member of the cabinet. When I went to the upper house to listen to the reading of the speech from the throne it struck me as rather remarkable that to the right of His Excellency stood Right Hon. Richard Bedford Bennett, while to the left of His Excellency stood that other great Conservative, that other great imperialist, Right Hon. Arthur Meighen. If I might venture a remark to the right hon. leader of the opposition, in all kindness I would say that when this double-barrelled leadership of which he spoke fires its guns he may have occasion to regret his statement. The greatest tribute

paid to Right Hon. Arthur Meighen on his elevation to the Senate was paid by the Manitoba Free Press, which did the most to defeat him.

I might add a further observation, Mr. Speaker. I believe the right hon. leader of the opposition promised some years ago that the upper house would be reformed. I am sure he will acknowledge that the greatest reform to be made since he uttered that statement has been brought about by the elevation to that chamber of Right Hon. Arthur Meighen. If there was one thing I, as a young member of this house, deplored last year—and I say this in all sincerity, not as a politician but as a Canadian citizen—it was the fact that the mantle of infamy had fallen upon our parliamentary institutions, but I think it will add greatly to the prestige of the upper house to have Mr. Meighen there with his broadsword. I hope this is only the beginning of a policy which will mean that the government will not follow the scheme of the opposition in reforming the Senate only when death permitted them to do so.

A great deal of criticism has been levelled against the government; the right hon. leader of the opposition made a very critical speech in Winnipeg, to which I listened over the radio. The following day the right hon. gentleman delivered a splendid speech before the Winnipeg board of trade, in which he amplified the sentiment, contained in his great book Industry and Humanity, of the extension of human opportunity. In the course of his remarks the right hon. gentleman spoke of the great work we ought to do in connection with industry and labour, by which labour perhaps might become a partner with industry.

I want to thank the right hon. gentleman for that speech and for those sentiments, but while doing so I cannot forget the speech he made the previous evening at a Liberal meeting. I think it is fair to say that the ills of Canada were diagnosed, but no prescriptive remedy was offered for our recovery. I do not believe it is going to help this country in the solution of our problems to speak about the virtues of free trade when there is a world war going on at the present time in connection with trade and commerce.

I spoke of the measures which were adopted to protect Canadian industry, particularly in regard to anti-dumping legislation. Surely if it is right that a man should stand up and take his own part, his country should also. What would have happened to this dominion if the national fabric in the east had suffered as it did in the west? Where would we have found our basis of taxation if industry had fallen on the parlous times that have come over agriculture in western Canada? Where would we have found that five cents per bushel—that five cents which has meant $10,000,000 to the western farmers—if it had not been for industry in eastern Canada? Surely in all these matters it behooves us to take a practical course and not to be overcome with an infirmity of mind which might make us believe that we can fit life to a theory, or a pure theory to practical life.

In conclusion, Mr. Speaker, let me say that I believe we are met here at a most critical time for Canada. We are facing great and momentous questions, having to do with world trade, internal economy, capital and labour and other matters, and if these questions are not properly handled they may well mean the ruin of this country. But, sir, when I said that the honour I have been given had come to me because of the constituency and the fair province which I represent, perhaps I might have added that possibly it was tendered to me because in a small way I represent that class of men who now are coming in greater numbers to this house, the men who carried the maple leaf in the foremost files of empire to the battlefields of Europe. I believe there are over thirty men in this house, from all provinces and sitting on both sides, who saw service for their king and country and for the peace of the world in the great war. I believe I speak for them, as I believe I speak for every member of this house, when I say that all we desire is to help Canada, to help the British commonwealth of nations achieve its purpose and do its work looking to the peace and prosperity of the world.

I should like to conclude my remarks, Mr. Speaker, by quoting some words of Sir Cecil Spring-Rice, that great servant of empire, that great British ambassador who represented Great Britain at Washington during the world war, written just prior to his death. I am sure that what we desire, and what Canada expects, is that we should consecrate not only our minds but our hearts, our time and our wills to the welfare of our country. Sir Cecil Spring-Rice, perhaps conscious that the end of his life was approaching, wrote these words:

> I vow to thee, my country—all earthly things above—
> Entire and whole and perfect, the service of my love,
> The love that asks no question; the love that stands the test;
> That lays upon the altar the dearest and the best:
> The love that never falters, the love that pays the price,
> The love that makes undaunted the final sacrifice.

Then in conclusion, moved no doubt by that great emotion which possesses all great souls, he wrote:

> And there's another country, I've heard of long ago—
> Most dear to them that love her, most great to them that know.
> We may not count her armies; we may not see her King,
> Her fortress is a faithful heart, her pride is suffering.
> And soul by soul and silently her shining bounds increase,
> And her ways are ways of gentleness and all her paths are peace.

There is a power that rules nations, a power that rules the activities of men. If we only have faith in our country; if we only have belief in an ever-ruling Providence; if we only work together; if unity is our shield and integrity our buckler, and if courage is our sword we can, with belief in God and in enthusiasm for humanity, realize our place among the nations of the world. It is with great pleasure, Mr. Speaker, that I second the motion of my hon. colleague from Three Rivers-St. Maurice (Mr. Bourgeois).

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): After listening to the motion which you have just put to the house, Mr. Speaker, and particularly after hearing what the mover of the address (Mr. Bourgeois) and the seconder (Mr. Stitt, Selkirk) have said in such courteous terms about His Excellency the Governor General, I again experience and must express regret that the first act of this parliament should not have been one of extending to the king's representative in this country the courtesy of a word of thanks for his first address from the throne before taking up the time of the House of Commons with matters that are personal to the Prime Minister (Mr. Bennett). Parliamentary institutions under the British flag have many time-honoured customs which deserve to be respected to the full, and I feel that I should be remiss in my duty as one who believes in the British constitution and its practices, and likes to see those practices followed to the letter, if I did not take exception to this strange discourtesy which has been shown His Excellency the newly-arrived Governor General in this country by the first act of this parliament to-day.

I intend to say a few words in criticism of the speech from the throne, and for that reason it may be necessary for me, so that there can be no thought in anyone's mind that I am at all reflecting on His Excellency the Governor General, to say a word about the significance of the speech, the manner of its preparation and the part it is intended to play in the proceedings of parliament. Before I do so, however, I should like at once to follow the customary practice of extending congratulations to the hon. gentlemen who have moved and seconded the address. The mover of the address, the hon. member for Three Rivers, was, I think, appropriately accorded that honour as being the most recent arrival in this house. He will not expect me to congratulate him on his victory, but I do congratulate him very warmly on the manner of his first address in the House of Commons. He comes here with the reputation of one who stands high in his profession; and indeed all who have listened to him this afternoon must have realized that he is accustomed to public speaking and also that as a skilled attorney he is capable of making the best of a bad case. I congratulate him on the manner in which he has discharged his duties to-day. The hon. member for Selkirk has spoken in the house before and to-day he has, I think, acquitted himself in the same creditable manner as he has on previous occasions. He is one of the younger members of the house and this afternoon has given us an interesting, informative and entertaining address. May I reasure him at once, with regard to any fears he may think I entertain of the double-barrelled leadership of the Conservative party. I have realized from the start that this would mean a double offensive so far as I am concerned. But, as he says, the people at this time are more than ever interested in the conditions as they exist in the country; and are going to pay more attention to argument than to sound. He need not be in the least alarmed that having been swept off their feet in one general election by one big gun, the people are likely to be carried away a second time, even if there are two commanders-in-chief instead of one.

Let me return to the speech from the throne. The speech, as all hon. members know, but as some of the public may not know, while it is delivered by His Excellency the Governor General is prepared by the Prime Minister, and His Excellency the Governor General, in presenting to both houses of parliament the address which he does, is not in any way responsible for what appears in its paragraphs but gives to the country what the Prime Minister has prepared as a guide to the proceedings of parliament. It is particularly as a guide to the business of the session on the matters that are likely to be brought forward in legislation, and the more

important matters likely to be submitted for consideration, that the speech is intended. It is quite appropriate that it should give, as the speech before us does give, some account of the condition of the times as a sort of background or general setting to the different measures that may be considered during the session. As I am going to take exception to some of the statements in the speech, I desire again to make it perfectly clear that in so doing I am not taking exception to any act of His Excellency the Governor General. There is an old constitutional maxim, "the king can do no wrong," and in this country the king's representative in matters of state can do no wrong so long as he acts on the advice of the Prime Minister; and in presenting to parliament the speech which has been delivered, His Majesty's representative in Canada has simply presented the speech which has been put into his hands by the right hon. the Prime Minister.

There is in the speech one paragraph which being personal to His Excellency, has in all probability, been written by His Excellency himself. It has had the approval of the Prime Minister and may have been written by the Prime Minister at the request of His Excellency. It is the first paragraph in the speech. With what is expressed in that paragraph all hon. members will be in hearty accord. We warmly welcome the kindly expression which, with respect to his arrival in Canada and recognition of the manner in which he has been received here, has come from the king's representative to the people of the country. May I say that the people of Canada most warmly reciprocate towards His Excellency the sentiments which he, as His Majesty's representative, has expressed.

Passing from the introductory paragraph, the speech, it will be seen, falls into three main divisions. The first portion in point of importance sets forth what may be described as the legislative program. This happens to be the briefest part of the speech. Another portion deals with subjects of general interest which are likely to receive a good deal of attention during this session. The third portion consists of a number of general statements, in the nature of assertions and affirmations, some of which are true and some of which I think are untrue. I shall have a word to say later on in the course of my remarks with regard to these statements.

It is not necessary, but it is a custom sometimes followed, to have an amendment moved to the speech from the throne. This year, I believe the people of Canada are anxious that parliament shall get down to business as quickly as possible and that as little time as possible shall be lost in preliminary discussion. If the opposition follows the course which up to the present it has proposed to follow and does not present an amendment, it will not be because we agree with what is in the speech or with many of the government's policies, but simply to show that we approve of His Excellency's part in delivering the speech and wish, after thanking His Excellency for it, to get on with the country's business as rapidly as may be possible. We will reserve to some other time, possibly on occasions of going into supply, what we wish to say with regard to a number of matters.

As I have said, the speech is brief. I shall endeavour to follow an example which I think is a good one, and if possible be briefer than usual in my own remarks. I shall take up the different features of the speech in the order I have indicated.

First of all, I shall deal with the legislative program. It is embraced, so far as actual mention of measures is concerned, in three paragraphs.

The first paragraph reads as follows:

> The Geneva Narcotics Convention of 1931, the Red Cross, Prisoners of War and other conventions, will be submitted for your approval.

We may as well take the legislation of that paragraph as read and accepted. In so far as this side of the house is concerned we are ready to approve these conventions immediately. We know all about them already and in taking them up we need not spend any time beyond what is necessary for the purpose of the formal approval which has to be given by parliament.

The next paragraph reads as follows:

> Among the other measures to which your attention will be invited will be a bill relating to insurance, and bills relating to patents and trade marks.

In regard to these measures we shall, of course, have to wait until they are before us and we have opportunity to see what their provisions are. I imagine that they will be controversial not so much in a party sense as in connection with some of the important provisions they contain, and that they will be referred for consideration to either a special or a standing committee. I doubt if except as regards the insurance measure much time of the house will need to be taken up in the consideration of these measures.

The next paragraph reads as follows:

> You will also be asked to consider bills to amend the Canada Shipping Act and the Fisheries Act.

What I have just said applies to this paragraph; until these measures are presented to the house, we will not be in a position to offer any comment thereon.

This is the legislative program. I must express surprise that at a time when unemployment continues to play the part which it does, and particularly after listening to the remarks of the mover and the seconder of the address with regard to the importance of this question and the course pursued by the government in dealing with it, there is nothing in the speech from the throne with reference to any further provision for unemployment or any expression of an intention to deal with the great question of unemployment insurance. I am inclined to feel that unemployment is still the most important question before this parliament and the country at the present time, and that the time of parliament should be devoted to discussing all aspects of it very fully. But no reference is made in the speech to any proposed consideration of matters pertaining to unemployment.

There is another omission. When we consider the importance which is being attached to-day to a consideration of banking and credit, to depreciated and appreciated currencies, it is significant that we find no mention of anything at all suggestive of a forward looking policy with respect to the improvement of our banking and credit systems. No consideration is suggested of the questions of currency which are so all-important. I had assumed that the government would be giving the fullest consideration to matters of this kind and would have had something to place before parliament for its consideration. I notice that my right hon. friend the Prime Minister, speaking in Toronto the other evening, was very strong in advising the people to be sure to keep their investments in banks and insurance companies. That may be sound advice, but there are people who are investing their lives in industry; there are people who derive all they have in the way of a standard of comfort from the value to be attached to what they may have in the way of purchasing power. These people are interested in seeing that questions which affect banking and credit and currencies are considered carefully by their representatives in parliament.

Perhaps it is a blessing that the legislative program is so brief. If legislation were to be of the character of that introduced at the last session and at the special session of 1930, then I think the country should be thankful that the program is so brief. If there is a single factor which has helped to contribute to the difficulties of the present time, it is the extremes to which the ministry has gone in the matter of tariff legislation and its administration. As we know, the extensive revision upwards of the tariff and the continuous interpretation of the legislation in connection therewith in a manner to make it not merely restrictive but in many directions prohibitive of trade has been an outstanding feature of the work of this parliament and of the government since the new ministry came into office. The public should be thankful that it has been spared further legislation of that kind.

Much more important than legislation itself is the opportunity to be given the people's representatives to discuss in this parliament questions which are all-important in the minds of the people themselves. During the last two sessions there has not been provided the opportunity which should have been provided to discuss great national problems. By one device or another the government has sought to prevent this House of Commons from discussing at length the most important questions which were before it. The first special session was called to deal with unemployment but instead of being presented with unemployment measures we were faced with a most extensive revision of the tariff, and we were told that unless the Prime Minister was able to get that legislation through in the course of a fortnight, which was all the time available for discussion, he would not be able to attend the imperial conference. We were told also in one of his public addresses that the imperial conference was of great importance to the future of Canada and that it was necessary for him to be present if Canada's interests were to be safeguarded. That session, as I say, was deliberately framed so as to render impossible any discussion by the people's representatives in this house of the question of the tariff, which was the most important question with which any parliament could be concerned.

As regards unemployment, we were presented with a bill asking for $20,000,000 to be used for unemployment relief. No opportunity was given for discussing the general question of unemployment. Very little was said by the government of how they intended to use that $20,000,000. No statement was given to the house of the basis upon which they had asked for this amount. It was simply a case of: We must have $20,000,000 to do with as we please. And that $20,000,000 was voted. I shall refer a little later to what I think the effect of that method of

legislating has been on some of the problems that have since arisen. But that was the situation with regard to the special session that was called to deal with the question of unemployment.

Let us consider the last session. The last session was a much longer one. Unemployment had become a still greater problem in Canada. From the beginning of the session until within the last few weeks of its close, I repeatedly asked my right hon. friend what his policy was with respect to unemployment, what he meant when he said that he would end unemployment, what measures he was going to introduce into parliament to redeem that promise and obligation, but I received no reply. When we endeavoured to discuss unemployment, the rules of the house were resorted to in order to make it impossible to proceed with the discussion at any length. We were told by the Prime Minister that the cabinet was the board of directors of the nation. I want to repeat what I said to the Prime Minister at that time in regard to that remark. The cabinet is not the board of directors of the nation's affairs. This parliament, this House of Commons, is the board of directors of the nation's affairs. The cabinet is a committee of the House of Commons, but there are assembled here representatives from all parts of this country who have a knowledge of the conditions with which their constituents have to contend and how those conditions are to be met, much more complete than that which can be possessed by any individual group of men in this house. If parliament stands for anything at all; if the House of Commons, as the forum of the people's representatives, means anything at all, then the people are entitled to hear not only the members of cabinet with respect to their measures, but all hon. members of the House of Commons; and ample opportunity should be given to them to discuss the various measures and subjects of importance.

As I said, at the last session we had little or no opportunity to do this. On the other hand, time and again the customs, traditions, and practices of the House of Commons, were set at naught. In voting public money it has always been customary for a ministry to state the specific object for which moneys are needed, and to seek the appropriation of a specific amount. That is the way in which the House of Commons holds its control over expenditure. What did hon. gentlemen do? They waited until the end of the session, when everyone was well nigh exhausted after several months of the sitting of the house, and presented a bill giving the right to deal with unemployment relief and other matters as they pleased. They secured in this way a blank cheque which they might fill in to any amount and which would enable them to take out of the public treasury, without any further control on the part of parliament, whatever sums of money they wished to spend to that end from that time until the present.

This setting at naught all the practices of British parliamentary procedure, this riding rough-shod over provisions which have been time-honoured and which exist for the protection of the people of the country, is something that must not be further continued, and if there is an effort to continue it, there will be very strenuous opposition from this side. At a time like this we do not wish to make matters more difficult for the government than they are; we are anxious as far as possible to cooperate with them, but it takes two to cooperate, and there will have to be a disposition on the part of hon. gentlemen opposite to permit a free expression of opinion from all sides of the house if they wish to have the cooperation of all the members to the degree to which at such a time as this it is desirable to have it.

While I am speaking on the rights and privileges of parliament may I in this connection refer to a remark made by my right hon. friend on Friday last? When he was speaking, I did not catch the significance of what he said or I should have very sharply taken him to task at the moment.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon members may smile. Perhaps the privileges of parliament are a matter of indifference to them; but if they will bear with me for a moment; if they are upholders of the constitution, I think they themselves will be among those who will agree with what I have to say. It has always been understood that the members of each of the houses of parliament are the custodians of their respective rights and privileges. From the days of magna charta it has been understood under the British constitution, apart from parliament altogether, that any free man has a right to be judged by his peers, and is entitled to the protection of the law of the land. Everyone knows, so far as the Senate is concerned, that that body is the custodian of its own rights and privileges, and when matters have been referred to that honourable body, no member of the House of Commons has any right even to so much as publicly comment upon what is there taking place. Yet, at a

moment when I was expressing, as I think hon. gentlemen will agree, in a kindly and straightforward manner, my appreciation of one of the appointments which the Prime Minister had made of a former colleague to be the leader of the Senate; when I had been speaking, as I say, surely in a courteous way, my right hon. friend interrupted to say, to all intents and purposes, that the appointment which he had made had been made in order that he might have in the Senate, in the person of the new leader of the Senate, an instrument of his will, someone who on his behalf is to perform the office of Lord High Executioner, someone who, without any evidence, without any hearing, is to be prosecutor, jury, judge, pronounce the verdict and the sentence, and complete the entire indictment and legal process, all on his own authority. May I say to my right hon. friend I think he is very much mistaken if he imagines the present leader of the Senate is going to be simply an instrument of his will in matters of that kind. He will find the double-barrelled arrangement will not work quite as smoothly as he believes will be the case in this particular instance. But, asides apart, I would say that the Prime Minister of Canada, who is not only the leader of the House of Commons, but, above all others, supposed to be the guardian of the rights and privileges of parliament, should be the last one to set an example which he himself knows to be entirely wrong.

I now proceed to the other matters that are mentioned in the speech from the throne. There are in it some subjects of general interest. It is not indicated that any of them are to be followed by legislation, but it is to be presumed that in the course of the session legislation will be introduced with respect to some of them. I shall take them up pretty much in the order in which they appear in the speech from the throne. One is:

> My ministers have under consideration a commercial treaty with the Dominion of New Zealand.

I wish the government had found it possible to tell us that a commercial treaty had been arrived at which would be presented to parliament. That is what we had understood from the press. It is quite right, however, that the ministry should safeguard its statements, and all we know at the moment is that it has under consideration a treaty with New Zealand.

The thought that comes to my mind is this: If it has been possible within the past few weeks to arrive at a treaty with New Zealand which contains any advantages to both countries, why was that not possible a year ago? Why have we not had the advantages that would flow from such a treaty during the past year when anything in the way of additional trade would have meant a great deal to Canada? Nearly a year ago, the Prime Minister of New Zealand was here in the city of Ottawa, ready to negotiate. He was prepared to sit down with the Canadian ministry and formulate a treaty, but hon. gentlemen opposite were not willing or ready to discuss a treaty with him. When the Hon. Mr. Forbes realized their attitude he went back to New Zealand and made a public statement to his own parliament. In this connection, I read from a Canadian press cable from Wellington, New Zealand, dated June 4, as it appeared in the Montreal Gazette of June 5, 1931:

> The Prime Minister said he hoped Canada would agree to send her minister of trade to New Zealand to negotiate a new trade treaty. New Zealand has been forced to show a strong hand—in placing Canadian imports on the general tariff scale—in view of Canada's "complete failure to listen to representations regarding the butter duty," he said.

Those words are in quotations. Then, the article continues:

> Mr. Forbes added that on the day he had arrived in Ottawa, Canada had taken an unfriendly action by raising the butter duty. "Canada slammed the door in New Zealand's face at the very time when she was anxious to negotiate," the Prime Minister said.

Those words are in quotations—"slammed the door in New Zealand's face". Canada slammed the door in New Zealand's face—that may be a part of the process of blasting a way into the markets of the world. Let us hope however that there will be no more slamming of doors between different parts of the empire. If that is to be the method of procedure at the forthcoming imperial conference I can tell my right hon. friend he will not get very far in any trade negotiations he may have with any part of the empire. Let him take a lesson from what has been the experience with regard to New Zealand and adopt a different method of negotiating with different parts of the empire in matters of common interest. We will hope that the treaty said to be under consideration is one which will prove beneficial to both Canada and New Zealand, and that its provisions will be laid before the house at a very early date.

The speech from the throne contains reference to two conferences. I shall refer first to the paragraph on the Disarmament conference. It reads:

A Canadian delegation is participating in the Disarmament conference, which was opened at Geneva on the 2nd of February. I join with you in the prayer that the representatives of the nations there assembled may reach an understanding which will put beyond peril the cause of enduring world peace.

I am sure, Mr. Speaker, that is a paragraph in the speech from the throne with which not only all hon. members of this House of Commons but the people of Canada generally will be in complete accord. The people of Canada are most anxious to have this great Disarmament conference do something for the security and peace of the world. In my view, if my right hon. friend will permit me to say so, the paragraph is splendidly worded, and expresses the sentiment cherished by this nation as a whole.

I should like to say a word regarding the meeting of the disarmament conference. It would seem the very irony of fate that there should be meeting at the League of Nations at the present time representatives of the different countries charged with a consideration of the great problem of disarmament while in another part of the world we are witnessing hostilities having many of the features of international conflict. Some have said that this means the League of Nations has failed to function, that it has not done what was expected of it. As there always are dismal prophets in all parts of the world, there are those who are saying that this seeming failure means the beginning of the end of the great movement for which the League of Nations stands. Also there are those who say that in view of what we are witnessing to-day in the orient, we have the strongest reason why the disarmament conference should not make the headway which otherwise we would have hoped it would make. In other words they say that if we are to have adequate protection, instead of nations disarming there ought to be more arming. I do not agree with either of those views. I do not think that the League of Nations has failed; I do not think the cause of disarmament is any less real to-day than it has ever been, and I wish to give my reasons.

The principle upon which the League of Nations is acting is that before hostilities take place between countries there should be an investigation; that the public should be fully informed of the causes and merits of a dispute under some inquiry judicially conducted; that before any part of the world is thrown into a state of turmoil, nations should be in a position to judge as to the right and wrong of the great questions involved. In other words the view of the League of Nations is that in international affairs reason rather than force should prevail.

In 1907 this parliament enacted what is known as the Industrial Disputes Investigation Act. That act laid down principles which are identical with those which constitute the basis of the practice of the League of Nations. I am not suggesting that those present at the League of Nations had that act before them, but I do say that the principle of investigating industrial disputes before there are lockouts or strikes and in the first instance of obliging parties in industry to submit to an investigation so that the public may be fully informed as to the right or wrong of the situation is the principle laid down in that act, and that it is a principle identical with that which constitutes the basis of a large part of the work of the League of Nations. I remember very well after that act was passed that in the provinces of Alberta and British Columbia its provisions were disregarded at the outset on one or two occasions. The act became law at the time of mining troubles in the west. The miners at the time did not realize the full significance of the measure. They misunderstood its purpose and aim and arrayed themselves in defiance of it. It was not long however before they discovered that having violated a law of the land they had, to a considerable degree, lost the sympathy which might otherwise have been theirs. More important than that however was the fact that they discovered, when they began to study the act, that after all there was a more excellent way of obtaining justice, namely that of basing their case on its merits, knowing as Burke has said that "justice is the common concern of mankind," and that the public when it understands the right and the wrong of a situation may be relied upon to see that justice prevails. What has been the result? That act has been on the statute books of this country now for nearly twenty-five years, a quarter of a century. Conformity with its provisions has become part of the accepted practice of those engaged in the large industries to which the provisions of the law apply. Parties to the industries concerned do not think of lockouts or strikes until the public have been fully informed as to the right and wrong of situations which have arisen.

Take what has been happening within the last few months with respect to the question of rates of wages, hours of work and the degree of employment of the men on the great railway systems of Canada. Before the time of the statute there were lockouts and

strikes to settle matters of the kind when in dispute, but to-day before such things may occur each party involved has an opportunity to appoint its own representative on a board of investigation, to meet under the presidency of a common chairman, and the opinion of the board on the facts and merits of the dispute is given to the country before any interruption of the service or disruption of industry takes place. With what result? With the result that since the Act has been in force in the great majority of cases where disputes have been investigated no strike or lockout has ever taken place. Now, that has been Canada's experience in regard to legislation which relates to industrial relations. I should think that the experience of the world in the course of time will be identical with respect to great international problems which involve questions of right or wrong between nations. I am not at all sure that it is not a fortunate thing for mankind that at the moment the world is going to have an opportunity of demonstrating what with regard to the attitude of nations the force of international public opinion may mean in a given situation with respect to any nation which may violate the provisions of great covenants such as those of the League of Nations, and the Kellogg-Briand pact. I do not wish to say anything about the merits of the dispute in the far east beyond this, that I think this country and all other countries were entitled to know the right and wrong of the situation before a shot was fired The machinery for such a course exists and it was due to the nations of the world, whatever the differences or causes of conflict may be that these should have been made clear to some international tribunal before the peace of the world was disturbed.

May I say this, Mr. Speaker, that I believe were it not for the League of Nations being in existence, and for the fact that public opinion has developed as it has with respect to the great question of international peace, that instead of witnessing what we have witnessed in the last few weeks in the orient, isolated encounters here and there, we would to-day have been witnessing the most unparalleled butchery that mankind has ever known. If the world has been saved a tragedy of that kind, it is, I believe, because of the respect which, no matter what the provocation may be, nations now have for the good opinion of the rest of the world of which they are also a part.

With regard to disarmament, far from the present situation being a reason why nations should seek to do more in the way of arming themselves, it affords the strongest reason why disarmament should be striven for more strenuously than ever. What are we witnessing? We are witnessing air forces, land forces, naval forces, all taking part in an international conflict. Assume that the relationship between Japan and China to-day was similar to the relationship between the United States and this country, does anyone believe that there would be that kind of occurrence in the orient at the present time? I venture to say that if the orient had, as we have on this continent, something in the nature of an international joint tribunal which would deal with questions of international difference, we certainly would not be witnessing to-day what we are forced to witness. We can only hope —and I am sure that every member of this parliament will share the hope—that the nations of the orient will realize that there is such a thing as a great family of nations to which they belong, and that all the other members of the family are interested in seeing that justice is done where there is a wrong, and that if given the opportunity so to do, they will find a way of justice being made to prevail, short of the kind of conflict that is taking place at the present time.

With regard to the disarmament conference, let me repeat that this parliament will strongly support those who are representing this country at the conference. I hesitate to say anything in the way of criticism of the delegation which has been appointed by the government to represent Canada at the conference; comparisons are always invidious; but I do say—and I think it is what the country feels—that having regard to the importance of that great gathering, Canada might have sent a stronger and more representative delegation. If I may be permitted to say so, hon. gentlemen opposite might have followed the example which the previous Liberal administration set with respect to representation at Geneva at some of the international gatherings held there. When in office we appointed at one time the late Sir George Foster, a great and distinguished member of the Conservative party, to be one of our representatives at Geneva; we appointed the hon. member for Southeast Grey (Miss Macphail), a member of the party that sits in the far corner, also as a representative of Canada at the League of Nations. We did that in order that all parties might be represented as one on a matter which was not a question of political difference. I submit that having regard particularly to the fact that a petition carrying hundreds of thousands of names was carried across the sea, those names including members of all political parties in Canada. The purpose in

view would have been much better served if, in selecting the representation for that delegation, the Prime Minister had sought out persons representative of all parties in this country, persons who would be among the most informed on questions of disarmament and best able to speak for all political parties in Canada. However, as I say, subject to this criticism—which of course has no bearing upon the efforts which we know will be made by the present delegation—we all hope and pray that Canada's representation at Geneva will be able to further the great end which it is intended to serve.

The next reference in the speech from the throne is to the economic conference. The paragraph dealing with the economic conference is as follows:

On the invitation of my government, an economic conference of members of the British commonwealth of nations will meet in Ottawa on July 18th next.

May I, Mr. Speaker, as leader of the Liberal party in this house say that we are pleased indeed that the government of Great Britain and the governments of the dominions of the British empire have accepted the invitation of Canada to be present at the imperial conference to be held here this year. We are pleased that at last a date has been definitely fixed and that the conference is to meet in Canada. And may I add in all sincerity that we of the Liberal party will do what we can, in so far as our point of view will permit, to cooperate with hon. gentlemen opposite in making the conference the great success which all Canadians hope it will be. I should be happy if it were possible to believe that this House of Commons could be as one on the policies that would be put before the conference as those of Canada. But unless there is a great change between now and July the 18th in the point of view of hon. gentlemen opposite and of ourselves with respect to the significance of tariffs and the part they should play in governing trade, I fail to see just how we may get together. I would ask of my right hon. friend that there be given to this House of Commons during this session of parliament a full opportunity to discuss the questions that are to come up at the economic conference, in order that the members of this house may speak their mind, and speak it very freely, with respect to the policies that should be put forward at the conference. Indeed, I should very much like to see the government state its policies in the form of a resolution before this house, and have the endorsation of those policies before they submit them to the conference. If they were to do that they would be in a very strong position when presenting the Canadian viewpoint. I hardly expect they will be willing so to do; however, that is for them to judge. But I do say that this House of Commons is entitled to know what particular line the ministry intends to take; that we should have ample opportunity to discuss the pros and cons, so that when Canada's voice is heard at the conference this country will know whether what is being presented is in accordance with some general consensus of view or whether it is the opinion of only one section of the country that is being expressed.

I should like to refer to the economic conference at a little greater length, Mr. Speaker. As it is almost six o'clock I would ask the permission of the house to go on after recess.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MACKENZIE KING: When the house rose at six o'clock I was beginning to outline the Liberal attitude towards the approaching imperial economic conference. I had said that as a party we were pleased indeed that the Prime Minister had found it possible to receive from the other dominions and Great Britain an acceptance of the invitation of the government of Canada to have the conference meet in this country. It would be strange indeed if the Liberal party were not wholeheartedly in favour of any conference which gives promise of the development of inter-imperial trade, because, as is well known, it was the Liberal party that instituted the British preference which became in time an imperial preference. I believe the records will bear out the statement that what was given in the way of preference originally and whatever has been given in the way of increased preference to Great Britain at any time since has been given by a Liberal administration. One may search the records of this parliament in vain to discover a time when a Conservative administration increased the preference. There are numerous instances, none, of course, so glaring as that afforded at the special session of 1930, where a Conservative administration has materially lessened the preference to Great Britain.

When Sir Wilfrid Laurier and Right Hon. Mr. Fielding decided in 1897 upon the preference as a matter of policy in regard to the tariff there were in the main two reasons that actuated them. One undoubtedly was senti-

ment, which does play some part in public affairs, particularly where it relates to matters affecting the British Empire. Anything that will make for closer cooperation between the various parts of the empire should receive, and certainly always has received from the Liberal party, the very strongest approval. Before attending an imperial conference in Britain in 1897, at the time of Queen Victoria's diamond jubilee, the government of Sir Wilfrid Laurier introduced through the then Minister of Finance the first measure of preference that was brought into this parliament. The other motive was the one that every nation must have in mind primarily, namely, its own interest. When this country adopted the preference it did so because it was believed by the administration of the day that it was good business so to do, and every administration that has remained in office in Canada since then, whether Conservative or Liberal, except the administration of which my right hon. friend is the head, has maintained the preference at the figure at which it stood at the time the administration came into office, or else increased it. So that there has been a pretty general agreement that it was good business to give a preference to Britain. Now it did not mean that by giving a preference to British goods we were simply helping Britain. My right hon. friend put forward that point of view in opposition to an increase in the preference at the last general campaign. He came forward with his so-called doctrine of Canada First, as though there were, in matters of trade, which means an exchange that is mutually advantageous, something to the disadvantage of Canada, because Britain might receive some advantage from the arrangement. That is where I differ so completely from my right hon. friend. Trade, to my mind, is an exchange which in the very nature of things is of mutual advantage. There would be no such thing as trade at all unless each party to the exchange felt that it was to its interest to trade. My right hon. friend takes the view that trade is rather in the nature of economic war and that we have to fight and bargain over the arrangement that is to be made before two countries can do what it is to their mutual interest to do. This, then, is the point of view from which the Liberal party, so far as it has any expression of view in the matter, will approach the forthcoming imperial economic conference. We will welcome it as a conference which we trust will lead to much more in the way of empire trade, to much more in the way of preference on the part of this country towards Britain and towards the other dominions, and, where they have tariffs, more in the way of preference on their part towards us. But I do say to the Prime Minister that if the imperial economic conference is to be the success which this country wishes it to be he will have to change his point of view in regard to trade.

Moreover, he will have to change his methods of dealing with other parts of the British Empire, and he will have to change his policies. I have touched for a moment upon the right hon. gentleman's point of view; let me say a word about his methods. We are looking forward to this economic conference in the hope that it may be a success. Why was the last economic conference not a success? I have already given my view in the house and I repeat it to-night: I think it was because of the attitude of my right hon. friend, because of the way in which he approached that conference, the way in which, before he left Canada at all, at the special session of this parliament, he put up duties against Great Britain and other parts of the empire, doing away with a large measure of the preference they formerly had, and, when he reached England, telling them they must accept what he wanted to have done or he would not be prepared to listen to anything. I do not want to go over the ground I traversed pretty fully a year ago, but, lest anyone may have forgotten what my right hon. friend did say, let me read one paragraph in relation to what he termed his offer to Great Britain. This was after having stated his Canada First policy, the Canada First policy being that whatever can be produced or manufactured in Canada must be produced or manufactured here. Under his Canada First policy, tariff walls were to be so arranged that it would be impossible for goods of the kind mentioned to come into this dominion above those walls from outside, whether from other parts of the empire or from other countries. Preference was to be given by raising the tariff wall against other countries still higher than it was against those to which the preference was to be given. After he had stated his Canada First policy, the right hon. gentleman at the conference said:

> I offer to the mother country and to all the other parts of the empire a preference in the Canadian market in exchange for a like preference in theirs, based upon the addition of a ten per centum increase in prevailing general tariffs or upon tariffs yet to be created.

That is the proposition which the Right Hon. Mr. Thomas very properly described as humbug, and I am afraid my right hon. friend will have to get rid of his humbug

policy before this conference meets, if he wishes it to be at all successful. And may I ask, is it not humbug? Consider what that proposal means. To understand it one has to consider first what was done at the special session. At the special session the duties were raised against Great Britain; over a wide range they were increased, and part of the preference was done away with. Under the budget which the Liberal administration put into force just before the conference opened the duties had been considerably lowered; the ground had been prepared for a favourable approach to Great Britain. But my right hon. friend took a diametrically opposite attitude; he raised the duties considerably. Then he went to Britain and said, "I will trade with you on a reciprocal basis on this understanding, that the preference is to be given not by reducing existing duties but by raising still higher the duties against other countries." He put duties up to a point where to begin with British goods could not get into this country to any considerable extent, and then said he would not lower these duties. How was Great Britain or how were other parts of the empire to make any arrangement with him in the face of an attitude of that kind?

Since his return from the trip which he took to England to combine health and business my right hon. friend has told us that he is going to get something important in the way of concessions through the wheat quota which is to be arranged. Whether or not this wheat quota will be of advantage to our country is something we can discuss only when we know on what basis it is to be arranged, what the percentages are to be, and so forth. I will not go into a discussion of the advantage or disadvantage of a quota arrangement, but what I want to ask at the moment is this: If there is any good in a quota, if it will be of any advantage to Canada, why did we not have it as a result of the last imperial conference instead of having to wait for the conference to come on July 18? Why did we not have the advantage of a quota at a time when Canada needed everything she could possibly get in order to improve her condition? The answer is this: my right hon. friend's method of approach. The British government were ready to consider the giving of a quota, they were prepared to take it up at the last conference just as they are prepared to take it up at this conference. But what did my right hon. friend say to them? I quote from the report of the proceedings of the conference. The remarks of my right hon. friend in referring to the quota were as follows:

> Projects other than the one I propose have been placed before you. They have been carefully canvassed by our delegation, and, while we would avoid anything which might savour of premature condemnation, we are constrained to state that none of them can be accepted by Canada as alternatives at all likely to achieve the purpose we have in mind.

If my right hon. friend is going to proceed in that manner when the imperial conference meets in Canada I cannot see that he will get any further than he did at the last conference. That is why I say he will have to—I hope his ministers and others who are supporting him will see that he does—come around to a changed point of view and a changed method of negotiation. May I repeat that I think he will have to change considerably his policies as well.

As I have said, my right hon. friend's method of beginning negotiations has been to put up the tariff against other parts of the empire. What method of approach has Great Britain adopted since she has come to have a tariff of her own? What is the present attitude of Great Britain towards Canada? She will come to this conference with a tariff of 10 per cent against most articles from other countries. What is the duty as against Canada? Nothing at all. We have the preference of free entry into her market. My right hon. friend says: The basis on which I ask each country to negotiate, the basis on which I am prepared to bargain, is reciprocal. I ask him if he is going to follow Great Britain's example and make his basis one of complete free trade with regard to the goods coming into Canada from Great Britain and other parts of the British Empire—that is, the reciprocal basis so far as the present attitude of Great Britain is concerned—or is he going to maintain his present position, his only concession being to increase still higher the duties against other countries? He is on the horns of a dilemma as long as he holds to that position or once he accepts the British position.

May I draw attention to the fact that in preparing for the last imperial conference the Liberal administration which was in office at the time did precisely the kind of thing in the matter of approach which Great Britain has done in anticipation of the coming conference. We did not put up tariff walls against Great Britain; we did not make demands that we would have our own way or nothing would be done. We lowered our tariff considerably. When we discovered that the nation to the south was not prepared to trade with us as fully and as freely as formerly we then took good care to arrange our tariff so that what we were losing in trade in that direction we would gain in trade with Great Britain. We

transferred from the United States to Great Britain a purchasing power running into many millions of dollars. This was not any loss to Canada, it was a distinct gain to our country and a distinct gain to Great Britain as well. The attitude of approach was one of showing Great Britain by our actions that we were anxious to trade with her, realizing as we did that she had always given us absolutely free entry into her markets and an equal position in competition with her own people. We said: This will be our position as we approach the imperial conference. I venture to state that if the Liberal administration of that day had sent its representatives to that conference we would have come back from Great Britain with very substantial returns because of that particular attitude. The people of Canada will be anxious to get something out of this conference, and so I plead with my right hon. friend that he adopt—I will not say the attitude adopted by the Liberal party, but the attitude of making a gesture in advance which would assure Great Britain of our good will—the British attitude, if he prefers that term—the Liberal and the British attitude are synonymous—and make it perfectly clear by the action taken with respect to different parts of the empire that he wishes to have more in the way of freedom of trade between them.

I think I have made clear the position of the Liberal party in connection with this conference. We hope that the government will so arrange matters as to make possible much more in the way of freedom of trade between all parts of the British Empire. We believe in trading as much as possible within the empire. May I point out that the Liberal policy always has been since the days of Laurier and Fielding one of world trade plus British preference. That is the broad policy on which we stand. We do not believe in restricting trade solely to the British Empire; we believe in trading with any country that will trade with us. While our policy is one of world trade, the expansion of trade on a world scale, we intend to give a preference in our tariffs to those countries which form the British Empire.

May I point out the wisdom and necessity of a policy of that kind. It bears on one thing which my right hon. friend said when speaking recently in Toronto. He pointed out that Canada was the fifth largest trading country in the world—it came to that position under a Liberal administration. He pointed out also that Canada was exporting per capita more in the way of manufactured goods than any other country in the world except New Zealand.

[Mr. Mackenzie King.]

Mr. BENNETT: Not manufactured goods, all goods.

Mr. MACKENZIE KING: I will go one better and say that I believe that as regards manufactured goods Canada exports more per capita than any other country in the world. So far as our manufacturers are concerned they did not suffer under Liberal policies. If you are exporting per capita more manufactured goods than any other country, if the per capita trade of your country is the second largest in the world, what more for manufacturers can you ask from tariff considerations to help the advancement of trade? The fact that this country is in that position means that there is something like two million of our people who are dependent upon external trade. That is to say with those who are engaged in those industries which are exporting and with those who are dependent upon them, at least two million of the people of Canada depend upon what we can get out of foreign trade. Their market is the world and it is all-important that if possible matters should be so arranged that these people are enabled to hold the market they already have and to acquire new markets.

My right hon. friend has said that the tariff is an instrument to deal with industry, that what we need is fair competition and equal opportunity. I agree with him entirely as to the need for fair competition and equal opportunity; but the trouble is this, that when he speaks of fair competition and equal opportunity, he has in mind only one class in the country, namely, those who are engaged in the work of manufacturing. That is to say, if we are to judge him by his actions with respect to the tariff, he says: I will so arrange the tariff that the home market will be exclusively secured to the manufacturers here, and in doing that he puts up the tariff to a point at which he shuts out all possibility not only of competing trade but much of all trade. No country can have trade one way all the time. Sooner or later imports have to be paid for by exports and exports by imports. Otherwise you cannot trade; and when you shut off the possibility of trade between any two countries, you soon begin to lose for your manufacturers that very home market which in other ways you are trying so carefully to conserve for them. In other words, the home market so far as Canada is concerned is not a locality. The home market is purchasing power. The home market is the purchasing power that comes to the people of Canada from whatever source it may come. When you consider the great primary industries of agriculture, mining, lumbering,

fishing, you at once see, so far as those industries are concerned, Canada's home market means very little relatively to those engaged in these industries; that their real market is the world market. They get back purchasing power and it is that purchasing power which creates the demand which is the home market of the manufacturers. If the tariff can be used as an instrument of national policy to help one class of industry, surely it can be made an instrument of national policy equally to help the great basic and primary industries. Why should it not be made an instrument of national policy to help agriculture, lumbering, mining, fishing, those great primary industries?

How can it be made an instrument of national policy to serve that end? First of all, by being so arranged as to make as cheap as possible all the instruments of production; in the second place, by lowering the cost of living on the necessaries of life so that our great labouring population will be in a position to get the real wages which they require for their sustenance and the maintenance of their standard of comfort, and that the primary industries will also have their instruments of production at as low a cost as possible. In that way the basic industries will have an opportunity of competing in the world market. After all, it is world prices that determine whether or not our exports are going to be marketable abroad, and if we want to have effective competition in world markets, we have to make the cost of production as low as we can for those industries that have the world as their market. It is essential, if my right hon. friend wants to develop industry in this country, that he change his policies to that end.

In connection with the imperial economic conference there is a real opportunity, because with respect to many of the necessaries of life, particularly those that have to do with clothing and the like, it should be possible to enable the great body of working men and women in this country to obtain what they require at a much lower cost than is the case to-day, without working injury to any industry that is being efficiently carried on in this country.

I shall not enter at greater length into the tariff question to-night, because it will come more suitably on a discussion on the budget, and then I hope there will be a special opportunity to discuss the whole of the economic conference. I wish just to repeat that so far as Liberal policy in the matter is concerned, we stand to-day with respect to the British preference where Sir Wilfrid Laurier and Mr Fielding stood in 1897 when they granted the preference to Britain for the first time. We stand where the Liberal party has stood every time it has given increased preference to Britain and other parts of the empire. We stand where we stood at the time we brought in our last budget, the one on which we went down to defeat. At that time we introduced in the House of Commons a budget designed specifically to make possible effective negotiations at a great economic conference, and we are and would be prepared, if we were in office at this moment, to restore the position to where it was when we went out of office at the last election in 1930. Therefore hon. gentlemen opposite will not find us standing in their way with respect to the success of any imperial conference; on the contrary, if they see their way to come somewhat to our point of view, which is, as I have already pointed out, the British point of view, in the matter of negotiations, they will receive from this side hearty cooperation in their efforts.

May I say that the question is much larger than one of trade. When one considers the basis of negotiation between different parts of the empire, I question very much if conducting negotiations in a spirit of petty or blustering bargaining is a good method of approach. A voluntary preference, voluntarily given, was the method adopted prior to the time this government came into office, a voluntary preference which, rather than binding or tying Canada's hands, leaves her free to do what she pleases with regard to her tariff in relation to other countries. If you start in a spirit of bargaining, and bargaining is your method, I am afraid it is going to be the beginning of very serious friction and disruption within the empire itself. When we realize how difficult it is to bargain between two parts of the empire, as we discovered at the last imperial conference, what is going to become of bargains that you try to make between seven different parliaments? I believe it is completely unworkable to approach an imperial conference on a bargaining basis. What the government will have to do is to decide what it is in the interests of Canada to do, to do that on a voluntary basis, and when the British delegates come here, to meet them very much along the lines that Britain by her attitude to-day is showing she is prepared to meet us. If we will approach Britain in the spirit in which she is approaching us, I do not say the result will be complete free trade within the British Empire, but it will mean freer trade and thereby very much more in the way of trade within the British Empire,

and that is something to be devoutly desired, particularly at this time in the history of our country and of the world.

I shall pass on from the imperial conference to say a word with regard to that part of the speech from the throne which has reference to a description of conditions as they are existing or as they are supposed to exist. I can best describe that part of the speech as being in the nature partly of fact and partly of fiction. It is almost completely in the nature of generalizations, assertions and affirmations. How true these are, I am going to ask the house to judge for itself. Reading that part of the speech, I find first of all that it says:

> You enter upon your duties at a time of continuing and universal economic disturbance and distress. World conditions are beyond the control of the Canadian people.

All of that is true, but it has not become true just to-day. It was true two years ago. It was true at the time the government of the day was appealing, and also when my right hon. friend was making his appeal, to the people. We who were in office at the time were very frank with the people of Canada. We told them distinctly there were world conditions that could not be met by any single government, by any policy, by any individual; that there was much that could be done to help to alleviate the situation, but that world conditions were being and would have to be taken into account in considering the problems with which we were faced. My right hon. friend seeks to-day to have us believe that his troubles arise for the most part from world conditions. While it is perfectly true that world conditions do in very considerable measure account for much of the hardship which at the moment, the people of Canada are experiencing, it is equally true that many of the problems which my right hon. friend and his government are grappling with to-day have been of his own creation.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Yes, that is true. He has helped to bring down on his own head much of the adverse situation with which he is faced at the present time.

Let me go back to the discussion in this house on the last budget which was introduced by the Liberal government of the day. Hon. gentlemen opposite in the house fought that budget to the utmost of their ability; they did the best they could to defeat it. They misrepresented its aims and purposes; on the public platform they went through the same procedure, ridiculing it and finally succeeding in defeating it—and with what result? The result was that at the imperial economic conference then pending they made a mess of what otherwise might have been a great success. As everyone in Canada well knows, that budget was designed to make the best of a difficult situation as it had developed in Canada because of world conditions. It was designed to secure immediately the goodwill of all parts of the British empire in matters of trade, and it would have succeeded to that end had it had a chance.

Let me go a step farther in showing wherein my right hon. friend has brought difficulties upon his own head. What did he do at the special session? Though it was called to deal with labour problems, he took that opportunity to make the most extreme changes in the tariff. In that one session he altered the whole tariff schedule, exercising no judgment, discretion or wisdom, but acted just as it suited his whim or caprice, and without the advice of any tariff board. He swept the former tariff board out of existence and made tariff changes which suited him for the moment. What has he been doing ever since? He has been continuously changing that tariff, with the result that nobody knows for more than twenty-four hours ahead what the tariff rate may be. As I have already pointed out, his negotiations at the imperial conference were most unsuccessful. There, again, he brought down on his own head some of the difficulties he is facing at the present time.

Before I leave the special session of parliament, may I again remind the house that it was called to deal with unemployment. As I said this afternoon the only measure he brought in in that connection was to ask this house for a vote of $20,000,000. He did not care to give or was unable to give any explanation as to how that amount was fixed. Although Canada had assisted with unemployment relief at different times during the ten or twelve preceding years, the total amount that had been spent from the federal treasury for that purpose, including a part of the post-war period of depression, was not $2,000,000. Yet my right hon. friend asked for $20,000,000. How much of it did he spend? Before the end of the fiscal year he had not spent $4,000,000, although he had made commitments for something like $17,000,000 or $18,000,000. Was that not adding to his troubles? Had he come to this parliament and pointed out to the people of Canada that during the previous ten years, including one or two years of great distress, all that it had been necessary to take from the federal treasury, in cooperation with the munici-

palities and provinces, to meet such situations did not total $2,000,000, and had asked for that amount or for $4,000,000, his problem to-day would not be what it is. When he asked for $20,000,000 what was the result? Not being able to use the money and to make the necessary commitments, a great deal of public money was spent for purposes for which there was no necessity whatever, spent during the spring and summer and at times when the money might have been saved and when those receiving the benefits from it might, at least in part, have been getting into some other kind of work.

What was the position the next session? Having asked for $20,000,000 at the special session my right hon. friend, finding conditions worse than ever, began to experience difficulty in fixing the amount for the last year. Facing that situation he found it necessary, in order to do what he thought would satisfy the unemployed, to ask not for $20,000,000, $40,000,000, $60,000,000, $80,000,000 or $100,000,000, but to ask this parliament to give a blank cheque which he might fill in for as much as he wished to draw. To-day, when men, women and children in this land are suffering through lack of food, does my right hon. friend not realize that their position is infinitely aggravated because they know he has in his possession a cheque in an amount of any sum he may wish to make it, in virtue of which funds to any amounts may be drawn from the public treasury? That is one of the reasons why many people to-day are in such an incensed frame of mind. They cannot understand his action. They say that the Prime Minister has the right to spend all he wishes; for parliament has given him that right. He asked for it and got it—"Why should we not receive it"?

May I remind my right hon. friend of the promises he made during the political campaign? Does he think none of his trouble has grown from his promises? He promised to end unemployment, and to do it immediately; he promised markets; he was going to blast his way into the markets of the world—he said that to the farmers. They have been looking for those markets ever since, and the unemployed have been looking for employment. My right hon. friend did not need to say those things. He did not need to promise he would end unemployment; he did not need to promise he would find markets everywhere; he did not need to promise a national highway; he did not need to promise grants to the different provinces for different purposes, including technical education and the like; he did not need to promise 100 per cent payment of old age pensions; he did not need to promise immediate completion of the St. Lawrence waterways development; he did not need to promise bridges and highways. But from one end of Canada to the other he scattered promises right and left. He said, "I will fulfil them all, or perish in the attempt." More than that, he said, "I will ask my own following from Quebec to vote me out of power; I will ask my own following from Nova Scotia to vote me out of power, if those things are not done. These things I will do," he said. There is another place where he made difficulty for himself.

I think I ought to quote again a few of his promises to-night. He told the people—and this is what has brought much of his trouble upon himself—that there were things that governments could do, that there were things which could be done by proper policies, that there were things which could be done by individuals. He said: The reason this has not been done is that the policies of my opponents have been wrong. They have had nine years of office, and have been labouring under wrong policies. That is the reason you have not work at the present time. Then he went on to inquire: What is the matter with the governments? Governments can do anything. For fear that his government might not be able to meet the situation he said let me into office and I will do everything: I will undertake to do it, and you will see that it will happen once the government is mine. I say such statements have contributed to the problems my right hon. friend now faces.

What has added more than anything else to his difficulty has been his mistaken policy with respect to the restriction of trade, the cutting off of all possibility of trade in many directions, making all trade uncertain and creating a situation where no one would venture to invest capital in industry. No one will venture to place orders for fear that inside of a very few hours he will learn there have been tariff changes, or that some ruling has been made which might affect business very seriously. All the departmental orders passed by my right hon. friend's government, the valuations he has placed upon different commodities, the method in which the anti-dumping provisions have been carried out —all these things have irritated and exasperated those engaged in industry, those engaged in commerce and business, to an indescribable degree. These are the things which more than anything else are causing the problems in Canada at the present time.

I said a minute ago that when my right hon. friend was making his appeal he blamed the policies of his predecessors. Let me read one or two statements he made in that regard, and when I read them I would ask hon. members to bear in mind the application of his words to his own policies. At Sarnia on July 17, 1930, as reported in the Montreal Gazette of July 18, my right hon. friend said:

> Canada was now in a "critical condition;" unemployment exists "on a scale which never before was known in the history of this country; all this by reason of the policies of the Ottawa government."

Speaking at Montreal on June 26th, 1930, as reported in the Montreal Gazette of June 27th, my right hon. friend said:

> Unemployment has become a national problem in Canada. It is the direct result of nine years of unsound economic policies applied by Liberals —under Premier King.

An hon. MEMBER: Hear, hear.

Mr. MACKENZIE KING: Just wait a moment. I will not give you nine years of Conservative rule, I will give you the record for one and a half years.

An hon. MEMBER: Don't give us any.

Mr. MACKENZIE KING: The Mail and Empire of January 20th, 1931, contains the following report of a speech by my right hon. friend on the preceding day:

> "Had it not been," said Mr. Bennett "that due to the policies of the preceding eight or nine years which left the country ill-prepared for depression of the present character, Canada would have met the ensuing crisis even better than she has."

That is what my right hon. friend said with regard to the record of the Liberal administration,—an administration which changed deficit into surpluses, which for eight years in succession reduced the public debt, reduced taxation, vastly increased trade, did not do any borrowing but met all expenditures, including capital expenditures, out of current revenues, and brought about a condition of prosperity such as the country had not known before.

Now, then, if policies are responsible for results, what is to be said of the policies which my right hon. friend has put into effect? What is to be said of a policy that inside of a year and a half made it necessary for this administration after borrowing $100,000,000 to borrow not $100,000,000 but over $200,000,000 more; that has created enormous deficits instead of surpluses, that has vastly increased the taxation of the people, that in very large measure has crippled the trade of the country and that has enormously increased the public debt? If you are going to judge policies by results there is the record of hon. gentlemen since they assumed office. But my right hon. friend said "There is something more important than policies, namely governments. Governments can do anything." Let us hear what he has to say on this score.

Speaking at Calgary on June 12th, 1930, according to the Calgary Herald of June 13th, he said:

> This is a new country and there is no excuse for unemployment in Canada if a government does its duty.

I do not hear any applause from my hon. friends opposite.

An hon. MEMBER: You will.

Mr. MACKENZIE KING: Let us take his next utterance. Speaking at North Vancouver on June 17th, 1930, according to the Vancouver Province of the 18th, he said:

> Governments can regulate policies of the country so that facilities may be provided to give employment and not make it necessary for thousands to leave home and go elsewhere to get jobs to make a living.

At Victoria, according to the Colonist of June 17th, my right hon. friend said:

> Is there any excuse for Canada to have hard times if the government is discharging its duties as it should?

I ask my right hon. friend that question now, in his own words: Is there any excuse for Canada to have hard times if the government is discharging its duties as it should? I am sure that neither my right hon. friend nor any of his colleagues will say that we are not having hard times to-day. If they admit that, there is according to the Prime Minister no excuse for hard times if the government is doing its duty, what according to his own dictum then is to be said for my right hon. friend's government?

Speaking at Sarnia on July 16th, 1930—and these are the words that helped my right hon. friend to win the position of power that he occupies to-day—he was most emphatic:

> "Someone," he said, "is responsible for unemployment; not individuals, but governments; governments by their majorities in parliament are responsible for enacting all legislation."

There is condemnation not only of himself and his administration but of all his followers, for he says:

> Governments by their majorities in parliament are responsible—

So according to the words of the Prime Minister our hard times are due to the action of his government and his followers.

But my right hon. friend left no doubt in the minds of those who heard him that every-

thing was going to be improved. Policies might not work and governments might not do everything, but there was one source that was infallible. From policies he goes to governments; he goes from governments to individuals—to himself. We shall come to that in a minute. Meanwhile what did my right hon. friend say the other day in speaking to a delegation of the Trades and Labour Congress that waited upon him? Did he say that policies or the government of the country could do everything? He said:

> Ten millions of people could have but slight effect upon the movement of world forces.

That is a very different note from what he sounded before he came into office. In seeking office, he told the country that policies and governments could do anything, and as I shall show later, that he himself could do anything. But what is he saying now: At Calgary on August 26, of this year the Montreal Gazette of August 28 refers to what was said of my right hon. friend as follows:

> Mr. Bennett blamed the present depression on speculation and an attempt to live higher than incomes warranted. It was the duty of every Canadian to do his share in effecting the return of normal conditions.

That was not what he said during the campaign. Speaking only the other day, this very year, in the city to a group of young people who carry his name, the Bennett Young Canada Club, my right hon. friend did not say that governments and policies could cure everything. He said:

> The basis of the present trouble is that people have been borrowing too much, living too extravagantly and speculating too much.

That is a very different note from that which he sounded throughout the campaign. Speaking at Toronto on December 18, 1931, before the Commercial Travellers Association, my right hon. friend said:

> In this country, as in other countries, the government cannot do everything. Your problems as a people were not brought upon you by governments, but by yourselves.

That must have given great consolation to the commercial travellers as they were going about the country seeking in vain for orders from an impoverished people.

> Your problems as a people were not brought upon you by governments, but by yourselves. People demanded things, and for these things the country is now paying.

It is true the country is paying, and paying at a pretty heavy rate. Then he added—I do not know whether as a touch of humour or not; it may be that he had in mind the imperial conference and desired to make the people of the old land feel happy:

> I know that people complain when additional or higher taxes are imposed; it is popular to grumble about taxes. But in England men earning as low as $500 a year are glad to pay their taxes so as to do their bit for Britain.

Those are fine sentiments. But are they true? Is there anybody who thinks that the people of Britain are any more delighted to pay taxes than are the people here? If so, human nature is very different in Britain from what it is in Canada.

Let us come now to what my right hon. friend said he himself would do. He got away from policies, away from governments and began telling the electorate what he himself would do. People are asking what my right hon. friend meant when he set forth his Magna Charta of promises, in which he promised something for everybody everywhere, and then said: These pledges I have made, and by them I stand or fall. That is what is troubling him to-day; instead of standing by them he and his government are falling by them and falling rapidly.

Speaking at Regina on June 10, 1930, my right hon. friend said:

> If the party I belong to on the 28th day of July is given authority to conduct the affairs of this country, at the first session of our parliament the government of which I am the head will pass laws that will give Canadians an equal opportunity with their competitors outside of Canada, or will go out of power.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: "Or will go out of power." At Yarmouth on July 2, 1930, as reported in the Halifax Herald of July 3, my right hon. friend said:

> At the first session of parliament the Conservative chieftain stated he would see to it that Canadians would be afforded fair competition or perish in the attempt.

At North Vancouver, on June 18, 1930 he said:

> After I am Prime Minister on July 28th, I will see that my promises are carried out, or the government will go out of power trying to do so.

People are wondering how the government remains in power, because they do not see that the promises are being fulfilled. Here are familiar words. This is what irritates the farmers.

> Listen, you agriculturists from the west and all the other parts of Canada, you have been taught to mock at tariffs and applaud free trade. Tell me, when did free trade fight for you? You say tariffs are only for the manufacturers. I will make them fight for you as well. I will use them to blast a way into the markets that have been closed to you.

At Victoria on June 16th he said:

It is true we must have foreign markets, and as I said the other evening, we will blast a way to those markets on a world-wide basis with any exportable surpluses. We do not have to worry about that.

Then at Calgary, after promising markets to the western farmers, he said:

I told my audience in Winnipeg, and I tell you here and now, that condition I will not permit to continue in this country.

And again at Calgary, referring to access to the world's markets, he said:

These things we must do, Aye, these things I propose to do. That is the answer. These things, I propose to do.

Then at Vancouver on June 17, 1930, he said:

If Mr. Mackenzie King thinks I will not so build up our agricultural and industrial life that its strength will drive our products into the markets of the world, then he is wrong. For that I will do. If he thinks I will not establish new markets for these strive with all my heart to retain them, drive our products with all my power into new markets, into old markets, into reluctant markets, he is wrong. For that I will do.

That is settled—"For that I will do." Then here is one of the gems of the lot. Speaking at Vancouver on June 17, 1930, the present Prime Minister said:

So will I, when the government is mine, continue to blast a way through all our troubles and difficulties.

I think we will all admit that my right hon. friend is the government; that the government is his; but those last few words, "I will blast a way through all our troubles and difficulties" are causing him much of his present trouble.

That was the sort of promise he made to the farmers; but what did he say to labour? He guaranteed that there would be work for everyone. Listen to this, at Victoria, on June 16th. My right hon. friend said this was a new country and there was no excuse for unemployment. Then he said:

Is there any excuse for Canada to have hard times, if the government is discharging its duties as it should?

At Moncton on July 16th he said:

Mr. King promises consideration of the problem of unemployment. I promise to end unemployment. Which plan do you like best?

Again I ask: Is it any wonder that my right hon. friend is meeting with difficulties? Let us contrast the tone of my right hon. friend's remarks to-day; now that he is in office what does he say?

Mr. BELL (Hamilton): That was all in your speech last year. Have you nothing new?

[Mr. Mackenzie King.]

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: I have something new, and I am going to give it to my hon. friend at once. I expected to get a rise out of hon. gentlemen opposite by mentioning these things. Now let me give my hon. friend something new. Here is what the Prime Minister said in addressing the United Church Missionary Congress on October 1 of last year; here we get a new note:

How could present difficulties be overcome? Premier Bennett proceeded. Some people looked to governments and said they must do it; others looked to churches and said they must do it; "But men and women," he continued, "it will be one way only—by you and me, ourselves, and by no one else. It is what the individual will do that will determine the issue."

Continuing, the Prime Minister stated that the grace of God had saved England in the eighteenth century. That is a very different note; but he went a step further:

"And," he declared, "I am firmly convinced that nothing but the grace of God will save this world. You may talk about your economic theories, the application of the gold standard, the demonitization of silver, balances of trade, exports and imports, but one thing only will save Christianity and that is the grace of God. That is my conviction."

I am not taking any exception to that statement.

An hon. MEMBER: You had better not.

Mr. MACKENZIE KING: Is my hon. friend afraid that the Prime Minister will get after me? What I am taking exception to is that when the Prime Minister was addressing the electorate, when he was seeking to get into power, he did not have something more to say about the grace of God and a little less to say about blasting his way into the markets of the world.

At Edmonton on August 25 last, addressing 1,200 Edmonton Conservatives at a reception, the Prime Minister said:

There will be work for all who desire it.

That is the same old story. A year and a half ago he said everyone would have work who wanted it; he repeated that statement at Edmonton a year later, but speaking in Ottawa as recently as December 13, 1931, in support of the Red Cross campaign, he said:

When men cannot find work to maintain themselves and their families, when expectant motherhood is denied proper care, when children are without food and clothing, and when the aged and disabled are penniless, our human instincts and sympathies must surely compel us to give them such help as may be within our power.

To adequately provide for these we have created a special national emergency fund main-

tained by voluntary contributions administered by an agency unhampered by governmental regulations or control.

I ask every citizen in Canada who is financially able so to do, and every organization in Canada, to contribute to this fund.

That is a very different story. First my right hon. friend said the government would do it, that he would do it, and then he asked every citizen in Canada to do it, something very different indeed.

What were the words of consolation to the unemployed contained in his New Year's message this year? Here they are:

Hard work and self reliance are the surest barriers against misfortune, and the firmest basis on which to build for good fortune.

Mr. RYCKMAN: Hear, hear.

Mr. MACKENZIE KING: I hear someone say, "hear, hear".

Mr. RYCKMAN: I said it.

Mr. MACKENZIE KING: That must be a lot of consolation to a man looking for work and unable to get it, and to those thousands to whom the Prime Minister referred when he said:

When men cannot find work to maintain themselves and their families; when expectant motherhood is denied proper care, when children are without food and clothing, and when the aged and disabled are penniless . . . .

In the face of this my hon. friend says, "hear, hear" to such a greeting.

But hard work and self reliance are the surest barriers against misfortune, and the firmest basis on which to build for good fortune.

My right hon. friend is telling the country to-day that he is seeking to redeem his promises, and he points to the way he has raised the tariff and, as some of his followers did to-day, to the millions of dollars he is expending from the public treasury. But may I point out to him and to others that those were not his promises, that he would raise the tariff, that he would spend millions of dollars of public money for unemployment relief, and so on. The promises were that he would end unemployment, and that he would find markets; these other things the tariffs and the expenditures, were the means to that end. We told the people at that time that those means would never meet the situation, that far from meeting it they would tend in the opposite direction, but to-day my right hon. friend is in the position that his promises cannot be redeemed, and he must see that the means he has taken to effect the end he had in view have utterly failed and made the last condition infinitely worse than the first. That is all I have to say at the moment of his seeking refuge under the cloak of world conditions from his failure to fulfil the promises in virtue of which he was returned to power. I repeat that what I have read of his own utterances show that in the main he has created the greatest difficulties for himself.

The speech from the throne goes on:

But I rejoice that their resolute adherence to policies designed for the welfare of the nation has minimized the adverse influence of external economic forces.

The policies the government have put into force have minimized difficulties? Ask the large retail and wholesale establishments; ask the distributing houses from one end of Canada to the other whether the policies of the present administration have made things less difficult or more difficult for them. You will not be very long in getting the answer. One business house after another, and many an industrial concern, has already been put out of business through the policies of my right hon. friend and the way in which they have been administered. Here I might just recall what the Prime Minister said during the campaign about the importance of stability in tariffs:

We pledge ourselves to the stabilization of economic conditions and to continuity of trade and freedom from the manipulation of home and foreign markets.

Will he say that pledge has been kept? Will he say we have such a thing as stability of tariffs in this country at the present time? What else did he say? Speaking at Renfrew on July 16, and having regard to the condition of the country, he said:

We have the capital but capital will not allow itself to be used unless there is stability and certainty.

What about the position to-day? Is not that one of the main reasons why capital is not being invested? There is no stability; there is no certainty. First of all tariffs have been raised up to certain levels and then by order in council, valuations, application of anti-dumping duties and the like have been changed from year to year, from month to month; and, in some cases, from day to day. And my right hon. friend, speaking in Toronto only a few days ago, said that the government would go on changing them by order in council as often as they liked.

May I say that the financial and industrial structure of a country is a very sensitive organization; it might be compared to the nervous system of the individual, which is a very delicate structure. If one part is affected it is apt to affect the whole. It is exactly the same with regard to these matters that affect the financial, industrial and commercial

structure of a country. The tariff is an instrument that has to be used very skilfully and carefully, if the whole fiscal, financial and commercial structure of the country is not to be affected. It is an instrument which might be compared to the scalpel of a surgeon, which must be used with great dexterity and skill if the needed change of condition is to be brought about. But what has my right hon. friend done?

Mr. RYCKMAN: Oh, oh.

Mr. MACKENZIE KING: I do not wonder that the Minister of National Revenue (Mr. Ryckman) laughs. He does not understand it; it cannot enter into his mind—

Mr. RYCKMAN: A medical gentleman behind me was saying that he would like to have his scalpel on your head. That is why I laughed.

Mr. MACKENZIE KING: The Prime Minister, instead of regarding the tariff as a delicate instrument of the kind, has used it as though it were, as someone suggests, a broadaxe—I was going to say a broadsword or a cutlass—after the fashion of a swashbuckling buccaneer in the spacious days of Elizabeth. That is the way in which my right hon. friend handles the tariff; he swings right and left in any direction regardless of where he strikes. Is there any wonder that, with conditions as they are at the present time, the country is in a state well nigh of panic?

There were days when hon. gentlemen opposite used to talk about an adequate tariff, a stable tariff. It seems to me that the present tariff can be best described as a spasmodic tariff, a sort of intermittent fever tariff, for it varies from day to day. Let me say to my right hon. friend that there are a good many business men in the country today who think they are entitled to a right of action against the government. They feel that the way in which the government has used the anti-dumping provisions, the way it has fixed valuations without any authority by act of parliament, resulting in loss to their businesses, is in what it has exacted in duty payments nothing short of confiscation of capital. I suggest to my right hon. friend that he give a fiat to some of those concerns that would like to ascertain what remedy they have in court against the action of his government. I submit that in all seriousness. Unless he wishes to deny simple justice to the business concerns of the country, I suggest that he take that course.

[Mr. Mackenzie King.]

Let me proceed. The speech from the throne says:

> This period of trial has shown the Canadian situation to be fundamentally sound.

This is true, thanks, not to this government, but to a long-suffering people.

> The over-subscription of the national service loan manifests both the unity and patriotism of the people, and their supreme confidence in the financial strength of the Dominion. Canada still maintains its high place in world commerce.

Here is another sentence that is interesting:

> Within the last few months, a favourable balance of trade has been established.

That is a simple statement, but the implication is that some great end has been achieved through the establishment of a favourable balance of trade. May I point out that my right hon. friend has not always held the view that a favourable balance of trade of itself determines progress. Speaking in this house on May 18, 1926, he said, in reference to the budget introduced by the then Minister of Finance, Mr. Robb:

> The Minister of Finance (Mr. Robb) and the right hon. the Prime Minister (Mr. Mackenzie King), reflecting his mind, point out that there was a balance of trade in our favour during the past year of $402,000,000. I had thought that the practice of computing a country's prosperity solely by reference to the trade balance had been altogether abandoned.

That was his view then. Now apparently he regards a favourable balance of trade as the all-important objective of government, regardless altogether of circumstances. I do not wonder that hon. gentlemen opposite would like to attach much importance to favourable balances of trade seeing that under the recent Liberal administration they were synonymous with progress. During the days of great prosperity under the Liberal administration there were many instances of favourable balances of trade. There have been few favourable balances under any Conservative administration. Let me give to the house a few particulars with respect to favourable balances of trade so-called. The Conservative party came into power in 1878, when the national policy was introduced, and remained in office until 1896, a period of eighteen years. During that time, under the administration of Sir John A. Macdonald, the national policy was administered for the most part by a master hand. How many favourable balances were there in Canada in that period? In those eighteen years there were five trade balances that were favourable and thirteen that were unfavourable. The total favourable balances amounted to $19,126,193. There was one other instance of a favourable balance of

trade under a Tory administration and that was in 1921-22, when there was a favourable balance of $6,122,677. There you have, roughly, six favourable balances, in the period during which a Conservative administration was in office, leaving aside the hectic years of the war and the two post-war years, whereas the unfavourable balances amounted in all to $55,000,000. Take the Liberal administration—and let us take the recent Liberal administration for the moment. It came into office in December, 1921, and was in power for eight and a half years; eight full fiscal years, from 1922-23 to 1929-30. In seven of those eight years there were favourable balances of trade, one having been unfavourable. The total favourable balances in that period amounted to $1,495,452,723. If you subtract the unfavourable balance in the year 1929-30, which was one of the years we were in office, amounting to $103,355,512, you have a net favourable balance over the period from 1922-23 to 1929-30 of $1,392,097,211, or an average favourable balance during this period of $167,000,000. In other words, in each of those years there was a favourable balance of more than three times the aggregate favourable balance under the Tory party during the entire period they have occupied the treasury benches since confederation. In two years the combined favourable balance alone was more than equal to the entire export of Canada during the period that the present government has been in office from October 1, 1930, to September 30, 1931. Leaving aside the war and the post-war period, 1914 to 1919-20, you have fifteen years of favourable balances under Liberal administration as against six years under Conservative governments.

If balances of trade are going to be the index by which to gauge the effects of different policies, then it would appear that the Liberal policies have been a good thing for the country. But may I say that when we wish to estimate the value of a balance of trade as an index to prosperity there are other factors to be taken into consideration. My right hon. friend well knows, because he has said it on different occasions, that there is the money that is brought into the country by tourists, as well as the money that goes out through settlers to other lands; there is also money in the form of investment or capital brought into the country. All these and other things have to be taken into account when you are estimating the significance of a favourable or unfavourable balance of trade. Adjustments have to be made back and forth between countries. Assume for the moment that favourable balances of trade were the only evidence of prosperity: would it be possible for all countries to have favourable balances of trade at the same time? The favourable balance test reduces itself to an absurdity when one considers international relations as a whole and the manner in which credits are adjusted from time to time.

The Minister of Trade and Commerce (Mr. Stevens), speaking at the meeting of the Canadian Manufacturers Association on October 22, stated that eighty per cent of our trade was domestic and twenty per cent foreign. From that point he went on to declare that a one per cent increase in our internal trade would total $50,000,000, while a one per cent increase in our external trade would total only $12,000,000, from which he deduced that it was important to increase the domestic trade. What he really did was to make the discovery that one per cent of a larger sum was a larger amount than one per cent of a smaller sum. What he should have done was to point out that when foreign trade falls off, domestic trade falls off as well; that you cannot have trade going all one way, that exports have to pay for imports and imports for exports. Since this administration came into office what has happened? The exports for the twelve months ended September, 1930, amounted to $982,000,000, while for the twelve months ended September, 1931, they had dropped to $661,000,000. According to the Conservative doctrine there should have been a boom in the country at that time because $300,000,000 of manufactured goods had been shut out and the home market should have been bettered to that extent. Can anyone say that that was the result? We stopped importing and we expected our ports to flourish. We were hoping for less in the way of movement by sea but we were expecting more in the way of transportation by land. The truth of the matter is that trade has to be kept up both ways if there is to be trade at all. If the carloadings or any other test is taken it will be found that the truth of what I have said is borne out. A policy which restricts trade will hurt business in all directions; a policy which helps to expand trade will help business in all directions.

I shall not take up at greater length the question of the balance of trade, except to mention that my right hon. friend has said that the country which is borrowing should have a favourable balance of trade. As a matter of fact the whole history of recent economic development on this continent is to the contrary. Up to 1873 the United States was making a very rapid development; dur-

ing all that time they were borrowing large sums of money from Europe but in every year up to 1873 they had an unfavourable balance of trade. The reason is not far to seek. The States were making investments in Europe; securities were being sold; it was a favourable opportunity because of exchange for the purchasing of merchandise, and merchandise and capital flowed into the United States. The same thing is true of this country since confederation. Will anyone say that during the years of unfavourable balances of trade when Sir John A. Macdonald's administration was in power we had bad times continuously in Canada? Take the years from 1904 to 1911 under the administration of Sir Wilfrid Laurier; I do not think that up to that time there had been a period of like prosperity. And yet during that period there were unfavourable balances of trade. Canada was borrowing largely and was importing large amounts of merchandise. The very prosperity of the country at the time helped to account for the condition of trade. The essential point is this: If a favourable balance of trade is brought about by the expansion of trade then there may be something to boast about in a favourable balance; but if it is brought about by the restriction and contraction of trade then there is nothing to boast about. That is the difference in the policies of hon. gentlemen opposite and ourselves. They make a sort of fetish of "a favourable balance of trade." They focus their attention on bringing about a favourable balance of trade, but they bring it about by restricting trade, by doing whatever is to be done in the interests of one class, the manufacturing class, in order to retain the home market for its members. They forget about the primary industries, the great basic industries such as agriculture, lumbering, mining and fishing, and the result is that not only do these great primary industries suffer but the very manufacturing industry which they are trying to help is forced to suffer.

Take the period during the Liberal administration when we were face to face with a situation very similar to that faced by this country at the present time. Our currency was below par in another country, there was considerable depression. The government of the day took this position: We will first balance the budget, then we will reduce the duties on the instruments of production and on some of the articles which enter into the necessaries of life; we will increase the preference and we will do what we can to expand trade. Having adopted those policies we had seven successive years not only of favourable balances of trade but of the largest trade which this country has ever known.

The next sentence in the speech from the throne reads as follows:

> The provisions made at the last session of parliament for unemployment and farm relief are proving effective.

That is one statement with which I wish to take issue. If by proving effective my right hon. friend means that the unemployment condition is improving, then I dispute that statement and I do not think I need enter into any argument concerning it. I will take with it the following sentence:

> You are successfully meeting difficult domestic problems. Conditions are gradually improving.

Let me give the facts which my right hon. friend must have known when he penned those sentences for the speech from the throne. What was the position in 1930? In 1930 the government found it necessary to borrow $100,000,000. What happened this year? They borrowed not $100,000,000 but floated a Dominion national service loan of $223,000,000. That does not look as though conditions were getting better. The first loan was borrowed in New York at four per cent while this last loan pays five per cent. Yet in the speech from the throne the Prime Minister says that conditions are getting better.

Mr. RYCKMAN: The right hon. gentleman is wrong about the four per cent, but I do not think it matters.

Mr. MACKENZIE KING: What is the percentage?

Mr. RYCKMAN: I think it was 4·38 per cent.

Mr. MACKENZIE KING: I think my hon. friend will find that it was four per cent, but I will take his correction. Taking the percentage on that as 4·38, we find that the loan of this year returns 5·25 per cent.

In order that the country may obtain some appreciation of what this sum of money amounts to, may I point out that the total government expenditure in any one year during the time Sir John A. Macdonald was in office never exceeded $62,000,000. During the time Sir Wilfrid Laurier was in power the government expenditure in any one year never exceeded $133,000,000. This year this country has had to borrow $223,000,000. My right hon. friend says that conditions are improving. The deficit for the fiscal year ended March 31, 1931, amounted to $83,847,977. What is the estimated deficit for the present year? Only

the Prime Minister or the Minister of Finance (Mr. Rhodes) knows, but I think I would be within the mark if I guessed somewhere between $125,000,000 and $140,000,000; this as compared with the $83,000,000 for last year.

	1929	1930	1931
Imports	969,663,000	729,869,000	451,355,000
Exports—			
Canadian	890,466,000	656,204,000	461,797,000
Foreign	19,261,000	14,046,000	8,667,000
Total trade	1,879,390,000	1,400,119,000	921,819,000

As compared with 1930, the decline for the fiscal year to December 31, 1931, is:

In imports	$278,514,000
In exports—	
Canadian	194,407,000
Foreign	5,379,000
In total trade	$478,300,000

Under these circumstances how can it be said that conditions are improving?

Let us next consider the matter of trade. In this connection I will give the figures for 1929, 1930 and 1931. They are as follows:

As compared with 1929, the decline is even more staggering. Let us take the trade of just the month of December in 1929, 1930 and 1931, to see whether conditions are improving. The figures are as follows:

	Dec. 1929	Dec. 1930	Dec. 1931
Imports	$84,365,000	$60,338,000	$40,289,000
Exports—			
Canadian	88,520,000	66,819,000	53,255,000
Foreign	1,958,000	1,233,000	962,000
Total trade	$174,842,000	$128,390,000	$94,506,000

My right hon. friend says that conditions are improving. Let us take employment. What is the position with regard to employment? At the beginning of January, 1932, it showed a distinctly pronounced decline. The Bureau of Statistics have tabulated returns from 7,832 firms showing the following decline in their pay-rolls:

	Persons
December 1, 1931	904,492
January 1, 1932	835,960

That is a decrease of 68,532, or 7.6 per cent, in the period between December 1 and January 1, although my right hon. friend says that conditions are improving.

Let us take employment during the last months of the Liberal administration. The index figures for all industries are as follows:

January 1, 1930	111.2
August 1, 1930	118.8

What was the Conservative record?

January 1, 1931	101.7
January 1, 1932	91.6

The ironical feature of the whole thing is that the greatest losses occurred in manufacturing, the index being lower than in any other year since 1925. The figures are as follows:

August 1, 1930	101.2

That is while the Liberals were still in power.

January 1, 1931	93.7
December 1, 1931	89.6
January, 1, 1932	83.9

The most extensive reductions were in the manufacturing of iron and steel and textiles. Yet my right hon. friend says in the speech from the throne that the measures which the government had passed are proving effective and conditions are improving. Let me read what my right hon. friend said in the house on September 10, 1930, at the time of the special session. He was then speaking of the measures which he was going to introduce and which were going to improve conditions. As reported on page 64 of Hansard of that date, he said:

> It will be observed that the present number—
>
> Speaking of unemployment.
>
> —is something over 117,000 and it is believed that that number will approximate 177,000 during the winter. If the measures which we submit to the house are productive of the good which we anticipate, we hope that that number will steadily decrease rather than increase, and that the maximum anticipated number of 177,000 will not be reached.

A very short time ago the former Minister of Labour, Senator Robertson, gave a statement with regard to the number of unemployed. My right hon. friend said: We think the numbers are going to decrease from 177,000. What was the report that Senator Robertson made about September 5 of last year? He said: At the present time there are 530,000 without jobs. It should be mentioned that of that number possibly 150,000 would include agriculturists in the west, but

if we deduct the 150,000, you have still nearly 400,000 out of employment, whereas my right hon. friend says that the measures that they were introducing, if effective, should bring the numbers down below 177,000. It would be insulting the intelligence of the Canadian people if one were to try to argue the question whether or not conditions have been improved. Everyone in this country knows what the conditions are, and the situation is not made easier or pleasanter for anyone by words of the kind I have read being put upon the lips of His Excellency the Governor General in the speech from the throne.

There are just two other matters to which I wish to refer, and then I shall conclude. Reference is made in the speech from the throne to the St. Lawrence waterway. It reads:

> Since the last session of parliament my ministers have commenced negotiations with the government of the United States of America for the completion of the St. Lawrence waterway.

That paragraph in the speech from the throne may mean very much or it may mean very little. We shall have to wait until the government makes a pronouncement to ascertain what it does mean. I just wish to draw the attention of the house to what it says:

> Since the last session of parliament my ministers have commenced negotiations.

That is as far as it goes. It does not say that anything has been accomplished. It simply says that the ministers have commenced negotiations—and uses the words—"for the completion of the St. Lawrence waterway." This would indicate that the waterway had been considerably constructed already, and that what the government is about to do is to complete the whole construction. The significant words, however, are that negotiations have been commenced. The other day I asked my right hon. friend if any communications had passed between Ottawa and Washington, and he said no. I asked if any order in council of any kind had been passed, and he said there was none. If that be the position of affairs, we may conclude that negotiations have not gone very far; that so far what has taken place have been conversations between the Canadian minister at Washington and the United States minister here, or between the respective ministers and the governments of the two countries, and that those conversations have undoubtedly brought to the attention of the administrations the many factors that have to be considered. But so far, the information which the government has given to us on the subject amounts to no more than that there have been conversations. The St. Lawrence waterway stands very much where it was when we went out of office, with the exception of the conversations.

There is one thing which I should like to ask my right hon. friend, and it is this: I attach to it great importance. If, as we are led to believe, not so much by the speech as by what has appeared in the press recently, the negotiations are looking to a treaty at an early date between the United States and Canada, will he undertake to see that the house is apprised of the proposed terms of the treaty before any treaty is formally entered into between the United States and Canada on the St. Lawrence waterway. I think I am justified not merely in making the request that he should agree to that, but in saying that such is the policy which ought to govern in a great transaction of that kind. It will serve no useful end, either to the project itself or to good relations between this country and the United States to have before the fullest discussion a treaty brought into the house that has been signed by the administration of the day and the House of Commons told that that treaty must be passed or that we shall be defaulting in our international relations. In a matter as momentous as this, the House of Commons should be given all the information that can possibly be given as to the terms of a proposed treaty before the treaty itself is signed. I think the government should be authorized by resolution of the House of Commons to sign a treaty on lines to be indicated before any signature should be permitted to be placed to it. That was the position which the Liberal party, when we were in office, took with respect to this very matter of the St. Lawrence waterway, namely, that before the house was committed to any treaty, we would see that a resolution of the house would pass authorizing the administration of the day to sign a treaty. I say to my right hon. friend that the people of Canada will expect that much will be the course which he and his government will adopt.

Mr. CHAPLIN: Was that the course the right hon. gentleman adopted in connection with the last treaty he made with the United States?

Mr. MACKENZIE KING: That is the course the Liberal government said it would adopt in regard to a treaty respecting the St. Lawrence waterway, should one be entered into.

Mr. CHAPLIN: Did the right hon. gentleman adopt that course in connection with the last treaty he made with the United States?

Mr. MACKENZIE KING: I have not in mind what the last treaty was, but I have in mind very distinctly the question of the St. Lawrence waterway treaty which is a very important matter, very much more important than any treaty in connection with the scenic beauty of the neighborhood in which my hon. friend lives.

Mr. CHAPLIN: It was a treaty regarding water power, which was a very important matter, quite as important as Beauharnois.

Mr. MACKENZIE KING: May I direct attention to the next clause which appears in the speech from the throne:

> A commission has been appointed to inquire into the whole problem of transportation in Canada. My ministers expect that the report of the commission will be ready for submission to parliament during the present session.

There, again, is a paragraph in the speech from the throne which may mean very much or very little. I should like however to draw the attention of hon. members to the fact that it is rather significant at a time when the government has chosen to announce to the house its intention to complete the St. Lawrence waterway that they have appointed a commission to inquire into the whole question of transportation. One would have thought this order of things would be the reverse and that the government would have waited until the transportation commission had made its report on all phases of transportation, on the effect of waterways upon transportation, on the effect of motor traffic and aerial navigation. I assume all these matters are being considered by the commission now functioning.

In regard to transportation all we have before us at the moment is that the administration intends to have a report presented to this parliament on that subject. I notice my right hon. friend, speaking at Toronto the other day, said the appointment of the commission was the result of a recommendation of the select committee of this house on railways and shipping. I wish to tell him that he was in fact quite mistaken. The select committee on railways and shipping did not recommend the appointment of a transportation commission. That committee passed on for the consideration of the government a suggestion originally made by Sir Henry Thornton that such an inquiry might be advantageous. May I again comment on the skill with which my right hon. friend seeks to deprive parliament of an opportunity to discuss matters of public interest and public concern. If it was his intention to appoint a royal commission to inquire into the matter of transportation why did he not advise parliament before the last prorogation. Before we left this house last August, he had the report of the committee on railways and shipping which, he says, is the basis of his action. Why was the house not told that as a result of that report the government were going to appoint a royal commission? Why was there not placed in the supplementary estimates a sum of money for the purpose of making provision for the work of this commission? I think I am right when I say this parliament has not appropriated one dollar for any transportation commission, yet we know for the past few months such a commission has been at work across Canada from coast to coast. As I said earlier to-day action of the kind constitutes an ignoring of the rights and privileges of this house. We should not be called upon to vote sums of money for any purpose after the work has been performed, if it is possible to have those sums voted in advance. We should have an opportunity to discuss the reasons for appointment of bodies of this kind and what is to govern their actions when they are appointed.

Concerning the transportation commission I have taken exception to the fact that its deliberations have been conducted in secret. I notice my right hon. friend was very indignant that I should venture to criticize such secrecy. He said when the Liberal administration was in office questions were asked and information refused time and again; that he had been told information could not be given; that it was not desirable to make a statement which might be helpful to competitors. That is perfectly true. The fact however that here and there certain information was thought to be of a character which had much better be communicated privately, rather than publicly, to hon. members of the house did not interfere with this parliament having the freest latitude to discuss all phases of the transportation question.

My right hon. friend forgets—no, he does not forget, because he knows very well—the fact that the whole business of these transportation companies is discussed publicly in the committee on railways and shipping. These companies are before committees of this house and hon. members have the right to ask any questions they desire. There it is customary, where certain matters are of a private nature or should be so regarded, to have the information reserved, so far as the public is concerned, for a time at least. That procedure however is the exception and not the rule.

I take exception to the fact that my right hon. friend has permitted this commission, appointed and paid for out of public moneys, dealing with great national public utilities, to carry on its inquiries from one end of Canada to the other, wholly in secret. The people of Canada have a right to know the information being given to the commission, and ought to be in a position to judge of its value. I shall not go into the question of what is or is not wise with respect to the Canadian National railways, the Canadian Pacific railway or any phase of the transportation question until the report of the commission is before the house. I think that the matter is to a certain extent sub judice, and for that reason we will wait until the report is brought down before we discuss the matter one way or the other.

I should like, however, to stress to the Prime Minister that we would like to have the report presented to parliament in plenty of time to consider the evidence and findings before being expected to discuss legislation based upon its recommendations, or otherwise. We do not wish to be kept waiting until the end of the session and then to have a report sprung upon this house and be told that conditions as shown in the report are such that immediate legislation or some action of a more drastic or dramatic character is necessary in order to save the country from a crisis, or something of the kind. We wish to have an opportunity fully to discuss the report, seeing any data there may be in the report, and having the benefit of the information from which the commissioners have arrived at their conclusion.

May I, in bringing my remarks to a close, draw attention to my right hon. friend's reference to my innocent comment which was in the nature of a criticism made in the public interest concerning this feature of secrecy in the deliberations of the transportation commission. I felt it a public duty to make clear what a very large percentage of the press of this country has been making clear, namely that it was in the public interest to have proceedings of this body made public, and I said so without fear or favour in any direction. My right hon. friend however came to the conclusion that this was a chance to score in his own peculiar fashion, and apparently with that in mind, addressing a body of Conservatives in Toronto recently he went out of his way, it seems to me, to create personal prejudice against myself.

I have in my hand a report contained in the Mail and Empire of January 20, 1932 of a meeting which was held at the Royal York hotel at which about 1,200 Toronto Conservatives were present. Among the enlarged headings I see the following:

Ringing note of faith in banks and insurance fabric features speech.

Stigmatizes Mackenzie King as demagogue.

An hon. MEMBER: Hear, hear.

Mr. MACKENZIE KING: My right hon. friend says "hear, hear"—at least I think it was he.

Mr. MACKENZIE (Vancouver): It was an hon. member.

Mr. MACKENZIE KING: However, the "hear, hear" came from the benches opposite, and I am pleased it came from there. I should like to read the quotation and then examine the significance of the epithet which has been applied and where it may most appropriately apply. The article continues:

Before an enthusiastic audience of 1,200 Toronto Conservatives in the Royal York Hotel, as well as unnumbered radio listeners throughout Ontario and parts of Quebec and Manitoba, the Prime Minister, in his finest oratorical form, coupled this stirring declaration of hope with a searing attack on Rt. Hon. W. L. Mackenzie King and others who charge the Duff transportation commission with unwarranted secrecy in its procedure.

Talk of Demagogue

The Liberal leader's speech at Winnipeg denouncing the conduct of the inquiry was, to the prime minister, "the talk of a demagogue rather than a statesman, of one who prefers temporary cheers beyond the plaudits of history." A thunderous crescendo of applause swept the big banquet hall at this declaration.

Well, if there is one thing that Toronto Tories love it is a demagogue, and it is not to be wondered at that the mention of the word itself was sufficient to bring from them this crescendo of applause. I was anxious to know what my right hon. friend had in mind when he was referring to me as a demagogue, so I took the trouble to look up in one or two standard dictionaries the significance of the word. Demagogue, I found, has, according to all the authorities consulted, two significations, one ancient, the other modern; one more or less pleasing, the other sinister. I must confess, having regard to the nature of my remarks, that I am at a loss at even this moment to tell which meaning my right hon. friend really had in mind. I have seen some utterances of his at times which I have thought might merit the sinister meaning of the term he applied to me. I am quite prepared to leave it to the house and to the country to judge between our respective merits in that particular matter.

The Imperial dictionary gives this derivation of the word demagogue:

Demos, the people, and agagos, a leader, from 'ago' to lead.

Then it gives these definitions:

1. A leader of the people; a person who sways the people by his oratory.
2. An unprincipled factious orator; one who acquires influence with the populace by pandering to their prejudices or playing on their ignorance.

An hon. MEMBER: That is the one.

Mr. MACKENZIE KING: Well, I do not know that in my remarks about secrecy I was pandering to any prejudices or playing upon any ignorance. So it must have been the first of these definitions that my right hon. friend had in mind.

The next authority I consulted was Murray's New English dictionary, where I find the following:

Demagogue: a popular leader, a leader of the mob.

1. In ancient times, a leader of the people; a popular leader or orator who espoused the cause of the people against any other party in the state.

Well, I am quite prepared to accept that designation as applicable; but there is another definition given by Murray:

2. In bad sense: a leader of a popular faction, or of a mob; a political agitator who appeals to the passions and prejudices of the mob in order to obtain power or further his own interests.

To be perfectly sure that this was a correct interpretation I looked up yet another dictionary, Webster's New International dictionary, 1928, and I found very much the same definition:

1. A leader or orator popular with, or identified with the people.
2. One who plays an insincere role in public life for the sake of gaining political influence or office; a poser in politics.

An hon. MEMBER: That is right.

Mr. MACKENZIE KING: The hon. gentleman evidently recognizes the bearing. Let me give the remainder of the second definition:

—one who panders to popular prejudice or seeks to inflame reasonless passions in the advancement of his personal interests.

Well, when I read the last definition, I thought, like hon. gentlemen opposite, of some of the things which the Prime Minister, their own leader, had said during the course of the recent campaign, and I decided to look them up again to see whether they did not fit exactly into the class of utterances referred to in that definition.

How did my right hon. friend the present Prime Minister begin his campaign? Speaking of the personnel of the late government in his opening meeting at Winnipeg, this is what he said:

This group of mercenaries, holding office by sham and subterfuge, look upon them as treacherous to you, self-confessed, deserving of your passionate condemnation.

Speaking in the city of Regina on June 10, according to the Leader Post of June 11, my right hon. friend said:

They play with the lives of men and women. What for? Do they realize there are lives that they are playing with, food for wives and children, hunger? Nine years of wasted effort before the great betrayal. It did not take Judas that long.

It did not take Judas that long! And that is the right hon. gentleman who as we have seen to-day, is so sensitive when anyone expresses anything in the way of adverse comment with respect to himself.

At Regina on June 10 we get a note that we have become more familiar with of late; a certain evangelical tone! He said:

There is a good time coming. We may not live to see it, but there is a good time coming. I came to call the sinners, not the righteous.

There must have been a rush for the platform at that moment.

At Vancouver on June 18, he said, and, mark you, this is the way in which my right hon. friend gained the position which he occupies to-day:

However blind he may be to your future—

He is referring to myself.

—and deaf to your present needs, surely he cannot stop his ears with smug complacence and self-esteem to the cry that carries across the nation—the cry of the destitute and hungry, the cry of mothers and fathers and little children who call to us as Christians and as Canadians to heal their pain.

Of a meeting at Regina, again on June 10, I find this report in the Toronto Globe of the following day:

Mr. Bennett spoke of the sense of responsibility which seized him in the position he now occupied. Canada was blessed with great natural resources, he proceeded, but yet we find something which saddens my heart to-day. I meet men wearing the white buttons and all they ask for is the chance to work. Think what it is to have a wife and children and all you men ask is a chance for employment.

Then at Victoria, according to the Colonist of June 17th, my right hon. friend said:

You have my promise that if the Conservative party is returned to power that as soon after July 28 as possible parliament will be called together to deal with the problem of unemployment by providing, not doles, but work. Men and women of this country want work, not charity.

Then again at Halifax, on July 3, he said, according to the Halifax Herald of July 4:

If the Conservative party comes into power on July 28th I propose at the earliest moment to call parliament together so that we may find a speedy remedy for this situation and decide on means to provide work for Canadians. Work, I said, not doles. The Canadian workmen want work, not charity.

Then may I conclude with this last gem:

So will I, when the government is mine, continue to blast a way through all our troubles and difficulties.

Well, Mr. Speaker, I am prepared to leave it to the house and to the country to say which of the two descriptions of a demagogue is the more appropriate to this one who sought to gain office by these particular phrases.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, my first duty, and a pleasant one it is, is to congratulate the mover and the seconder of the address in reply to the speech from the throne. The member for Three Rivers-St. Maurice (Mr. Bourgeois), who discharged his duty with such ability, gave prompt and adequate evidence of his scholarship and his legal training, as did indeed the seconder of the address, the hon. member for Selkirk (Mr. Stitt).

I was somewhat surprised that the right hon. gentleman who has just taken his seat (Mr. Mackenzie King) should have spoken in the terms he did regarding the time at which the address was taken up for consideration. He asserted that it would have been more courteous to His Excellency the Governor General if the motion which was adopted by the house this afternoon had been made after and not prior to this motion being considered.

In this house I have never done more than make a bald denial with respect to matters touching myself personally. The offender in this particular case has said many things which we will not discuss, but the matter that was under consideration was not one touching me personally; it was one in which the Prime Minister of this country was charged with having stolen from the public purse. It was so charged by a member of His Majesty's privy council, and my right hon. friend has often spoken of the desirability of maintaining the dignity of that privy council at a high level. My right hon. friend himself is a member of that council, and at any time might be called upon by His Excellency for advice. That being so, and the charge being levelled not against me personally but against the office which I hold, I felt that it was not fitting or meet that anyone occupying that office should ask this house to consider the address at least until such time as a committee was appointed to determine whether or not the charges so made were well founded. For, sir, one thing is certain, and that is that no man, whoever he may be, is fit to be Prime Minister of this country who is guilty of the offence charged against me in this instance. I offer no apology for taking the course I have taken and which I think any high minded Canadian must have taken with respect to a charge levelled not against him personally but against his office, involving his fitness, as a matter of public honesty, to discharge the high duties of that office, especially when the charge is made by a member of the privy council.

When the right hon. gentleman saw fit to endeavour to criticize the position taken by myself with respect to the crown and the representatives of the crown, I think it would have come with better grace had some other person made that observation. For I recall—and I have in my hand a document that was kept without being made public in June, 1926—a great campaign in one of the provinces waged on the ground that Downing street was dominating Canada, and the only suggestion that Downing street should be consulted with respect to the matter then to be decided was made by the then Prime Minister, the present leader of the opposition, who asked Lord Byng to be pleased to have his resignation withheld pending the time it might be necessary for His Excellency to communicate with the Secretary of State for the Dominions.

Mr. MACKENZIE KING: Mr. Speaker—

Some hon. MEMBERS: Sit down.

Mr. MACKENZIE KING: All I ask is that any document from which my right hon. friend quotes shall be laid on the table of the house in the usual way.

Mr. BENNETT: Mr. Speaker, the document is taken from the sessional papers of this house; I sent down and got it, anticipating that very objection. So the solicitude for the crown, in which the right hon. gentleman has been so considerate to-night, is one of the new-born faiths that come when one finds himself in opposition and not in power. My right hon. friend was willing to have the representative of the crown in this country attacked from platforms throughout Canada on the ground that Downing street was being permitted to govern Canada—

Mr. MACKENZIE KING: Mr. Speaker, the Prime Minister is talking about something about which he knows nothing whatever, and is saying things that are absolutely incorrect.

Mr. BENNETT: This is not the only instance to which I shall point, not only with regard to inconsistency but worse, before I conclude. I want the right hon. gentleman to understand, when he makes the observations he has made, that I am reading from sessional paper 91 of Monday, February 14, 1927, and the closing paragraph of that letter—

Mr. MACKENZIE KING: Read the whole letter—

Mr. BENNETT: The closing paragraph of the letter, which is signed by W. L. Mackenzie King, reads as follows:

> If there is anything which, having regard to my responsibilities as Prime Minister, I can even yet do to avert such a deplorable and, possibly, far-reaching crisis, I shall be glad so to do, and shall be pleased to have my resignation withheld at Your Excellency's request pending the time it may be necessary for Your Excellency to communicate with the Secretary of State for the Dominions.
>
> I am, Your Excellency,
> Yours very sincerely,
> W. L. Mackenzie King.

And then a whole campaign was conducted; and within the sound of my voice there are members who declared time after time that this country was no longer a colony and could not be ruled from Downing street, while the right hon. gentleman sat mute from malice. Not a word did he ever say as to the truth; not a word did he ever communicate to the Canadian people as to the fact that he had asked Lord Byng to appeal to Downing street and that Lord Byng had declined. So the campaign was finished. That was the solicitude shown for the crown by my right hon. friend; there you have that position clearly defined.

Mr. RALSTON: Not very clear.

Mr. BENNETT: The hon. gentleman does not see the point of it? He does not see the point of permitting the crown to be held up to ignominy during a long campaign throughout the country, while all the time the right hon. gentleman was in possession of information that would have stilled the campaign against the crown?

There is one slight difficulty under which the right hon. gentleman labours. He worked himself into a fine frenzy in the closing observations of his speech. One would almost think he had emerged from the valley of humiliation. In his mad effort to secure extrication from the valley he is endeavouring to pull everyone else down into it, and when he finds it impossible to do so his anger knows no limit. Now, in the valley of humiliation and still unable to extricate himself from it, he asks this house not to believe that he is a demagogue but that he is a high-minded statesman. For the purpose of serving his own ends he makes a joke even of our Christian faith.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: I knew perfectly that hon. gentlemen would desire to withdraw themselves from such a statement. Last fall they desired to extricate themselves from the valley, and after the speech delivered here they said they were no longer in that valley of humiliation. So the right hon. gentleman went to London for the purpose of endeavouring to make his defence and prove that he was not in the valley of humiliation at all but that someone else was there, and he thought that might placate those who did not believe they were going to be dragged down into the valley with him.

But this I want to say, Mr. Speaker. Having endeavoured in this fine frenzy to work himself out of the valley to-night he has read quotations, for the third time in three successive parliaments, from the same speeches. I now know that this little residence, this sojourn in the valley, has interfered somewhat with the originality of his thought, and he now calms himself by perusing the speeches that were made by my humble self in days gone by. For the third time he has read them to the House of Commons; he read them in 1930, he read them in 1931 and now in 1932 he reads them again.

Mr. YOUNG: Do you object?

Mr. BENNETT: Not a bit. I rejoice that he thus associates himself with the policies and principles of the party to which I belong. But there is only one objection I have to make, and I shall make it very briefly. It is passing strange that one who used to be a student of economics and of history fails—alas, because he is no longer in the high, bright light of the clear atmosphere above—to let his mind function upon these matters as it should. The atmosphere of the valley has been unhappy and unpleasant. It has had the effect of souring the disposition of the right hon. gentleman; it has made him somewhat difficult to get along with, and at the earliest opportunity he endeavours to object to everything that is done and to cast aspersions on everyone who dares to differ from him. Is he ignorant of the fact that the conditions of 1929 and 1930 have changed? Is he not aware of the fact that the whole world has changed since then? Does he not realize that even the Bank of England has

had to suspend its gold payments, and that England has gone off the gold basis? Does he not know that the financial structure of every country in the world but two has been more or less destroyed? Does he take no stock of that? Does he not realize that in this world we are facing conditions and not theories, that what was true in 1929 and 1930 is no longer true? The world to-day is in a condition for which there is no parallel. Anyone who takes the trouble to read must know that. Then why endeavour to mislead people? Why endeavour every single moment to have them believe that conditions have not changed in Canada as they have elsewhere by reason of a situation that is worldwide? Are conditions in Canada to-day the same as they were a few years ago? Have not world conditions changed the whole face of the globe? Have conditions not changed in the great republic to the south of us? Have conditions not changed in Germany, in England and in every country of Europe? Has not the destruction of the financial structure of England reacted upon the structure of every country in the world? And why should we escape? We have not escaped, and when we venture to point out what the conditions are and what measures must be taken to avoid the pitfalls that have beset others, we are charged with restricting trade, with destroying the life of trade.

Now let me deal with what I conceive to be one of the most important problems which this house has to consider. Confronted with that situation—the destruction of the whole financial structure of the various countries of the world—we realize that the only medium by which international balances of trade are to be adjusted is gold, so long as the world retains the position that gold shall be the standard for international settlements. When England went off the gold standard and other countries followed, international balances had still to be settled in gold. This country has contracts outstanding, obligations in connection with railways, in connection with its own national debt, in connection with the provinces, in connection with the different municipalities, by which we had promised, in the gold coin of other countries, to meet our obligations and liquidate our debts. That was our position. Long months before that, thoughtful men had realized that the conditions in England were such that Great Britain could not long continue to maintain its gold standard. England secured credits, one from France and one from the United States, hoping to avoid the crisis. What was the cause of the crisis? The cause of the crisis was the continued purchasing of more goods than they had goods to sell, so that there was an adverse balance of trade of £2,000,000 per week, as Mr. Chamberlain said a week ago. That had gone on month after month and year after year until the point had been reached when the inevitable crisis could be foreseen. To meet it credits were established, but they were insufficient; and unequal to the task imposed upon it the bank surrendered. A statute was passed in England by which not only were the directors indemnified for the action they had taken on the last day when the bank failed to meet its obligations in gold, but the country was withdrawn from the gold basis. What did that lesson teach us? Long before it came we realized what it meant to us, and on the strength of the legislation which we passed at the last session and the preceding session this government undertook the task of trying to change the trade balance in Canada. That was our task. The right hon. gentleman omitted to state the trade balance in 1929. In the year 1929-30 the adverse trade balance of Canada was $90,000,000; that is, on March 31 we had purchased in trade, in commodities, $90,000,000 worth of goods more than we had sold. The next year, ended March 31, 1930, for which the right hon. gentleman was entirely responsible—his government was still in power—that adverse balance of trade had risen to $103,000,000; and this year, thus far, we have been able to reduce it to less than $10,000,000. In the month of January last $5,000,000 more was taken off it, so that we have every reason to believe that at the end of the fiscal year we shall have overcome the adverse balance.

Do hon. members realize how difficult that task has been? I wonder whether they realize just how far-reaching were the measures which had to be taken to accomplish it. My right hon. friend has complained that the merchants find it disagreeable, and he says there is instability and uncertainty with respect to tariffs. Of course there is; it could not be otherwise. How could it be otherwise? We have had to meet that situation by orders in council, by executive action, by doing everything that prudent men could do to prevent the catastrophe that fell upon England. Mr. Ramsay MacDonald, who did not believe that the inevitable day was coming as rapidly as in fact it was, told the British people before the election, "Keep on doing what you are now doing and insolvency is bound to come". In Canada we have to meet a non-trading obligation amounting to practically $1,000,000 a day this year, obligations created for interest payments, for instalments on principal pay-

able in foreign countries in the currency of those countries; and against that visible balance which we are endeavouring to create in this country—that favourable visible balance on behalf of Canada—there is only one invisible item, that is the tourist trade. There is something from investments abroad, but that is very limited. We must depend, therefore, more or less largely upon the tourist trade with respect to unfavourable balances to redress not only the trade balance, which must be in our favour if we are to continue solvent but also these enormous obligations amounting to $1,000,000 a day, which this country under the leadership of the right hon. gentleman opposite incurred prior to 1930.

If in 1929 some of us ventured, as you will find in the pages of Hansard, to point out that the day of reckoning was fast approaching; if we believed then, as we still believe, that the maintenance of an equilibrium between imports and exports is not only fundamentally but imperatively necessary if the financial structure is to be maintained; if we believed this and pointed it out, you will admit, Mr. Speaker, that we received, for the views we then took, no support from hon. gentlemen who now sit on your left. They said that all was well. We said, beware. And it is one of the ironies of fate that the responsibility for meeting and dealing with the present crisis is imposed upon those who pointed it out and, believing that it was surely coming, asked those then in power to beware.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: And yet those who sit beyond to the left of you, Mr. Speaker, having created that adverse position, dare to raise their voices in protest.

An hon. MEMBER: It is a world condition.

Mr. BENNETT: Certainly it is a world condition; but had this new country taken the steps it should have taken in 1929 to produce a favourable trade balance, conditions would not be what they are. Every thoughtful man knows that. I put this question to every hon. member in this house: What would have happened had we continued with the tariff legislation which we had in 1929? If Mr. MacDonald was right in what he said in England, and I do not think anyone disputes it, then it would have meant insolvency. I have said times without number that the tariff is but an instrument to accomplish a purpose; I have said that I demanded an equal opportunity and fair competition for Canadians, and the tariff is the instrument by which we have endeavoured to bring that about. The tariff is the only instrument of which I know whereby Canadians can maintain that favourable trade balance which will enable them as a borrowing people with a surplus of exports over imports to meet their obligations in the markets of the world and discharge the contracts which they have made.

I intend to make an observation or two with respect to the economic conference. Twenty-nine years ago Joseph Chamberlain conducted a great campaign in England on imperial preference. One of the wisest men of that generation was the late Duke of Devonshire—the eighth duke, not the ninth who was our governor-general.

Mr. JACOBS: Does the right hon. gentleman wish to make a distinction between the two as to wisdom?

Mr. BENNETT: In making that observation the hon. gentleman does credit neither to his intelligence nor to his wit. The Duke of Devonshire, with that prescience which distinguished him and that wisdom for which he was noted, put his finger upon the crux of the problem. The following is his letter of June 15, 1903:

> Is not this question of the alleged decline of exports as compared with imports immensely important, and is it not in fact the sole foundation for any impeachment of the existing system?
>
> I do not think that Chamberlain can point to any proof that we are going back, except that the exports of some of our manufacturers are declining.
>
> But if we can export enough to keep up our imports what does it matter? If our iron and steel exports diminish it may be made good either by increased home consumption of iron and steel, or by manufacturing something else either for home or foreign consumption.

That, mark you, was the statement of one of the wisest men of his day, made twenty-nine years ago next June. He foresaw that if the imports of the country were gaining over the exports, then all was not well with England. The succeeding generation of economists pointed that out, but it was without avail, because there were those who believed that a shibboleth was all that was necessary to maintain the economic position of the kingdom. The Cobden school believed in what is called free trade, and believing in that and using that shibboleth, the results that were brought about, slowly, imperceptibly at first, gained momentum until we had in September last the calamity of the destruction of the position of the Bank of England so far as its being the centre of finance was concerned.

Mr. YOUNG: World conditions were not responsible for that?

Mr. BENNETT: I am coming to that. That was the condition of things until after the war. During the early stages of this development England, like other countries, entered upon an era of great prosperity, and it was believed that all was well because there was temporary prosperity. But one must look further than the immediate moment. In 1928 and 1929 I asked hon. members to pause and consider, to think where we were going, to look frankly at the situation created by the adverse balance of trade. There must be those who realize that the government heeded me not, and in the end we are paying the price which England is paying, except that being a new country and having arrested the flow of imports as we have, before it was too late we were able to overtake that adverse balance. When we came into power there was an adverse balance of $100,000,000, which we have converted into a favourable balance as at the end of this year of over $15,000,000. It is not for me to say, but one of the wisest economists the world now knows has affirmed that the achievement of Canada in this regard is the most important victory yet achieved against depression. I put it to the house whether or not the overcoming of an adverse balance of $100,000,000 by ten millions of people was an easy task? Does anyone for one moment think that we did not have to disturb trade? It brought about a measure of instability when we required stability, it brought about unsettlement when we required steadiness; it did all these things, but they had to be done and the executive was clothed with power to do them. We got from parliament the power which enabled us to do it; we did it, and we will continue to do it as long as the emergency exists and necessity demands.

With so much of our trade policies does the right hon. gentleman agree, and with so much does he disagree. He says that on broad and general principles he desires Canadians to have an equal opportunity and fair competition, and that we should develop our great resources. If any hon. member of this house can suggest any method by which that can be accomplished other than by the use of tariff, I should be obliged to hear it. The late Marquis of Lansdowne, who at one time was Governor General of Canada, once said that where you had a protected world about you, where you were dealing with protected powers, it was like a man without a revolver entering a room in which everyone was armed; and he by training certainly was a free trader. That is the condition in which this country, your country and mine, found itself when the present world crisis developed under the circumstances to which I have alluded. I ask hon. gentlemen opposite, I ask this house, if they know of any method by which we could have accomplished what we set out to accomplish other than the method I have indicated.

If the right hon. gentleman means that we should have fair competition and equal opportunity, does he mean that we must do what was done a year ago last fall to give equal opportunity and fair competition to Canadians? There is no half way measure to be adopted. It was not a case of our desiring to do this; it was not that we had discovered some means by which we could apply this method here and that there; it was that we were convinced, as every thoughtful man in this house must be convinced, that unless we remedied the condition of an adverse trade balance of $100,000,000 this country would be ruined. Because we did not desire to see it ruined, we, being in a position of responsibility, adopted the measures to which I have alluded. Is there any hon. gentleman here who objects to them? Is there any Canadian who objects to them? Is there any Canadian who does not believe that the obligations thrust upon the Canadian government by a world crisis must be discharged in the manner in which we have discharged them? Why did we seek legislation in 1930? Why did we seek it in 1931? Was it for the purpose of abusing it? Was it so that we might have power which, as the right hon. gentleman would have you believe, we intended to abuse? Was it for the purpose of substituting the executive for parliament? No. It was merely that we as the instruments of the people believed the government might be able to save this country from the impending crash which came in September last.

Incidentally to the discharge of these obligations we have improved employment in Canada. There are a hundred more industries in this country than there were when the present government came into power. From day to day various persons have sent communications to the government indicating the improvement that has been brought about in employment conditions. I do not for a single moment say that conditions are ideal; I have not suggested that, nor have I suggested that conditions have reached that measure of full prosperity which we desire. But I have said that the condition of this country is better than that of any other country in the world. If hon. gentlemen will take the trouble to read even to-night's paper and see the review

by an economist of the situation in Canada as compared with that in other countries, instead of being prophets of blue ruin as my right hon. friend is, going about decrying Canada from the housetops, decrying his country, belittling the effort of the Canadian people, belittling the effort of the Canadian government to save the situation, they will realize that they would be much better employed in making some attempt to lead people to believe that the Canadian people have rallied and have met the difficulties imposed upon them in the greatest testing time in the world's history.

Let me take one illustration. Last session I was challenged upon the subject of silk. I should like some hon. gentlemen opposite to recall their observations then. Will the hon. member for Weyburn (Mr. Young) listen to this story? There are substantially fifteen silk mills in Canada, and the number of employees is as follows:

1930..	1,388
1931..	1,973

This is an increase of 585, or 42.1 per cent. That was a direct result of the legislation enacted by the house last session.

Mr. McINTOSH: What about agriculture?

Mr. BENNETT: I would think the hon. gentleman's interest in that is the same as his interest in other things—purely academic.

These are the figures in regard to the entire hours of labour in the silk industry:

	Hours
1930..	3,411,714
1931..	5,145,199

An increase of 1,733,485, or 50.8 per cent. The production increased 79.1 per cent in yards of one form of silk, and in all others, 55.7 per cent, and the expenditure on plants since September, 1930, was $877,500, these figures not including the office or sales staff. I put this to the house, to every reasonable hon. member: Will they tell me any method by which this could have been accomplished other than the method employed? Then why shrink from it, when by doing it you are going to accomplish that benefit? Why shrink from a duty when you know that the issue is the welfare of your country itself? Although it may mean some little disturbance for the moment to the merchants, although it may mean a little unsettling—and I admit that—I say that we would be recreant to our duty if we did not use the means entrusted to us by parliament to effectuate the purpose I have mentioned.

The leader of the opposition calmly says: I agree with the Prime Minister as to the necessity of equality of opportunity and of having fair competition. I wonder if some hon. members have seen some of the competition. I wonder if any of them have studied the competition to which this country has been subjected during the last twelve months. I wonder if hon. members realize that the surplus products of every country in the world have been thrown at us in the desire to get money to convert into gold, in order to meet international balances and obligations; practically any price being accepted. There was submitted to me an article laid down in this country at $3.60 a dozen, when the cost of the labour alone in Canada amounted to much more than that; the successful exploitation of this market with that commodity would have closed down every Canadian factory engaged in its production. I ask: What would any member of the house do in such a case?

Mr. YOUNG: What was the article?

Mr. BENNETT: I do not care to mention the article. If the hon. gentleman desires to see it I shall show it to him, but for reasons that are international in character I am not mentioning articles or countries at the moment. I ask the hon. member for Weyburn (Mr. Young) whether, if confronted with that situation, he would have shut up the Canadian factories. I do not think he would.

Mr. YOUNG: I should like to know all about the case.

Mr. BENNETT: I give that only as an illustration. Day after day at the Finance department men have confronted us with those conditions and we have met them with the power which the house has given us. That is what we have done. I have a letter from the little button industry in Montreal stating that their employees numbered fifty in 1929, sixty in 1930, and in 1931, they are eighty odd; and he thanks the government for what it has done. Is that right or not for this country in this world crisis?

Mr. YOUNG: What is the industry costing us?

Mr. BENNETT: The hon. gentleman asks: What is the industry costing us? The buttons are being sold at this very moment cheaper than they were before.

Mr. YOUNG: That is not the answer.

Mr. BENNETT: The only question that I am putting before the house is: Are you prepared at this moment to sacrifice the industrial life of Canada?

Mr. McMILLAN (Huron): The right hon. gentleman has sacrificed the interests of agriculture ever since he has been put into office. What has he done for agriculture?

Mr. BENNETT: The hon. gentleman asks: What have you done for the basic industry of agriculture? When we came into power we found the New Zealand treaty had been terminated. Canada the year before had bought 40,000,000 pounds of butter from New Zealand.

Mr. McINTOSH: Thirty-five million pounds.

Mr. BENNETT: Forty million pounds of butter in twelve months.

Mr. McINTOSH: Five million pounds too much.

Mr. BENNETT: Not 5,000,000, but 40,000,000 pounds too much. To-day Canada is resuming her place in England as an export country for butter. That is what has happened.

Mr. VALLANCE: What is the price of butter?

Mr. BENNETT: The price of butter keeps pace with the price of other commodities. That affords me an opportunity to make a statement that probably hon. members will like if they are at all interested in getting at the facts. I commend to hon. gentlemen a book that was published in December last by the Duchess of Atholl on "The Conscription of a People." If they want to know about the price of wheat or butter and will read that book, they will understand the situation.

Mr. VALLANCE: We do not need to read about it.

Mr. BENNETT: But those who desire to consider causes and cannot make the investigation themselves, read the words of those who know.

Mr. VALLANCE: What the right hon. member said about the hon. member for North Battleford (Mr. McIntosh) is also true of the Duchess of Atholl—her knowledge is purely academic.

Mr. BENNETT: Every quotation in that work is supported by a reference to an original authority in the footnote or in the body of the work. All one has to do is to read that book in order to understand why world commodity prices of agricultural products are what they are. That brings it down to December, and if you go further and bring it down a month later, you will have a very clear appreciation of the situation with respect to other commodities as well. Moreover, this government last session enacted legislation which gave to the wheat growers of western Canada by way of bonus a larger sum of money than they had ever paid in any year in customs duties.

Mr. McMILLAN (Huron): By order in council you extended it to British Columbia. Why did you not extend it to the rest of Canada?

Mr. BENNETT: The hon. gentleman seems to be a little out in his geography, but it is not a matter of great importance. The elevators that were on the Peace River line across the border on the Northern Alberta Railways were included in it, if that is what he means, and some of them were in British Columbia; there is no doubt about that. Does anybody object to that? I thought the hon. member for Vancouver South objected to it.

Mr. MACKENZIE (Vancouver): We asked for it last year.

Mr. BENNETT: These are the facts and these are the factors that induced us to take the action we have taken, and we have no apologies to offer for having done so.

Mr. VALLANCE: It is too bad you had not read the book before you made statements during the election campaign.

Mr. BENNETT: The position is as I have indicated. Connected with that of course is the economic conference. I said in London in 1930 that empire trade did not in any sense exclude world trade, for we could not trade exclusively in the empire; we had to trade in the world as well. I made that as part of my observations at the opening of the conference. I desire to point out to this house, however, that in 1902 Sir Wilfrid Laurier in a memorandum which he left with the imperial authorities threatened them in language very polite that if they were not prepared to give the preference in England he was prepared to take action to discontinue the Canadian preference. Did you ever read that? Does my right hon. friend recall the year 1902? Does he recall what Sir Wilfrid Laurier's position then was? The man is still living who wrote that memorandum and left it with the British authorities. My right hon. friend asked why we did not get the wheat quota now. Why did he not get anything for twenty-eight years? Why did he

not get it over twenty-five years ago? Why was it that in the last statement made by Sir Wilfrid Laurier he made perfectly clear what would happen if they could not get what they wanted? These are the words he used:

> If after using every effort to bring about such a readjustment of the fiscal policy of the empire, the Canadian government should find that the principle of preferential trade is not acceptable to the colonies generally or the mother country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions.

And the speeches were in the same sense, and nothing came of it. To-day we have a chancellor of the exchequer in Great Britain delivering a speech in which he says this conference will meet at Ottawa, and "we are committed to the principle of empire preference." Of course, one does not expect in the very nature of things that hon. gentlemen opposite, any of them, would admit that this government in any sense contributed to that end. But there are those who live not in Canada but in England, who will say that the action taken by this administration was a powerful factor in bringing about that end. That we can afford to leave to posterity, and to those who know the facts, I shall not do more than point out what some at least have been fair enough to realize, that the steady and consistent attitude we have taken with respect to empire preference has brought about the end that for so long Sir Wilfrid Laurier and the Liberal party endeavoured to accomplish.

Further, why is it that to-night the right hon. gentleman has changed his tune? What about his speech in Winnipeg? What about his regard for the empire during the election campaign? Do hon. members recall that in 1930 during the election campaign he was going to and fro taking a very generous attitude towards the empire; that he was then the Simon pure defender of the empire? He and his party and they only were prepared to do what was right, fair and just by the empire. In fact, in one place, namely Barrie, he became so violently patriotic that he put Great Britain before Canada. But that was in a moment of emotional and temporary enthusiasm, because later that sentiment resolved itself into something more solid. Listen to what he said at Winnipeg the other night. I wonder if you realize the position he then took. He told them we were not going to have any "narrow economic imperialism," as he called it. His words are:

> We cannot be content with any restricted interpretation of our nationality either in the constitutional or the economic sense. We are opposed to a narrow economic imperialism for the same reason that we are opposed to a narrow economic nationalism.

That was to arouse sentiments of anti-imperialism in the community in which he spoke. Everyone who has read the Hansard debates is thoroughly familiar with the principle upon which our ideas of preference were based. We have followed consistently the policies of Macdonald and Tupper, policies of mutual preference for mutual advantage. Unless there is mutual advantage there can be no preference, for preference must be mutual or it is not advantage at all. That is the position we have consistently taken, and that is the position which Mr. Chamberlain took, speaking in the House of Commons the other day with respect to Canada, when he said:

> I come now to the position of the empire countries in connection with this change in our fiscal system. The committee is aware that next July the Imperial conference is to be held in Ottawa where the economic relations of the members of the British Commonwealth will be discussed. His Majesty's government attaches the utmost importance to that conference, and they intend to approach it with a full determination of promoting arrangements which will lead to a great increase of inter-imperial trade. Now I have no doubt that the dominions would no more question our right to impose duties in our own interest for the object either of raising revenue or of restricting imports than we have questioned theirs to do the same.

Observe those words,—"restricting imports." While the right hon. gentleman was talking in Halifax about this government restricting trade, the British government was rushing through the House of Commons a fifty per cent import duty measure. Mr. Chamberlain proceeded:

> But considerations of that kind have to be weighed against advantages to be obtained by preferential entry into dominion markets, even though they should involve some surrender of revenue or some lessening reduction of imports; and since, until we meet the dominion representatives, we shall not be in a position to estimate the advantages or disadvantages on either side, and since we desire to mark at every stage our wishes to approach this conference in true spirit of imperial unity and harmony, we have decided so far as the dominions are concerned (and in this arrangement we shall include India and Southern Rhodesia also) neither the general nor the additional duties shall become operative before the Ottawa conference has been concluded.

That is in accordance with the principles for which we have contended now for nearly half a century. The fact that Great Britain has departed from the fiscal principles that governed her policies in days gone by is in itself an indication that that great people realize a tariff still is but an instrument.

It may interest some of you to know that they have copied almost in their entirety some of the provisions which hon. gentlemen opposite condemned so loudly. They have copied measures that were submitted to this house because they believed that through the use of them they could best accomplish that which they desired.

Mr. YOUNG: The power of an evil example.

Mr. BENNETT: It may be the power of an evil example, as the hon. member for Weyburn has suggested, but we prefer to think it is the power of a realization of what necessity commands people to do in the interests of their own country.

One step further. The right hon. gentleman referred also to the wheat quota, which is connected with this transaction, and he read from the opening observations I made at the plenary conference. He did not however read from my closing observations. I said that in the interim the quota system had been suggested and the British government was not prepared to follow it at that time to its end. They suggested it, first of all, for domestic purposes; the extension of it to the dominions was another matter altogether. In the end what happened was that the quota was being further explored and finally after the election it was concluded that it might be used for domestic purposes, and later might be made applicable to the dominions. The right hon. gentleman is very anxious to tell the people of the west that if this quota was good it was deplorable that they did not have it during the last twelve months. Well, he was in power nine years; why did he not get it then? The real fact of the matter is that the quota was being explored, and is still being explored. When we left London the economic committee was not prepared to make a recommendation; the quota principle had not been sufficiently explored to enable them to speak with certainty with respect to its results. I say now as I said at the close of the conference, if anyone is interested in reading what I said—and I know some of you are not—we have not sufficient evidence to enable us to speak with any certainty with regard to the matter.

Now, there are many other subjects dealt with in the speech from the throne to which reference has been made this afternoon, but I do not propose to prolong this debate for the purpose of covering them again. With respect to the St. Lawrence waterway, I have this to say, that I believe the proper course to pursue in the matter is by verbal negotiations and discussions. If a treaty is concluded

—of course the very word "treaty" implies that the agreement is between sovereign nations, or communities that speak as sovereign nations—then it is submitted to parliament for approval. If a treaty is to be the subject of discussion in parliament before it is signed, obviously it is not a treaty. Everyone knows that in international dealings after a bargain is made each government instructs its plenipotentiary to sign the instrument constituting the treaty, and the treaty is then submitted for the consideration of parliament. But at no time in the history of this country or of Great Britain has a document been submitted to parliament and been called a treaty unless it was an executed instrument. If it is a bad instrument, then of course, it will be rejected by parliament. Was the Halibut treaty signed or was it not? Was the treaty with respect to salmon signed or was it not? You cannot endeavour to escape responsibilities in that way; you cannot escape your constitutional obligations. I should just like to make this simple observation. We are not hurrying the St. Lawrence waterway treaty. All you have to do is look at the map and see your completed Welland canal and your twenty-seven foot waterway to Albany, and then you know why the Canadian government is concerned about the matter. When the appropriate time comes I fancy Canadians will realize that the reason why this government is now carrying on negotiations for the completion of that waterway is not that we desire to add one more to the burdens we have, but that the development we have reached in connection with our own canal system and the canal systems of our great neighbour to the south makes it essential that now, and at no other time, we should consider it. It is all so easy and simple to condemn governments because they take action. Did it ever occur to hon. members that there are occasions in the lives of nations as of individuals when decisions have to be made or the opportunity is gone for ever? That is the situation here. At the appropriate time if a treaty is concluded this house of course will have the fullest opportunity to discuss it and, if it so desires, to reject it. Because the treaty is not being made in any party sense; if made at all it is a treaty made by the Canadian government on behalf of the Canadian people, and if the representatives of the Canadian people believe it to be a bad treaty, they will do what one would expect them to do, namely, reject it.

So far as the disarmament conference is concerned, so much has been said that I will not repeat the language of the speech from

the throne, but I am grateful to the right hon. gentleman for having said that he does not think he has anything to add to it, that it meets with his approval. But I hold the view very strongly that so long as a nation permits conscription legislation to be placed upon the statute books you will never make progress in disarmament. That is my profound conviction. I have had that view for a long time, I have told our delegates that the basis of armaments is the compulsion to arms, and that the basis of disarmament must be the removal of conscription laws in the countries that are to be disarmed. I regret the right hon. gentleman saw fit to suggest that the delegation representing us at Geneva might have been improved upon. All I can say is, it is not an easy task to secure Canadians who are prepared to devote themselves for months to the work that will fall upon the shoulders of our delegation. I know it was a difficult task, and I regret very much having, for instance, to ask the Right Hon. Sir George Perley to leave us at this time, but I felt that the delegation should be headed by a representative of the government. There is no man in our ranks who has a wider knowledge of international relations and who has served this country with more fidelity and greater satisfaction to the country with which he came in contact than the right hon. gentleman who has consented to head our delegation to Geneva.

There is one paragraph in the speech from the throne which the right hon. gentleman has not dealt with; it is a matter of tremendous importance to this country—the maintenance of economy in our public administration. I think you will find that in every department of the public service we have spent less this year than parliament authorized us to spend. That has been brought about largely by the diminution of revenues, because the sales tax that in days gone by had produced $20,000,000 for every one per cent now produces less. But looking about us, realizing our obligations, and desiring that the people of this country should understand fully that the government is anxious to lead the way with respect to matters of economy, we have concluded that we will ask this parliament to pass a statute to reduce by ten per cent the indemnities alike of the Senate and of the Commons, and of the compensation paid to ministers and to every branch of the public service. That must be effected. That we believe is essential for the purpose of enabling this country to have a balanced budget. We will then have done the two things which are necessary in the interests of the Canadian people: first and foremost, we must maintain the national credit, because this new, young country can only go forward into the future if it has credit in the money markets of the world. There is but one money market of the world that is left, practically, and that market is indeed conscious of the high regard we have for our credit obligations, for we have met every contractual obligation of the provinces, the dominion and the municipalities in the money market of New York in the terms of our contract; and that we will continue to do. We have brought that about not only by drastic economies, not only by what I mentioned a moment ago, the maintenance of our position by securing a favourable trade balance; these things we have done, but now we desire to meet the tremendous obligations that rest upon us next year with regard to our railway system. We have determined that we will have this economy begin with ourselves—although we realize that it may be particularly difficult with some, much more difficult than perhaps the average man realizes—alike in the Senate, the Commons and the civil service of this country, except, of course, the judges, who stand in a somewhat different position. That is what we have determined to do. A saving of between $7,500,000 and $8,000,000 will be effected.

But there is one more matter to which passing reference might be made. The right hon. gentleman has referred to the transportation commission. I think he is entirely in error in the quotation he made of what was said by me in Toronto. What I said—and if you will take the trouble to look at the report you will find this to be so—was that the subcommittee reported in these words:

> Your committee desire to call the attention of the house to the proposal made by Sir Henry Thornton at one of the sessions of the committee. He referred to the serious position of the transportation business generally and recommended that a commission be appointed for the purpose of considering the whole question of Canadian transportation. Your committee regard such a recommendation coming from such a source at this time as worthy of the serious consideration of the government.

No provision for that purpose was made in the supplementary estimates. That report was unanimously adopted by this house in July, as you will recall, and after carefully considering it in its every aspect we decided to appoint such a commission. But I have no hesitation, sir, in saying to you and to the members of this house that it was exceedingly difficult to secure the men we desired to get.

Mr. MACKENZIE KING: May I interrupt just a moment? I have in my hand the report of the speech made by my right hon. friend in Toronto. Reading from the Mail and Empire account, the words are as follows:

> On the suggestion of the president of the Canadian National Railways the committee recommended that certain matters be inquired into. . . .

The committee did not recommend that; the committee recommended—

Mr. BENNETT: I have read what the committee recommended, and that is what I said in Toronto. I feel sure that what my right hon. friend has read is not in quotation marks.

Mr. MACKENZIE KING: I am sorry to interrupt; it is a very small matter, but it is in quotation marks, and evidently the speech was given to the press.

Mr. BENNETT: I am happy to say not only that the speech was not given to the press, as is the custom of my right hon. friend, but that the speech had not been prepared at eleven o'clock in the morning. The notes I made were prepared on the paper of the Royal York hotel at eleven o'clock of the day on which I delivered the speech, and those notes are available to the right hon. gentleman if he desires to see them.

However, this is unimportant; the fact is that we gave the matter our serious consideration and, having done so, we endeavoured to secure a commission. I may say it was very difficult to get the men we desired. The British investor, with his millions and hundreds of millions of dollars in our Canadian railways; the American investors, with their hundreds of millions of dollars also, and the Canadian investor, all had to be considered, and there you have the situation. We sought the leading expert we could obtain in Great Britain; we sought as high an authority as we could secure in the United States, and I think it will be agreed that we selected as chairman one who for breadth of knowledge, fineness of intellect and judicial qualities stands unrivalled in the English speaking world. That I can say with frankness.

Under those circumstances we do feel that the only method that can be successful in dealing with the matter is to enable the members of the commission to understand the problem in all its bearings. I have under my hand reports of instances when time after time the right hon. gentleman, his former Minister of Railways, Mr. Dunning, Mr. Crerar and others said it was not in the public interest that the business of these railroads should be made known either to the public or to their competitors. There were matters that had to be made known to these men that could only be made known to them by the method I have mentioned, and these means were followed to enable the commission from time to time to become informed with respect to the problem with which they had to deal. They themselves, not the government, decided that. Do not for a moment think, sir, that this government gave any instructions of any kind whatever to the commission with respect to that matter. The members of the commission, as judges, as railway men, as business men, decided to what extent they should make their hearings public and to what extent the necessary information should be communicated to them in private. It would be ruinous and destructive to the very interests that were to be served if this evidence with respect to the internal administration and the finances of the railways were to be communicated one to the other. The Drayton-Acworth report was obtained in the same way, and no man in this house but knows that you could not reach anything like finality based upon adequate testimony or knowledge unless it were done in that way.

Then hon. gentlemen suggest that there is some sinister motive behind it. I can only say that as far as the government is concerned it has as little to do with it as any hon. gentleman opposite. This commission has been appointed. It has not been instructed beyond presenting to it the order in council, leaving to it the duty of endeavouring to solve a problem which was not created by a Conservative government. Bear that in mind; the problem arises through a Liberal administration creating two transcontinental systems and subsidizing each to destroy the other. That is the position, and you cannot get away from it; when you think of the problem never forget that fact. I have not seen any Canadian business man in modern times who has been able to suggest why it was done. There are men living now who wish they had taken the advice of Mr. Blair, who left the government on that account. There are men living now who realize that there was no firm basis of judgment exercised in endeavouring, with a population of less than eight million people, to fasten three transcontinental systems upon this country. But it was done, and this government has to deal with the problem.

I wonder, sir, if hon. members of this house have any idea of the magnitude of the task that rests upon us in this respect. When I hear men denouncing the government and

talking, with respect to this matter, as though it were just something to pass by with a shrug of the shoulders and a passing sentence, I can only say that the other day, asking what was involved in the financing for 1932, I was told that the taxpayers of Canada must provide $80,000,000. It was $112,000,000 last year; later on you will hear something of that in a supplementary estimate, but here we have $80,000,000 apparently as an irreducible minimum. After you have balanced your budget there is your problem. Is it any wonder that we took time to endeavour to secure the men we did secure? I will not discuss their qualifications, because everyone here must know what they are. At the time the house rose we had not determined what action would be taken, but as the weeks passed by and the situation became worse, it was apparent that the obligation rested upon us to provide some means by which the Canadian people might understand the enormity of the problem with which they as taxpayers had to deal, and the tremendous financial burden that rested upon them. That is all I can usefully say with respect to this matter.

There are other matters to which reference might be made, but ample opportunity will be provided to do so as the session progresses. I deny that this government desires in any way to lessen discussion in parliament. When I think of what took place last session; when I think that not once, not twice but thrice the same speeches were made, I wonder that the right hon. gentleman rose in his place to-day and said no time was given to discuss these matters. I saw a smile flit over the faces of his own followers when they recalled the discussions that did take place. This government welcomes the fullest criticism of its actions in every way; its administration of the finances of the country, its administration of unemployment funds, of relief funds or of all other funds that have been entrusted to its care. If there be any wrong-doing; if there be any slackening of control; if there be any failure to take advantage of those facilities that were provided in the law of last session which was designed to safeguard the public treasury, let us hear about it. We shall endeavour in the future, as in the past, to meet the obligations that rest upon us as a government.

The right hon. gentleman has said that these obligations are upon us because we have brought them upon ourselves. Well, that would not be the judgment of the impartial historian. I have pointed out the distinction that must be drawn between domestic and world conditions, between local and external conditions. The speech from the throne makes that abundantly clear. We are a part of the great cosmos; we are part of the world, and to that extent we are influenced by the great currents and forces of the world. We have never at any time, either before or during the election, endeavoured to minimize that fact, but I said then as I say now that these domestic conditions would not be confronting us if the former government had realized what was coming during the nine years it was in power, if it had read aright the signs that others could see but it could not see. Had they heeded the warnings that were evident we would not be compelled to face the problems we have had to face and are facing to-day. But this I will say further: I defy any man to say that Canadians, faced with these problems, could have adjusted their difficulties as we have done had they retained the policies that were then in force. We have changed them for the public good, and the people of this country realize that in this government they have men who are endeavouring to do their best in these present world conditions. And if the policy of this government commends itself to the judgment of intelligent observers abroad, as it does, and this country occupies the high place it does in the estimate of those who are able to draw conclusions, then we care very little for that carping, blue-ruin criticism which we have heard to-night, but we shall march forward to the duties that lie before us.

On motion of Mr. Gardiner the debate was adjourned.

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

Tuesday, February 9, 1932

The house met at three o'clock.

FISH INSPECTION ACT

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved for leave to introduce Bill No. 6, to amend the Fish Inspection Act.

Some hon. MEMBERS: Explain.

Mr. DURANLEAU: The act requires that barrels or other containers of such fish as come under its provisions shall be made in accordance with the defined standards, that the fish be cured, graded and packed as prescribed in the regulations, and that the packer

place marks on the containers to represent correctly the kind, grade and weight of contents. At the present time inspectors are not required to inspect and mark every barrel or container. The purpose of this amendment is to make obligatory the inspection of all fish and containers which come under the provisions of this act and to prohibit their sale or shipment unless inspected and properly marked. This amendment is demanded by different associations.

Motion agreed to and bill read the first time.

CITY OF OTTAWA AGREEMENT

Hon. H. A. STEWART (Minister of Public Works) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to authorize the Minister of Public Works, on behalf of His Majesty, to enter into an agreement with the Corporation of the City of Ottawa to extend the period of the existing agreement with the corporation for one year from 1st July, 1931.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

THE PUBLIC SERVICE

PROPOSED TEN PER CENT DEDUCTION IN INDEMNITIES AND SALARIES—CONTRIBUTION BY HIS EXCELLENCY THE GOVERNOR GENERAL

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, before the orders of the day are proceeded with I desire to make a short statement.

With respect to the statement which I made last evening regarding the reduction in the salaries paid to the members of the public service, I desire to inform the house that some time ago His Excellency the Governor General intimated that, if any reductions were made in the salaries paid to the members of the public service of Canada, he desired, as a voluntary act, to make the same contribution to the treasury as though his salary were included in the reduction, and he also so informed His Majesty the King.

I respectfully took the opposite view, and informed His Excellency that inasmuch as his salary was fixed by section 105 of the British North America Act, I did not think that any contribution of the kind suggested should be made. His Excellency now informs me that, notwithstanding the view which I so strongly pressed, he is firmly of the opinion that he should be permitted to share in the sacrifice involved in the reduction of salaries paid to the members of the Canadian public service, and I have agreed with his insistent view. During the new fiscal year His Excellency will voluntarily contribute to the treasury a proportion of his salary, equivalent to any reduction that may be imposed by statute upon the members of the public service of the country.

AUSTRALIAN WHEAT SHIPMENT

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like, Mr. Speaker, to direct a question to the hon. Minister of National Revenue (Mr. Ryckman). According to press despatches, a shipment of some two hundred and fifty tons of Australian wheat to the city of Vancouver for the use of the poultry industry has been refused admittance. Will the minister kindly give the reason for such refusal?

Hon. E. B. RYCKMAN (Minister of National Revenue): This is the first intimation that I have had of the subject matter upon which the inquiry is made by the hon. gentleman. I understand that the Minister of Agriculture (Mr. Weir) can give an explanation, and I would ask that he should do so.

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, I take it that the hon. member refers to a cargo of Australian wheat unloaded in Vancouver some few days ago. There is a wheat disease in Australia known as flag smut, and it is against the regulations of this country for any wheat to be admitted from any territory in Australia that is infected with the disease. The only way in which we can protect ourselves is to require that any shipment of wheat from Australia shall be accompanied by a certificate from the Australian authorities that the wheat comes from a district not so infected. No certificate has been produced covering this shipment. The authorities in Vancouver did not want in any way to embarrass the shippers, and we got in touch with the Australian government and asked if they would cable a certificate for the release of the wheat. They had not seen fit to do so. In the meantime the wheat has been unloaded and is being held in quarantine.

TRANSPORTATION COMMISSION

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, I should like to ask the Prime Minister if the Royal Commission on Railways and Transportation will make its final report during this session? In the speech from the throne it is intimated that the commission is only likely to do so. If such a report is to be submitted can the Prime Minister give the approximate date when it may be expected; and can he also inform the house and country whether the commission will hold any further sittings before taking final action?

Right Hon. R. B. BENNETT (Prime Minister): It is obvious, Mr. Speaker, that I can give no answer to the question. I have no advices as to when the commission will complete its labours, or as to whether or not it desires in the public interest, for the purpose of informing itself, to hold further meetings.

MAFEKING CUT-OFF

On the orders of the day:

Mr. A. L. BEAUBIEN (Provencher): Would the Minister of Railways (Mr. Manion) kindly inform the house whether we may expect shortly the report of the engineers with respect to the Mafeking cut-off?

Hon. R. J. MANION (Minister of Railways): Mr. Speaker, frankly I cannot give an answer at the moment. I will look into the question and deal with it to-morrow.

BUSINESS OF THE HOUSE

SUGGESTED PROCEDURE ON THE DEBATE ON THE ADDRESS

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): It has been customary, I think, Mr. Speaker, to have the debate on the address take precedence over any other business. I presume the reason the ordinary motion was not put last week was to enable the Minister of Justice (Mr. Guthrie) to make the motion which he did yesterday. But might it not be well now to follow the customary procedure and to have such a motion put, and the debate on the address given precedence over other business?

Right Hon. R. B. BENNETT (Prime Minister): It is not intended, Mr. Speaker, to make any such motion. It is proposed to follow the practice in the Imperial house.

QUESTION PASSED AS ORDER FOR RETURN

NATIONAL SERVICE LOAN

Mr. REID:

1. For what specific purpose was the national service loan floated?

2. How much of the national service loan has been earmarked or set aside for unemployment and farm relief and direct relief?

3. What is the total amount allocated or set aside by the dominion for unemployment and farm relief throughout Canada?

4. What is the amount allocated, set aside or guaranteed to the province of British Columbia for unemployed relief works?

5. What is the amount allocated, set aside or guaranteed to the province of British Columbia for direct relief?

6. What were the total amounts of provincial projects submitted by the province of British Columbia for the relief of the unemployed and for direct relief?

7. What was the total amount sanctioned or agreed upon by the dominion for the relief of the unemployed, 50 per cent of which was payable by the dominion and 50 per cent by the province of British Columbia?

7a. What was the total amount of money for municipal projects or undertakings submitted by the province of British Columbia for the relief of the unemployed?

8. What was the total amount sanctioned or agreed upon by the dominion for municipal projects or undertakings for the relief of the unemployed, as submitted by the province of British Columbia, 50 per cent of which was payable by the dominion, 25 per cent by the province of British Columbia and 25 per cent by the various municipalities?

9. When were the projects submitted to Ottawa for approval?

10. When were these projects finally sanctioned and agreed to by the dominion?

11. What person on behalf of the province of British Columbia submitted the schedule or program of works, both provincial and municipal, in connection with the relief of the unemployed?

12. What is the total amount of money that has been given or sent to the province of British Columbia in connection with unemployed relief work and for direct relief?

13. When were these amounts sent by the Dominion government to the province of British Columbia?

14. Has the Dominion government earmarked any of the moneys sent to the province of British Columbia for the various municipalities?

15. What is the total amount of money given or allocated to the province of British Columbia by way of a loan?

16. Has any money been granted or allocated by the Dominion government to the province of British Columbia by way of a loan to the various municipalities to help finance them in carrying out works for the relief of the unemployed?

17. If so, what was the total amount so granted or allocated by the Dominion government for this specific purpose?

18. What is the total amount of the vouchers for moneys spent by the various municipalities for unemployed relief works that has been submitted by the province of British Columbia up to the present time, giving the names of the municipalities whose vouchers have been submitted with the various amounts?

19. What was the total amount proposed to be spent for the relief of the unemployed by the city of New Westminster, as at first submitted by the province of British Columbia, under the Unemployed and Farm Relief Act of 1931?

20. What was the total amount finally sanctioned by the Dominion government to be spent for the relief of the unemployed by the city of New Westminster?

Mr. BENNETT: This will stand as a notice of motion for return.

UNOPPOSED MOTIONS FOR PAPERS

J. B. CARTER REPORT

Mr. VENIOT:

For a copy of the report of J. B. Carter, representing the federal Department of Labour, on the investigation made by him into complaints relating to the expenditure of unemployment relief work on roads and bridges in the county of Gloucester, as well as a copy of any evidence on which such report was made.

UNEMPLOYMENT RELIEF

CORRESPONDENCE RESPECTING RELIEF EXPENDITURE IN NEW WESTMINSTER, BURNABY AND RICHMOND

Mr. THOMAS REID (New Westminster) moved:

For a copy of all telegrams, letters, correspondence, and other documents, passing between the Department of Labour, any cabinet minister or any official and the government of British Columbia, and any minister or official of that government, regarding all or any matters affecting or touching upon unemployment, direct relief or unemployment relief in the city of New Westminster and the municipalities of New Westminster, of Burnaby and Richmond.

Hon. W. A. GORDON (Minister of Labour): With reference to this motion, Mr. Speaker, and to the five notices following it, with respect to the production of documents in connection with unemployment relief, the Unemployment and Farm Relief Act passed last session provides that a complete return shall be made to the house within the time limit set by section 7 of the act. Since the production of the papers requested in these notices of motion will mean quite a burden and a great duplication of work I should like these notices to stand. If, in the interval, there is any particular matter in connection with which hon. members would like to be informed I will be very glad to give them the information required.

[Mr. Reid.]

Mr. REID: I should be very glad to receive the information in that way if I can obtain it very shortly, because conditions are such as to make this information necessary. Statements have been made by the provincial government and contradicted by the dominion authorities, and for this reason these motions have been placed on the order paper.

Mr. SPEAKER: I take it that the remarks of the minister apply to the first six notices of motion. He suggests that as, under the statute, the information sought will be brought down within a few days, the resolutions might stand in the meantime, and I understand that the hon. member for New Westminster consents to that arrangement. Therefore this resolution, and the following five notices of motion will stand.

Motion stands.

CIVIL SERVICE COMMISSION

OUTSIDE APPOINTMENTS TO BE MADE ON RECOMMENDATION OF MINISTER

Mr. PETER McGIBBON (Muskoka-Ontario) moved:

That, in the opinion of this house, all outside appointments should be taken away from the Civil Service Commission and made upon the recommendation of the minister.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: Explain.

Mr. McGIBBON: I would be very glad to accept the verdict of the house, if it were favourable, and not say anything. This, Mr. Speaker, is a matter which I think should be disposed of rather quickly. It deals with a procedure which is one of the relics of that war hysteria under which we laboured some ten or twelve years ago, and certainly it is one which should be removed from our statute book. Personally I opposed this legislation when it was introduced some ten years ago. I spoke against it then; I have been against it ever since, and I am against it now. It is not that I particularly want to exercise patronage; after all that is a secondary thing. I think it is part of the responsibility of the government, and responsible government is something that cost our ancestors too much to be lightly thrown away.

Let us for a moment study what takes place under this system. Away back in one of the country ridings a vacancy occurs in the outside service. If the remuneration is over $200 the member has nothing to say with regard to the filling of the vacancy; the one elected by the people, who has the most complete

knowledge of conditions, who knows the applicants and their qualifications for the work, is not consulted. Instead, the country is put to the expense of sending some person from Ottawa, over a distance of perhaps three or four hundred miles. This inspector goes out on the street, talks to this or that man inquiring as to the qualifications of the different applicants, and then returns to Ottawa and makes his report. We have no means of knowing whether or not that report is acted upon, but in any case we have a condition where the man who really makes the appointment is responsible to no one.

I think it has been the experience of nearly everyone that the people of this country want their members to be responsible for appointments made in their respective ridings. Possibly it is easier for us to say that we have nothing to do with it, but that it is done by a commission in Ottawa. That is an explanation to which the people do not take very readily, and it does not reflect much credit upon ourselves. Therefore, though we may be making trouble for ourselves, I think we should put this responsibility back where it belongs, on the members elected by the people to look after their affairs.

Miss MACPHAIL: I should like to ask the hon. member if these sitting members of the house have anything to do with the appointments in any case unless they sit on the government side, so what does it matter?

Mr. McGIBBON: I am trying to restore that privilege to them, if they do not have it now. I hope they will have it in a few days. That is what I am asking for this afternoon.

Miss MACPHAIL: In Southeast Grey the defeated candidate arranges all the appointments.

Mr. McGIBBON: That will be a matter for the people of Southeast Grey to settle at the next election.

Miss MACPHAIL: By that time he will not have anything to do with it.

Mr. McGIBBON: I really do not think it is necessary, Mr. Speaker, to say very much on this subject. As I have said, I opposed this change when it was introduced ten years ago, so it cannot be said that I am inconsistent in this regard. I spoke against it then; I have under my hand the remarks I made as well as the remarks of other members of the house. I have one expression from an ex-minister of the crown of that time, the late Mr. Crothers, another from the late Dr. Edwards, one from myself, not to mention others. But one statement which probably will carry the greatest weight in this house was made a year ago by the right hon. the leader of the opposition (Mr. Mackenzie King). After having been in power some ten years and having seen the working of the act, he came out flatly last year with the view that the outside service should be taken away from the Civil Service Commission. I commend his judgment to the house. If, however, we want further reasons I think we have been getting them during the last few days in the press, reasons which were strong enough and which should be influential enough to wipe out the Civil Service Commission forever. I should like to see it done away with; I should like to see the responsibility for the making of appointments placed where it belongs, on the member elected by the people. I am not so very particular whether that member be a government member or supporter or not, but I think that the man or woman whom the people elect should assume that responsibility, because the elected representative of the people should be held responsible for the character of the appointments made.

Miss MACPHAIL: It is not so at all to-day.

Mr. McGIBBON: I hope the hon. member will follow me and give us the benefit of her views.

Miss MACPHAIL: I will.

Mr. McGIBBON: I do not think there is any use debating this motion; probably nine out of ten members in this house are in favour of it. The present system was adopted ten years ago when the members were not favourable to a motion of this kind. The action then taken was one of the incidents of a sort of war hysteria. I have much pleasure in moving that all outside appointments be taken away from the Civil Service Commission and made upon the recommendation of the minister.

Hon. C. H. CAHAN (Secretary of State): During the recess the government has given consideration to complaints which have been made from time to time with regard to the administration of the civil service. These complaints were voiced in this house during the last session both when the estimates were discussed and also when a certain bill came before the house for consideration. At that time on behalf of the government I asked the house to proceed no further with the bill then under discussion inasmuch as matters of the utmost importance affecting the honour, the efficiency and the good faith of the Civil

Service Commission were then before the courts for consideration. I understand that the case which is now pending in the courts at Ottawa will probably be determined within the next few days. In view of that fact, unless members are very anxious to proceed with this discussion to-day, I should prefer to move the adjournment of the debate and in the meantime to suggest on behalf of the government that a committee representing all parties in this house might be appointed to take into consideration this and other resolutions and bills affecting the Civil Service Commission. Such resolutions and bills might be referred to that committee for an independent investigation and report thereon to the house. The matter is perhaps not one with respect to which the government should present a policy to the house. It affects all parties in the house and therefore it might be advantageous if the whole matter were referred to a select committee. In order that this suggestion may be considered by the leaders of the various parties and their associates, I now beg leave to move the adjournment of the debate.

Motion agreed to and debate adjourned.

SPEECH FROM THE THRONE

ADDRESS IN REPLY MOVED BY MR. CHARLES BOURGEOIS AND SECONDED BY MR. J. H. STITT

The house resumed from Monday, February 8, consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

Mr. ROBERT GARDINER (Acadia): Before I begin to discuss the motion before the house may I take the opportunity of congratulating the hon. member for Three Rivers-St. Maurice (Mr. Bourgeois) upon his speech in moving the address in reply to the speech from the throne. It is sometimes quite an ordeal for old members of this house to debate such an important question and I am sure it must be doubly so for a new member like my hon. friend. However, he discharged his duties quite well indeed, and as I do not understand the French language to any great extent I shall take the first opportunity of reading his address when it is translated into English. May I also congratulate my good friend from Selkirk (Mr. Stitt) who seconded the motion. My good friend gave the house descriptions of many beautiful bits of scenery in his constituency and also informed us of the many excellent qualities of soil and the advantages in the way of location with which that constituency is favoured. He rightly informed the house that that part of Manitoba was the first section of western Canada to produce No. 1 hard wheat, and he told us that his people had in their midst some splendid butter makers who were so well versed in the art of making butter as to be capable of winning very valuable prizes. When the hon. member was telling us about the capabilities of the butter makers in his constituency he must surely have forgotten the prices which those butter makers now receive for the excellent quality of butter which can win prizes at various fairs throughout the country. Of course, it is a slippery question and I am not going to pursue the subject any further at the present time.

Yesterday we had the privilege of listening to the leader of the opposition (Mr. Mackenzie King) and the Prime Minister (Mr. Bennett). These gentlemen engaged in a very wordy debate and it is not my purpose to intervene between them in this pastime. May I, however, make one reference to a statement which came from the leader of the opposition yesterday afternoon? In my opinion this was the most important statement which he made and it merits some attention. In his address he stated that the tariff was the most important question in Canada. I will admit that the tariff is an important question in every country including Canada but I submit that at the present time it is not the most important question in Canada. We have many other problems more important by far than the tariff. In so far as the primary producers are concerned the tariff is always important, but there are other questions which are much more important.

Mr. MACKENZIE KING: I do not wish to interrupt my hon. friend, but I think I said that I regarded unemployment to be the most important question, and that the tariff was one of the important factors affecting the present situation.

Mr. GARDINER: I accept my right hon. friend's explanation. I was quoting from my notes and I shall be glad to look them up and see whether I am right or wrong.

Let us look at the world and see how important tariffs are. Great Britain until recently has been a free trading country but she has suffered from unemployment just as much as any other country. The United States has had the highest tariff in the world and yet she has suffered from unemployment just as has Great Britain, a free trade country. This shows conclusively that while tariffs may

be important they are not fundamentally important, there are other questions much more important which should engage the attention of this house.

As far as the address of the Prime Minister (Mr. Bennett) is concerned the only matter to which I shall direct attention is his reference to the ten per cent reduction in the indemnities of members of parliament and in the salaries of the civil service. As a member of this house I have no objection to accepting that reduction; if the government feels that that will help to balance the budget or in any way alleviate the situation with which we are now faced, I, for one, will not protest against the imposing of that reduction. I cannot speak for the civil service, but I desire to take a few minutes to discuss the question of the reduction of salaries and wages as it affects present day conditions. I am afraid the government is giving a lead to the industries of this country which will have far-reaching effects. We can expect in the near future to have trouble between employers and employees because employers will naturally desire to follow the lead given by the government and reduce wages and salaries all along the line. By the reduction of wages and salaries we are reducing the purchasing power of the Canadian people at a time when it is absolutely essential that that purchasing power should be increased rather than reduced. Perhaps from their point of view the government is justified in stating that this is an economic measure because the economies which will be secured will save this country between $7,500,000 and $8,000,000. I believe that is the estimated reduction in expenditure stated last evening by the Prime Minister. As I have stated already that means that there will be a reduction of that amount in the purchasing power of the people.

What is real economy? There are different opinions in this country as to what it is, therefore, I shall state that in so far as I am concerned I believe that economy properly understood is the orderly arrangement and management of the affairs of the community and the wise and efficient use of its resources. To reduce the power of the people to purchase the goods which they need when those goods can be produced in abundance is not economy, yet the broad reduction of the community's income is the only remedy prescribed by those who are concerned in retaining intact the present economic system. We find the same procedure going on the world over. No doubt this so-called economy has emanated from those who are the real rulers of this country. We sometimes think that this parliament is the institution which in the final analysis controls the destiny of Canada, but with all respect to our parliamentary institutions, with all respect to the views held by the people with regard to those institutions, in my judgment the real controllers of this country are the banking and financial institutions. Inasmuch as they will desire to retain the control which they have held in the past and which they hope to hold in the future, it is only to be expected that governments will follow their advice. Their advice always has been and no doubt always will be that during a period of distress such as we are now passing through we must practise economy or, in other words, reduce the purchasing power of the people to the minimum. I have no more to say at the present time regarding this question, other than to repeat what I said before that, personally, I am making no objection to the reduction proposed by the Prime Minister.

I shall now take up a little time in dealing with the speech from the throne. This afternoon we witnessed a rather important departure from the procedure followed by former governments. I do not say that this government is not justified in following the procedure adopted this afternoon, but since I have been a member of this house it has been usual for the Prime Minister to make a motion that the speech from the throne shall be the first item to be considered and that all other business shall be set aside until that is disposed of. We have this afternoon followed the practice set out in the rules of the house but why are we departing from the usual procedure? Is it because the government feels that the speech from the throne is so unimportant that it is not worth while for this house to set aside time in which to discuss it? I hope that is not the attitude being adopted by the government.

In so far as the first paragraph of the speech is concerned I have nothing to say except that we welcome our new Governor General. We were glad to have him read the speech in the chamber of the Senate and we hope that his stay in Canada will be a pleasant one, that when he leaves these shores at the end of his term of office he will take back many happy remembrances of his association with the Canadian people.

The next paragraph is important but I will pick out only those parts which I believe should receive discussion. The first statement to which I desire to call attention is this:

> World conditions are beyond the control of the Canadian people.

I admit that world conditions are beyond the control of the Canadian people; as far as the Canadian people are concerned they cannot control world conditions and the same might be said of all other countries. But Canada surely has an opportunity to make a contribution to world conditions and in that contribution I believe the government and parliament can do something that is really worth while. While I admit world conditions are beyond the control of the Canadian people, may I ask the Prime Minister and his government: What are you doing to improve the situation under conditions that are within the control of the Canadian people? That is the point I consider important. Are we doing everything in our power, in so far as it is possible within Canada to do so, to see to it that the condition of our people is improved? A little later on I shall return to that subject if time permits and give some further viewpoints in regard to it.

The next sentence to which I desire to call the attention of the house, reads as follows:

> This period of trial has shown the Canadian situation to be fundamentally sound.

That is quite an assertion. I do not know whether whoever was responsible for writing this speech from the throne gave full consideration to the exact meaning of that sentence. I ask hon. members to consider that question and to ask themselves: Is the situation in Canada fundamentally sound? If it is, why have we to provide for unemployment relief? Why have we to provide for many of our agriculturists who are facing starvation? How is it that we have in this country starvation in the midst of plenty? If the situation is fundamentally sound, then these conditions should not apply, and therefore whoever was responsible for including that sentence in the speech from the throne, did not give full consideration to the subject matter and its importance. If our situation is fundamentally sound, we should have no hardship in Canada because we have natural resources and the machinery of production in great abundance, all the things that are necessary to provide our people with all the comforts they might expect. Yet at the same time, as I have already stated, we have only to look at the records to find a very substantial portion of our people on the verge of want.

The next sentence about which I wish to say a few words, reads as follows:

> The over-subscription of the national service loan manifests both the unity and patriotism of the people, and their supreme confidence in the financial strength of the dominion.

[Mr. Gardiner.]

To understand the situation thoroughly, we must give some study to the financial situation as we find it in this country to-day. If you look at the bank returns which are available and printed in the Canada Gazette, you will find there has never before in our history been more money on savings deposit; you will find also that current accounts are extremely high, showing very conclusively that there are people who, out of their salaries or wages or whatever profits they are making, are saving very large sums of money and are putting it into the banks for safekeeping. I have been unable to find at present any great field of investment where the investor can put his money so that it will be safe and profitable. We have therefore only to recognize that fact and we shall see immediately why the Canadian people have responded so generously to the various loan flotations that have taken place recently. This is simply because there is no other avenue of investment that is safe and will bring them a return. Consequently, when governments float these different loans, those people are in a position to use their savings, if I may be permitted to describe them as such, to invest in the various bond issues. But I wish to emphasize very strongly the extremely high rates of interest which governments are paying for money under present conditions. I submit under such circumstances the price of money should be about as low as we have any record of in Canada in the past twenty years. Here we have the Dominion government floating a loan ostensibly for $150,000,000, but turning out to be for over $223,000,000, if I remember the Prime Minister's statement correctly, showing conclusively there are ample savings to take care of all these loans. If that be so, why are we paying 5 per cent for money at the present time? All other commodity prices are down, but because the government commenced to float and did float a loan at the high rate of interest of 5 per cent, it simply means it has put on money a price that is out of all proportion to its actual value.

I have another illustration which forcibly reveals how these financial interests are controlling the country. Some few weeks ago Ontario floated a loan at 6 per cent. This loan was over-subscribed, also for the same reason that I have explained, namely, because of the tremendous volume of savings available. What has happened? I have it on the authority of a man connected with municipal affairs in close proximity to Ottawa, that they had made arrangements to borrow, at 5½ per cent, money from the banks for use

during the coming season. But the moment Ontario floated the 6 per cent loan, the banks recalled all those loans, called those officials into the banks and told them they would have to pay a higher rate of interest for the money they desired to use, the reason being that other loans had been floated at those high rates of interest. In other words, our governments have been responsible for raising the price of money to such an extent that municipalities are going to be mulcted in the future for every dollar they may use. What applies to a municipality will apply also to industry. During the coming summer we may expect industry to have to pay a high rate for the funds it requires in order to carry on its operations. Under such circumstances, while we all appreciate the fact that the government was able to float this loan and secure ample funds, it is very much to be regretted the government did not see fit to offer those loans at a much lower rate than that quoted at the time of issue.

The next sentence in the paragraph with which I wish to deal for a moment, reads as follows:

> The provisions made at the last session of parliament for unemployment and farm relief are proving effective.

One hardly knows how to approach that subject. I am not very familiar with conditions in the cities where unemployment relief is being given out, but as regards farm relief—and I am speaking only for my district—I must confess that any farm relief which has been given out in the dried-out areas in Alberta, has been totally inadequate to meet the situation. Of that there is no question. Whether it is the intention of the government to follow up this farm relief to a greater extent in the future than they have done in the past, I do not know, but I can say with confidence that in the dried-out areas at least the farm relief has been quite inadequate to meet the situation.

Mr. ARTHURS: Who is responsible for the administration?

Mr. GARDINER: I am not particularly questioning the administration of this act; I am merely pointing out the result.

Mr. BENNETT: Is the hon. member aware that the amount was fixed by the provincial authorities?

Mr. GARDINER: I quite understand that, but inasmuch as the statement is made in the speech from the throne, I am merely pointing out that in my judgment the farm relief is inadequate and whoever is responsible, whether the provincial or the federal government or a combination of them, I simply wish to submit that view to them.

The next paragraph I am going to read in full, because it is very important:

> You are successfully meeting difficult domestic problems. Conditions are gradually improving. But prosperity in full measure must await the satisfactory adjustment of accounts between debtor and creditor nations of the world and the restoration of international monetary standards, from which the acute financial difficulties have compelled a temporary departure.

It would seem from the speech from the throne we are successfully meeting the conditions that we have in Canada. I am very doubtful about that statement; I doubt whether we are meeting our domestic problems with the best ability that lies within us; my judgment is that we are not. I believe we are at present drifting and drifting very badly, and that a time will come very soon when, unless we get away from this manner of drifting, conditions will be more serious than they are now.

The next paragraph states that conditions are gradually improving. I would like to know, Mr. Speaker, where they are improving. If they are improving I am very glad to hear it, but I would like to have first-hand information so that I can satisfy myself that there is really improvement. So far as I am concerned I have not been able to find any improvement in conditions in western Canada at least, and I refer not only to agricultural conditions but to business conditions generally in the west. My hon. friend from Bow River (Mr. Garland) asks, why salary reductions if conditions are improving. I will let my hon. friend from Bow River answer his own question.

The paragraph goes on to state that a full measure of prosperity will not return until such time as the nations of the world adjust their accounts between themselves satisfactorily. To some extent I believe that that is true. It is certainly true that the debtor and creditor nations will have to adjust their accounts between themselves satisfactorily before we can expect any great improvement. But why confine it to other nations? Why not deal with the situation that we have here in Canada? Have we no debts in Canada, have we no creditors in Canada? I submit, Mr. Speaker, that to-day we have a greater volume of debt in Canada than we have ever had before, and that applies not only to governments, federal, provincial and municipal, but to individuals as well, and my judgment is that until such time as there is some adjustment of debts both international and more

particularly debts within our own country, we are not going to have any very great improvement in conditions. It is indeed impossible to have that improvement until something is done with regard to this debt situation.

The next paragraph in the speech is a very important one so far as agriculture is concerned. It says:

> My ministers have under consideration a commercial treaty with the Dominion of New Zealand.

I am sure that hon. members on both sides of the house who represent agricultural constituencies will anxiously await the production of this treaty to see what its terms may be. I do not envy the Minister of Trade and Commerce (Mr. Stevens) the position he occupied in trying to negotiate this treaty, bearing in mind particularly the debates that took place in this house on former occasions with regard to the Australian treaty as applied to New Zealand. It is quite true that treaties between nations cannot be made unless there is give and take, and we are wondering just how much Canada has had to give in order to secure this treaty arrangement. We are wondering what class of producers in this country are going to be called upon to give the most. As I said before, the Minister of Trade and Commerce had a very ticklish job on his hands in negotiating this treaty, remembering past debates in this house with regard to the importation of agricultural products from New Zealand, and I am sure that the house will anxiously await the production of the treaty to see just how far the minister went, remembering those debates to which I have referred and the statements made by his colleagues on his own side of the house. It would appear to me that the minister is rather more fortunate in negotiating this treaty to-day than he would have been had he arranged it some years ago. The great question under the Australian treaty as applied to New Zealand was butter, and incidentally I believe that question was quite an influence in the last general election. The minister of Trade and Commerce is in a much better position to-day than the minister would have been in negotiating a treaty with New Zealand at that particular time because Canada is now on an export basis so far as butter is concerned. That would give the minister more leeway in dealing with that commodity and in negotiating the treaty.

Next I wish to make reference to that paragraph in the speech from the throne which says:

> A Canadian delegation is participating in the disarmament conference, which was opened at Geneva on the 2nd of February. I join with you in the prayer that the representatives of the nations there assembled may reach an understanding which will put beyond peril the cause of enduring world peace.

I believe that every member of this house will heartily endorse that sentiment. Personally I am not very sanguine of the outcome of the conference, but I am hoping against hope. My judgment is that the peace of the world in the final analysis is inherent in and a part of our economic system, and until such time as we are in a position to eliminate the terrific competition between nations for world markets and other factors that arise out of our present economic conditions, I am afraid that there is little hope for permanent world peace. However, we will hope for the best and our hope in this corner of the house is that this disarmament conference will achieve at least some measure of success and mark some progress.

The balance of the speech from the throne is made up of the program of legislation which the government will bring before the house. As I said before, it is meagre and not very important, and it is hardly worth my while dealing with it, particularly as my time is limited.

The speech from the throne in the final analysis is remarkable for what it leaves out rather than for what it contains. There is not one word in it with regard to unemployment, not one word with regard to the primary producers of this country and the conditions under which they are working, including agriculture. There is not a word with regard to these two very important questions. It may be that the government have plans which they will submit to this house later, but, sir, in view of the tremendous depression that we are passing through and the tremendous hardships that many of our people are suffering we expected that the government would give at least a passing notice to these great and important problems, and therefore I believe that the people of Canada will be tremendously disappointed in this speech from the throne. We do not blame His Excellency for this situation; he merely reads to parliament what his ministers advise him to read. Therefore we must put the responsibility where it belongs, and that is upon the government.

I should like briefly to deal with the condition of agriculture, because in the final analysis I represent a purely agricultural constituency. May I say, Mr. Speaker, that in my judgment agriculture to-day in western

Canada is in a far worse condition than it was twelve months ago, that there are far more farmers insolvent and on the brink of bankruptcy than there ever have been in the history of the west. I am speaking of western Canada.

An hon. MEMBER: And eastern Canada too.

Mr. GARDINER: I am only speaking of western Canada, because, as I have already said, I do not wish to speak for a part of the country that I do not understand and do not know very much about. But it is my firm conviction that so far as western agriculture is concerned, unless some very drastic measures are taken very soon, we shall have the bulk of our farmers in such an insolvent state that even under better conditions they can never hope to recover their title of ownership in their farms. To-day the equity of the farmer in western Canada in his holdings is slipping from him gradually.

An hon. MEMBER: Gradually?

An hon. MEMBER: It has gone!

Mr. GARDINER: I am trying to put the best light on the situation. I do not want to paint the picture too black, yet I wish to tell the situation as I see it. The equity of the western farmer to-day, I say, is slipping from him gradually—probably more rapidly than gradually. As far as I can see there is no hope for the western farmer except on two conditions: first of all, he must be relieved of some of the responsibilities and debts which he has incurred and is carrying; secondly, he must be relieved of some of the high interest rates which he is paying to-day. Unless either or both of those conditions are met I am afraid that we are going to find our greatest basic industry beyond hope of recovery even if better times do come.

It has been stated that the condition of agriculture is a national problem. Indeed the Prime Minister last session, referring to a certain section of Canada, said that in that part of the country a national calamity had occurred. So far as I see we cannot confine this calamity with respect to agriculture to any section of Canada; it applies throughout the length and breadth of the country. Consequently, if this is a national calamity national means should be taken to see that the industry is not submerged. That being the case, I can assure the Prime Minister that with regard to unemployment and farm relief we shall be very happy indeed to give him the fullest cooperation and offer him any suggestions that we think will assist the people over the difficult path they are now treading.

Time will not permit me to go into some matters which I should like to have dealt with. The world has a problem on its hands, and while we can do something to help the international situation, my judgment is that we can do a great deal within Canada to make conditions much better. The problems which we have before us to-day arise out of our economic or social system; they are inherent in the system itself, they grow out of the system. Therefore we must first understand the system before we can successfully deal with the problems arising out of it. Under present conditions we have some striking contrasts. For instance, we have luxury—starvation; we have ease—overwork; we have wealth—poverty; we have abundance —scarcity: all existing under and part of the same system and indeed growing out of it. To explain that system would take more time than I have at my disposal; therefore it would be useless for me to make the attempt. But may I say, Mr. Speaker, before I take my seat, that I am disappointed with the proposals which the government have made before the house. We can only hope that before the session ends the government will bring such proposals before parliament as will at least be effective in controlling some of the problems with which we are now confronted. If this course is contemplated by the government, I hope they will acquaint the house with their proposals as soon as possible, and so give us an opportunity of dealing with them at an early date.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): It is not my purpose, Mr. Speaker, to speak at any great length in this debate. I share the views expressed by the hon. member who has just taken his seat (Mr. Gardiner) on unemployment of labour and agricultural distress, and I will have the opportunity to discuss those problems later during the session.

The first question I heard from members of both sides of the house when I arrived in Ottawa for the session was: What about that famous station? It is my present duty to make a very short and nonpartisan speech, and in connection with that "famous station" I desire in chronological order to thank the whole press gallery and the daily papers of Ottawa, Quebec, Montreal and Toronto, especially Le Soleil, the Globe, the London Advertiser, the Montreal Standard and even the Mail and Empire, for the support they

gave me in their editorial pages. Is not the press often called the fourth estate, the lever that uplifts the world?

I asked for no favours, but last session on behalf of my electors I fought for the redress of an injustice and a wrong. On July 21 last year, the case was discussed fully, and to save repetition I would refer hon. members to Hansard of that date. I have no thanks to offer to the government, because no one should be thanked for doing his duty, but I offer my congratulations to the Prime Minister (Mr. Bennett) and to the Minister of Railways (Mr. Manion); who understood at last the justice of my claim. In fact an official of the health department saw to it that twenty-four gallons of muriatic acid were used to fumigate the bugs in the old station building. The sanitary system has been renewed, the floor and walls have been tiled and the roof has been re-covered. The exterior repairs are not yet completed. The platform should be renewed and the adjacent buildings be put in order so that the station may be worthy of welcoming you, Mr. Speaker, and all members of the house and the members of the press gallery, when they come to that garden of the lower St. Lawrence—Riviere du Loup. As there is already a Perley Bridge and as the member for Argenteuil (Sir George Perley) has been instrumental in that matter, and on account of the numerous speeches delivered last session on the subject, would it not be only fitting to give the station the name of Parley station? It is to be regretted that a new station has not been built in accordance with Canadian National plans, because this would have relieved unemployment in my home town.

The discussion about the matter last year did not cost the country so very much, thanks to the Minister of Public Works (Mr. Stewart), since several refunds were made. For instance, there was the question of cement. Repairs were to be made to the wharf at Trois-Pistoles, and the cement was supplied by an agent of the Canada Cement Company and another agent of the National Cement Company. When the government changed, the cement was supplied by a prominent Conservative, who sold it to the government at $1.40 a bag, plus transportation. The Minister of Public Works, being notified about the matter, made this man refund the difference between $1.40 and 65 cents a bag as well as the cost of transportation. I also brought charges in this house against a wharf foreman, who took joy rides at the expense of the government and also padded the pay lists. I congratulate the minister on having succeeded in getting that money refunded as well. So my speeches in that connection did not cost the country very much, because I had the cost paid by the Tories of my home town.

Other speeches were made about the Riviere du Loup station by the Prime Minister, the Minister of Railways, the hon. member for Argenteuil and others. These did cost the country something; I thought that should be made up in some way, so the Minister of Public Works was told about some dirty work being done by a contractor in another constituency, who was using timber which was not in accordance with the contract. The minister had the wharf emptied; the stones were taken out and therefore some economy was made, which partly compensated for the speeches made by hon. gentlemen opposite in connection with the Riviere du Loup station.

This shows one thing, Mr. Speaker; one should never say die. If hon. members opposite sometimes are not satisfied with the answers they get from their ministers they have only to follow my example. It may take some little time, but eventually they will receive their reward if their cause is just. The motto I give them is "Never say die."

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, as I see the situation the speech from the throne reveals on the part of the government an absolute bankruptcy of ideas. In the face of a world crisis absolutely no lead is given by the government. The speech states that world conditions are beyond the control of the Canadian people. That may be so, but the question is what we are to do in the face of such a situation, and to that question no answer whatever is given.

The speech states that within the last few months a favourable balance of trade has been established. I think it was only last year that I had the pleasure of complimenting the government on getting away from that old mercantilist fallacy, but they are back again with the old fetish. I would say that the actual situation facing Canada is rightly interpreted by the president of the Royal bank, who says:

> While the severe dislocation of international trade has naturally resulted in a substantial decrease in our exports—

He goes on:

> —these figures reflect the transition from the period of expansion and development coupled with the investment of foreign capital in Canada to a period of retrenchment and reliance on our own resources.

That simply means that we have a so called favourable balance of trade because we are no longer able to borrow in New York and we are having to pay our debts. That is really the situation, so it is not anything of which we should be very proud.

It is quite true that we have had a very great decrease in imports; I believe that in the last two years they have fallen from some $1,250,000,000 to about $600,000,000 for the calendar year 1931. That is a big decrease, but the Prime Minister has said nothing to us about the corresponding decrease in exports. For the fiscal year 1930 our exports amounted to $1,144,932,070; for the fiscal year 1931 they amounted to $816,938,048, while for the past calendar year they were in the neighbourhood of $600,000,000. That is an enormous decrease in our exports, and I would like this house to consider what that means in the employment of Canadians in this country, because if we are not exporting and the home market is not able to take our goods it simply means that large numbers of our people are left unemployed.

The address goes on to say:

> You are successfully meeting difficult domestic problems; conditions are gradually improving.

And the Prime Minister supplemented these words last night by saying:

> This government has done much to quicken and improve employment.

Well, Mr. Speaker, in this regard all I can say is that these statements are not so; they are not in accordance with the facts. A number of our provinces are on the verge of bankruptcy; many municipalities are at the limit of their resources, and many of our smaller firms are closing. The Prime Minister sought to bolster up his statement by giving three illustrations. The first was that of a silk firm which employs some 585 more people than it did two years ago; the next was that of a small button industry in Montreal which employs some 30 more people now than it did two years ago, while the third was that of an article the name of which he could not give for certain reasons of state and because there might be international complications.

Those were all the instances he brought forward to show that conditions really were improving. On the other hand I should like to quote the words of the president of the Bank of Montreal as contained in his last annual statement. Sir Charles Gordon said:

> Business throughout the Dominion has experienced a general recession more severe than recorded in our last report, and the basic industries of the country have suffered correspondingly.

The basic industries are down even though there may be thirty more people employed in some Montreal button factory. The president of the Royal bank confirms the opinion of the president of the Bank of Montreal; in his annual statement Sir Herbert Holt says:

> Manufacturing has been comparatively quiet during the year and most industries have been working on reduced schedules. Activity in the flour milling industry, steel, automobile and agricultural implement trades has been materially curtailed—in both the maritime provinces and British Columbia the fisheries have had a poor year.

And again:

> The pulp and paper industry has operated at a lower percentage in relation to capacity than at any time in the past.
>
> The debts of the provinces and municipalities of Canada are in excess of two billions, bringing the total public indebtedness of the country to almost five billions.

Notwithstanding such a situation as is revealed in these statements, Mr. Bennett will claim that there is some button factory in Montreal which is employing thirty more men. Mr. Bennett says that we have improved unemployment in Canada. Again I must say that that statement is absolutely contrary to the facts. I turn to the Labour Gazette of January, 1932, and I read, from the annual review of employment in Canada in 1931:

> The curtailment in industrial activity, which first appeared towards the latter part of 1929 and continued through 1930, became more pronounced during the year just past, with the result that employment in Canada was generally at a lower level during 1931 than in any other year since 1926.

That is absolutely contrary to the statements made by Mr. Bennett on the floor of this house.

Mr. SPEAKER: I must remind the hon. member that it is not in order to refer to hon. members by their names. They must be designated by their official positions or the names of their constituencies.

Mr. WOODSWORTH: I accept your correction, Mr. Speaker.

> From October 1 the general movement was uninterruptedly downward. . . . Firms in all provinces reported considerably less activity in 1931 than in 1930.

In view of such statements how can the Prime Minister possibly assert that this government has distinctly improved conditions? Let me cite the particular case of my own city. Let us take direct unemployment relief in Winnipeg—and this is entirely outside of the private relief agencies and apart from the amounts that have been spent for public im-

provements of various kinds for so-called relief purposes. The direct unemployment relief in Winnipeg for the year ending January 2 has cost the city and the two governments the sum of $2,408,474. The number of persons on relief at January 2 totalled 11,177, including 5,274 married men, 5,396 single men and 447 women. Yet in spite of the situation revealed in these figures, the Prime Minister tells us that conditions are improving. It is most astonishing that we should be told, in face of such circumstances, of some particular concern—I do not know whether there are more than this one—which has employed thirty more men. There are in my own city 5,200 families that are kept by the city and nearly 6,000 single men who are fed daily.

The only practical suggestion offered in the speech is a policy of rigid economy, which appears to mean in reality an all round reduction of 10 per cent. Let me mention two or three points in this connection. In the first place, this is very hard on the lower paid employees, many of whom to-day are living below what ought to be regarded as a decent standard. I have pointed out before in this house that there are in my own city, government employees who have been receiving less than is being paid in the form of relief to those who are destitute. A reduction of ten per cent so far as people of this class are concerned amounts to forcing them to live in a degraded condition. Ten per cent is comparatively light for ministers and others who are receiving high salaries. Last year ministers received $2,000 in addition to their salaries in the form of an allowance for motor cars. A ten per cent cut would not amount to a great deal to them; it would not even mean that they would have to go on foot because they could hire taxis at all times when they needed them. It would mean at the most that they would forfeit a few luxuries, whereas a 10 per cent reduction for lower paid employees in the civil service means almost disaster. I have no particular objection to members and senators being reduced if everyone else is reduced, but I would point out that other heavy expenditures go unchallenged. For example, the royal commission on transportation went travelling across the country in a special train and they stayed in the very best suites in the hotels. I cannot see why expenses of that kind cannot be reduced before the indemnities of those who are here representing the people of Canada. Further, I should like to ask this question: If we are reducing all round why should there be an exception of the judges? I cannot see why the judges should go scotfree if everyone else is reduced 10 per cent. Oh, the Prime Minister says, they are in rather a different category. They belong to the higher grades of the Prime Minister's own trade union, I suppose; that is the reason. I know of no other. But there is a more important consideration to which I would call attention. If the salaried employees in the government and the members of parliament are to be reduced 10 per cent why should there not be a 10 per cent decrease on the bonded indebtedness, the interest on which the Prime Minister says amounts to something like $1,000,000 a day? I cannot see why our interest charges cannot be cut down. I do not see why bondholders and mortgageholders should be protected any more than the ordinary people of the country. It would seem to me that the best thing to do, the most sensible thing, the thing most in harmony with all the teachings of economics would be to begin by scaling down the bonded indebtedness of the country and the mortgages held throughout the country. That is the place to begin reductions. As a matter of fact, this program of "rigid economy" is simply an aggravation of the trouble rather than a help. It means that the purchasing power of the people is being reduced, and if their purchasing power is reduced then production will feel the results.

[Mr. Woodsworth.]

I am not going into the curious interpretation which the Prime Minister gave us of the situation in Great Britain; it is almost grotesque. The only possible excuse I can make for the Prime Minister is that he has followed the lead of the Duchess of Atholl. It will be very interesting for the people in the old country to find that in Canada the Duchess of Atholl is regarded as an authority on questions of trade and commerce and on economics.

In face of the situation with which the country is confronted the address goes on to say—I had almost suggested, has the audacity to say:

> I sincerely congratulate you on the fortitude and patience with which the people of Canada have borne the hardships of this period of depression.

I suggest that this might be characterized as an address to the toad under the harrow, the toad sorely knocked about and blinded by dust; the toad, not knowing which way to turn, hears this: "I sincerely congratulate you on the fortitude and patience with which you have suffered such adversity." But even the toad, I presume, is still capable of some resentment, and I can fancy a speech of this kind will not go unchallenged. In any case,

it could be made only by someone in a position of power who feels but lightly the troubles faced by the ordinary people of Canada.

I agree with the hon. member for Acadia (Mr. Gardiner), who spoke before me, that after all we have to face the fact that although the nominal representatives of the people are supposed to form the government of this country, in practice the real government is a financial oligarchy functioning through the forms of democracy. In this connection I recall a statement made in 1923 by Mr. Harold J. Laski which was published in the reconstruction number of the Manchester Guardian. He said:

> The modern state is the protective armament of a property system which emphasizes inequality throughout society. Its claim to sovereignty is—once it is realized that political power is the handmaid of economic power—in effect, a claim to maintain these inequalities.

We find our government of to-day functioning not in the interests of the masses of the people but in the interests of no more than, I should say, five per cent of the people.

There is another matter to which I would like to devote some of the little time at my disposal, and that is the obsession which seems to obtain in this country that one of these days we are going to return to "normalcy," to use the phrase of a former President of the United States. I am firmly convinced that there is going to be no return to normalcy. Only the other day the Winnipeg Free Press made this statement:

> It is beginning to be understood that this is not just a dip in the road of prosperity which will pass in a year or so. The world, indeed, is actually off the road: it is in a strange country, threshing about in the darkness.

Some of us were startled a couple of months ago to read the words of warning by Sir George Paish, and at that warning some have been inclined to scoff. It is possible that Sir George Paish saw in clear outlines the troubles which were confronting us but that he failed to understand that they might not be quite so close as he imagined. Someone has said that reformers are sometimes lacking in perspective. That may be true, but this time the voice of Sir George Paish is not a lone voice. Montagu Norman, the governor of the Bank of England, in a recent letter to Governor Moret of the Bank of France, said:

> Unless drastic measures are taken to save it, the capitalist system throughout the civilized world will be wrecked within a year. I should like this prediction to be filed for future reference.

As I said at the beginning of my speech, in spite of a crisis of this character we continue to play the old game. Let me direct attention to what some of our leading economists and bankers have said during the last few years with regard to the economic situation. In a pamphlet issued by the League of Nations—The report of the World economic conference, published in 1927, I read this:

> The eight years of post-war experience have demonstrated the outstanding fact that, except in the actual fields of conflict, the dislocation caused by the war was immensely more serious than the actual destruction. The main trouble now is neither any material shortage in the resources of nature nor any inadequacy in man's power to exploit them. It is all in one form or another a maladjustment—not an insufficient productive capacity but a series of impediments to the full utilization of that capacity. The main obstacles to economic revival have been the hindrances opposed to the free flow of labour, capital and goods.

And later:

> It is essential, as the resolution states, "that nations should take steps forthwith to reverse or diminish those tariff barriers that gravely hamper trade, starting with those which have been imposed to counteract the disturbances arising out of the war." It is essential that a renewed sense of security should mitigate a burden of armaments which is profoundly uneconomic. We have here, and in the erection of tariff walls in order to obtain "self-sufficiency," two of many illustrations of the relation between the problem of economic recovery and of security.

In spite of that we have gone steadily ahead increasing our tariff walls and trying to justify the increase. Let me read a more recent document, also published by the League of Nations, entitled The Course and Phases of the World Economic Depression. This was published in 1931, and reads as follows:

> It is a part—

Referring to the belief in the continued decline of prices.

> —of the larger and indeed the dominating problem how the decline in wholesale prices can be arrested a rapid solution of which is necessary if an intensification of the depression —perhaps a general financial breakdown—is to be avoided.

And again:

> The disastrous consequences of the general lack of confidence in the world to-day are becoming more and more evident, and no considerable revival in economic life can be expected until confidence has been strengthened.

Instead of strengthening confidence, we, like other nations are provoking acts of retaliation on the part of other nations. I will quote from a British document—the report of the Committee on Finance and Industry. This

was published in 1931, and is known as the Macmillan report. In part the conclusion reads as follows:

> The lesson of all this for our present purpose is that in the case of our financial, as in the case of our political and social, institutions we may well have reached the stage when an era of conscious and deliberate management must succeed the era of undirected natural evolution.

When we introduced a motion along these lines last year the best that the representative of the government could do was to sneer at those in this corner as being near bolshevists trying to disrupt society. I read further, as follows:

> There are, as we shall see, already signs that the necessity for such a change of outlook is coming to be realized.

I ask the house to listen to this. This is not the utterance of some rabid socialist, it does not come from some street corner orator although it is much in line with what the socialist or the street corner orator has been saying for many years. I read:

> The foundations of our financial system are being reexamined. Dogmas hitherto regarded as canonical are being questioned. The feeling is growing that our former easy-going ways will no longer ensure our prosperity in a crowded and increasingly competitive world. We are, indeed, at the parting of the ways and our future depends on whether we choose the right way. Hence the need for a careful study of the economic map. We must now choose our path deliberately and consciously. In other words we stand in need as never before of a definite national policy in our financial dispositions.

Another even more important document to which I would direct attention is one issued by the banker's committee on the credit situation of Germany. This committee was appointed upon the recommendation of the London Conference with Mr. Wiggin, chairman of the board of the Chase National bank, as chairman of the committee. The report reads:

> But time is short. The body of the world's commerce—whose vitality is already low—has suffered a severe shock in one of its chief members. This has resulted in a partial paralysis which can only be cured by restoring the free circulation of money and of goods.

And later:

> The German problem is part of a larger issue. . . . In order to revive demand and thus to put an end to the continued downward movement of prices—which is enclosing both debtor and creditor countries in a vicious circle of depression—it is essential that the normal process of investment of fresh capital should be resumed, with a well defined economic purpose in view—namely, an increase in the purchasing power of the world.

Just at present the government is doing all possible to curtail the purchasing power, both by its so-called policy of economy and by the effect that this policy will have on the outside public. I continue:

> Secondly, we would point out that the case of Germany provides the most forcible illustration of the fact that in recent years the world has been endeavouring to pursue two contradictory policies in permitting the development of an international financial system which involves the annual payment of large sums by debtor to creditor countries, while at the same time putting obstacles in the way of the free movement of goods. So long as these obstacles remain, such movements of capital must necessarily throw the world's financial balance out of equilibrium. Financial remedies alone will be powerless to restore the world's economic prosperity until there is a radical change in this policy of obstruction, and international commerce—on which depends the progress of civilization—is allowed to resume its natural development.

Had I time I should like to have read too from the Young Plan Advisory Committee, which based its conclusions to a very large extent on those of the committee to which I have just referred. I read only one paragraph from the Young report:

> The economic interdependence of the various countries of the world to-day needs no further proof; recent years have most strikingly illustrated it. Since July last, for example, it has been evident that if the crisis by which Germany has been overwhelmed were not remedied, it would spread to the rest of Europe, destroy the credit system so painstakingly built up, and cause profound repercussions in other parts of the world.

We seem to be travelling along in entire oblivion of those warnings which have been given us by the economists and bankers of Europe and we are pursuing the very policies which they have condemned.

May I refer to another article, and I put this on the record because I believe that the passages which I am reading are worthy of study by the house. At a later date we shall have an opportunity of basing some arguments upon these passages. I read from an article from which I quoted before the house broke up last year, an article which appeared in the Journal de Geneve, by William Martin, entitled "Europe as I see it To-day." Mr. Martin says:

> Protection has increased the cost of living and diminished ordinary consumption at the very moment when it was provoking in foreign countries reactions and reprisals and was compromising foreign markets. So that after a brief period of apparent improvement the statesmen in many countries have realized that they were following the wrong path.

Not our statesmen in Canada, I may interject. I continue reading:

> Unfortunately they are prisoners of the machine which they have set in motion and which is destroying them. . . .

All the statesmen worthy of that name understand perfectly the remedies which might bring back prosperity to Europe; the unification of the world market or at least a much freer circulation of merchandise. But they feel themselves powerless to apply this remedy; individually, because the resistance of private interests is insurmountable in each country; collectively because the League of Nations cannot have a determination different from that of its members. . . .

And, moreover, the improvement of the economic situation is the great business of Europe; if improvement is not brought about revolution is to be faced; for the social situation depends on economic prosperity and in the face of a concurrent mysticism like bolshevism one cannot hope for an eternal continuance of a form of society incapable of assuring nourishment to millions of men who only ask opportunity to work.

One concluding paragraph:

Europe can solve its problems however difficult they may be; but to do this twenty years of peace are necessary. Without these twenty years of peace war will lead Europe to revolution or revolution will lead Europe to war. In the last analysis, then, internal political problems like economic and social problems are international problems. Is a capitalist regime still capable of organizing peace on solid foundations? If the answer is "yes" it will have time to reform its institutions and to assure its future; if the answer is "no" it is condemned to speedy overthrow.

It is because of that conviction which I had forced upon me that I have had placed on the order paper a notice of motion calling upon the house to endorse the principle of a new economic order based not on the present competitive system, which is proving ruinous in our own home land, which led us to a war that rocked the world, and which apparently is leading us into still further international difficulties, a system that is preventing us to-day from having any hope whatever of the real success of the forthcoming disarmament conference. I should have liked to be able to say a word with regard to that. If we regarded this international situation seriously, we would not send to that conference exactly the delegation that we have sent, and I am quite sure they would go with other instructions than those which the Prime Minister (Mr. Bennett) indicated he had given them. If we are simply to centre our attention on one phase of the problem; if we are simply to insist that the trouble is largely that a few nations in Europe believe in conscription while we believe in other means of defending ourselves, the failure of the conference is assured.

It seems to me in view of these quotations which I have read to the house from some of the most eminent bankers and economists of Great Britain and Europe, that it is high time that we in this house should no longer rest content with spending our time in wretched party bickerings, in going over the record of the speeches that have been made in the past or seeking some little advantage in the way in which we introduce business in this house. Rather we should be seized of the imminent danger that we are in to-day of a collapse of our present system. Perhaps someone will say, why not let it collapse? Well, I am willing to have a change of system, but if the system collapses as it has already partly collapsed in some countries of Europe, it will mean hardships that very few of us would like to contemplate. It would seem to me that it is possible for us to use our brains to bring about a change of conditions instead of deliberately following out the old policies until the inevitable disaster comes upon us.

I have often thought of society—and this thought occurred to me especially when I was coming home from Europe this year—as a raft buoyed up by a number of tanks—gasoline drums if you will—filled with air. Puncture one of these tanks, and from a float the tank is transformed into a sinker and the corner of the raft which it supports sags a little. Puncture another tank and it too is transformed into a sinker. Puncture another and another, and soon the raft begins to list, and when one or two more of the tanks have been punctured down goes the raft to the bottom. We face within a week or two the repudiation by Germany of her reparation payments. It has been freely stated in some of the financial papers in England that if Germany repudiates, sooner or later England will have to repudiate. And if England repudiates, what will be the effect on America, and what will be the effect upon us here in this country? Let me ask also, what will be the political consequences if Germany repudiates? What will be the political consequences within Germany herself, and what will be the political consequences so far as France is concerned?—for we can hardly conceive of France in the temper in which she now is taking this repudiation lying down. What will be the political effect—in the United States, which is soon facing an election? I do not think any of us dare speculate very far upon the effects there would be the world over. Then to complicate the matter we have the trouble in India, and more recently the trouble in China. Never before in the history of the world was there such a serious condition as exists to-day. The situation in 1914 was nothing like so critical as the situation to-day. We have no guarantee whatever of continued peace, and we have much smaller guarantee that the present

financial and economic system will last us for very many months longer. I urge, Mr. Speaker, that this house should take seriously the warnings that have been given and from this time on and for the rest of this session should get down to business. The country is awaiting a lead. It is sick and tired of the old political fight that has been going on here. It does not want to hear a rehash of those old speeches any more. It is tired of both the old free trade and protectionist policies along the old lines. If we are to have free trade it will have to be based on other arguments than have been advanced here for the past sixty years. I would say also to my friends on the other side of this house that this country expects a lead from the present government. The government has been placed in a position of responsibility in order to give that lead.

In the speech from the throne there is nothing whatever to suggest any new lines of action or any line of action upon the part of the government that is at all adequate to meet the situation which I have just outlined.

Mr. JOHN T. HACKETT (Stanstead): With due apology to the hon. gentleman who has just taken his seat (Mr. Woodsworth), I wish to make a brief reference to the speech from the throne, particularly to that portion which refers to the commission that has been appointed to inquire into transportation in Canada. We have been told that a report will be made by this commission and that it will be submitted to parliament. It is not my wish to prescribe a course of conduct for other hon. members, but so far as I am concerned, I am willing to postpone further discussion of this problem until that report is before the house. However, I did a few days ago, before the Canadian Club of Toronto deliver what some have called an address, and to which others have referred in terms less complimentary, in which I gave utterance to views which I entertain concerning the railways. In the course of my remarks I gave some figures. One week later Sir Henry Thornton issued a written statement to the press, and with those unrivalled facilities for publicity which are his, it went the round of all the principal dailies in our country and beyond. Sir Henry Thornton stated that he did not agree with me. That is very natural. I did not expect that he would. With your permission, Mr. Speaker, I will read a few lines from his statement, which was published in the Montreal Star on the first of February:

I am afraid—

[Mr. Woodsworth.]

Says Sir Henry Thornton.

—that I cannot endorse either the figures presented or the conclusions arrived at by Mr. Hackett. . . . Mr. Hackett leaves the impression of a vastly greater supply of new capital reaching the railway than was actually the case. He overstates the new capital and credit issues by some $215,000,000, and understates the extent to which these new issues were used for refunding purposes to a further amount of $275,000,000 —a difference in all of $490,000,000.

The difference is substantial, and because it is so substantial I am going to ask, Mr. Speaker that I be permitted to reiterate here exactly what I said in Toronto:

Between April 1, 1919, and December 31, 1931, the Dominion government has advanced to the Canadian National Railways, in cash and in credit $1,422,978,169.07. Add to that $94,680,000 for equipment which has been purchased by the Canadian National Railways, and for which trust notes have been issued and now remain outstanding—these notes have not been guaranteed by the Dominion, but the relationship of the Dominion to the roads is such that it would have to assume responsibility for this amount if the roads are to be continued in operation—and you arrive at the stupendous total of $1,517,658,169.07. Less than $100,000,000 out of this amount was used to retire outstanding obligations.

I have said, Mr. Speaker, that I do not expect Sir Henry Thornton to agree with me in the conclusions at which I arrived. I have stated here and elsewhere that the policies which have determined railway expenditures were injudicious, and, so far as these policies were formulated by Sir Henry Thornton, it is only natural that he should not agree with me. It is but natural that he should disagree with me when I state that the roads have spent too much money, but, sir, I do not think he should disagree with me when I state how much the roads have spent, especially when in making that statement I quote the figures of Sir Henry Thornton himself or of his officers. I ask the house to refer, in substantiation of my figures, to page 305 of the report of the select standing committee on railways and canals for the year 1931, for there will be found, with the exception of a few additional figures which I will give, the items making up the total to which I have referred. It will be found that from April 1, 1919, to December 31, 1930, the dominion advanced to the railways $447,226,442.25 in cash. It will further be found that between the same dates the dominion guaranteed the bonds of the national railways in the sum of $569,609,027; $77,073,027 was used to retire outstanding obligations. I draw to your atten-

tion. Mr. Speaker, the fact that in my statement in Toronto, I allowed $100,000,000 for retirements. In addition I find on the same page of the same report that the government guaranteed the interest in perpetuity on Grand Trunk Railway guaranteed and debenture stocks then outstanding, having a par value of $216,207,144.67; moreover that the government guaranteed the principal and interest on $34,927,098.20, two per cent Canadian National debenture stock to be issued as exchange for a like amount of Grand Trunk Pacific four per cent perpetual debentures, which have since been reduced to $30,559,114. I find that since December 31, 1930, the government has guaranteed further bonds in the sum of $120,000,000. I find that on the 31st day of December, 1931, among the current liabilities of the Canadian National system appears an item of loans from the Minister of Finance of $38,376,444.15. If anybody has the interest or the patience to add together these several items of which I have given the details and the $94,680,000 representing equipment trust notes, he will arrive at the total which I gave in Toronto of $1,517,658,169.07, from which I deducted $100,000,000 as having been used for retirements.

Now, Mr. Speaker, I think I may say with all candour that if I have made a mistake and have overstated the amounts which have been advanced by the dominion to the Canadian National system I am delighted to learn it, because it is these hundreds of millions of dollars that are causing so much perturbation throughout the country. But if I have made a mistake the mistake is not mine, because the figures I have given are the figures which were put on the record, less those for 1931, by the officials of the railway when before the special committee last spring.

I think it well that at this time the country should have some realization of the huge amounts that have been required by and paid to the railway, either in cash or in credit, since the first day of April, 1919. Everybody concedes to-day that the railway problem is a serious problem, that it threatens the welfare of the dominion in many ways, and I suggest that just as there is no good to be expected from exaggeration and intemperate language, there is no good to be derived from statements which tend to minimize and mislead. I cannot believe that Sir Henry Thornton wished to play on the words "new capital." I notice that he used those words in his statement. My statement was and is that the amount of money which I have mentioned was supplied by the government either in cash or in credit to the Canadian National Railways between the first day of April, 1919, and the thirty-first day of December, 1931.

I think, Mr. Speaker, it was Cromwell who said to young Lely, the artist, "Paint me as I am or you shall not have a shilling." The Protector was willing that his countenance should go forward to posterity with all its blemishes deeply furrowed as it was by care, by war, by vigil, perhaps by remorse. This required courage. Why is it that we cannot look at this railway problem with a measure of courage? Any time that any person suggests that there may be a wart or a wrinkle on the fair countenance of our railways, his utterance is stigmatized as an "attack" and he is said to be "sniping" at the railways. I believe the sentiment of this house is that the facts should be freely and frankly discussed, that from the truth may flow a remedy for this most intricate, far-reaching and tragic of national ills.

Motion agreed to.

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the address be engrossed and transmitted to His Excellency the Governor General by such members of the house as are of the honourable the Privy Council.

Motion agreed to.

SUPPLY

Right Hon. R. B. BENNETT (Prime Minister) moved:

That this house will on Wednesday next resolve itself into a committee to consider of a supply to be granted to His Majesty.

Motion agreed to.

WAYS AND MEANS

Right Hon. R. B. BENNETT (Prime Minister) moved:

That this house will on Wednesday next resolve itself into a committee to consider the ways and means for raising the supply to be granted to His Majesty.

Motion agreed to.

On motion of Mr. Bennett the house adjourned at 5.25 p.m.

Wednesday, February 10, 1932

The house met at three o'clock.

MAFEKING CUT-OFF

TABLING OF REPORT OF ENGINEERS

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, yesterday an hon. member asked about the report on the Mafeking cut-off. To-day I wish to table the report made by the engineers with regard to the building of the Mafeking cut-off.

Mr. BEAUBIEN: The line is not completed as yet, is it?

Mr. MANION: No, it is not completed.

CRIMINAL CODE AMENDMENT

TRIALS BEFORE STIPENDIARY MAGISTRATES IN MANITOBA AND SASKATCHEWAN

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 7 to amend the criminal code (summary trials).

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This is a very simple amendment which is proposed. In 1930 section 774 of the criminal code was amended and a special clause was inserted with regard to the provinces of Manitoba and Saskatchewan. This is the section of the code which permits the trial of certain offences before stipendiary magistrates. The same section was amended last session, but in that amendment the change made in the previous year was omitted through some oversight. The Attorney General of Manitoba and the Attorney General of Saskatchewan have directed our attention to that omission and have asked to have the section restored as it was in the amendment of 1930. That is the whole object of the bill.

Motion agreed to and bill read the first time.

CONVEYANCE OF PROHIBITED ARTICLES BY FREIGHT, EXPRESS OR SHIP

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 11 to amend the criminal code.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This amendment is drawn with the idea of preventing the conveyance of prohibited articles by freight, by express or by ship. Such articles are now prohibited from transportation under the Post Office Act, but the Post Office Department points out that they are now sent largely by express, and the object of the amendment is to make it an offence to send prohibited articles by express where they are not allowed to go by mail. The amendment relates chiefly to gambling devices and lottery tickets.

Motion agreed to and bill read the first time.

JUVENILE DELINQUENTS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 8 to amend the Juvenile Delinquents Act.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: The amendment to the Juvenile Delinquents Act is also very simple. It arises from the fact that the section as it is now in the statute provides that it is an offence for anyone to contribute, promote or procure a child to become a delinquent, but it has been held by certain magistrates in certain courts that while a man may do all in his power to procure a youth to become a delinquent, if that youth does not actually become a delinquent the man is not punishable. At the request of the province of Manitoba, endorsed by six other provinces and by nearly all the childrens' aid societies in the country, it is proposed now to insert a clause providing that it shall not be a valid defence to a prosecution under this section that notwithstanding the conduct of the accused the child did not in fact become a juvenile delinquent.

Motion agreed to and bill read the first time.

JUDGES ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 9 to amend the Judges Act.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This refers to allowances made to judges of superior and county courts by way of travelling expenses. It is provided that only in cases where it is ordered by the attorney general of the province shall the judges be entitled to receive travelling expenses for holding courts in districts other than their own.

Motion agreed to and bill read the first time.

FISHERIES ACT AMENDMENT

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved for leave to introduce Bill No. 10 to amend and consolidate the Fisheries Act.

Some hon. MEMBERS: Explain.

Mr. SPEAKER: Mr. Duranleau moves that said bill be now read a first time.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, surely it is the correct order of procedure for an explanation to be given when it is requested.

Mr. DURANLEAU: The primary purpose of this bill is to amend the Fisheries Act so as to make its provisions conform to the decision of the privy council, which in 1929 determined that certain portions of the Fisheries Act relating to the licensing of fish canneries, reduction plants, whale factories and so on were ultra vires. It is therefore desirable that these provisions be deleted from the existing act. In addition there are some provisions of the act that are regulatory in their character which should be deleted also. A list of the deleted sections is set out on the back of the bill under the heading "summary".

Apart from this the more important changes may be stated as these: Section 2 of the bill adds definitions of certain terms in the act so as to remove any doubt as to their meaning. Section 8 of the bill amends section 8a of the existing act so as to authorize the cancellation of fishery licences where operations thereunder are not in conformity with the law. Under the present act cancellation cannot be made until there has been a report made by a commissioner appointed under the Inquiries Act. As the main object in licensing those engaged in certain branches of the fisheries is to maintain proper control over them, the requirement of an inquiry by a commissioner nullifies the usefulness of the authority to cancel the licence.

There is also another important change proposed in section 20 of the bill, which amends section 31 of the existing act, having to do with the construction of fishways in power dams and other obstructions. The existing legislation merely enables the minister to require a fishway in such an obstruction after it is built if he deems such to be necessary in the public interest. In certain sections of the country dams are now being built to such a height as to make efficient fishways impracticable, as even if the fish were enabled to ascend them the young fish would be killed in coming back over the dams. The bill provides that in such instances the owners of the dams may be required to establish such fish hatchery facilities as may be necessary to maintain the fisheries.

Mr. NEILL: Will the bill be sent to the committee on marine and fisheries?

Mr. DURANLEAU: After second reading the bill will be referred to the marine and fisheries committee.

Mr. DUFF: Is it intended to consolidate the act?

Mr. DURANLEAU: Yes.

Mr. DUFF: Then why was another bill introduced yesterday? Why are there two bills?

Mr. DURANLEAU: The bill introduced yesterday is to amend the Fish Inspection Act and the one introduced to-day is to consolidate the Fisheries Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ARTHABASKA, QUE., POSTMASTERSHIP

Mr. GIROUARD:

1. Was Mr. Albert Beauchesne, postmaster at Arthabaska, Quebec, dismissed from his duties?
2. If so, why?
3. Was an inquiry held?
4. If so, by whom?
5. Was a report made by the commissioner appointed to make the inquiry?
6. If so, did the government act on that report?

Mr. SAUVE:

1. Yes.
2. On account of active political partisanship.
3. Yes.
4. By Commissioner J. Alfred Powell.
5. Yes.
6. Yes.

ARTHABASKA, QUE., PREVENTIVE OFFICER

Mr. GIROUARD:

1. Was Mr. Albert Bergeron, preventive officer of Arthabaska, Quebec, dismissed from his duties?
2. If so, why?
3. Was an inquiry held?
4. If so, by whom?
5. Was a report made by the commissioner appointed to make the inquiry?
6. If so, did the government act on that report?

Mr. RYCKMAN:

1. Yes.
2. On the ground that the commissioner who made inquiry into the charge found that he was guilty of active political partisanship during the last federal election.

3. Yes.

4. By Mr. Alfred Powell, a commissioner regularly appointed to investigate charges of political partisanship.

5. Yes.

6. Yes.

FLYING CLUBS

Mr. WOODSWORTH:

1. What amount has the Dominion government paid out in grants to flying clubs throughout Canada since the inception of said flying clubs?

2. What amount has the Dominion government since the inception of flying clubs spent on equipment which was turned over to the flying clubs?

3. How many ab initio pilots who have secured their private licences received their instructions through flying clubs?

4. How many pilots who have received their commercial licences were students of flying clubs?

5. How many students of flying clubs during the year 1931 secured their private licences?

6. How many flying clubs ceased to function during the year 1931?

7. How many flying clubs throughout Canada are closed down at the present time?

8. What amount does the government extend to the flying clubs' association for salaries of officers or employees of said association?

9. What is the cost to the government for each ab initio pilot who has secured his instructions through a flying club?

10. What subsidies have been extended to commercial companies?

11. What financial support does the government give to the aviation league?

Mr. SUTHERLAND:

1. Grants paid to flying clubs:

Fiscal year	
1928-29	$ 8,630 00
1929-30	17,964 15
1930-31	15,973 36
1931-32	9,805 23
Total	$ 52,372 74

2. The Department of National Defence issued, on loan, equipment to the value as follows:

Fiscal year	
1928-29	$ 135,993 00
1929-30	142,706 60
1930-31	61,191 50
1931-32	24,243 00
Total	$ 364,134 10

3. 490 members of government sponsored flying clubs who received their ab initio training in the clubs, obtained their private licences.

4. 126.

5. 110.

6. 1.

7. 5 clubs are temporarily closed down for the winter months.

8. $5,000 per annum.

9. Under the present agreement the club is paid $100 per ab initio pilot qualified.

10. Nil.

11. Nil.

ST. VALERE DE BULSTRODE POST OFFICE

Mr. GIROUARD:

What was the revenue of the post office of St. Valere de Bulstrode, in the county of Arthabaska, Quebec, for each of the years 1929, 1930 and 1931?

Mr. SAUVE:

Fiscal year ended March 31, 1929	$ 221 03
Fiscal year ended March 31, 1930	216 59
Fiscal year ended March 31, 1931	226 05

AIR MAIL SERVICES

Mr. VENIOT:

1. What air mail services were carried on from July 1, 1931, to February 1, 1932?

2. What did such services cost?

3. How much mail matter was carried and what mileage was covered?

4. Who were the contractors for various air mail routes, and what was the contract price per mile for each route?

Mr. SAUVE:

41761—6½

AIR MAIL SERVICES IN OPERATION

From 1st July, 1931, to 31st January, 1932.

Name of service	Contractor	Rate of payment	Mileage covered	Cost during period	Weight of mail carried
				$ cts.	lbs.
Amos-Chibougamau	General Airways, Ltd.	$1,200 per annum plus 20c. per lb. for mail in excess of 200 lbs. per r.t.	2,280	420 00	470
Amos-Siscoe	General Airways, Ltd.	$975 per annum plus 12½c. per lb. for mail in excess of 100 lbs. per r. trip.	6,426	993 78	9,150
Fort McMurray-Aklavik	Canadian Airways, Ltd.	$45,000 per annum	67,561 (estimated)	26,250 00	34,673 (estimated)
Narrow-Lake-Sioux Lookout.	Western Canada Airways, Ltd.	$232 for trip to Red Lake; $332 for trip to Narrow Lake, load limit—400 lbs., for excess over 400 lbs. 12c. per lb., for excess over 700 lbs. 19c. per lb.	15,226	8,000 75	23,416
Peace River-North Vermilion.	Canadian Airways, Ltd.	$3,200 per annum	3,714 (estimated)	1,866 66	9,411 (estimated)
Montreal-Albany	Canadian Colonial Airways	$1.25 per mile	32,899	41,191 25	10,536
Montreal-Rimouski	Canadian Transcontinental Airways, Ltd.	$1.25 per mile	17,712	22,140 00	34,163
Halifax-Boston	Pan-American Airways Co., Ltd.	35c. per lb	1,950	30 80	88 (withdrawn after operating 3 weeks)
Moncton-Charlottetown	Canadian Airways, Ltd.	$75 per day	2,260	941 67	8,406
Vancouver-Victoria	Coastal Airways of B.C., Ltd.	35c. per lb	5,734	154 70	442 (withdrawn after Sept. 30, 1931.)
Quebec-Seven Islands	Canadian Transcontinental Airways.	$22,000 per season	6,900	6,470 60	8,490
Seven Islands-Anticosti	" "	2,000 "			
Moncton-Magdalen Islands	" "	6,000 "			
Leamington-Pelee Island	National Air Transport, Ltd.	$192 per week	1,144	1,344 00	6,706
Winnipeg-Pembina	Western Canada Airways	71½c. per mile	27,623	19,750 00	15,209
Montreal-Detroit, superseded from August 16, 1931, by Toronto-Detroit	Canadian Airways, Ltd.	90c. per mile	43,346	39,011 40	9,717
		75c. per mile	52,058	39,042 40	10,267
Winnipeg-Calgary	Western Canada Airways	75c. per mile	63,194	76,320 12	10,164
Regina-Edmonton			38,580		2,697
Superseded from August 16, 1931, by Winnipeg-Edmonton.		75c. per mile	256,179½ (estimated)	188,611 61 (estimated)	30,899 (estimated)

UNEMPLOYMENT RELIEF

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE—SITUATION IN BURNABY, B.C.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I desire to ask leave to move the adjournment of the house on a definite matter of urgent public importance, namely, to discuss the situation that has arisen in the municipality of Burnaby in the province of British Columbia, where hundreds of men who have been employed on unemployment relief work have not received wages or payment for work so performed, on account of a dispute between the government of British Columbia and the federal government as to accounts rendered; and further, that these men are going in privation and want and their situation is of a dire and urgent nature.

Mr. SPEAKER: The motion which the hon. member seeks to make is regulated by standing order 31, which provides:

> Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motions or orders of the day are entered upon.

I think the time has passed, at this sitting of the house, at which the application can be received.

Some hon. MEMBERS: No.

Mr. SPEAKER: Has the hon. member the leave of the house to proceed?

Some hon. MEMBERS: Yes.

Hon. HUGH GUTHRIE (Minister of Justice): I have no objection to the discussion taking place, but I do not think that this motion is of the kind contemplated by the rule. This is a local matter. It comes under the jurisdiction of the province of British Columbia and of the municipality in question—

An hon. MEMBER: No.

Mr. GUTHRIE: Well, I take that view and I make that statement. It may not agree with the views held across the floor of the house but that is my opinion. As I say, I have no objection to the discussion taking place but I would make this suggestion. Would it not be well to let the matter stand until to-morrow, when the Minister of Labour (Mr. Gordon) is in his place. He has had no notice of it.

An hon. MEMBER: Yes, he has.

[Mr. Sauve.]

Mr. GUTHRIE: He informs me that he has not and I am prepared to take his word rather than the word of the interrupter. To-morrow we can probably have the papers and the facts. However, if the hon. gentleman desires to go on now he may discuss the matter to his heart's content.

Mr. REID: If I may be allowed a remark, it was not my desire to bring this matter up on the floor of the house. Last Friday I approached the Minister of Labour and informed him that there was a serious situation in the municipality in question. I was promised an interview and I tried in every way to get in touch with the hon. gentleman; I left every opportunity open to discuss the matter with him. As the member for the riding I bring it up now because I believed it to be a matter of urgent public importance.

Some hon. MEMBERS: Go ahead.

Hon. W. A. GORDON (Minister of Labour): I do not want to take up the time of the house, but I may point out that my hon. friend spoke to me on Friday last, I think, in connection with a return to be made to which reference was made yesterday. With regard to giving me any notice of anything of this character, I have not had any notice whatever from the hon. member.

Mr. SPEAKER: It is not usual for an hon. member to move the adjournment of the house for the purpose of discussing a matter of urgent public importance without giving notice to the Speaker of the house of his intention so to do, in order that the Speaker may have an opportunity of considering the question which is to be put to the house and deciding whether or not it is a definite question of urgent public importance. True, no objection has been taken to the motion for the adjournment of the house for the purpose of discussing the matter in question, but the Minister of Justice has suggested—and in this he is supported by the Minister of Labour—that the matter be allowed to stand until to-morrow. If, however, the hon. member for New Westminster (Mr. Reid) insists upon proceeding now, he will probably be within his right to do so. Does the hon. member wish to proceed?

Mr. REID: Yes, Mr. Speaker, I should like to proceed with the discussion to-day.

Mr. SPEAKER: Then the hon. member has the right to go on.

Mr. REID: At the outset, Mr. Speaker, may I say to the Minister of Labour that I am sorry a misunderstanding has arisen re-

garding this matter. When I spoke to him on Friday last, I can assure him that I mentioned definitely the situation in the municipality of Burnaby. Regarding the returns, I did not mention them, and I am sorry that there should have been this misunderstanding, or that the minister should not have gathered correctly what I said. It was with reference to this situation that I spoke to him on Friday when the house rose.

When the act of 1931 was first promulgated it was distinctly understood that the Dominion government would finance all undertakings, inasmuch as under the relief act of 1930 the municipalities found it difficult to do the necessary financing. It was realized at Ottawa that under the 1931 act it would be impossible for municipalities individually to raise money, owing to the condition of the bond market.

After the commencement of the works program advice was received from Victoria that they would be required to finance the unemployment work for the first thirty days. This was presumably to wait the result of the national service loan. They were advised on more than one occasion that should this loan be fully subscribed their financial worries would be over, but so far they have not received any benefit from this loan. Because of broken promises the municipality was forced to shut down all relief work for one week in December. This resulted in a good deal of local suffering and some agitation among the unemployed.

Following this a delegation from the council attended at Victoria and placed before the Minister of Finance the urgent need for prompt payment. This resulted in their receiving, on December 22, the first payment under the 1931 act made to any city or municipality in the province of British Columbia, although, mark you, the work had been proceeding continuously from shortly before October 1, 1931. On January 26 a pay was due to the workers for the preceding week but it was only after repeated telephone messages and telegrams had been sent that a small cheque was released from Victoria to help to meet the pay-roll. In making up the difference between the amount of the cheque received and the amount of the pay-roll, all the available cash and credit of the corporation was used. On February 2 another pay was due but although every possible representation was made to the federal representative, Mr. McGeough, as well as to the Minister of Finance and his deputy, up-to-date no funds have been forthcoming. The bank is adamant in refusing further advances and it is impossible for the municipality of Burnaby to meet the pay-roll of the regular staff, which includes school teachers, members of the police department, and so forth, until the two governments pay their share of the expenditures due under the relief act.

Since the inception of this work the municipality of Burnaby has been faced with the most grievous delays on the part of the two governments. These delays have so affected the faith of the bankers that they will no longer trust any written promises but insist upon actual deposits being made. This is an example of the excuses made: Mr. McGeough and representatives of the provincial government were interviewed, at which time Mr. McGeough stated that the delay was due to the fact that no vouchers had been received at Victoria. It was pointed out that the instructions were to file the vouchers at the government office at New Westminster, but the reply was made by the provincial representative that the New Westminster office was acting under instructions from Victoria and were holding the vouchers pending further orders. Not only had the vouchers in connection with Burnaby been held there but they were holding the vouchers for all of the Fraser valley and Vancouver.

The whole council, aroused by the continued delay, attended at Victoria on December 15. They received a letter from the Minister of Finance to the supervisor of the bank stating that the agreement and moneys would be forthcoming not later than the end of that week. On the strength of this letter the bank advanced funds sufficient to meet a large pay-roll, but this promise was not kept. As a result, the confidence of the bankers has been so shaken that, as previously stated, they refuse to go any further unless a substantial payment is deposited with them. The bank has treated the corporation with the utmost consideration, but they realize the absurdity of this municipality attempting to finance the share of both the provincial and the Dominion governments.

The registered unemployed in this municipality number 3,332 out of a population of 25,500, or, in other words, fifty per cent of the workers are unemployed. The corporation has put 1,600 married men and single men with dependents to work. According to the agreement the government promised to take care of single men and transients, but, as yet, none of this class has been put to work although the program is now practically completed.

It is utterly impossible for the corporation to take care of the unemployment situation

by means of direct relief. This is quite apparent from the estimate that it would increase the taxation by two or two and one-half mills per month to take care of the corporation's share.

I would like to quote a telegram received from the Minister of Finance in Victoria. It reads as follows:

Every voucher we received for municipal work up to January 14, 1932, has been passed by us and certificates sent to Ottawa. Directly we receive cheques from Ottawa your share will be forwarded to you.

On forwarding a copy of that telegram to the right hon. the Prime Minister (Mr. Bennett) we received in reply the following telegram:

The federal government has no contact with municipalities. We act through provinces. We have already advanced the province of British Columbia in anticipation of the receipt of vouchers large sums of money and if you are not receiving payment you must look to the provincial treasurer for relief.

It is because of that I moved the adjournment of the house in order to discuss this matter. Men are suffering in this municipality and the buck is being passed by the provincial to the Dominion government and by the Dominion government back to the provincial government. We in British Columbia are in doubt as to who is really telling the truth.

Mr. IRVINE: The hon. member has stated the position of the federal government; will he now state the position of the provincial government?

Mr. REID: The claim is that all vouchers have been sent to Ottawa and immediately they receive payment, the municipality will receive its cheque. On February 3 the members of the provincial house stated that all blame lies on Ottawa, while the Dominion representative, Mr. McGeough, states the province is to blame. I submit that the municipality of Burnaby and the workers should not be made to suffer while these governments decide who is responsible. Teachers and other salaried officials have not been paid and no word has been received of further contributions from Ottawa. No cheques can be issued until additional funds are received from both the provincial and Dominion governments, but the province says: We await payment from the Dominion, and the Dominion government says: There is enough money in British Columbia to meet these payments; look to the provincial government for payment.

It is because of this serious situation that I move the adjournment of the house. The unemployed have organized and the reeve has advised me that he will not be held responsible should any grave crisis arise.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I regret that this matter has been brought to the attention of the house without some notice having been given, because I believe the house is entitled to all information in connection with the operation of The Unemployment and Farm Relief Act and that information should be available to hon. members without delay. Since this matter was first brought up a few moments ago I have obtained some information which I think will in large measure clear the atmosphere so far as the government is concerned. I am not unmindful, nor do I think anyone is who is familiar with them, of the conditions prevailing in British Columbia. The position in that province is perhaps a little more difficult than in any of the other provinces. The reason is obvious. It is well known that British Columbia is blessed, or perhaps, in relation to a matter of this kind, we should say cursed, by a fine climate, with the result that it gets all the drifters and those who are engaged in seasonal occupation.

Just at this juncture I should like to make an observation—not, I may add, in any critical sense—which I think has a direct bearing on the position in which British Columbia at present finds itself. My information is that a large number of the unemployed in that province are very new arrivals in Canada, and an analysis of the figures shows that within sixteen months prior to the first of August, 1930, about 99,000 adult males were induced or invited or encouraged to come into Canada, presumably to settle on farms. A large number of them did not settle on farms. Through various influences they were urged to come here and a large number of those people either have displaced Canadian labour or are at present unemployed. A considerable number of them drifted into British Columbia.

The government's attitude towards that province is exactly the same as its attitude towards the other provinces, except that greater consideration has been given. I have no doubt the province and the municipalities out there have great difficulties to face, because the population is scattered and distances are extensive. I believe in the main the people administering the affairs of the province and the municipalities have done what they can, but their difficulties have not been

entirely solved. In the month of August last a representative of this government went to British Columbia and explained to the government of that province a tentative program of work, the details of which were to have been submitted by that province within two weeks. Those details did not reach Ottawa until October 28, and they were immediately reviewed. In a conference between the provincial treasurer of British Columbia and the Department of Labour, a program was adopted involving relief works amounting to approximately $6,000,000. This program was made up as follows:

	Total expenditure	Dominion proportion
Municipal works. .	$2,749,746	$1,374,873
Provincial works. .	3,250,000	1,625,000
Approximately. .	$6,000,000	$3,000,000

That is shortly the outline of the program. According to the agreement which was subsequently entered into, the Dominion government was to be supplied with full details on schedule forms to cover the different provincial and municipal projects, but even to this date we have not received from the provincial authorities the full list of the municipal projects. They may have difficulties with which I am not acquainted, but that is the fact.

According to the agreement, payments were to be made on certificates of expenditures referring to the individual schedules approved, but there was considerable delay on the part of the province in forwarding the certificates of expenditure, and as it was in need of funds to finance both provincial and municipal operations, the following advance payments were made to them by the government.

On December 1, the Dominion loaned the province $500,000 to cover the province's share of expenditures for relief purposes. On the same date, the Dominion advanced the province $500,000, being an advance payment of the Dominion's share of unemployment relief expenditures, accounts as received from the province being applied against this advance. On December 23, a further advance of $800,000 was made to the province as an advance payment against accounts to be received from the province for provincial relief expenditures. On January 20, an advance of a further $500,000 was made to the province pending the approval of accounts which, it was understood, were to be rendered to us immediately. In addition to the above, on November 25 the sum of $3,371,664.69 was advanced by way of loan to the government of British Columbia to take care of maturing obligations in New York. The above loans and advances are secured by treasury notes of the province, so that the house will see that the Dominion government has to the full carried out the agreement with the province.

It will thus be seen that the Dominion government has advanced by way of loan $3,371,664.69 to assist the province of British Columbia in taking care of New York maturities, and has advanced the sum of $2,300,000 against works for relief purposes in that province. In addition to this, during the course of the last week a further $225,000 was advanced to the provincial authorities in order that they might carry on the work in connection with their camps. At the present time the Department of Labour has on hand for British Columbia municipal accounts amounting to approximately $225,000. These accounts are now being checked, and will immediately be credited against the advances already made to the province.

I understand from our representative in Vancouver that they have on hand certificates for provincial works amounting to about $1,000,000, which are being forwarded and which will probably be received by us to-day. When they are received and checked, they will be credited to the advances made. As further accounts are received from the province for municipal and provincial works, they will be passed for payment and credited to the advances made until the advances are wiped out. Thereafter the accounts will be paid to the province. The advance payments against accounts to be received as distinguished from loans to the province for their share of unemployment relief amount to $1,800,000, the other $500,000 being a direct loan to the province to enable it to take care of its share.

One difficulty has arisen between the federal government and the province of British Columbia, which, in the opinion of this government, is not insuperable, and that is the province has apparently been unable to forward its vouchers in accordance with the agreement promptly enough to enable it to carry out properly its financial obligations to the municipalities and to the banks. The federal government has insisted that these vouchers be forwarded promptly in accordance with the terms of the agreement entered into, but owing to the distance from Ottawa to British Columbia and to the fact that the works carried on are in areas scattered all over that great province, certain delays must necessarily occur in assembling, checking and forwarding these vouchers. Recognizing this, the federal government has made these advances in anticipation of the receipt of the

vouchers, at the same time instructing its representative in British Columbia to check such vouchers carefully and to facilitate the work as much as possible.

That, shortly, is the position in so far as the Dominion government is concerned. I am not in possession of the particular facts with respect to the district of Burnaby to which the hon. member has referred, but the federal government has not only carried out its agreement to the full with British Columbia, but made these payments to that province far in advance of the receipt of the necessary vouchers to equate them. I think I can assure the hon. member for New Westminster (Mr. Reid) that in spite of his anxiety with respect to the locality to which he has made reference, matters are proceeding out there, particularly in the last month or six weeks, in such a way that I anticipate no great difficulty.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I realize that the Minister of Labour (Mr. Gordon) really trespassed upon the rule of the house which permitted the hon. member for New Westminster (Mr. Reid) to refer to a specific instance in a specific locality as a matter of recent occurrence, because we on this side of the house do not intend this afternoon to have a general discussion on the unemployment problem or on how that problem has been grossly mismanaged in British Columbia. The hon. Minister of Labour in the first place practically accused the province of British Columbia of admitting too many people into the province prior to 1930, thereby inferentially—

Mr. GORDON: Oh, no.

Some hon. MEMBERS: No, no.

Mr. MACKENZIE (Vancouver): I welcome the denial of the minister that the inference was not warranted.

Mr. GORDON: You were Minister of Immigration when these people were coming in.

Mr. MACKENZIE (Vancouver): The hon. member for New Westminster (Mr. Reid) deserves the thanks of this house and of his constituents for bringing this most serious and urgent problem to the attention of the minister. I could from the city of Vancouver bring a similar problem, only one of far greater magnitude, to the attention of the minister, for they have since the 23rd of September last received only $12,000 when they were due to have received by the 23rd of January last over $350,000. Here we have a scheme of unemployment relief work and direct relief, a scheme which was fastened on this parliament, a scheme which was the product of the brains of the Prime Minister (Mr. Bennett) and of the present Minister of Labour, and for that scheme they and the administration must accept full and final responsibility.

What has happened in British Columbia? If I followed correctly the figures given by the Minister of Labour, he referred to the sum of $3,250,000 having been given for unemployment relief work in British Columbia. Work was commenced on the 25th day of August and ceased on the 28th day of October. Why? We from British Columbia later on in this session want a full and thorough and impartial investigation made into how every cent of this money was expended in the province of British Columbia. It did not go to the men who needed work. It went into the construction of 210 camps in the province. The very day that I left Vancouver for my duties here there were some thousands of men in the city on a straight dole, men who were supposed to get unemployment relief work from the province of British Columbia. When my hon. friend's own leader (Mr. Bennett) spoke in Calgary in the last election, he said that under no conditions would he stand for the dole as a solution of the unemployment problem throughout Canada, and now this afternoon we have the unique spectacle of the new-fledged Minister of Labour in this administration defending its policies by attacking the policies of a Tory government in British Columbia. The spectacle is unique. I repeat that we insist on knowing how much money went into the construction of these camps, and how much of the taxpayers' money went to Tory heelers and henchmen for the supplying of materials in connection with the work. We want to know all these things. We want a final accounting made to show how every cent was spent in British Columbia, because to-day, as the hon. member for New Westminster said, we have thousands of men idle and suffering privation and want because of a definite lack of co-operation between this government and the government of British Columbia. I suggest to my hon. friend the Minister of Labour that if his defence is to have any weight on the floor of this house, he should administer a severe rebuke to those in British Columbia who are so grossly maladministering the affairs of the province.

Mr. A. W. NEILL (Comox-Alberni): There is no doubt, Mr. Speaker, that there is a very bitter feeling existing in British Columbia as regards the administration of unemployment relief. I am not here to attack the Dominion government, but rather to defend it. I understand that this Mr. McGeough is a Dominion government appointee for the province of British Columbia. I have had no personal contact with him in any way, but those who have come in contact with him speak of him as a man of both ability and integrity, and say that he did his best in a very difficult situation. If there is any blame attaching to the Dominion government, I think it is rather for not having realized sooner the class of government ministers that they were dealing with out there, and in not realizing, as they must now realize, that they will have to take the matter more or less into their own hands before it can be settled.

In September, 1930, when the unemployment relief scheme was inaugurated, I am on record as objecting to the placing of such large administrative powers in the hands of the province. I said that the day would come when we would have complaints to make and would bring them to this house, which is the only place we can bring them, and that we would then be told that the Dominion government was powerless because it had placed the administration of the relief in the hands of the province, and therefore the Dominion government was not responsible. That is exactly what has happened. The Dominion government divested themselves of responsibility for the handling of the money they were giving out. They placed too much confidence and too much power in the hands of the province, and now they are reaping the result. I suggested then that some form of commission should be appointed to control the expenditure, and I am still of that opinion. I do not think anyone in British Columbia, no matter what his politics, will deny that the province has made a complete mess of administering relief. That is the mildest term that even the friends of the provincial government use. Inefficiency is evident at every point. The whole thing reeks with suggestions of graft and corruption. Those are strong words. We in British Columbia have got used to many things in the last few years. We have got used to the idea that if a small settler wants to eke out the scanty living he makes on his farm by a few weeks' work on the government roads, it is highly desirable, if not absolutely essential, for him to join the local Conservative organization. As I say, we have got sort of acclimatized to those conditions, but by the blessing of God I hope that we shall never have to get accustomed to the idea, that when a man is destitute and his wife and children are hungry, if he wants to get even the trivial relief that may be afforded him, he should join some political association. I have been told that a number of registration forms were sent to a certain place accompanied with very definite intimation that no work would be forthcoming for the men unless they joined the local association.

The government started out with a scheme which if properly organized and properly carried out would have been a good one; that is a system of registration. The unfortunate thing is that it was not carried out properly and it was not done by the right people. Government agents in some places, and in others the local police, which is a well organized and reputable body, should have had the handling of that matter. Instead, it was entrusted in some cases to political friends, and they did not make the best use of it. In some cases they stood on the sidewalk, like the man in the Bible, and urged the people to come in. "Don't you want to come in and register and get a job?" I have not the regulations before me, but I remember distinctly that they contained a notice that the registrar, whoever he might be, had no option but to register everybody who applied. Mark that! No discretion was given to the registrar to ask if the man were really destitute —you must remember that destitution is a comparative word and that a man might be in need of work without his last cent being exhausted—I say that no latitude was given to the registrar in that regard. He had to register everyone that applied. The registration form, which I have before me is of such a character, so vaguely drawn, that a millionaire could be allowed to register. One question reads: Have you got funds in the bank? Well, a man might have a thousand dollars or a million dollars in the bank, and if he answered "yes" to that question and swore that his answer was correct he was eligible to get a job, and once he registered he got a ticket more or less automatically.

After the work was suddenly shut down, for reasons that I shall explain in a moment or two, a belated attempt was made to check over this list of people registered and to strike out the names of many thousands who should never have been put on at all. There were instances of men employed on relief work who had a hired man at home working for them. But when this belated attempt was

made the work had already been stopped, and so it was of no use because it was impossible for lack of funds to start the work going again. As my hon. friend from Vancouver Centre (Mr. Mackenzie) has said the government took it into its head to erect a large number of camps throughout the province. One might say they were equipped almost luxuriously with hot and cold water shower baths, electric lighting plants, and I am informed even radios have been provided in some cases. The tools were furnished on a scale never known before in connection with road work. Every man had enough tools to suffice for ten; every man had a wheel barrow; every man had a ten-foot saw, which was entirely unnecessary, and everything was done on a lavish scale. The material, Mr. Speaker, was all bought at the right place, you may depend. We have instances of blankets being bought at gift stores. I take it, sir, that you know what a gift store is, but if by chance you do not know may I explain it is a place where the word gift is terminated with an "e", and where one many buy trinkets for bridge parties, and things of that nature. Blankets were bought at such places for road camps.

The government of the day in British Columbia took occasion to ask this government for an enormous sum of money—something in the neighbourhood of $7,000,000 or $8,000,000. Popular gossip was—and it may have been no more than gossip, but I repeat it for what it is worth—that the intention of the government in British Columbia was, had they received this sum of money, to use it to rush an immediate election, because everybody was going to be working. There was a political straw boss on every four cross roads. An attempt was being made to go on with the Pacific Great Eastern Railway and an election was to be sprung before Christmas. To the credit of this government, however—and I do not know whether it was through the action of the Prime Minister (Mr. Bennett) or his then Minister of Labour (Senator Robertson)—they put their foot down and said, "No, we do not believe that you have 62,000 destitute people in British Columbia"—nor have we, Mr. Speaker. They said "we do not purpose to lend ourselves to anything of the kind; you have spent your money largely on camps; we have agreed to spend pro rata on a fifty-fifty basis for the purpose of relief work. The act suggested and all our regulations suggest that that money shall be spent on relief by giving men work to do. What have you done? You have spent yours, not in riotous living, but on unnecessary camps; and you have hardly a good day's work to show for the expenditure except the employment of a few carpenters who have built the camps." The government of the day said, "We will pay our share on the fifty-fifty basis, but it must be spent for some form of work."

Mr. J. E. LAWSON (West York): Mr. Speaker, I rise—

Mr. NEILL: The government of the day was in—

Mr. SPEAKER: The hon. member for West York (Mr. Lawson) is rising to a point of order, and I ask that he be heard.

Mr. LAWSON: Surely the hon. member is wandering very far away from the motion before the house. In the first place, Mr. Speaker, may I point out that standing order 31 is an extraordinary provision to meet an extraordinary condition, namely a matter of urgent public importance. Under this rule a matter may be discussed, so I understand, which could not be brought before the house under the ordinary rules of procedure or in the ordinary course of a session. The hon. member for New Westminster (Mr. Reid) has moved a motion; you, sir, have ruled that it is of sufficient public importance to merit debate. What is the motion of the hon. member? It is to discuss a situation which has arisen in the municipality of Burnaby in the province of British Columbia. I listened to the hon. member for Vancouver Centre (Mr. Mackenzie) make a speech in which he endeavoured to capitalize politically an apparent difference of opinion or adjustment of moneys between the government of this dominion and that of the province of British Columbia.

Some hon. MEMBERS: Order, order.

Mr. LAWSON: He did not direct one word to the situation which has arisen in the municipality of Burnaby. The hon. member for Comox-Alberni (Mr. Neill) has digressed to tell us about the general administration of the Unemployment Relief Act in the province of British Columbia and the condition in road camps, but I submit that on an extraordinary motion such as this, hon. members should be strictly confined to the subject matter under discussion, in this instance the situation in the municipality of Burnaby in the province of British Columbia.

Mr. NEILL: Speaking to the point of order may I say it is a well known rule in this house that if latitude is given to one

man it must be given to another. If you say "A" you also must say "B." The Minister of Labour (Mr. Gordon) made a general resumé of the situation in British Columbia and I have done no more. I submit that so long as I can confine myself to generalities of that description I am in order, because I am following strictly the remarks and the precedent established by the Minister of Labour.

Mr. SPEAKER: I must rule that the point raised by the hon. member for West York (Mr. Lawson) is well taken. It may be true that the hon. member for Comox-Alberni (Mr. Neill) is not transgressing the rule any more than others who have spoken to-day. The Minister of Labour dealt with the subject in a general way, and all hon. members who have spoken have followed his example. Nevertheless the point having been raised by the hon. member for West York that hon. members must address themselves to the particular matter raised by the hon. member for New Westminster (Mr. Reid), the rule must be enforced. Therefore I ask the hon. member for Comox-Alberni and any other hon. members of the house who wish to address themselves to the motion to confine themselves strictly to a discussion of the matter before the house. The discussion must concern a situation which has arisen in the municipality of Burnaby in the province of British Columbia, and may not extend to a discussion of the question of unemployment generally. I ask hon. members to confine their discussion to the situation existing in the municipality of Burnaby, in the province of British Columbia.

Mr. NEILL: Mr. Speaker, I suggest your decision may be all right, but it has been made at the wrong time; it should have been made when the Minister of Labour was speaking. I go on, then, under your direction confining myself to the situation which has arisen in Burnaby, with the feeling that there appears to be one rule for myself and another for other hon. members.

Some hon. MEMBERS: Order.

Mr. LAWSON: I think, sir, to say the least it is an insult to the Speaker of this house when an hon. member suggests that the Speaker applies one ruling to him and another ruling to other hon. members.

Mr. NEILL: I did not say "another ruling."

Mr. SPEAKER: It is not fair for the hon. member for Comox-Alberni to make such a statement, and if he did I should hope he would retract it.

Mr. NEILL: For the sake of harmony—and at such an early date in the session we want harmony—may I say that there is but one rule, but it is applied at a different time to different members. If I may be allowed to—

Mr. MALONEY: In that event I should like to suggest that you, Mr. Speaker, allow the hon. member to rave on.

Mr. NEILL: I am sorry to say that I did not hear the remarks of the hon. member who has just taken his seat.

Reverting to the situation as it applies to the situation in Burnaby, and to the remarks by the hon. member for New Westminster (Mr. Reid), and with the knowledge many hon. members from British Columbia and myself must possess to the effect that the same situation is duplicated in many other parts of British Columbia, I would urge this government to take some really drastic steps to end the situation as revealed by the hon. member for New Westminster. Such conditions cannot be smoothed over in a few days or weeks. It is going to be accentuated, and it will be duplicated in many other parts of the country. I honestly believe that I am speaking in the best interests of the province from which I come when I say to the government that they should seriously consider the appointment of a commissioner with very sweeping powers to go to British Columbia and handle the situation very much as though British Columbia were more or less in the hands of the receiver. I think an able, capable commissioner would put an end to the situation which has been outlined to some extent by the hon. member for New Westminster (Mr. Reid) and myself, and I do not believe anything less will meet the situation. It needs a strong, capable man vested with wide powers from this government, and if the situation is not so handled it will get worse. I earnestly hope the Minister of Labour will seriously consider this suggestion.

Mr. A. E. MUNN (Vancouver North): Mr. Speaker, I am familiar with the situation in Burnaby, and to my mind it is very serious. Every hon. member of this house should be only too glad to devote a little time to the matter if something can be accomplished. Burnaby adjoins my riding of Vancouver North; there we have the same trouble, and in fact it extends over practically the whole of British Columbia. Just because we have perhaps the finest climate in the world, and because a lot of people have gone to Burnaby and other parts of British Columbia, is no

reason why they should be allowed to starve. Arrangements were made not only in Burnaby but in other parts of the province for thousands of men to do road work, but to-day if you go there you will find that they are not working. Every hon. member here should be anxious to relieve a situation which, to say the least, has become desperate.

Mr. OLOF HANSON (Skeena): Mr. Speaker, as a member from British Columbia I am also familiar with the situation in Burnaby. I was there about two weeks ago and could not help seeing that the situation is very serious. But, as my colleague from Vancouver North (Mr. Munn) has said, conditions are the same throughout British Columbia. In Prince Rupert the same condition prevails. I have no criticism to offer of the federal government; I think they were sincere last year when they voted money for unemployment relief, but I must agree with other speakers when they say that the money is being misused in British Columbia. If anything I believe this government should be congratulated upon stopping payments to the province of British Columbia, because I think it has been discovered that the British Columbia government is not capable of handling the money. Not only in Burnaby but in Prince Rupert and other places money was spent for the construction of camps while those who actually needed relief could not get work at all. Most of the men in Burnaby and nearby places received only sixteen days employment. Sixteen days in the fall of the year is not sufficient to keep a man for the winter, so I think if a man could be sent to British Columbia to take charge of affairs, as has been suggested, it would be a great help to the country at large, to the province of British Columbia and to the municipality.

Mr. ANGUS MacINNIS (Vancouver South): It was not my intention, Mr. Speaker, to take part in this debate, but it seems to me that the reply of the Minister of Labour (Mr. Gordon) was extremely weak. Here we have a situation which has arisen because of a dispute between the federal and provincial governments as to the payment of men on relief work in the municipality of Burnaby. It has nothing whatever to do with the climate of British Columbia or with the immigration policies of past governments of this country. It is true that there may be quite a number of transients in the province of British Columbia and also in the municipality of Burnaby, but at present they are not affected by the statement made by the hon. member for New Westminster (Mr. Reid). So far as my information goes they are looked after by the provincial government in the camps that were built when the unemployment relief scheme was begun.

[Mr. Munn.]

The main question is this: These men on unemployment relief in Burnaby are working for very low wages; they are working part time, yet, after having done their work, because of the dispute between the two governments they cannot get the pittance which is coming to them. That is the point of the whole matter, and we wish to get some assurance now that in the future they will not have to wait for their money. We do not want to hear about the climate of British Columbia; we know all about that. We do not care particularly to hear about the immigration policies of past governments; we have always protested against them. But at this time we do want to know that when these people have done their work for their low wages, they will not have to suffer further privation through having to wait for the federal and provincial governments to come to an understanding as to how and when they are to be paid.

Mr. SPEAKER: Does the hon. member for New Westminster (Mr. Reid) wish to reply? If so he will close the debate.

Mr. REID: Before withdrawing the motion I should like to have had some assurance from the Minister of Labour that this situation would be looked into, because I think it is unique in all Canada.

Mr. SPEAKER: The practice is to withdraw the motion at the conclusion of the debate, it being a motion for the adjournment of the house, and the debate having concluded early in the sitting. Under such circumstances it is not usual to put the motion. Is the hon. member prepared to withdraw his motion?

Mr. REID: Yes.

Motion withdrawn.

UNEMPLOYMENT RELIEF

CORRESPONDENCE RESPECTING RELIEF EXPENDITURE IN NEW WESTMINISTER, BURNABY AND RICHMOND

On the motion for papers of Mr. Reid:

Mr. SPEAKER: Does the hon. member for New Westminster (Mr. Reid) propose to go on with the motions standing in his name for the production of papers, or does the information given yesterday, and the decision he took then, still apply?

Mr. THOMAS REID (New Westminster): I realize that the information will be brought down sometime in the future, but some of the information I require is specific in its character, and I rather doubt that the details for which I am asking will be given as fully as I should like when the papers are brought down. However, I will ask that the motions stand in the meantime.

Motions stand.

UNOPPOSED MOTIONS FOR PAPERS

STE. CECILE, N.B., POSTMASTERSHIP

Mr. VENIOT:

For a copy of all correspondence, reports or other documents relating to the dismissal of the postmaster at Ste Cecile, Gloucester county, New Brunswick, and the appointment of Lazare Lanteigne, as postmaster.

SIX ROADS, N.B., POSTMASTERSHIP

Mr. VENIOT:

For a copy of all correspondence, reports or other documents relating to the dismissal of John Louis Arseneau, postmaster at Six Roads, Gloucester county, New Brunswick, and the appointment of his successor.

LAKEVILLE, N.B., POST OFFICE

Mr. VENIOT:

For a copy of all correspondence, reports on qualification of applicants, and all other documents relating to the post office vacancy at Lakeville, Carleton county, New Brunswick, received or forwarded by the Post Office Department since June 1, 1931.

OLIVER SIDING, N.B., POSTMASTERSHIP

Mr. VENIOT:

For a copy of all correspondence, reports, and other documents, relating to the appointment of J. A. Boulay as temporary postmaster at Oliver Siding, Restigouche county, New Brunswick, as well as correspondence and reports relating to the dismissal of Germain Dionne, as postmaster of Oliver Siding. Also all correspondence and reports relating to the appointment of a permanent postmaster at Oliver Siding.

NORTH BATTLEFORD RAILWAY

Mr. McINTOSH:

For a copy of all correspondence, documents, letters, telegrams, papers, reports, exhibits, route maps, plan showing industrial spurs and memoranda in connection with file No. 30356.13, Board of Railway Commissioners for Canada, in which the Canadian Pacific Railway is shown to be the applicant. Also judgment of board growing out of application to Board of Railway Commissioners, dated June 23, 1931, and hearing thereof at North Battleford, October 8, 1931.

Mr. GUTHRIE: I am not sure that we have those documents in any department of the government; I think they are in the custody of the Board of Railway Commissioners for Canada. If we have them we shall be glad to bring them down.

Mr. McINTOSH: Perhaps the view of the Minister of Justice is correct, but I thought this would be the proper way in which to get what I required.

Mr. GUTHRIE: I will have inquiries made.

SOCIAL AND ECONOMIC RESEARCH

PROBLEMS OF DISTRIBUTION, PURCHASING POWER, EXCHANGE VALUES AND UNEMPLOYMENT

Mr. ALFRED SPEAKMAN (Red Deer) moved:

Whereas; the problem of production has been largely solved, assisted greatly by the application of scientific methods and the results of organized technical research; and

Whereas; the federal government has contributed to that end by the establishment of the National Council of Scientific Research, and by the financial assistance given to that body; and

Whereas; the problem of distribution, with the kindred questions of purchasing power and the exchange values of agricultural and other commodities, together with their relation to the growing problem of unemployment, are still unsolved, and demand immediate attention with systematized investigation and scientific study; and

Whereas; this can best be done at the instance of the state and by men of scientific training enabled to devote their entire time and attention to the study of this important subject;

Therefore be it resolved; that, in the opinion of this house, the government should give immediate consideration to the establishment and maintenance of some organized body for this purpose, which body might be known as the National Council of Social and Economic Research.

He said: It will be readily understood by yourself, Mr. Speaker, and by the members of this house, that in presenting this resolution at this time and under immediate circumstances I am confronted with an unusual and rather unexpected situation. Owing to the early and unlooked-for collapse of the debate on the address, which died as it were almost in the moment of its birth, coupled with the rather striking innovation of yesterday's procedure, I have found myself with but scanty time for preparation. Yet, sir, immediate action is necessary if I am to rescue this motion from the oblivion into which it would otherwise be plunged through the procedure which took place yesterday. Owing to these circumstances I shall be as brief in my address as the subject itself will permit. In this anticipated brevity I shall

be following the precedent already set in the first part of this session, a precedent which is a bright and shining example and one which, if persisted in and followed throughout the entire session, will stand as a mark worthy of the emulation of future parliaments and future speakers.

Coming to the resolution itself, I think it will be recognized by the house as identical in purpose and in phraseology with the resolution which I presented a little less than twelve months ago. At that time I went into the question as fully and in as great detail as the forty minutes limitation would permit, and I do not propose at this time to indulge in wearisome repetition nor to traverse the same ground I covered then. Rather, I shall endeavour to bring forward and present some additional arguments in support of the resolution which has now been twice submitted.

In presenting the case last year I discussed as accurately and intelligently as possible the situation as it then existed. I pointed out to the best of my ability the enormous strides which had been taken during the past century in scientific attainment and engineering skill, and in our productive capabilities, based upon both. I also, to the best of my ability, paid tribute to some of the fine work done by the present National Research Council, a body composed of trained and distinguished scientists who, under the aegis of this parliament, and financed by the taxpayers of the country, have given material assistance in solving many of the technical problems with which we have been confronted, in improving our methods of production, and in enabling us to utilize more intelligently the vast and valuable natural resources which are found within the borders of the country. I stated then, and I still believe it true, that the problem of production itself has essentially been solved; that is, that while we have still much to learn as to improvement in methods we are now no longer in danger of shortage or famine. No longer is the problem that of a shortage of the necessaries of life. We have at the present time, and we are able at almost any time to produce, all the necessities and most of the luxuries which are required by the people of this country and by the civilized world. Under these circumstances, and having advanced these arguments at that time—those who are interested may read in Hansard what was said last year by various speakers on this subject—I shall confine myself to-day to the additional argument which I think may well be presented and which I hope will overcome the reluctance that at that time was manifest on the part of the government.

If the subject at that time was of importance, and if the time was then opportune for its presentation, both of which I believe are true, then nothing so far as I can see has transpired during the twelve months that have passed to render the subject of less importance, to make the time less opportune, or to leave the subject matter of this resolution less imperative. Indeed, during those twelve months there has been a progression of events, an increasing severity in the situation itself, a growing tenseness of feeling and opinion throughout this land, which renders it even more imperative that such action as I suggest or some similar action should be taken in the interests alike of this nation and of stable government. One year ago it still seemed possible and many, if not the majority of the people, still thought that this depression was similar, save in magnitude and severity, to those which had passed from time to time over this land. Depressions have come in cyclical succession, they have waxed and waned, and each has been followed almost automatically by a period of relative prosperity. That prosperity again gave place to a succeeding depression of a somewhat similar character.

The present depression has assumed a new and more menacing character. Under former depressions the financial or economic systems suffered comparatively little damage, indeed the systems themselves and their chief devotees and beneficiaries at times were benefited by these depressions. During those periods we found a withdrawal to a large degree of the credit which had been advanced during periods of prosperity, credit which had been advanced to the people of this country at a time when money was comparatively cheap, when its purchase value was comparatively low. This credit was drawn back into the system with compounded interest during the periods of depression when money itself was dear and its purchasing value was doubled or trebled. Therefore those whom I might call the high priests of our economic system might well look with some fortitude, if not with some complacency, upon these depressions.

As I stated before, the present depression has passed this phase. No longer are the only sufferers those who have always suffered during times of depression or deflation. First there was agriculture. Agriculture always suffers first through the crash of price values, through the diminution almost to the vanish-

ing point of its purchasing power and the disappearance of credit. The next to suffer always has been industrial labour which suffers through lack of employment and decreased wage levels. Suffering with them in the natural sequence are the merchants of this country who find their normal sales lessened. The weaker and smaller merchants are threatened with insolvency, while the larger and stronger concerns are threatened with vanishing profits and passed dividends. The present depression is of a changed character or rather it has assumed its true character and its sinister aspects are now generally manifested. Not only the farmer, not only the labourer, not only the small merchant is suffering to-day, but like some deadly paralysis it is penetrating further and further into the system. It is conquering—I will not say destroying—and damaging layer after layer of our industrial and economic structure. Because of the stock market crash we find that not only has the speculator lost his earnings and become reduced to penury, but that the prudent investor, the man or woman who invested in stocks and shares which in normal times were as safe as the Rock of Gibraltar, stocks and shares of sound intrinsic values like the shares of the Canadian Pacific Railway, is suffering from the effects of passed dividends. In many cases such investors have lost their sources of income and without the means of livelihood upon which they depended they have been reduced to penury. In different parts of the country we find the curious and anomalous situation where men and women with property valued at many thousands of dollars are forced to rely upon relief because their property brings in nothing by way of income. It is a curious, a most significant and sinister situation.

As in the past these periods of depression or of deflation followed one another, many people looked upon them not only as a necessary evil, as perhaps the only imperfection in an otherwise perfect system, but even as a wholesome corrective, a species of economic purgative which cleansed the body politic. They were considered as the result of those bouts of inflation, those orgies of extravagance and over-expansion which we have heard about so frequently. To-day it has gone a little further than that. As I stated, it is creeping through the various layers of society, and everywhere throughout this country, throughout the civilized world as well, men and women are asking for leadership. They are demanding that leadership of those who for the time being are sitting in positions of authority and power. They ask that they be led from such conditions and be restored to what may be termed normal conditions, to a better and more perfect system of society. This demand for leadership, this cry of distress is not confined at this time to a few agitators, it is not heard only amongst the ranks of agriculture or of labour, it is not heard only in this corner of the house, it is heard everywhere, in our universities, in our great cities, in the centres of industry and of economic life. Everywhere we find groups of students and intelligent and thinking citizens gathering together to study and discuss the situation which prevails. They seek a way out and they look to this parliament and this government for the leadership which they require.

As far as Canada is concerned, the responsibility lies here. To what degree has this parliament and has this government offered that leadership? Have they offered any suggestions or remedies which will bring this country to the plane which it should occupy? I remember, when this subject was brought up a little less than twelve months ago, that objections were taken to the establishment of such an organization. Those objections were two-fold. In the first place, we were told that such an organization as was suggested was entirely unnecessary. We were assured that within the ranks of the government itself or of the civil employees would be found that leadership and knowledge which was necessary and from that source would come the remedy which this country demanded. A year has passed and as far as I can see, and as far as the people of this country who are within my knowledge can see, no single step has been taken along the lines indicated. Up to the present moment two suggestions alone have emanated from this source as tending to restore prosperity and to bring to us victory over our difficulties and distress.

The first suggestion is that of relief. Unfortunately relief is a necessary thing. We all admit that it is essential and we all deplore that necessity. Not even the most optimistic can look upon relief as being in any sense a solution of the difficulty or look upon it as in any sense a factor which will do other than, as time goes on, increase the burden which rests upon us, increase the burden of public debt and make the problem more severe instead of lighter. The other suggestion—and that was brought forward the other day—was that the government itself should reduce by 10 per cent the purchasing power of its own employees. I leave it to the house

and the country whether that, though possibly a necessary step, showed any indication of leadership or of the way out.

I have sometimes been accused, when I speak as I do to-day, of being a pessimist. I am not a pessimist, nor do I preach a gospel of despair, for this reason: as I look around this country, surveying the magnitude of its achievements, the wealth of its resources, I recognize that those conditions under which we are suffering are not inevitable; they are not necessary; they are not an essential part of this country's life, but they are the result of human error, of human effort, of man-made conditions and as such they always are and always must be susceptible to human control. But to control them, to ride triumphant over the storm, to bring us victory and prosperity, prosperity real, lasting and enduring, we can no longer as a nation, as a civilized world, go on in the same haphazard, ruinous, competitive manner. It is useless, I believe, for us to sit down here talking about this and that and solace ourselves with the belief that if we only endure long enough, if we only tighten our belts a little tighter, if we only economize a little more or eat or drink or use a little less, in some mysterious, miraculous way things will right themselves.

I for one do not believe that. I believe in these days we require and must have a planned economy. A planned economy may be anything or nothing, but at least it indicates in the words themselves some definite purpose and some definite method by which that purpose shall be attained. We require a wise and intelligent use and distribution, not only of our great producing ability but of the products of our toil, the wealth we can produce. To do this we must first acquire a better, more complete and more accurate knowledge of the situation itself and of its causes, of our present system and of its defects, than we now possess. It is for that purpose I again urge upon the house and the government to consider and to create some such body as is indicated in the terms of this resolution.

We were told last year not only that it was unnecessary, but that if we endeavoured to build up a planned economy, if we endeavoured to set up such a body as might assist us to that end, we were opening the doors to the dangers of bolshevism and sovietism. Surely it is nonsense to suggest that there is any relation between a council such as is indicated by this resolution and the somewhat ruthless though efficient despotism that we see in another land. There is no relativity there. We all of us recognize that such a system as we see in that other country is not one which would be suitable to Canada or to the temperament of its people, but we believe it is wrong to be so blinded by prejudice as to refuse to organize or to plan in order to meet and to solve our own difficulties, to utilize to the best advantage our own resources and intelligence because, forsooth, in some other country they have planned and organized along lines which we do not approve. I should be sorry if we were to show such complete lack of intelligence as that. Can we not prove here in Canada and demonstrate to the world that an intelligent and organized cooperation of a free people can do more towards the solution of their own problems and towards the betterment of civilization as a whole than the forced and almost controlled obedience of the people of another land? The challenge is thrown out to us and surely we are men enough in this parliament and country to accept that challenge, to plan along our own lines and to prove that our way, our temperament, our freedom and our cooperation are the best. I should like to see us try that.

We are told again that our troubles are the result of world conditions over which a nation with a scattered population of 10,000,000 can have but little effect, can hold but little influence. But what is the world and what are world conditions? The world is composed of a number of single and separate nations and if each one of those nations assumes that counsel of despair, of inert inferiority, sitting there like a rabbit menaced by a snake in paralysed inertia, then world conditions themselves will swallow and destroy us. Surely it is not necessary for us to assume that attitude. Within this country we have many conditions which are within the control of our own people and we can set ourselves to the task, marshalling our forces, intelligence and resources, to meet and to conquer those conditions which are under our own control. Then and not until then, organized in that way, making the best of our own advantages, we are in a position to offer the cooperation which is essential to meet the international problems which must be approached upon an international scale. It is said, to change the metaphor, that in Holland they keep the streets in a perfect state of cleanliness by each householder keeping his own doorstep clean, and if we as a nation, and other nations would seek to remedy our own defects, to take advantage of our strength, each doing that, we would find a clean street.

The main thing, however, is this: are we to wait, to sit in inertia, to hope for something to

come to pass, brought about by a power outside ourselves, or are we to adopt some means first of searching and understanding the causes of the troubles which beset us and then of using all the strength, wealth and intelligence that we possess, to meet those troubles? Which, I ask, is the better and more manly method of meeting the present situation? Difficulties are anticipated? Of course difficulties are anticipated. I assume one difficulty with which we shall be confronted if we are to consider such a national council, will be its cost at a time like this, a time of shrinking revenue, a time when the most rigid economy is necessary. I agree with the necessity of economy, wise economy, but there is such a thing as very unwise economy; there is such a thing as that economy which, if carried to excess, makes impossible in itself the rectification of the situation. I have heard, for example, of men in business who, because times were hard, cut out at the first their advertising, hoping in that way to remedy the situation. I am not in business, but I imagine that such a course would be the last one to pursue. The expenditure of a few thousand dollars, which is all that would be necessary to start in a small experimental way a body such as this, would be money well spent if through its researches we had the least light thrown upon the present black and blind turmoil that we call civilization.

There will undoubtedly be many differences of opinion as to the details of such an organization, and it is for that reason that I refrain from dogmatizing at this time. I am simply contenting myself with enunciating a principle, the principle of research, and a method through which it may be carried on. I am not at present concerned as to the particular type of organization established. All I want to see is this, that we have a body of men of fit and proper character, and with the right kind of training, who will be placed in a position where they may devote their energies, their skill, their training and education to this greatest and most overwhelming of all our problems. It might be a body, for example, composed of representatives nominated by different industrial and other groups throughout the country. It might be one sort or another, and therefore I am not dogmatic about it at all. I am prepared to accept, and accept with gratification, any step forward which will tend to bring us out of the morass in which we find ourselves struggling to-day. Undoubtedly this suggestion, as any other suggestion, is open to criticism. The easiest thing in the world is to criticize, to point out defects, but, Mr. Speaker, I believe that the first duty of a critic who points out a weakness in another's suggestion is to bring forward himself a suggestion of a constructive character, which will be an improvement upon the method first suggested. I am willing to accept any suggestion of that sort.

Here we are. The year passes on and we find ourselves not having taken a single step forward. We find ourselves spending huge sums of money for relief, and we find ourselves praying for something to happen in some miraculous way that will relieve us and get us out of this inertia, not now complacent, but helpless inertia, where like Micawber we are simply waiting for something to turn up. It is that attitude which I challenge. Undoubtedly part of our troubles are international in character. There is the question of reparations and international obligations, all of which have a bearing on the matter. But it is unnecessary to go beyond the borders of this country to see the part which debts and indebtedness play in the problem which confronts us. I believe that the internal indebtedness of Canada is just as great a handicap and places just as great a weight upon the shoulders of our people as are the reparations which cannot be paid or the international debts which might just as well be forgotten. Within this country we have some control over our own financial affairs and our own internal indebtedness.

I am simply suggesting lines upon which we might travel. We cannot shield ourselves behind world conditions. We cannot treat world conditions as an excuse for doing nothing ourselves within our own country. Not long ago the Prime Minister (Mr. Bennett), in addressing a great gathering of some religious body, is reported to have said, and to have said wisely and well, that only the grace of God could place Canada in the place which she should occupy. Those words were wise and true, but there is an old proverb, Mr. Speaker, that says God helps the man who helps himself, and I urge upon this government and upon parliament the organization of some such body as is suggested within this resolution as a first and essential step in self-help, without which we need not expect and do not deserve the help of either God or man.

Mr. W. T. LUCAS (Camrose): As the seconder of this resolution I wish to make a few observations. Let me first congratulate the hon. member for Red Deer (Mr. Speakman) upon the very able manner in which he has presented this matter to the house. I think all who listened to his presentation of this question at the last session of parliament and again this afternoon will agree that he

has presented it with such clarity and forcefulness that it is difficult to understand why the house should not at once accept the resolution unanimously.

In my opinion never was the time more opportune and never was the necessity so great for the appointment of a council such as this resolution calls for, if we are going to meet our present situation intelligently. Someone has said that times are improving. Are they? Last year our bigwigs of finance told us that prosperity was just around the corner. A year has passed, and the corner is still elusive. Is there a man to-day who knows just what the future holds in store? We have all read what Sir George Paish has said, and which was printed in the press within the last month or so. Another great economist, Sir Basil Blackett, has warned the world that action is needed to halt the crisis. I quote:

Sir Basil Blackett, British banker and industrialist, warned the world in a radio address from London that it faced a gloomier year in 1932 unless it exercised concerted control of its economic life and forestalled disastrous political troubles.

"There is a kind of optimism inborn in nearly all of us" he said in part, "which tries to console us with the comforting thought that trade depressions always right themselves somehow, and that this one will be no exception. . . . It is just this unreason that makes the prospects for 1932 seem to be so alarming, coupled with the desperately short time that is left for finding and applying the right remedies before it is too late. Both its intensity and its world-wide character make the present depression totally different from any that has gone before. Surely we have suffered enough already to make us face the facts. But are we facing the facts?

"More and more we are getting back to primitive methods of barter. We have forgotten that money was invented in order to be dealt with solely as a means of facilitating the exchange of desirable things. We have taken to using gold not as a standard of value—but as an everyday means of making and receiving payments.

"How can a farmer expect to avoid bankruptcy if a mortgage of $5,000, which was equal in 1924 to the price of 2,500 bushels of wheat, to him represents in 1931 the price of nearly 6,000 bushels of wheat, and if things go on as they are, may represent 7,500 or more bushels in 1932.

"The first essential to recovery is a rise in wholesale prices, especially of primary products from their present disastrous low level, and then the essential next step is to stabilize the purchasing power of money.

"In the last few years the rise in the purchasing power of money and the disastrous fall in prices have redistributed the ownership of wealth as between the various classes of the community without rhyme or reason in a way that is socially most inequitable and have then gone on to cause a vast destruction of pre-existing wealth, and what is even worse, a vast curtailment of the community's production of new wealth."

[Mr. Lucas.]

Our engineers and scientists, Mr. Speaker, readily overcome the most difficult problems, but our political and economical science belongs to the past, and before any real progress can be made and real and lasting prosperity can be restored many of our old ideas will have to be overhauled and scrapped or brought up to date.

Someone has said:

New times demand new measures and new men.
The world advances, and in time outgrows
The laws that in our fathers' day were best.
And, doubtless, after us, some purer scheme
Will be shaped out by wiser men than we,
Made wiser by the steady growth of truth.

To-day, Mr. Speaker, we need men with minds unafraid to travel, even though the trail be not blazed. I wish definitely to state that I am not a believer in communistic doctrines; I believe the Russian people have a problem of their own, which it is their duty to solve. Their problem however is different entirely from what we have in Canada. As the hon. member for Red Deer (Mr. Speakman) pointed out we have, at least for the time being, solved the problem of production, our great task to-day is to secure the proper distribution of wealth among those who create it. That is our task, and I care not from what source I get ideas if they will help me out of the difficulty in which I find myself. The Russian people have embarked upon a wonderful experiment; as far as I am concerned I wish them God speed and trust their activities will bring a brighter and happier day to a people who have known nothing but oppression.

I am impressed with the fact that they have a problem and to meet it have adopted a plan, with a definite object in view. How much better would Canada have been to-day had we started out in the development of our great country with a definite plan before us. Speaking recently about the Royal Commission on Transportation Sir Henry Thornton is quoted in the press as saying, "The only thing wrong about the royal commission is that it did not sit forty years ago." Visualize what the difference would have been had we started out with a definite plan of railway development. To-day we are duplicating our railways and highways without any idea of the outcome. In the settlement of the three western provinces comprising millions of acres, we had no plan. People poured in from all parts of the world and settled where they pleased. We had no plan for the development of our immense pulp and paper re-

sources with the result that that industry is demoralized, over-developed and millions of dollars have been lost.

Canada, along with the rest of the world, is in the midst of the greatest depression known to civilization. A person sitting on Mars and taking a bird's eye view of world conditions would certainly come to the conclusion that we are anything but intelligent people. My statement may seem paradoxical, but to me the one bright spot on the horizon lies in the seriousness of the situation. Great Britain, with her stubborn pride, refused to go off the gold standard until she was forced to do so. It seems to me that we will do nothing until conditions become so serious that we shall be forced to take action. We are content to cling to old methods which have served their purpose but outlived their usefulness. As the hon. member for Red Deer pointed out, our trouble to-day is entirely man made; we have created a machine of which we have nearly lost control. Control is imperative, however, or we will go under.

One great trouble to-day is the confusion of thought. Everyone admits there is something wrong, but few can agree on real causes and remedies. If our scientists can solve almost any industrial problem placed before them, surely it is not unreasonable to suppose that men with scientific training given the task of finding a solution to our social and economic ills would be able to do something to meet it.

Mr. J. R. MacNICOL (Toronto Northwest): Mr. Speaker, from an experience of twenty-five years in industry I am in a position to tell the mover and seconder of the resolution that many of the great men in industry both in Canada and the United States would welcome any plan whatever to stabilize industry and to make more permanent the period of time employees might be engaged therein.

There is nothing new in the suggestion of an industrial economic council. I believe it was the great Bismarck, who in 1881, first advocated the inauguration of an advisory industrial committee in Germany. Germany did nothing with the suggestion made by Bismarck until after the war, but in 1919 when the German National Convention met at Weimar there was incorporated in their constitution provision for the setting up of an advisory council to assist in the expansion of German industry and to increase the permanency of the employment of all engaged therein. Anything which will assist in keeping our industries operating and in making employment more permanent has my hearty support. The German council consisted of 326 delegates, representing all of the various economic groups into which industrial peoples are divided. There was provision for equal representation by employers and employed, there being 163 representatives in each group. The council met monthly in the year 1920, met again in 1921 and again in 1922. Before the expiration of the year 1922 the German republic found the cost of the council too great, and since that time a smaller committee has been functioning in an advisory capacity. I presume the council discusses various bills pertaining to industry and economics generally, and sends its recommendation to the ministers of the German government under whose jurisdiction these various matters come.

Following the adoption by Germany of the principle of an economic council eight other European countries adopted the principle. Jugo-Slavia followed the example in 1921, and Poland adopted the principle but did not put it into effect. Spain and Portugal both adopted it, but owing to their economic and other troubles they have not operated it as yet. France adopted it in 1925 and Italy and Great Britain in 1930, while during the present year the republic to our south has had a committee meeting at Washington. That committee went further; it sent what was called referendum 58 throughout the United States, and as a result of their work the committee recommended to the government at Washington the adoption of some plan such as an economic council. Each of these countries has a different plan of operation, but only two, France and Germany, have put their plans into effect. The others have not yet shown what an economic council can do, but as I said a moment ago I am convinced that any council or advisory board that can assist industry and, through industry, assist labour, will be welcomed by the hundreds of thousands of men engaged in labour and by those controlling the capital of the plants which provide employment.

Perhaps owing to the present depression, this subject is more or less paramount to-day. Since 1790 we on this continent have gone through twenty-five periods of prosperity, and we are now in the twenty-fourth period of depression. After each of the great wars has come a period of depression. There was the Napoleonic war, the strife in Europe during the sixties and early seventies, the civil war in the United States and later the great war, and after each of those war periods the world experienced two depressions. There was the primary post-war period depression which we

had about 1920-1922, and the secondary post-war depression through which we are now passing. I have made a diligent study of each of those depressions, and I have no hesitation in saying that conditions during the present depression are being grappled with by all countries—and I may say particularly by our own country—in a better manner than was the case at any time during former depressions. It is because of that better handling of the situation that we are not now experiencing the terrible times through which the world went following the Napoleonic wars and the two depressions which came after it, or the conditions which obtained following the civil war in the United States. I want to be fair to all governments; I honestly believe they are doing the best they can under the circumstances to grapple with conditions, and that is particularly true of the government of Canada. I do not like to make narrow, partisan statements, and I would say this if any other party was in power doing the same thing. I believe in giving the present government unstinted credit for the fact that the situation is not much worse in Canada.

Why an economic council? I think as a result of the tremendous upheaval of the war, conditions have arisen that will require the best brains of every part of the country and of every group into which the people are divided. The Great war brought about a condition, particularly with regard to machinery, that did not exist in the world previous to that time. Owing to the terrific demand for man power and for material during the war, all governments encouraged their ablest men, their scientists, their technicians, their business men and their experts all along the line to produce machinery that would do away with a large part of manual labour. I do not want anyone to think I am not in favour of having the best machinery; quite the contrary. The best machinery cuts down the cost of production, and the more we cut down costs the more we create a demand for that which the machine produces. But in my time I have seen the hours of labour shortened from twelve hours a day to eight hours a day, and if the machine is to continue to displace man power as it has in the past, then I think perhaps under present conditions—I do not advocate that it should be a permanent change—the machine should not operate too many hours.

Let me give one or two instances. In Milwaukee there was a plant manufacturing frames for motor cars. The capacity of the plant was 10,000 frames per day, and it employed 2,000 people working eight hours a day. Owing to the war and the subsequent period of expansion, that company found it necessary to manufacture motor car frames much more quickly, so they installed a massive machine which filled the whole plant. To-day 200 men operating that machine turn out 10,000 motor car frames per day, so in that one case we have 1,800 men displaced by machinery. I could give many similar examples, but I will not go further along that line.

Then there is another situation which has developed during the last few years. Prior to 1919 there were many thousands of companies employing five men or less, and the number had been increasing all the time up to that year. But because of the demand for greater production with fewer employees many mergers took place, with the result that after 1919 the number of companies employing five men or less decreased by one-third.

So I say I believe that the best brains of the country should consider these matters. I do not intimate for a moment that the government are not capable of dealing with them, but in these serious times it could do no harm to call upon the best brains both inside and outside of parliament.

Let me go a step further along that line. What can an economic council plan for? A great many of the ablest men in the United States, including employers of labour, appeared before the economic committee at Washington and testified along certain lines. During an investigation I made recently I took occasion to discuss the matter with employers of labour and I am glad to say I learned that the great industrialists were all willing and anxious, as they were at Washington, to do anything they could to relieve the unemployment situation and to place the engagement of labour on a more permanent basis. One of the things suggested was a shortening of the hours of labour or the number of work days per week. Whether that is sound or not I am not prepared at the moment to say, but an advisory council could assist in the discussion of that question. Another thing: everywhere I found the employers of labour convinced that the time has come when some system should be adopted whereby men who are unemployed should be able to draw from some fund to which they have contributed and which has been built up partly as a result of their own labours. Some call this unemployment insurance. Call it what you will; I think the time has come when in periods of prosperity, when things are bounding along, industry is running full blast and wages are good, there should be some system of laying

by a fund to tide men over times of depression, because such times are bound to recur. Depressions have followed one another and may continue to do so, but it is up to the public men of to-day to consider some method of mitigating the distress of any future depression, so that conditions will not be as severe on the people, when a period of depression does come, as they are to-day.

I think an economic council might discuss some plan of re-education for men who are displaced. I have often wondered that for example a machine can be put into operation which will displace eighteen hundred men out of two thousand; and one machine operating in the city of St. Louis required seventy-four men where formerly there were seven thousand, without some provision being made to absorb the displaced men. An economic council could look into a matter of that kind and devise some system of re-education. I learned of two very good examples of re-education in the city of New York. A coal company down there decided to dismiss all teamsters and discard all wagons that had been delivering coal and instead to deliver coal by trucks. The men belonged to a teamsters' organization whose secretary must have been a very wise and able man, because apparently he had saved up enough in the treasury to purchase a truck, and with this he re-educated the teamsters in truck driving, so that when trucks began to be used not a man who could drive one was laid off. Some plan of re-education could be suggested by an economic council or whatever you choose to call such a body. I am not tied up to the name economic council or advisory council, so long as there is a body which will consider keeping men employed and industry in operation.

I am convinced that every man in this house, irrespective of party, is just as anxious as I am to support any plan that will alleviate distress, keep industry going and maintain men in employment. It is not at all a party question; it is a national question, a question in which we are all interested, and particularly the great mass of humanity in the country. I shall be happy to support any plan whatever that will achieve satisfactory results, keeping employees occupied and regulating production and consumption. I know very well that as a result of the war production has far exceeded consumption. The extent of productive machinery has brought that about and we must restore a relationship between production and consumption if we are to stabilize conditions and keep industry going. If the plan proposed by the hon. member for Red Deer (Mr. Speakman) and supported by the hon. member for Camrose (Mr. Lucas) will bring about such a happy condition, it will have my hearty support.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Last year the hon. member for Red Deer (Mr. Speakman) presented a resolution similar to this. It is true, as he stated a few moments ago, that at that time I questioned the practicability of the appointment of such a body and indicated to the house that within the ranks of the civil service of Canada there were men competent to study these problems and to advise upon them. I could possibly stop here and simply repeat the same thing. I do not wish, however, to be discourteous to my hon. friend or to treat lightly the very valuable proposition that he puts forward—valuable from this standpoint, that it is provocative of study and thought. I shall very briefly review the resolution and glance over the remarks so eloquently made by the hon. gentleman in support of his proposal and then, if time permits, I shall make one or two observations of my own on the general theme.

It will be noticed that the resolution postulates certain things and then proceeds to make a suggestion. In the first place, it states that the problems of production are largely solved. In a measure that is true. My hon. friend from Toronto Northwest (Mr. MacNicol) has just indicated from a practical standpoint what tremendous strides science has made along the lines of production. As he observed a moment ago, there is no news in this; it is something which almost everyone who has been studying economic questions readily recognizes. Production has made tremendous strides during recent years, particularly since the years of the Great war, when it was stimulated by the necessities which arose at that time. As far as the resolution deals with that particular phase I think it can be accepted.

Mention is made of the National Council on Scientific and Industrial Research, and in this connection I agree with the resolution. While I do not believe that Canada has made the progress which might be hoped for and which we expect ultimately to achieve in industrial and scientific research, nevertheless considerable progress has been made and the foundation has been well laid for a research body which will, I think, compare favourably with that of any other country located as Canada is.

The resolution then goes on to deal with certain unsolved problems. It states that the problem of distribution is unsolved, and mentions also the problems of purchasing power,

exchange values and unemployment. These are problems imminently before the people, and they are all unsolved. The resolution then proceeds to demand a systematic investigation and scientific study of these problems by the state. The practical point in the resolution is that it calls for an organized body for this purpose.

My hon. friend has very ably stated his case, and I compliment him, as I have on previous occasions, on the moderateness and eloquence of his language in presenting it. Cheerfully I pay tribute to his statements to-day. He describes the troubles and perplexities of different classes of people. He points out that there is undoubtedly suffering among agriculturists, small merchants and others, and he brings the description of this condition to a very simple head by calling it "the system". I do not intend to cast reflection upon the remarks of my hon. friend, but may I say: that it is a very simple thing to come before this house or appear before any audience and describe the perplexities and embarrassments with which humanity is confronted. My hon. friend has said that we lack leadership. That is a trite saying which is heard almost daily. There is no question but that we lack leadership. We lack men, not only in this country but throughout the world, who have minds sufficiently colossal to enable them to grasp, understand and analyze these problems and then present a well worked out and complete solution therefor. I get a little restive when I hear a retailing of the problems with which we are confronted, the casting of a reflection because they are still unsolved, and nothing more. My study of history, such as it has been, and my experience in and out of parliament, has taught me one thing if it has taught me nothing else, and that is that the problems, perplexities and difficulties by which we are faced are not overcome by a mere statement of them. They are overcome by the age-old method of line upon line, precept upon precept, here a little and there a little, and in no other way. This cry for leadership might be almost characterized as the cry of the helpless. If we are going to cry for leadership, we should exhibit a little practical effort in the solving of these problems. I followed my hon. friend with great care, and while admiring his presentation I listened in vain for one practical suggestion. I ask him to reflect on that.

His final appeal both last year and this year was for the appointment of some body of men to deal with the problems to which he alludes, although he does not say how this body is to be constituted. In that most elementary step there are perplexities. Does the hon. member want a body of men chosen from the economic staffs of our universities? Choose from the universities of Canada the most outstanding economists, gather them together and ask them to tackle this problem, and what would be the result? With all respect to the splendid intelligence of these men, many of whom I know personally; with all respect to their genuineness and the value of their researches, I venture this statement: they would labour for months, possibly for years, without bringing forward a practical solution of the problems with which we are confronted. If the objective is to be a short cut to what my hon. friend calls a planned economy; if we are expected to present to parliament or to the country some scheme which is fully worked out in all its detail, then I say to my hon. friend that failure will dog his steps from the very outset. It cannot be achieved in that way.

What does my hon. friend mean by a planned economy? That is a term to play with—I was going to say a term to trifle with. This word "plan" has been almost immortalized by the efforts of the great Soviet republic, and in saying that I cast no reflection upon that republic or its efforts. I have read a great deal in this regard, and I have been appalled at the magnitude of the task undertaken; I have been almost overwhelmed with the mass of detail which is encumbering their efforts in the working out of their great scheme. No one can study this so-called plan, really the only great economic plan before the world to-day, and fail to recognize that in a country like Canada, peopled as it is by individuals who have rooted in their very nature the most extraordinary type of individualism, the demand for free action, the right of freedom of movement from one part of the country to the other and the right to engage in any pursuit, this so-called planned economy would be very inappropriate.

My hon. friend says that in this planned economy he wants a more equitable distribution of wealth. That is an old-time, worn-out observation which I have heard for the last forty years. It is a very nice thing to have as an objective, and it is one to which we would all subscribe. But when we come to study the problem of first the cause, shall I say, using the old term, of wealth, and then the distribution of wealth, we are confronted at once with all the human elements that enter in. We are confronted with such things as human selfishness, one of the most invidi-

ous and difficult elements of human nature to deal with or to overcome. My hon. friend will find this: plan out a scheme that on the surface may appear to be perfect in form, equitable in all its aspects, and yet the minute you come to put it into operation there springs up the human element with its selfish and other tendencies. Therefore it is an easy thing, I say, to present to the house a demand for leadership, for equity, for this, that and the other thing, but I notice there is a strange dearth of useful and practical suggestions of how these things can be achieved.

A word or two, if I may, regarding the general scheme. The problem is not by any means simple. My hon. friend complains that since last year nothing has been done towards the achievement of the ideals that he enunciates in the resolution. I am not so sure that my hon. friend, with all his ability and his time, has spent any more thought or energy on the study of this very problem than I have. I know I have spent many anxious hours trying, in the administration of a department over which I happen now to preside, dealing with trade and with commerce, to find out how we can influence the movement of commerce so that there may be an easier and more equitable flow of goods from one part of the world to another, and, indeed, from one part of the country to another. That is only one tiny phase of the problem, if I may say so; yet one is confronted with terrific difficulties wherever one moves. I have spent hours and days on perhaps one little item or one little detail. I could cite a dozen of them this afternoon. Let me take one problem which just occurs to me, that of the marketing of potatoes from the maritime provinces. My hon. friends from that section are aware they have certain grievances which probably they will air in the house during the next few days. I just cite that. In the department over which I preside, able officers, experienced men, are daily addressing themselves to that and to scores of other problems in the hope that they may solve them.

My hon. friend suggests—scarcely suggests, but insinuates by the very presentation of his case, that there is possible the formation of a general, broad plan which will override all those little difficulties and which will give to this country easy, smooth sailing. I confess to him frankly that I see no possibility of any such thing. At the present time—and by the way, my hon. friend rather emphasizes the existing depression and the economic conditions of to-day—there enter into this question world factors which are far beyond anything with which Canada can deal. He has already cited that. He says that will be advanced as an excuse. I do not advance it as an excuse; I advance it as a very real, definite obstacle in the way. Let us take, for instance, the question of international exchange, the present value of the moneys of the different countries of the world, something over which we have no control, something which is influenced by other factors with which I shall not deal this afternoon but which are very real. Australia, for example, has its currency at a discount of 25 per cent of Great Britain's, approximately 40 per cent of Canada's and 50 per cent of the United States. I cite just that one country as an illustration. Is it not at once apparent what an immense problem presents itself in the movement of trade among even those four countries where you have four, definite, distinct values of the currency of the country in order to make settlement for the interchange of goods? If you step outside of that realm and take, for instance, the orient, there you have an exchange situation fluctuating hourly, which definitely makes or breaks the movement of goods over a period not of days but of hours. So one has but to cast one's vision over the world for a moment to recognize the fact that the problems confronting us are not of a character that are lying dormant, waiting for some supermind to come along and outline a scheme which will furnish a solution and the problem will immediately vanish.

I said a moment ago that these things will come, not by some plan or scheme, but rather by our tackling them step by step, day by day, and hour by hour and working them out in that way. I am not unmindful of the fact that there are certain great world economic problems that call for study and solution. For instance, the question of a stabilized world currency is undoubtedly one of the problems facing the world. I agree with my hon. friend to this extent, that unless and until something in the nature of stabilization of world currency is achieved, there will not be a condition of stabilization in the movement of commerce. In other words, you may have a market one day and lose it the next by virtue of fluctuations in exchange in countries other than the two doing the trading. But I repeat that I recognize fully that some of those problems must be faced.

Let us take, for instance, another problem, the question of shipping, of transport. We have in the last twenty years made tremendous strides in the matter of transport. As

from day to day I study the problems with which one is faced, it is amazing to me to be suddenly confronted with the fact that certain ships, which in my memory I look upon as recent, are to-day absolutely obsolete, and I am told that the reason certain trade avenues are, shall I say, dropping off in their efficiency, is simply because those ships have not been replaced by modern ships. Those ships are only ten, twelve or fourteen years old. While in transport there have been tremendous strides, great developments, nevertheless the rapidity with which we are demanding the movement of goods constitutes a very real problem and that carries with it the further problem of the control, the direction of transport, whether it shall be subsidized or state owned. These are the practical problems which are confronting not this nation alone, but the nations of the world, and which are calling for solution.

Let me come now more directly to the resolution itself. My hon. friend asks, to use his own language, for some body of men and I think he said for some body of intelligent men. I have studied this question; I have approached sympathetically the kernel of his resolution, namely that we should make researches in this direction. In fact, last year, before the resolution was on the order paper at all, I had in mind that something of the character might be done. But I state to him again now that if we were to adopt this resolution and start to-morrow to organize this body, we would be confronted with a very grave difficulty and I should like to have heard from him or to hear from some other member who may yet speak upon this resolution, some suggestion of the constitution of this body. I would not be satisfied simply with some body of intelligent men unless there was on that body representatives of practical commerce and industry; for instance, representatives of leaders of industry. I do not say that with any reflection on the workers in industry, but because the men who know the problems are the men who are actually confronted with them and are seeking solutions for them within the ambit of their own activities. Then also you would have to have leaders of commerce, leaders of shipping, and theoretical economists, men who have studied economics from a theoretical standpoint. All of these might be on such a body, and at once you recognize, when I have stated that, that we are getting an unwieldy body. I say to my hon. friend that it is very nice, very convenient sometimes, to suggest that these things should be done, but it is a very different thing to bring together a body of men who will give practical results from their investigation.

I said last year that we had in the employment of the government, in the ranks of the civil service, some very able men. Let me briefly refer to that. In the Bureau of Statistics, for instance, we have some very able economists, men who are daily studying the movement of trade, and compiling figures and giving to the country a very excellent service in that regard. We have in the Department of Agriculture men who have been trained in agriculture and who are acquainted with the producers' standpoint and also with the marketing end. In my own department we have, in the commercial intelligence branch, men who have been trained for years in studying questions relating to the markets of the world, and so forth. In my estimation it is quite possible that we have within our own ranks to-day the intelligence and the experience necessary to give adequate study to this problem. I will go so far as to say this to my hon. friend: I will add to the studies I have already given to this question, and they are not slight, further study with a view to seeing if we cannot give effect to the idea of the resolution by utilizing those that we have in the government service, without disregarding for a moment such trained economists as may be engaged in the various universities or assisting in industry or finance and other branches.

I do, however, wish to impress upon the house that if we start out to form a body such as is called for in this resolution there is a grave danger that we will do either one of two things: Erect a body which to be representative must be so large that it will be cumbersome and useless, or have a body composed of theorists without practical experience whose utterances would have no sanction in the way of practice either by the government or by the country. That danger is there and it is very real. I do not raise these points simply to create obstacles in the way of carrying out the suggestion which has been so ably presented by my hon. friend from Red Deer, but simply because from a long and considered study of the problem I am very conscious of the difficulties which do present themselves. It is doubtless correct to say that in these times through which we and the whole world are now passing we approach the study of economic and sociological problems in a manner different from that which we were inclined to adopt in years gone by. The rapidity of communication and transport has made of this world a very small entity. Not a day passes but one can pick up his news-

paper and in fifteen minutes by glancing over the headlines get a fairly good picture of the activities of the world. Not only that, but countries that one could name by the score, which ten years ago had no influence in world affairs at all, are to-day standing forth and impressing upon other countries of the world the significance of problems peculiar to themselves—countries which had no recognition whatsoever a few years ago. So we must approach these problems differently.

Then we do not look upon industrial problems to-day as we did ten or twelve years ago. We have completely outgrown the old method of conflict between employer and employee. True there are remnants of that still with us, but my hon. friends who represent labour in this house will be bound I think to acknowledge that tremendous progress has been made in that regard. Not that the whole problem has been solved, not that every man engaged in labour to-day is able to enjoy comfort and ease. Certainly that has not been achieved, but the time has passed when, in considering the problems of capital and labour, they were approached from the standpoint that one was the enemy of the other. I think that the thinkers of the world, whether they be in politics or in economics or other branches of educational thought, all recognize that it is through the spirit of co-operation that we are going to achieve the greatest successes. I do deprecate the suggestion that all we have to do is to trot out the present system and condemn it in one sweeping gesture, and suggest the replacing of it with some other system, and that that solves the problem. That is not the case and will not be the case in my estimation. There are in the system so called that we have to-day, many things that are good and that are worthy of being maintained and preserved, and these ought to be carefully guarded and not recklessly swept aside. On the other hand, there are no doubt grievances, inequities, faults and weaknesses which ought to be and must be corrected as rapidly as possible. But again, I submit, progress will be made in these matters more by attacking these problems day by day and step by step rather than by seeking some new and great theory that will replace the so-called theories of the present. I would suggest this to my hon. friend. If he will accept this reservation, that the suggestion contained in the resolution is presented to the government for their earnest and sympathetic study—I assure him that so far as I am concerned it will receive that, and there will also be a very genuine effort on my part to achieve something commensurate with the ideas expressed in the resolution—if my hon. friend will accept those assurances and be agreeable to letting the resolution pass in that form, we will accept it.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I imagine that there is no doubt about the mover of the resolution (Mr. Speakman) accepting the suggestion the Minister of Trade and Commerce (Mr. Stevens) has made, but in connection with what the minister has said I would like to repeat a remark or two I made on the last occasion when this subject was under discussion in the house.

The object of the resolution is twofold: first, affirmation of the necessity of research in social and economic questions; second, the setting up of an organized body for that purpose. Last year I pointed out to the mover of the resolution that so far as an organized body for the purpose mentioned is concerned, that body is already in existence. It would require, of course, some enlargement of point of view on the part of the ministry to give to the existing body the additional scope which the mover of the resolution has in mind, but we have already in existence a National Research Council. This is the abbreviated title as given in the revised statutes. The act creating the council was passed at the time of the war. Provision was made for a council for scientific and industrial research, and the act was drawn in sufficiently broad terms to enable the ministry to make use of that body for any purpose that came within not only the terms scientific and industrial research, but social and economic research as well. My recollection is that the act provides for a committee composed of four or five ministers who constitute a committee on scientific and industrial research. That committee may refer to the council anything it wishes in the way of research and in turn the council has authority to make provision for the research work referred to it.

The minister has said that the mover of the resolution has not made a practical suggestion. May I say to him that last year I made the practical suggestion that the government should refer to a group of expert economists or social workers the great question of the relief of unemployment, and that the body in existence to which I have referred might very well be the agency under which, for a period of at least a year, such a group might function. That suggestion was along practical lines and was one of which the ministry might

well have taken advantage. They have not appointed a commission to investigate unemployment relief; everything was left to a minister of the crown who has broken down through the strain and stress of his duties. We have been spending millions of dollars of public money on unemployment relief and have nothing to show for it except an increase in the public debt. On the other hand, if there had been a body of trained and interested minds working on this question the ministry might at this time have been in a position to go forward with just the sort of further action the mover of the resolution has in mind. Some practical scheme laid before this parliament relating either to unemployment insurance or to some more effective means of cooperation between the provinces and municipalities, and the Dominion government would have been a vast help in dealing with existing conditions.

I do not wish unduly to prolong the debate but I repeat that if to-morrow a bill were brought into this house to create a national council on social and economic research such as my hon. friend has in mind, the bill would be framed on lines identical with the legislation providing for scientific and industrial research. I feel there would be no advantage in a duplication of legislation, but I do think the present measure might well be enlarged, and that the ministry might make use of the body already in existence by assigning to additional individuals the duty of research along social and economic lines.

The minister has said he would not be satisfied with certain people. May I say to him that the statute authorizes him to name whom he likes. A committee of the cabinet has the power to say who shall constitute the advisory committee of the industrial research council, and the act provides for the appointment of fifteen men. Surely the government could find in this number a sufficient number of members of a research council to serve their purposes. Did I not think the government, under the statute already in existence, could deal with social and economic questions I would support a separate act of parliament to provide as my hon. friend from Red Deer has indicated. At this time however the less there is by way of additional expenditure the better. I am heart and soul with him in his desire to have social and economic questions investigated, and more attention given to them by the government of the day. Attention up to the present has been given almost exclusively to questions having to do with the increase of material wealth. Let us realize that times are changing, and that problems affecting human life and well-being are infinitely more important than those having to do with the increase of national wealth.

At six o'clock the house adjourned without question put, pursuant to standing order.

Thursday, February 11, 1932

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*FREIGHT CHARGES ON GRAIN

Mr. NEILL:

1. Has the government heard the appeal submitted to it September, 1930, of the provinces of British Columbia, Alberta and Saskatchewan against the ruling of the railway board permitting higher freight charges on grain from the prairies to British Columbia, for local consumption than if for export?
2. If the appeal has been heard when will the decision be given?
3. If not heard, will an early date be fixed for the hearing?

Mr. BENNETT: With respect to this question, Mr. Speaker, an appeal was lodged against the decision of the Board of Railway Commissioners for Canada. That appeal has not been heard by the present government and it is impossible to say when a date will be fixed for the hearing. Tentative dates were fixed, but none was finally agreed upon, and the appeal has not been heard up to this time.

*TRADE WITH RUSSIA

Mr. DUGUAY:

1. Has the Russian government made a proposal to the Canadian government to purchase $5,000,000 worth of aluminum in exchange for other goods?
2. If so, what was the answer of the government?

Mr. BENNETT: The answer to the first part of the question is no; the answer to the second part is that it is answered by the reply to the first.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS

Mr. REID:

1. Have any directors of the Canadian National Railways resigned or signified their intention of resigning?
2. How many applications have been made to the Board of Railway Commissioners by the Canadian National Railways for interchange

connection with the Canadian Pacific Railway or any other railway during the years 1922 to 1932 inclusive?

3. How many applications made to the Board of Railway Commissioners by the Canadian National Railways for interchange connection with the Canadian Pacific Railway or any other railway company have been granted during the years 1922 to 1932 inclusive?

4. What railway company carries the mail from Vancouver, British Columbia, to eastern points in Canada and to points destined for United States, Great Britain and European mails?

5. At what rate is the mail from Vancouver to these points carried?

6. What amount of money was paid for the transportation of all such mail service for the year 1931?

SALARIES OF CIVIL SERVANTS

Mr. REID:

How many persons in the employ of the Dominion government are in receipt of the following salaries, or remunerations: $4,000 or more, up to $4,900, $5,000 or more, up to $5,900; $6,000 or more, up to $6,900; $7,000 or more, up to $7,900; $8,000 or more, up to $8,900; $9,000 or more, up to $9,900; $10,000 or more, up to $10,900; $11,000 or more, up to $11,900; $12,000 or over?

RAILWAY INTERCHANGE CONNECTIONS

Mr. REID:

1. How many applications have been made to the Board of Railway Commissioners by the Canadian Pacific Railway Company, for interchange connection with the Canadian National, or any other railway company, during the years 1922 to 1932, inclusive?

2. How many applications have been made to the Board of Railway Commissioners by the Canadian National Railways Company, for interchange connection with the Canadian Pacific or any other railway company, during the years 1922 to 1932, inclusive?

UNEMPLOYMENT RELIEF

Mr. REID:

1. Was any assurance given by the federal government, or any official of the federal government, to the province of British Columbia, or to any official of the province of British Columbia, to the effect that the Dominion government would advance funds to cover the municipal share of costs in connection with unemployment relief work?

2. If so, on what date was the assurance given?

Mr. MACKENZIE (Vancouver): Did I understand the minister to say that this question should be passed as an order for return? I would respectfully point out that it only asks a simple question as to whether any assurance was given.

Mr. BENNETT: There is an inference to be drawn from the documents; that is the answer.

LAWYERS EMPLOYED BY GOVERNMENT

Mr. BARRETTE:

1. What are the names of lawyers or firms of lawyers who have been assigned government cases in the province of Quebec, since July 28, 1930: (a) for the Department of Justice; (b) for the Department of National Revenue; (c) for the Department of Finance; (d) for the Department of Secretary of State and External Affairs; (e) for the Department of Railways and Canals (1) the railway commission; (2) the administration of railways; (f) for the Department of Marine and Fisheries; (g) for the Post Office Department; (h) for the Department of the Interior; (i) for the Department of Immigration and Mines; (j) for the Department of National Defence; (k) for the Department of Pensions and National Health; (l) for the Department of Public Works; (m) for the Department of Agriculture; (n) for the Department of Trade and Commerce; (o) for the Department of Labour?

2. What amounts were paid, during the last fiscal year, to each of said lawyers?

OLD AGE PENSIONS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, legislation was passed last year providing for the payment by the federal government of 75 per cent of the amount spent on old age pensions. May I ask when these payments will be made by the federal government?

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman might put his question on the order paper; it involves consideration, and there has been much correspondence between the provinces and the dominion.

NEW ZEALAND TREATY

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Trade and Commerce (Mr. Stevens) when he expects to be able to make an announcement to the house with regard to the New Zealand treaty?

Hon. H. H. STEVENS (Minister of Trade and Commerce): Not for a few days.

THE PUBLIC SERVICE

INQUIRY AS TO REFERENCE TO COMMITTEE OF PROPOSED TEN PER CENT DEDUCTION

On the orders of the day:

Mr. T. FRANKLIN AHEARN (Ottawa): Before the orders of the day are proceeded with I should like to direct a question to the Prime Minister. Is it the intention of the

government, when the bill to reduce civil service salaries by 10 per cent is introduced, to name a select committee of this house which will be empowered to hear any representations which may be made by those most affected by the measure?

Right Hon. R. B. BENNETT (Prime Minister): The answer is no.

SEED AND FEED GRAIN

On the orders of the day:

Mr. J. L. BROWN (Lisgar): I should like to direct a few words to the Minister of Agriculture (Mr. Weir) and in order to make my point clear I will quote freely from the Winnipeg Free Press of February 9, 1932:

> Word still is being awaited from Ottawa concerning Premier Bracken's plea for dominion aid in the cost of shipping seed grain and feed for live stock to farmers in the drought afflicted areas. This was the information given to J. T. McCallum, reeve of Arthur, in the southwestern part of the province, when he called on the provincial Department of Agriculture Monday morning.

The minister will recall a conversation I had with him a few days ago, and he will recognize the fact that this statement does not quite harmonize with what he said to me on that occasion. I wish to request the Minister of Agriculture to make a full statement to the house on this question of seed and feed grains at the earliest possible opportunity. It is an important question—

Some hon. MEMBERS: Order.

Mr. SPEAKER: This does not appear to be a question which should be directed to the ministry on the orders of the day.

AUSTRALIAN TREATY RATES

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): Last year when the treaty between Australia and Canada was being discussed I directed the attention of the Minister of Trade and Commerce to what I considered to be a discrepancy between the preference given on canned salmon and that given on canned crustaceans. At that time the minister stated that he had done the best he could with Australia, but I asked him to take up the matter again and he said he would be glad to discuss it with that country. I would like to know if the minister has had an opportunity of doing so.

Hon. H. H. STEVENS (Minister of Trade and Commerce): We have had many very satisfactory conversations with representatives of Australia since that time, and without any notice of the question I cannot say offhand just what has been done in this regard. I am under the impression that the matter has been fairly well covered.

Mr. VENIOT: Will the minister look it up?

Mr. STEVENS: Yes.

SOCIAL AND ECONOMIC RESEARCH

PROBLEMS OF DISTRIBUTION, PURCHASING POWER, EXCHANGE VALUES AND UNEMPLOYMENT

The house resumed from Wednesday, February 10, consideration of the motion of Mr. Speakman:

> Whereas; the problem of production has been largely solved, assisted greatly by the application of scientific methods and the results of organized technical research; and
>
> Whereas; the federal government has contributed to that end by the establishment of the National Council of Scientific Research, and by the financial assistance given to that body; and
>
> Whereas; the problem of distribution, with the kindred questions of purchasing power and the exchange values of agricultural and other commodities, together with their relation to the growing problem of unemployment, are still unsolved, and demand immediate attention with systematized investigation and scientific study; and
>
> Whereas; this can best be done at the instance of the state and by men of scientific training enabled to devote their entire time and attention to the study of this important subject;
>
> Therefore be it resolved; that, in the opinion of this house, the government should give immediate consideration to the establishment and maintenance of some organized body for this purpose, which body might be known as the National Council of Social and Economic Research.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, this resolution was introduced yesterday afternoon by the hon. member for Red Deer (Mr. Speakman). I will summarize its subject matter briefly. It calls to our attention the fact that the problem of production has been to a very large extent solved; that scientific research has greatly contributed to that solution, and that the government has recognized the services of science in that respect and has organized and financed a national council of scientific research. Then the resolution goes on to point out that there are still to be solved some very grave economic problems, for which solutions have not yet been found either in Canada or any other country; it suggests that a body should be organized to take up the study of these questions, and that such body should be known

as a national council of social and economic research.

The hon. member for Red Deer brought this matter before the house last session, and on that occasion the Minister of Trade and Commerce (Mr. Stevens) was highly critical of the suggestion. In his speech yesterday the minister was still very critical indeed, as well as somewhat sceptical of the anticipated results of such a proposal, but withal he exhibited a tolerant if not a receptive attitude of mind, so I would congratulate the hon. member for Red Deer on having made at least some progress with respect to an idea.

I think we might say that the history of philosophy flows into two main streams of thought. The one is that the individual has absolute freedom, that the human being is free to plan and do as he may will. This idea is epitomized in the words "I am the captain of my soul; I am the master of my fate." That is the one idea. The other is that of historical materialism, as it is sometimes called; the idea of economic determinism, that everything is determined by certain economic conditions. These two ideas run through the history of philosophy. The philosophy of history, which is a very different thing from the history of philosophy, shows that both streams flow together into the great sea of human activity. In other words, the ultimate depends as much upon the reaction of the human mind to the events as it does upon the events themselves. I hold the view that there is possible a wise and prudent action which can be taken to meet any given situation but that action is not likely to be wise or prudent unless there is a thorough knowledge of all the facts embraced in the particular situation. Holding that view with regard to matters of social and economic import to the nation, I hold also the view that some body should be entrusted with the responsibility of pursuing and systematizing the study of national matters, with the common weal as the objective. The governments of all countries, as well as the government of Canada, are endeavouring to function to some extent in that capacity. No doubt each government attempts to plan its work in the best way it can, no doubt each government has in view the common weal but the tremendous task of administrative work and the carrying out of legislative policies, especially in times such as these, entirely absorbs the attention of the statesmen, and we cannot expect them to make a special study of the problems which are to-day so pressing.

We have proposed in previous sessions, as we do now, that the government should take into consideration the creation of a body to be known as the council of social and economic research. This body would devote itself to the study of social and economic problems with the viewpoint of the national well-being. It would give the same attention to these matters which scientists in the past have devoted to the question of production and so forth. We believe that this function should be performed by a body other than an administrative body, insmuch as that body always will have sufficient to do in carrying on the ordinary affairs of state. For upwards of a century and a half scientific research has made great strides in the field of production, its contribution to human progress has been amazing and beyond all possible computation. Governments throughout the world have recognized the value of scientific research in matters of industrial pursuit and our own National Council of Scientific and Industrial Research is an example of the foresight displayed by Canadian governments both of to-day and of the past in respect to the value of scientific information in connection with production.

Scientific methods of production however when accompanied by unscientific methods of distribution constitute in a general way the modern problem. I do not hesitate to say that our council of scientific research will do more harm than good if it is not supplemented by social and economic research. Still further to increase production which is to-day so great that we do not know what to do with it, without paying attention to the other half of the problem, that of distribution, will make our problem more acute than ever.

Those of us who believe in the possibility of a planned national economy are sometimes characterized as bolshevists and dangerous characters. I have no objection to being thus characterized. Nevertheless I may say that I advocate the idea embodied in this resolution in the hope that bolshevism may be unnecessary. In my opinion there is no way by which we can prevent the disruption of the world other than by the intelligent planning of the affairs of the peoples and of the countries of the world. If there is no planned defence against chaos, then we will have bolshevism; if we act according to plan, we can avoid such catastrophes.

The hon. member for Camrose (Mr. Lucas) made a telling point in his speech of yesterday. He referred to the great problem which faces Canada to-day in connection with her

railways and he suggested that if plans had been laid some years ago in connection with the transportation system we would not now be saddled with a problem which is almost too heavy to be borne. I think the Prime Minister (Mr. Bennett) in the speech he delivered a few days ago made reference to this railway problem. He said something to the effect that it was difficult to explain why there should have been such a rush to build three transcontinental railways to serve less than ten million people. The reason that was done was because no one had any reason for doing anything, they just did it. Our railroad system grew just as Topsy grew, and we are now faced with the difficulty which that kind of policy brings to any people or to any nation. It must be clear that if there had been any planning from a national viewpoint at the commencement of our railroad policy then the government of to-day would not be confronted with the great problem which now confronts them. I question whether many of us are able to appreciate the magnitude of that problem.

That is an example of the lack of planning. Meanwhile we are building up other systems just as thoughtlessly and just as carelessly which in the near future will result in problems for some other government to solve. It must be clear to everyone that any attempt at planning, even though it is not as successful as it might be, even though it bristles with difficulties as the Minister of Trade and Commerce (Mr. Stevens) pointed out, will have some effect in easing the problems of future statesmanship. Some hon. members may be impatient because our proposal may appear to be very abstract, far away from the balancing of the budget and the equalization of freight rates, a considerable distance away from revenue and all that sort of thing, but we do not expect that the budget will be balanced this year as a result of the adoption of our proposal of planned economy. While we regard our proposal as being quite practical we know that the results will not be apparent at the moment. However, we do argue that its results some day will be very apparent and serviceable to the state. This is the time to begin to plan to prevent the occurrence of some things with which we may have difficulty in our public life years hence.

We appreciate the difficulties which will confront any government which undertakes to establish a body of this kind. I may not appreciate the difficulty to the same extent as does the Minister of Trade and Commerce, some of the difficulties may be never absolutely overcome but we should not stop trying to do a thing because there are difficulties in the way, those difficulties must be overcome in one way or another. Any one of the difficulties which were mentioned yesterday by the minister might have been just as appropriately brought forward as an objection to the scientific research council which is now functioning. It might have been said at the inception of this council: Where will you get your men? Will you go to the universities for them or will you find them at the head of great industrial enterprises? Will you put pure theorists or bolshevists in charge? Who will you put into your scientific research council? The same questions can be asked now. But those difficulties are not insurmountable.

There are those to-day who are fearful for the survival of the economic system. I do not know whether it is going to survive or not. I would say that it has no more claim on eternal life than any other economic system, nor has civilization for that matter. Civilizations in the past have come and gone and we do not know but what ours may go too, although I agree with the minister when he said yesterday that in the present system there are many things which are well worthy of being safeguarded. Nevertheless nobody knows whether the present system is going to survive the existing crisis or not. Supposing we just for the moment imagine it does not survive. Then what? Surely if there is the barest possibility of its not surviving, then we ought to be planning what we are to do when it ceases to exist. But take the other alternative. Supposing it does survive; supposing once more we crawl out of this bog of depression and start on our next cycle. In that event this is the moment to begin planning to prevent the next depression, for just as surely as we emerge with the system as it now is, just as certainly will the next depression fall upon us and it will be more depressed than this one. We shall be deeper in the bog, and if we are going to try to avoid that, now is the day and the hour to begin. There is no use in talking now about this depression; we cannot do anything but try to adjust ourselves to it and carry on. We should have been planning against this ten years ago. If we had done so, it could have been avoided. The next depression can be avoided if we begin now to plan against it.

The minister charged yesterday that we had not been very practical in the suggestions and that he had some difficulty in understanding just what we meant by national planning and what function we expected to be per-

formed by such a body as we proposed. I want to touch for a little on the practical side of the question and I do not think I can do better than read a very short selection from a modern school book which I have no doubt the minister has read, because I know he is an omnivorous reader on matters of this sort. Perhaps the house will bear with me while I read this excerpt from this school book which is entitled "What happens when they work without a plan."

Mr. Fox acquires money—one million dollars. But money must not remain idle. Mr. Fox looks through newspapers, he consults friends, he employs agents. From morning till night the agents comb the city, look about, and make inquiries. What is to be done with the money of Mr. Fox?

At last a business is found. Hats! That is what one should make. Hats sell; men get rich.

There is nothing to hesitate about. Mr. Fox builds a hat factory.

The same idea occurs at the same time to Mr. Box, and Mr. Crox, and Mr. Nox. And they all begin to build hat factories simultaneously.

Within half a year there are several new hat factories in the country. Shops are filled to the ceiling with hat-boxes. Store rooms are bursting with them. Everywhere there are posters, signs, advertisements; hat, hats, hats. A great many more hats are made than are needed—twice as many, three times as many. And the factories continue to work at full speed.

And here something happens that neither Mr. Fox, nor Mr. Box, nor Mr. Nox, nor Mr. Crox anticipated. The public stops buying hats. Mr. Nox lowers his price twenty cents; Mr. Crox, forty cents; Mr. Fox sells hats at a loss in order to get rid of them. But business grows worse and worse.

In all of the papers advertisements appear:

> You may have only one head, but that does not mean at all that you should wear only one hat. Every American should have three hats.
>
> Buy the hats of Mr. Fox!

Mr. Box offers to sell hats on a three-year instalment plan.

Mr. Nox announces a sale:

> Only for one day! Take advantage of this opportunity!

But this does not help. Mr. Fox lowers the wages of his workers one dollar a week. Mr. Crox lowers the wages two dollars a week. Again business grows worse and worse.

All at once—stop! Mr. Fox closes his factory. Two thousand workers are discharged and permitted to go wherever they please. The following day the factory of Mr. Nox stops. In a week practically all hat factories are standing idle. Thousands of workers are without work. New machines grow rusty, buildings are sold for wreckage.

A year or two pass. The hats bought from Nox, Fox, Box, and Crox wear out. The public once more begins to buy hats. Hat stores become empty. From the top shelves dusty cartons are taken down. There are not enough hats. Prices on hats go up.

And now, not Mr. Fox, but a certain Mr. Doodle, thinks of a profitable business—the building of a hat factory. The same idea also enters the heads of other wise and business-like people—Mr. Boodle, Mr. Foodle, and Mr. Noodle. And the old story begins over again.

There is the story of production on the north American continent, and as well of all the countries of the world. There is absolutely no preparation, no planning, with the result that in connection with some commodities we have a tremendous over-production, and in connection with others, we may have too little. For instance, there is nobody in Canada to-day that knows whether there will be enough boots made in this country next year to go on the feet of the Canadian people. Nobody is looking into that matter. We leave that to chance. Nobody knows whether in Canada next year there will be enough wheat to feed the Canadian people. We take a chance on that because we say the farmers are so foolish they will grow wheat for nothing, so that they will continue doing that.

There is absolutely no plan in any country that I know of that takes care of the national economy in such a way that we may feel sure that production will be sufficient; that it will not be wasteful; that it will not be too much. That is a function that I say has not been performed in any country and it is one that must be performed if we are to avoid disaster in the future. I am not saying that this task should be undertaken by the Department of Trade and Commerce; I am not saying that it should be undertaken as a political matter; I am saying that it should be undertaken as a national, scientific scheme with a view to running the affairs of the country on an intelligent basis.

Let me cite a few more practical suggestions. It was suggested that this national planning was only a phrase which we were in danger of using just to sound wise and, well, trifle with. Let us look at a practical suggestion. Take the issuance of currency and credit in Canada for the years 1931 or 1932, or 1933, the years that are coming. Can there be any question more important to the business welfare, the commercial welfare and indeed the very welfare of the people than that? But there is no planning about it. There is no way of controlling the issuance of currency or credit so that it has the proper volume in relation to the business to be done. That is just left, as in the case of the way in which Mr. Cox and Mr. Nox built their hat factories, to competition between two or three

bankers, and that is all the regulation there is. The result is only too apparent.

Take another illustration. Take the investments of insurance funds, an enormous amount of money collected from the people of Canada entrusted to a few private individuals to invest largely for their own gain, because the gains do not return to the policy holders. Think of how some companies invest their money in highly speculative stocks; consider the endangering of these investments. Insurance companies may invest the money they control either inside Canada or outside. Consider the direct effect upon the industrial life of Canada of the investment of such an enormous amount. The effect is tremendous. But there is no national voice which directs how that money shall be invested. It may be invested in mines in Timbuctoo or in soap factories in the Argentine, if they have any there, or in any other industry in any other part of the world. So far as Canada is concerned there is no direction at all. That is a practical proposition for a council such as is suggested in the resolution to deal with.

Then take the question of production itself. No planning is made with regard to quantity of production in Canada or in any other country, so far as I know, except perhaps in Russia. Nor is there any planning with regard to the quality, nor with regard to the variety of production. In this connection I should like to quote a sentence or two from Mr. Stuart Chase, a very orthodox authority whose opinion ought to count for a good deal in an argument on this question. He says:

> We drown in a sea of things which we do not use, which we lose, which get out of style, which we give to friends and which they do not need, which disappear somewhere; fountain pens, cigar lighters, cheap rings, razors, endless trinkets, gew-gaws. We destroy mountains of good iron ore and an endless quantity of horsepower in order in a few months to fill rubbish cans with them.

Mr. SPENCER: Will the hon. member say who Mr. Stuart Chase is?

Mr. IRVINE: I cannot give his pedigree but he is a member of the labour bureau of the United States and a man of considerable authority on practical economics. He has written works on the tragedy of nations and so forth. He is, of course, an American. I say, Mr. Speaker, that that is the kind of thing we should do some planning about—the quantity and quality and variety of production. About the only product in Canada that we try to look after to-day in regard to quality is the farmers' wheat. We are very particular to grade the farmers' wheat No. 1 or No. 6, but I do not know anyone who is grading boots or undershirts or anything else we have to buy except the products of the farm. The quality of these different products ought to be guaranteed by the state so that a man would know that when he is buying an article he is getting what he is paying for. That is a matter that should be thoroughly supervised. There should be supervision of production with regard to quantity, quality and variety. There are thousands of things that we do not need at all that are just being made by speculators to make money for themselves by producing some article that tickles the fancy of the public.

How are we going to get a body to consider all these things? I do not believe that it is impossible at all. I will conclude my remarks by saying that we believe that the contribution of science in the field of sociology and political economy can be just as great and just as effective as it has been in the field of production. We feel that the great task of our time is a sociological task; not so much a problem of production, although we do not want to lose sight of that. We believe that unless we can solve the sociological problem as adequately as we have solved the production problem we cannot avoid chaos, and so we urge that the government should give reasonable consideration to our suggestion. We do not expect that to-morrow we shall have a fully fledged scientific bureau at work dealing with these matters, but we hope to create a body of opinion in Canada that will more and more look towards a higher and better knowledge for solutions of the problems of our day, and we trust that steps will be taken very soon to develop such a body charged with such a function. That is our hope in supporting this resolution.

Mr. G. B. NICHOLSON (East Algoma): I desire to make one or two observations with regard to the resolution, not by way of criticism at all, but in an effort to get some enlightenment. I do not propose to attempt to follow my hon. friend who has just sat down (Mr. Irvine) through the maze of his arguments except to say that I am very much afraid that when he undertakes to mould the Canadian people into a character that would accept the grading of our boots and our hats and our coats and specifying that they must be of a particular type and kind and put on the market at a particular time, he will be faced with very considerable difficulty.

I wish to refer to one paragraph of the resolution itself:

> Whereas; the problem of distribution, with the kindred questions of purchasing power and

the exchange values of agricultural and other commodities, together with their relation to the growing problem of unemployment, are still unsolved, and demand immediate attention with systematized investigation and scientific study;

In that connection I also wish to refer to a phrase that was used by the hon. gentleman who moved the resolution (Mr. Speakman), who referred to the creation of a planned economy that would solve the problems that are dealt with in the paragraph of the resolution which I have just quoted. I take it that what the hon. member has in mind is some plan which will enable us to distribute the products that we create to the satisfaction of the producer on the one hand and of the consumer on the other. If we in this dominion were confined within an airtight compartment independent of all other nations and all other plans, we might reach some measure of success in carrying out the idea which my hon. friend has in mind. I would mention three commodities that we produce in Canada which to-day owing to the industrial conditions are exercising a dire effect on the economic life of our whole country. One of them, the chief, I would say, is the wheat of western Canada. Another is pulp and paper, and the third is lumber. I take the liberty of saying that if these three industries were on a sound and profitable basis our problems in Canada would be very largely solved. But how are we going to work out a plan that will solve the difficulties of these industries? Very few years ago, after an intensive study on the part of those who know, or at least think they understand the question of the production and marketing of wheat, a plan was worked out that seemed at the time to be very satisfactory to that industry. Businessmen all over this country thought the plan was satisfactory, but while that plan was being put into effect somebody else in some other part of the world was working out a different plan. The Argentine, Russia and the wheat-consuming countries in Europe had a different plan entirely from ours, and our plan with regard to wheat went completely to pieces in 1928 and 1929.

The pulp and paper association were working on a plan in connection with their industry, and they had worked out a plan that seemed to be perfect in itself. They could produce and sell because there were consumers to buy, but the market on the North American continent fell from under them, and the result was that their plan went to pieces.

The producers of lumber are in a similar situation. I happen to know something about that myself because for the last year and a half I have been working in association with many others on a plan by which the product which I am engaged in turning out could be put on the British market, but while I was engaged on that plan others were working out an entirely different plan and their plan took that market away from us.

We might trace back through the life of any man who is sitting in this house and see what the plan of that life has been; we might begin by working out a plan such as the hon. member for Red Deer has suggested, stating how much wheat we should produce, how much beef, how much butter, how much lumber, how many pairs of boots, and so on. Following his suggestion, and losing sight altogether of all the other people whose activities we cannot in the least degree control, I wonder what would happen to our plan? As the minister said yesterday, the whole progress of the world has been based on the gradual evolution which men have created by progressing, one step at a time. The position mankind now occupies has not been the result of any definite, fixed plan, and in my judgment to attempt to work out a plan by which we would absolutely control production by saying to this man, "You do this," or "You do that" is not reasonable. The time may come when that may take place, but in my opinion we will not get out of our present difficulties by endeavouring to formulate a plan such as that. On the other hand, we might reach a solution of our troubles, if the problems, now taxing the best brains in the world, were fairly faced by everybody. We will not reach a solution however by any effort to organize a plan which will control what we produce, what we sell, how we produce it and how we sell it.

I should like someone to go to the independent farmers of western Canada and say to one of them, "You must grow wheat," to another, "You must grow barley;" to another, "You must sell this" and to another, "You must sell that"—and at such and such a price. I am very much afraid any organization attempting such a plan would find itself up against very serious difficulties.

I am not going to discuss what is being done in a country about which we hear a great deal. The Russian people and their plan may be all right but, as the minister said yesterday afternoon, to attempt to apply their scheme to an Anglo-Saxon people, to Canadians, would result in nothing but ultimate failure. During the last session and for several previous sessions I listened to speeches

such as those we heard yesterday. I am not in the least critical; any hon. member who listened must have admired the manner in which the hon. member for Red Deer presented his case, but up to this moment these gentlemen who have apparently given so much thought and care to the subject have not placed before the house, so far as I know, one constructive suggestion as to how this plan may be worked out, who will work it out, or how it will operate after it has been prepared.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, if there are no other speakers to participate in the discussion I should like to say a few words regarding the resolution before the house. It is with some hesitation that I enter upon the debate because last year when I supported the motion of the hon. member for Red Deer (Mr. Speakman) and in the course of my remarks mentioned some of the planning that had been done in France and Germany, and then went on to outline the outstanding example of planning in Russia, the Minister of Trade and Commerce (Mr. Stevens) seized upon the mention of Russia to discredit the scheme put forward by the hon. member for Red Deer. I thought the action of the minister was hardly fair because I know the hon. member for Red Deer had not the Russian plan in mind. I should like to say at this juncture that the proposition suggested by him is wholly different from the plan carried out in Russia. In my judgment it is not at all probable that under a competitive system such as we have to-day effect could be given to the resolution of the hon. member. I wish his suggestion however could be given a fair trial, because even under a competitive system we might make some advances in the direction of rational thinking and the rational conduct of our affairs. As I have said, however, I believe a thorough carrying out of a system of planned economy involves a very radical change in our entire economic system.

During the course of this debate several references have been made to the soviet republic. I think the hon. member for Red Deer himself spoke about the system in operation in that country, and said that it is not one suitable to Canada. He referred also to the forced and almost controlled obedience of the people of another land. For a few moments I should like to direct the attention of hon. members to the situation in Russia. During the past few months I had the opportunity of spending a few weeks in that country. I do not suppose any other hon. member has been there, and for that reason possibly the house will not resent a very brief description of what is going on. It seems curious that in this country there is such an apprehension when mention is made of Russia. I understand, according to the press, that certain regular newspapers printed in English published in Russia have been forbidden the mails of this country, and certain ilustrated journals published in Russia containing no propaganda whatever have been given similar treatment.

Upon arriving in England I noticed the Russian ambassador lived in an old town house situated in the very best section of the city of London. I noticed that the headquarters of the soviet republic were located at Busch House just off the Strand within easy access of anyone. I notice that the British chambers of commerce have recently urged upon the government the establishment of a trade treaty with Russia. In fact, although a great many people criticize severely, Russia is not considered in England as a bogey country, and the people are free to speak about it. One day, while attending the House of Commons at Westminster I heard certain policies of Russia discussed. I heard Lady Astor, who had just returned from Russia, rise in her place to reply to the Duchess of Atholl, and throughout there was very free discussion.

At home here, when a discussion of the economic policy of Russia occurs, someone jumps up and says "What about the religious ideas of the people of Russia" or "What about their secret police"? May I say that there are secret police activities in Italy, but when we discuss the economic policies of Mussolini we are not expected to reply to all the criticisms which may be made with regard to the secret police of that country. When we are discussing a trade treaty with Japan we do not have to go into a discussion of the feudal system, relics of which still exist in that country. I should like to say that in this house we should be in a position to discuss the economic policy of any country in the world without necessarily having to endorse everything done in that country or having to defend ourselves from charges of belonging to the Communist party. I think that ought to be made clear. I do not belong to the Communist party, but I think there are many features in the system adopted by the great republic of Russia which we should study with the utmost care, and if I had my way we would send a delegation from this house representative of all parties to study

such phases of that economic system as might be applicable in Canada. In the first place may I point out that the two countries, Canada and Russia, differ entirely in their history and in the psychology of their peoples. So no one proposes that we introduce exactly the policies that they have in operation in Russia, or that we follow along exactly the same line of procedure. But I would point this out, that the revolution in Russia did not come as the result of an organized group of revolutionaries; it came because of the failure of the then existing system and of the failure of the old Russian regime to provide for the needs of the people. The armies returned in the latter part of the Great war, broken and hungry; there was no provision whatever for the feeding of the masses of the people; in fact the whole productive machine was almost broken down; so there came a great revolution. And let me say that that revolution was not started by the peasants, nor by the industrial workers; it was started by the business men of Russia when they made an attempt to set up what might be termed a "business men's regime"—a parliamentary system. That was the first revolution. It was only because that revolution failed that the industrial workers came upon the scene and brought about the second revolution, which resulted in the setting up of the soviet system of government.

That system of government has been very much misunderstood in this country. The Russians had no parliamentary institutions of any kind whatever; they had to build from the ground up, and so they called together representatives of the three great parties in the state at that time—the industrial workers, the agricultural workers, or peasants, and the soldiers, many of whom had not been demobilized. They simply said: We will get councils from these three groups to meet together and devise a new system of government. As I understand, the word "soviet" simply means "council." Thereupon these councils of farmers, industrial workers and soldiers came together and began to work out a system of government.

What had to be accomplished, and what was accomplished? To begin with, they had almost no productive machinery. We have been about a century and a half building up our present productive system in western Europe; we have gradually extended our small factories until they became large factories, we have developed our railways, we have introduced agricultural machinery, and we have built up our great organization of distribution. The Russians began without anything of that character whatever. Almost eighty-five per cent of their people lived on the land as peasants, farming in a very small way; they had a few wealthy merchants, but no great middle class such as we have; they had a bureaucracy that carried things with a high hand, and a nobility that seemed to be entirely lacking in sympathy with the aims of the great majority of the people. The Russians had to depend largely on the countries of Europe for their capital to develop their industries, and, as we know, France had extended a very large credit to Russia.

As I say, the Soviets had to begin from the bottom. The old nobility and the old merchant classes were swept out of the way. Naturally they resisted, and they set up counter-revolutions, with the result that for several years there was civil war. As is well-known, most of the countries of Europe backed the counter-revolutionaries, even Canada sending a contingent to assist the so-called White armies. The soviet government had everything against them, financially and politically but gradually they wore down opposition, until to-day, whether we like it or not, the soviet government is considered by the great majority of Europeans as being a going concern. There seems to be no organized opposition within the country itself—in fact organized opposition is very, very dangerous because of the secret police and the methods which those police employ. I am not going into that. But there is the political situation—a great, stable organization governing an enormous territory peopled by a number of different nationalities. The first thing accomplished, then, was the wiping out of the old regime; the soviet got rid of those who had been riding on the backs of the common people. I quite admit that the methods employed to accomplish this were ruthless, but they succeeded in freeing the common people—the industrial workers and the peasants—from this incubus.

How did the soviet government set to work to organize the industrial and economic fabric of the country? There are two or three things to be borne in mind in this connection, and this is the reason that induced me on the spur of the moment to speak on this question to-day. The Russian government felt the need of planning, and the fact that they had no large industries enabled them to plan from the ground up, and thus avoid the anarchy in industry that prevails in other countries to-day. They said: We will plan for the needs of the people. Now, while I must compliment the hon. member for East Algoma (Mr. Nicholson) on the moderation of his speech in which he gave the house something worth

while, I think it is hardly in keeping with the major portion of his remarks that he should suggest that the member for Red Deer (Mr. Speakman) and the member for Wetaskiwin (Mr. Irvine) are really trying to bring about a system under which the people would be told just what kind of clothes or what size of boots or what style of hats they should wear. Nothing of the kind. We are down to serious business now, and I think we should give serious attention to it. The Russians felt: We are almost entirely lacking in agricultural machinery; it is necessary we should provide for the next two, three or four years so many tractors in order to do the work which is apparently essential to provide for the needs of this country and for our export markets; if we are to provide so many tractors we must have so many tractor factories. Therefore they proceeded to set up tractor factories sufficient in number to meet the needs of their agricultural population. Or they said: We are almost entirely lacking in rolling stock and other railway equipment—no one can visit Russia to-day without realizing how badly their transportation system has broken down, or rather how sadly lacking it is, to meet the increased work imposed on it. They said: It will be necessary to set up so many factories to turn out that rolling stock and other railway equipment; in order to carry on those factories it will be necessary for us to have so much steel; in order to get the steel it will be necessary for us to have so many iron mines, and so on. Thereupon they proceeded to plan how much iron, how much steel and how much railway equipment they would need to meet the needs of the nation. That does not seem a very irrational way of proceeding. They have continued to plan along that line. Of course, before they could do that they realized that they would require so much financial credit. It is not easy to carry on even in Canada, because we are told the banks will not lend; they say the country is poor. Well, Russia started out as one of the poorest countries in the world, and yet with comparatively very little foreign credit she has already managed to accomplish a vast amount of work. Why? I take it, simply because she used the credit of the country itself. Russia created various credit instruments and used the national credit to carry on her work. The results have been simply staggering in their colossal proportions. She has planned everything very definitely. Expert economists, not wild men at all, got together and drew up a general plan covering what they thought would be necessary to build up a productive machine over a period of ten or fifteen years. The first part of this plan was called the five year plan, of which they are now entering upon the fourth year. I cannot tell exactly how well they are up to schedule; in some departments they have already accomplished in three years what they set out to accomplish in five years; in some respects they are behind their schedule. On the whole, however, I should say they are attempting to accomplish in the first four years what they had thought originally would require five years.

I should like to give some statistics which I brought to my desk the other day, from an authoritative but I may say confidential British source, which is open to many members of parliament if they care to avail themselves of it. The total sum of capital expenditure on national economy for 1932 is fixed at 21 thousand million roubles, which is approximately £2,100,000,000 at par, as compared with 16,000 millions in 1931. Investments in socialist industries are fixed at 10,700 million roubles, in socialized agriculture at 4,630 millions and in railway, water and aerial transport at 3,330 millions. That is approximately £1,070,000,000, £436,000,000 and £333,000,000 respectively. The annual increase in industrial production is fixed at 36 per cent, as compared with 21 per cent actually arrived at in 1931. The completion in the main of the five year plan in four years is confidently expected.

Figures showing the output in the industries controlled by the Supreme Council of National Economy and the Commissariat of Supplies during the ten months of the current year, as compared with the corresponding period of 1930, have been published by the calculations department of the State Planning Commission. Under group A, including heavy industries, the increase was 21.8 per cent; under group B, including light industries, which takes in foodstuffs as well, the increase was 16.4 per cent. The quality of the goods, however, is still very low, and the cost of production though diminished slightly as a whole, has actually risen in some industries and generaly remains considerably above the prescribed standard.

Following a request for a general increase in wages to meet the increased cost of living, which was made at an all-union labour conference, the Supreme Council of National Economy published an order forbidding factory administrations to raise wages on their own initiative under penalty of prosecution.

The sum of 290 million roubles, approximately £29,000,000, has been assigned for the reconstruction of Leningrad as a model so-

cialistic city. The program embraces extensive housing and public services construction, as well as social and cultural development.

Just one other point in this connection. The fact that over 60 per cent of the peasant householders have joined the collective farms does not appear to have lessened their opposition to the government's grain collection policy, about which there seems to have been considerable difficulty. I take it that the figures I have quoted may be considered fairly accurate and the statements by no means too favourable to the soviet regime.

Mr. POULIOT: Before my hon. friend proceeds I should like to ask him a question. Does he take into consideration the fact that Russia has repudiated her debt to France?

Mr. WOODSWORTH: I would prefer not to go into the question of repudiation; it is a very complicated matter. I said I hoped we could get through this discussion of economics without bringing in the political affairs of Russia. However, I might just remind the hon. gentleman in passing that when those debts were being contracted the London Times warned British investors against subscribing to the Russian loans, which were being used by the Czar to prevent the establishment of a parliamentary system of government. The French invested in Russian securities notwithstanding warnings of that character. France herself through her inflationist policy, repudiated a great percentage of the debts she owed and there are other countries which will have to repudiate their debts also before many months have passed.

But I want to come back to the Russian economic system. I think no one can read the statistics, or can visit that country, without being tremendously impressed by the economic development that has taken place. I have never seen a country which was experiencing such a boom as is taking place in Russia at the present time. It may be that the boom will not last. I am not a prophet; I am merely stating what is evident to even a tourist. It is a tremendous boom which is in progress at the present time. The soviet authorities have beaten down opposition, as I have said; they have adopted their plan and now they are beginning to get results.

I spent an evening—a very pleasant evening, I may say—with Mr. Yazikoff, who was here some years ago as Russian trade commissioner. A number of members of this house met him at that time. After he had told me a good deal about the progress of Russia in the last six or seven years he turned to me and said, "I have been telling you about Russia; I wish you would tell me something about the progress of Canada in the last five or six years." That question struck me like a blow between the eyes. The progress of Canada in the last five or six years? I felt like throwing up my hands and saying that in the last few years Canada, instead of progressing, has been going back. I think there is not much doubt about that. It is not a question of this or that party being in power; the fact is that Canada has not been progressing in the last five or six years. So the greater part of Europe is stagnant to-day, but in that great country of soviet Russia, at least for the time being, they have struck upon something that is succeeding.

I talked to a large number of American technicians, who had no interest whatever in communism. In fact they repudiated it; they were there simply as experts to give advice, and I think the opinion of these men could be summed up in the words of one of them who was on the train with me as we came out. He said, "I have been all over this country in the last three or four months making a survey. If things were done as efficiently here as they are in America I could have done my work in as many weeks. No doubt there is a great deal of inefficiency and waste, but these Russians do not often make the same mistake twice. They are learning, and I think they are going to make good. If they do there is going to be a hard time ahead for us in America." He was from the western United States and, after having made a survey, that was his opinion. Whether or not we agree with communism it is absolutely stupid for us to adopt that policy which traditionally belongs to the ostrich, that of burying its head in the sand. We cannot refuse to see what is going on. If for no other reason than to compete with communism I think it would be a good thing if the members of this house, and representatives of western Europe generally, looked well into what is going on.

For my part, I am not one of those who would lightly dismiss communist ideas; certainly the communists have hit upon something that is producing results. I am quite willing to admit that it may be that an autocratic system of this kind is possible only with a people having the Russian temperament. It may be that a democracy would not lend itself to the successful carrying through of a communist program. I would take exception however to what was said here yesterday, that we are a free people and can do as we please. We have very little freedom in this country, and while I do not like the dictator-

ship they have in Russia, and do not hesitate to say so, neither do I like the dictatorship we have in this country of ours, a financial dictatorship which operates under the guise of a democracy.

Mr. PETTIT: Would the hon. member care to deal with the remuneration of the workers who are engaged in this five year plan?

Mr. WOODSWORTH: It is difficult to compare the two as it would involve very extensive computations. I would recommend the hon. gentleman to read a very fine article by Louis Fischer which appeared two or three weeks ago in the New York Nation. This article goes exhaustively into the question of wages. Personally I believe that wages are lower there than in Canada, but it is not the amount of wages paid, it is what goes with the wages. These people are getting many social opportunities which our people do not get. I attended theatres such as we do not have in Canada. I attended operas such as do not exist in Paris, Vienna or Berlin. Those operas were frequented by the ordinary working people who received tickets at the doors of the factories as part of their wages. Under these diverse systems it is extremely difficult to compare the remuneration received by the two sets of workmen.

This is a big field and if I may I will deal only with the economic phase. In visiting Russia the first thing which strikes one is the fact that they have no unemployment. I was in Austria where unemployment is simply desperate. I was in Berlin where unemployment is affecting not only the unskilled workers, not only the skilled tradesmen, but large numbers of business and professional workers. The civic authorities very kindly took me around to some of the unemployment bureaus. At one they had hundreds of applications for relief. These applications had not been received from working men, but they were from school teachers, university professors, artists, musicians and skilled technicians. There were men who had been at the head of large works as supervising engineers; I saw the applications of men who had been drawing salaries of from $10,000 to $20,000 per year as consultants. These men were down and out and were glad to receive relief from the city. Unemployment is something like paralysis which works up. With us it has only reached the ankles and the knees, with them it has gone higher and higher until it has reached the business and professional classes. There are at least six million unemployed in Germany to-day, involving probably twenty million individuals or about a third of the entire population. You leave Germany and go into Russia and you cannot find any unemployment. In fact they cannot get people in fast enough to do the work.

Mr. PETTIT: That is because they are conscripted.

Mr. WOODSWORTH: No, they are not conscripted. I will give a little illustration. On the same train with me were three Austrians, one a mechanic who had been unemployed and was going to Russia in the hopes of obtaining a job, the other two were musicians. Within a few days after his arrival the working man had got a steady job, and before we left the two musicians came to our hotel and told us that they had signed a contract for a year with a soviet state theatre. The peasants are being encouraged to come in from the country districts to Moscow and the other large cities, after the harvest. I travelled on one of those trains and I would not like to spend another night under such circumstances. Traffic is fearfully congested: but, there is activity all along the line. A contrast with our railway situation!

In Moscow the housing shortage is very great. Nearly every other house is being rebuilt, or the old house being torn down to be replaced with a new one. I have never seen anything like it in my life. What is true of Moscow and Leningrad is equally true of the other cities right through to eastern Siberia. There is tremendous activity everywhere.

A great deal has been said about conscript labour. There may be some in the northern camps, although opinion is divided on that. The great majority of the people are no more working under conscription than are the workmen in this country where if you do not work you cannot get anything to eat. That is perhaps the only conscription they have there and the same applies here in perhaps a more violent form.

They have a planned economy, they know where they are going. It may be that they may not be able to complete the five-year plan, but what about it? If they do not do it in five years, they may do it in six; if they do not do it in six years, they may do it in seven. The vital thing is that they have a plan ahead of them, they are working towards that plan and they are enthusiastic about it. I do not talk Russian but I was able to obtain considerable information from Canadians and from Englishmen who have been resident in Moscow for some years.

I will give a little illustration which I believe I have published somewhere and which I think is very illuminating. We were waiting at a street corner to allow the traffic to pass and a group of high school boys and girls, ranging in age from fourteen to sixteen years, passed, each one with a spade upon his or her shoulder. They were jollying one another and joking as high school youngsters will, and on inquiring where they were going I was told that this was their free day—they have one day free in five, although I believe in the last few months the plan has been altered in some industries where they now put in six days straight—and they were spending their holiday by giving voluntary assistance to some particular state enterprise which was lagging behind its schedule. Mr. Speaker, can you imagine a group of our high school boys and girls putting spades on their shoulders and starting off to tamp ties on the Canadian National railways? They might if we had such a plan. The fact remains that we lack that enthusiasm which seems to be so prevalent in Russia.

Mr. ARTHURS: What would have happended had they refused to take those spades on their shoulders?

Mr. WOODSWORTH: They were doing it of their own free will. I suppose the high school boys and girls in our country would not like to carry spades, they are a little too aristocratic for that. My hon. friend across the way is inclined to scoff at the freedom with which they did it.

Mr. COTNAM: The labour unions would not permit it.

Mr. WOODSWORTH: That is quite true. The difference between Canada and Russia is this: here the only possible way in which labour can maintain its position is by adopting the methods more or less in vogue in every organization, that of limiting its numbers and curtailing its output. Lawyers do the same thing, doctors do the same thing, everyone attempts to impose limitations; that is the only way in which they can make their living under a competitive system. In Russia everything is different, the more they produce the greater benefit it is to the public at large. No objection is raised by their unions as it is realized that it is helping along the cause.

In this connection I might mention a visit I paid to one of the gaols. In this country we dare not let the prisoners produce for the public market lest forced labour compete with free labour; in Russia they pay wages to their prisoners and what they produce is sent into the ordinary commercial channels. Under their system the more that is produced in any one department, the better it is for the community at large. In this country, if we produce too much we get into difficulties. We have more wheat in our western granaries today than we had a year ago; we do not know what to do with it, we cannot market it and yet people who are hungry are unable to eat.

It may be true that Russia is behind in production but it must be remembered that they started at the bottom. They did not have very much to begin with, they did not have a productive machine and so they were short of commodities. But to the extent that they are able to produce, they are distributing commodities to the people. So there do not arise many of the difficulties which we have here such as so-called over-production. Quite naturally some of the members who have not thoroughly studied these things may think they have those difficulties in Russia, but that is not the case.

Mr. ARTHURS: What are the living conditions of the workers in Russia as compared with those in Canada?

Mr. WOODSWORTH: I wish I could have gone into the economics of things without being diverted to living conditions, but I am quite free to say in my judgment living conditions are lower in Russia than Canada. I do not consider, however, that is of very material significance in discussing this question. Let me put it in this way: 101 degrees of temperature is not in itself a very significant thing. If a patient has had a very high fever, 101 degrees of temperature is a good symptom. If a man has been living normally and has been infected, then a temperature of 101 degrees is a dangerous symptom. It all depends on the direction we are travelling.

Mr. COTNAM: The hon. member is getting out of his depth.

Mr. WOODSWORTH: I may be, but I think there are other doctors in the house who will agree with me, and the reading of a thermometer is surely not altogether a monopoly of a doctor.

Mr. McGIBBON: Interpreting it is.

Mr. WOODSWORTH: Yes, but 101 degrees in one case may be a good symptom, and in another, a bad symptom. I think I may be permitted to use an illustration from the medical profession without being called to task. What I desire to emphasize is that while the standard of living in Russia may be low, so far as I can ascertain it is on the up-

grade, while, as I see it in Europe and indeed in almost every country I visited and certainly in Canada, instead of our standards of living rising, they are falling. That is the significant point. Although in Russia the standards of living for the moment are lower than ours, I think they are on the up-grade and that is the most challenging thing about the situation.

If I may come to the point that I was about to mention a moment ago when my attention was diverted, this is to me the most interesting thing in contrasting the two economic systems. In this country if we produce too much we get into difficulties, because under our system we are bound to pay dividends on certain stocks which we have or certain investments which we have made.

Mr. STANLEY: And wages.

Mr. WOODSWORTH: And we have to pay wages, of course. We have to pay dividends and if a number of different institutions reach the point, which I think we have reached now, where they cannot at the same time pay dividends and wages, then wages are likely to suffer. Over in Russia it seems to me that under their system it is possible for them to go on steadily with their production and to devote their production to raising the standard of living of their people. The reason they have not raised wages more rapidly—and this may be a criticism—is this, that they have found it was essential for them to complete their productive machine and after that they would have time enough to raise the general standard of living of the people. The living conditions of the people were low; the people had been comparatively content to have them low, and so the plans have been pushed forward. Probably our people would not be as content to live on as low a standard as the Russians have done, but in the meantime this has enabled those people to build up very rapidly a productive machine. It took us one hundred years or more to build up our machine. We were told by all the classical economists in the old days that we could not have accomplished what capitalism has without the incentive of private gain; that is, had not the big owners been able to save and to salt down a great deal of what was produced and put this surplus into new enterprises.

Mr. SPEAKER: The hon. member has been speaking for forty minutes.

Mr. WOODSWORTH: May I finish this thought? Russia it seems to me, has shown that that position is untenable. Under the communist system it has been possible for them to build up their capital equipment at the same time as they were, to a certain extent at least, raising the standard of living of their people. I trust the house and especially the proposer of the motion will pardon me for introducing Russia; for I know the member for Red Deer has no idea of introducing the Russian system into this country. I take this opportunity of interjecting these remarks because Russia is the outstanding example of a nation with a planned economy.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I have been interested in listening to my hon. friend (Mr. Woodsworth), who, as everybody knows, is a great student of these matters. A few weeks ago I read in L'Illustration the story of a journalist. At a reception in Russia where there were many diplomatists he asked one old gentleman about the Russian five-year plan, and the answer was: yes, the five-year plan is a wonderful success. He went on to another diplomat of equal standing and asked him the same question. The answer was: the five-year plan is a complete failure. So, people's views are divided about the matter, and although my hon. friend is sincere in his opinion, it is doubtful whether this country should follow the example of Russia.

What I do not like in the Russian system is the coercion of labour. A man may have a disposition to do a certain line of work, and you cannot force him to do work for which he has no disposition, especially if he is not paid for doing it. Hon. members will remember reading not long ago in one of our Ottawa newspapers that in Russia butter was selling at $50 a pound and a pair of boots at $100. They have different stores for strangers where one can get luxury articles at a decent price, but there are other stores where the Russian workers can get only the primary necessities of life at high cost, and their life is far from being that of the ordinary working man in Canada. Would the unemployed in this country like to see coerced labour here? The problem is a serious one. For instance, take the case of commercial travellers who have been earning decent salaries for many years, many of whom have been discharged. Could you put those men to work on the trans-Canada highway? That would be pretty hard work for them to do. Everyone should work according to his own disposition and this is one reason why the Russian plan may be criticized. I would not go so far as to say that everything in this country is perfect. The other day I read an

article from the president of the American Telegraph and Telephone Company, who said that matters in the United States were not so bad now even in regard to unemployment because there was plenty of foodstuffs in the warehouses, and conditions would be much worse if there were nothing in reserve. That statement can be challenged, because the system of distribution at present is wrong, and in that connection something should be done to improve conditions. The same applies to this country.

The trouble is that during the last few years the rich have become richer, and no one has heard about the poor man becoming richer. There are many reasons for this state of affairs. Let us take for instance the big firm of the T. Eaton Company, Limited. At first they had their own store in Toronto. Now they have large stores in Montreal, Ottawa, Moncton, Winnipeg, and they are concentrating the business in one central firm, the shareholders of which are getting richer and richer at the expense of the country storekeepers. Then also we have the chain stores which are controlled by only a few individuals. They take trade away from a great number of people and a few privileged ones enjoy the benefits that a large number of people had before. This causes a disturbance in the social order. How long this will continue no one knows. This idea of concentrating business in a few hands with great profits to a few is a great mistake and it may cause very serious trouble in this country. Of course, the big firms can sell more cheaply, but they do not give any credit. A few years ago the country merchants were much more prosperous because they had the local people for their customers. I am sure that if the Postmaster General would have an investigation made in his own department to ascertain the amount of money that is sent in money orders to big stores like Eaton's and Simpson's from people in the rural municipalities, the house would be astounded if he would give us the figures. Many of the storekeepers in the rural municipalities have failed because they had to trade with those who were asking them for credit and were sending their money to the big cities to the large firms like Eaton's and Simpson's. This is a matter of the utmost importance, which is worthy of the attention of the house. Last year the Postmaster General was asked to impose a heavy tax on the catalogues mailed by these firms. When I brought the matter up, the Postmaster General regarded the suggestion somewhat favourably, but up to now nothing has been done about it. I hope that action in that direction will be taken very shortly in order to protect the country merchants by decentralizing the trade.

Mr. ALFRED SPEAKMAN (Red Deer): In closing the debate upon the resolution which has been presented, may I express, Mr. Speaker, my appreciation of the interest which has been shown in the subject and of the many intelligent suggestions which have been made and the excellent speeches which have been delivered. As I propose to take only a very few minutes I may be pardoned if I make no lengthy reference to many of the speeches. This afternoon we listened to what I consider to be a most interesting and informative address upon Russia. I recognize, as I think the house does, that the problem in Russia and the problem in this country are so very different and so far apart that the same policies could hardly apply in both countries. In Russia there is no unemployment. Why? Because, Mr. Speaker, in that country their problem is still the problem of production, which we have solved. They are attempting to build in five years a productive system which we have been building through generations, and which in the western world generally has been building for a century. Their problem is that of production; ours is that of distribution. They are dealing with a people unaccustomed to democratic methods. We are dealing with a people who have been taught to think and act for themselves. With other hon. members I was much interested in and appreciative of that address.

Coming to the resolution and the remarks that have been made thereon it struck me as I listened to the hon. member for East Algoma (Mr. Nicholson) that with his usual sympathy and intelligent observation he had advanced several fairly strong arguments in favour of the resolution. He pointed out that various plans had been tried in different industries and had failed, and failed, he said, because they were local plans brought forward by individuals or by local or restricted bodies of people. These plans failed, he said, because they did not take into account the plans of other individuals in other communities and of other people engaged in the same business. That, Mr. Speaker, is what we are attempting in some degree to obviate by what I would term a reasonably planned economy.

I am grateful to the various members who have spoken in support of the resolution. I appreciate the very fine addresses that were

given by the hon. member for Camrose (Mr. Lucas) and the hon. member for Wetaskiwin (Mr. Irvine), addresses full of thought and indicative of the very careful consideration which they had given to the subject. I also appreciate most sincerely the address and support given by the hon. member for Toronto Northwest (Mr. MacNicol). Speaking as he did from the point of view of a practical business man of many years experience and as one who had given a profound and detailed study to the subject in general and to the work done by organizations similar to the one we are now suggesting and to similar work that has already been done in various countries in an experimental way, I believe that his suggestions were of undoubted value.

I come now to the address given by the Minister of Trade and Commerce (Mr. Stevens). As always, the minister demonstated the brilliant qualities of his mind. Undoubtedly he is a student and a fair-minded man who gives deep and careful consideration to those problems which fall within his own department and problems which are before the country generally. I appreciate also the decided modification in his attitude since he spoke on this subject twelve months ago. His manner yesterday conveyed some change in the position which he took one year ago. His condemnation was not so sweeping, his opposition by no means so definite and comprehensive as was the case at that time. I thank him for that, and I also accept with some satisfaction the promise of sympathetic consideration given.

It is true, Mr. Speaker, and not unexpected, that his attitude was in the main critical. Generally speaking, his criticism was this, and I shall attempt to be fair: His opinion apparently was that neither in the resolution itself, nor in the arguments with which I attempted to support it, was any practical suggestion to be found. To use his own words, any such resolution as the one under discussion and any such statements as I had made in support of it caused him to become a little restive, because he said he was a little bit tired of the practice of enumerating difficulties and problems and then leaving it at that, simply pointing out the problems which lay ahead and offering no solution for them. I must confess at once, Mr. Speaker, that I have no ready-made plan which I can advance, no short-cut to a successful solution of these problems. Had I advanced such a plan, had I said to this house, I have a plan here which if adopted will solve our problems, then the minister would have been right in his criticism. But I have no such short-cut. The methods which he suggested—line upon line, precept upon precept, here a little and there a little—are the only methods that I myself believe can be successful, and it is that very method which has been put before the house in this resolution. I am suggesting that we commence that work, that we approach with a view to trying to solve them, the various problems which go to make up this depression, because evidently someone must set about solving them.

The government could do this. I recognize that within the ranks of the government, in the minds of the minister himself and those who are his colleagues, there is an abundance of intelligence and ability. But, Mr. Speaker, may I in all kindness suggest to them that facing as they do the every-day details of administration, working as I know they do—the Prime Minister and every member of the cabinet—for hours day after day, they have neither the time nor the opportunity to devote themselves to the study of such a question as the one I have outlined. This problem would demand all that was best of strength and energy, and would require full time study by any body of men. Obviously the government of the day cannot devote that much time to it. Following the suggestion he himself has made I agree that these matters must be the subjects of study and careful thought, they must be approached in detail, and not at one sweeping stroke. The government should call to its assistance men who are competent and who could devote to their work the time the government cannot spare; I am sure such a body would assist and not hinder in the task. That is the scope of the suggestion.

I noted that the minister and other hon. members took exception to the term, "planned economy." He said that it was a term to be played if not trifled with. I assume he meant that it is a term which many people have been in the habit of playing or, trifling with. After all however what is a system of planned economy? It does not necessarily mean planned economy after the Russian style any more than one plan need be similar to another. Surely however some plan is necessary. Who would think of opening a business without making plans? Who would commence to construct a house without consulting an architect? Who would commence to build a railroad without first laying down a definite and comprehensive plan embracing every detail of the enterprise? Who would enter into any business without planning carefully and in de-

tail? Surely, Mr. Speaker, the business of the nation itself deserves and demands careful and judicious planning just as imperative as any private enterprise. The suggestion is not that we should establish some super committee which would usurp and override the functions of government and, as suggested by the hon. member for East Algoma, tell the people what they should wear and what they should eat, the hours they should rise and when they should go to bed. Such an observation is beneath the intelligence of the hon. gentleman who made it, and on many an occasion we have had evidence of the hon. member's intelligence. That is not the idea at all. But surely even to those profound persons like himself it would be of inestimable value could they come to some competent body of men who could show them where the greatest opportunities lie, along what lines there may be obvious over-production, and receive from them assistance in planning their own destiny.

I am suggesting that it is still possible for a people without domination, for a people reserving to themselves their freedom of action to come together at least to some degree, in a cooperative spirit and agree upon the best lines along which various enterprises might be promoted. The hon. member for East Algoma stated that civilization as we have it to-day is the result of individual effort without a plan. I believe it is, and that is why I suggest the necessity for a slight change. Would anybody in this country, even the most profound individualist who goes abroad to-day and sees the conditions we have, say that with our individual lack of planning, with individual unregulated enterprise our system had been or is now a tremendous and outstanding success?

I am not going to go into those details or to point out the obvious to every hon. member. Anomalies and contradictions exist in this country; it appears to be impossible to make use of what we have to help those in need. We are confronted with a ridiculous situation wherein we have full granaries and empty stomachs, plenty of clothing and bare backs. I need not go further in that connection. I suggest however to those who recognize that situation—and we must all recognize it—it must be obvious that there should and must be a better way.

The statement has been made that the Russian situation is a challenge to us. I agree; it is a challenge to us. I am not denouncing the Russian system, but if we do denounce it, if we say it is wrong, it is for us to show in our own way and according to our own belief that we can do something better. The interest taken in the Russian republic by the people of western Canada undoubtedly is due to the fact that we are to-day meeting them in competition. As individuals we find that we are going down under that competition, or may all go down under it. Because of that we say, "Plan must be met with plan." Coercion and discipline, if hon. members wish to put it that way, must be met with cooperative action. To assist in that cooperative action and to bring some order out of the chaos which we find in civilization to-day it seems to me we must establish some body of people who will have the time, if the government has not, and who are competent, to search into the causes of these abnormal conditions and, with the good will which should be manifest throughout the country, attempt at least to provide something better than that which we now have.

As I stated before, I appreciate the modified attitude of the minister; I appreciate his suggestion that, subject to the reservation that the government is not pledged to any immediate action, they are pledged to give careful and sympathetic consideration to this matter. I am content to have the resolution accepted on those terms, to leave it to hon. members and to the intelligence, the good will, integrity and knowledge of the government and to their realization that something must be done. At this point I am content to leave the matter for another year to see what steps may be made.

Motion agreed to.

UNOPPOSED MOTIONS FOR PAPERS

FEDERAL LOANS TO PROVINCES

Mr. McINTOSH:

(a) For a statement detailing the different amounts of money given or loaned by the Dominion government to each of the several provinces during the present fiscal year 1931-32, specifying dates in each case; (b) the specific purpose for which each amount of money so given or loaned was intended; (c) any record or information possessed by the government in regard to the disposition of each of the said sums, explaining in detail the purpose or purposes for which each amount was expended.

ST. RAPHAEL POSTMASTER

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. Adélard Dallaire as postmaster at St. Raphael, county of Bellechasse, and the appointment of his successor.

MR. LOUIS GUAY

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. Louis Guay, as postmaster at Ste. Sabine, county of Bellechasse, and the appointment of his successor.

MR. J. N. BÉLANGER

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. J. N. Bélanger, as postmaster at St. Damien, county of Bellechasse, and the appointment of his successor.

MR. JOS. LAPRISE

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. Jos. Laprise, postmaster at St. Nérée, county of Bellechasse, and the appointment of his successor.

MR. MAXIME L'ABBÉ

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. Maxime L'Abbé, postmaster at St. Nérée Station, county of Bellechasse, and the appointment of his successor.

MR. J. BTE. BOULANGER

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. J. Bte. Boulanger, postmaster at La Durantaye, county of Bellechasse, and the appointment of his successor.

MR. LOUIS N. LATULIPPE

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of Mr. Louis N. Latulippe, postmaster at St. Valier Station, county of Bellechasse, and the appointment of his successor.

MR. NOEL CULET

Mr. MARCIL (for Mr. Boulanger):

For a copy of all documents in connection with the dismissal of M. Noel Culet, postmaster, at Beaumont, county of Bellechasse, and the appointment of his successor.

NATIONAL HEALTH—PERIODIC EXAMINATION AND MEDICAL RELIEF

On the motion of Mr. Howden:

That, in the opinion of this house, the government should take into immediate consideration steps which would: (a) provide for periodic medical examination of the Canadian people; (b) afford medical relief for those suffering from disease.

Mr. SPEAKER: Number 16 should have been dropped from the order paper, having been called twice and not spoken to.

It is dropped now.

[Mr. Marcil.]

PRICE OF GASOLINE

Mr. T. F. DONNELLY (Willow Bunch) moved:

That, in the opinion of this house, the price of gasoline to the Canadian consumer has for some time past been too high and that this matter should be referred to the select standing committee on banking and commerce to investigate and report.

He said: Mr. Speaker, the price of gasoline affects practically every individual throughout the dominion to-day, and it has an important bearing on our economic life. Ever since last June, when the hon. member for Swift Current directed the attention of the house to the price charged in this country for gasoline, newspapers from one end of Canada to the other have devoted considerable space to the discussion of the subject. These articles have agitated the public mind, so that to-day almost every Canadian is talking about the price of gasoline.

Since the invention of the internal combustion engine gasoline has become a vital factor in the life of almost all Canadians. Travel by land, by water or in the air has been affected by gasoline. All over the dominion to-day, our motor cars, motor boats and aeroplanes are propelled by gasoline. But not only is gasoline used for pleasure vehicles, it is also used as motive power by the primary producers, and the price of gasoline affects the cost of the articles so produced. In certain sections of Saskatchewan to-day we find our farmers using gasoline for their engines, and of course its price is of prime importance to them, for it affects the production cost of their grain and other field crops.

To show the importance of the price of gasoline to the people of Canada, I desire to give the house some figures showing the consumption of this motor fuel during the past few years. These figures are taken from the Montreal Standard of December 5, 1930:

Year	Gallons produced in Canada	Gallons consumed in Canada
1926	220,146,704	309,049,380
1927	258,549,734	363,027,308
1928	344,129,861	483,798,833
1929	436,622,614	600,934,668
1930	445,599,419	601,735,656

This will give hon. members some idea of the tremendous volume of gasoline used throughout Canada by automobiles, trucks, buses, farm tractors and other machinery. Therefore if I can show that the Canadian consumer has been charged too high a price for his gasoline, I do not think, sir, that I need apologize to the house or to the country for having introduced this resolution.

In 1930, when we consumed 601,000,000 gallons of gasoline the wholesale price was about 21 cents a gallon. During that year the people of Canada expended $132,400,000 on gasoline. That figure does not take into account the provincial tax nor the cost of distribution to the service stations and other expenditures; it represents only the wholesale price.

It will be observed that in this resolution I state that the price of gasoline to the Canadian consumer has for some time past been too high. In this connection let me cite my personal experience last fall. While in Camden, New Jersey, I had occasion to buy gasoline for my car at several service stations, and in every instance the charge for refilling my tank was 10 cents a gallon. This included the state tax of 3 cents a gallon, so I was really paying a retail price of 7 cents a gallon. True, that is the wine gallon, but the difference between it and the imperial gallon is simply that between 231 and 277.274 cubic inches. At the same time here in the city of Ottawa I was paying 27 cents for gasoline, or 22 cents without the tax. I do now know what was the flash test of this gasoline; I do not know what was its octane test; I do not know what was its specific gravity, but I do know that when I put it in my car the engine seemed to function on that 8.4 cent gasoline just as well as it did on the 22 cent variety. I tell you, Mr. Speaker, I felt that difference right here in my pocket when I paid for the gasoline, and if I felt it why should not the other consumers of gasoline in Canada also feel it just as much? Is it any wonder that I began to consider why this great difference should exist in the prices of gasoline in the two countries? There is no other country but the United States with which we can compare gasoline prices, and it seems to me that a comparison of prices in the two countries is quite fair.

When I came home, therefore, I began to look up the prices of gasoline at different points. I turned to the National Petroleum News, which is taken as an authority in the United States, and from it secured the prices of gasoline in different cities throughout Canada and the United States. In order to make the comparison fair I have taken off the state and provincial taxes and have brought the United States wine gallon up to the imperial gallon. Comparing prices in that way in eight cities of the United States and eight cities of Canada I found the following:

Halifax—24 cents.
Toronto—21 cents.
Border Cities—21 cents.
Fort William—23 cents.
Winnipeg—23 cents.
Regina—27·5 cents.
Calgary—24·5 cents.
Vancouver—22·5 cents.
New York City—15·96 cents.
Buffalo—12·96 cents.
Detroit—14·16 cents.
Duluth—15·06 cents.
Minneapolis—14·64 cents.
Minot, N.D.—16·68 cents.
Butte, Montana—18 cents.
Seattle—16·8 cents.

. In other words, I found that on September 1, 1931, the average price in those eight Canadian cities was 23·3 cents, while the average price in the eight United States cities was 15·5 cents, leaving a difference of almost 8 cents. Then I looked, Mr. Speaker, to see what was the price of gasoline on September 1, 1930. Taking the same basis of comparison for the eight cities I found the prices to be as follows:

Halifax—24 cents.
Toronto—25 cents.
Border Cities—22 cents.
Fort William—26 cents.
Winnipeg—25 cents.
Regina—30 cents.
Calgary—27 cents.
Vancouver—27 cents.
New York City—19·56 cents.
Buffalo—20·16 cents.
Detroit—20·16 cents.
Duluth—21 cents.
Minneapolis—20·64 cents.
Minot, N.D.—22·68 cents.
Butte, Montana—20·40 cents.
Seattle—23·40 cents.

Those were the prices at that time, and the difference then between the average prices was 4·5 cents, the average being 25·5 in Canada and 21 in the United States. I have before me the National Petroleum News for February 3, 1932, from which I should like to quote the prices being paid in just one or two of the cities I have mentioned, in order to give some idea of the prices at the present time. Using the same basis of comparison the price in Duluth was 16·32 cents and in Fort William 23 cents; in Detroit it was 13·8 cents and in Windsor 21 cents.

With those prices before me, Mr. Speaker, I naturally asked myself the next question: What is the cause of this difference? Why should we have this great disparity in prices in the United States and Canada, two neighbouring countries? The first thought that occurred to me was that it was probably because of the duty, so I began to look into the question of the duty on gasoline. I found that under the Liberal government, previous to 1930, the duty on gasoline was ½ cent per gallon British preference, ¾ cent per gallon intermediate and one cent per gallon general

At the special session in September, 1930, the duty was increased to 2 cents per gallon British preference, 2¼ cents per gallon intermediate and 2½ cents per gallon general.

This in itself, however, could hardly account for the difference in price, which as I have said amounted to almost 8 cents per gallon. So I looked for some other reason, and I found that on November 7, 1931, an order in council was passed by the government in these words:

Under the provisions of subsection 2 of section 36 of the Customs Act, you are instructed to appraise importations of refined gasoline from various refining points of the United States as follows:

	Per wine gallon cents
Pennsylvania, New York and district, which includes Atlantic seaboard.	7·72
Toledo, Detroit, Cleveland and district..	8·333
Chicago and district..	7·233
Minneapolis and district..	7·583
Wood River, St. Louis and district.	6·833
Mid-continent district, which includes the states of Oklahoma, Kansas, part of Missouri, part of Arkansas, and North Texas..	5·083
South Texas, Louisiana and district.	6·633
Wyoming and district..	5·083
Montana and district..	8·083

When I looked at those figures, Mr. Speaker, I was struck with the fact that in Camden, New Jersey, I bought gasoline at retail, from the filling station, for 7 cents per wine gallon, while by this order in council the government said I must pay the refiner or the wholesaler 7·72 cents; in other words, I must pay more than the amount for which the gasoline was being sold at retail in the United States. I thought there must be something wrong, so I went to the refiners to find out what the price was, and I was told that the wholesale price was 4 cents per gallon, the same gasoline for which I was paying 7 cents per gallon without the state tax. I was compelled by this order in council to pay 7·72 cents. If when I came to the border my invoice showed that I paid only 4 cents, I would have to pay to the customs office an additional 3·72 cents. If I cannot induce the refiners to take the 7·72 cents, if they will take only 4 cents, I must pay the difference of 3·72 cents to the customs office. In that way the price of gasoline in Canada has been raised to a certain extent.

I do not intend to debate this matter at any great length. I place it before the house simply for consideration. The price of gasoline is of vital importance to every man and woman in this country. It affects the pockets of all of us. Every time we go anywhere in a motor car, motor launch or aeroplane, we must pay for gasoline. This also concerns many of the manufacturers in western Canada who use this form of fuel in their plants. I ask that the matter be referred to the committee on banking and commerce for investigation and report. If it can be proved that the refiners and the wholesalers of gasoline are taking advantage of the tariff in order to raise the price to the Canadian consumer, then I ask the Prime Minister (Mr. Bennett) to put into effect the promise he made at the special session of 1930. At page 242 of Hansard of that session the following appears:

That is the embodiment in statutory form of what I said in the opening of my observations; it confers upon the governor in council power to reduce or remove duties where there has been any effort on the part of the producer to exploit the consumer. Shortly put, that is what the provision is.

If it can be proved either in this house or in the committee that the refiners are taking advantage of this tariff to exploit the consumer, then the government should remove the duty in order to relieve the consumer.

The average price of gasoline in eight Canadian cities during the year 1930 was 25·5 cents per gallon; the average price in the same cities for the year 1931 was 23·3 cents; in other words, the price had been reduced 2·2 cents per gallon. In eight American cities the average price on September 1, 1930, was 21 cents per gallon; in 1931 the average price was 15·5 cents, a reduction of 5·5 cents. In 1931 the reduction to the Canadian people was 3·3 cents less than the reduction made in the United States. If that difference in price is due to the tariff then we must ask that it be removed. I do not claim that the price of gasoline has been increased, but I do claim that it has not been reduced as compared with the reduction in effect in the United States.

In conclusion, I move, seconded by the hon. member for Swift Current (Mr. Bothwell) that this matter be referred to the committee on banking and commerce for investigation.

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, in seconding this resolution I desire to direct the attention of the house to two or three matters which have come to my attention since I spoke on this subject last year. After the matter had been brought to the attention of the house at the last session a reply, or an attempted reply, to the statements made was published in the Financial Post of June 18, 1931. In this article the oil companies endeavoured to

justify the prices which they were charging the public in Canada. I take exception to certain of the figures given in that article, and I believe that many hon. members will agree with me when I say that many of them do not represent the prices charged throughout Canada. For instance, in order to show that in the city of Toronto they were not charging a price greater than that which would permit them to make a reasonable profit, they show an allowance for tank wagon distribution of 4 cents per gallon and an allowance for service station distribution of 5 cents per gallon. I do not know the particular charges in different parts of Ontario, but from my knowledge of those districts on the prairies to which I have had access I can say that no such charges are allowed, and I cannot see how or why such a charge should be allowed in the city of Toronto. The tank wagon allowance runs from 1 to 2½ cents instead of 4 cents, while the service station charge runs from 2 to 3 cents. In setting forth why they require protection they state:

There are several grounds on which the Canadian oil industry based its appeals for protection:

1. That Canada's population of ten million people is scattered over an area greater than that of the United States, and that a large part of the thinly populated territory has to be serviced at a loss.

It will be found that the price of gasoline in different parts of Canada varies according to the district. If you travel away from the railroad you must pay several cents per gallon more than at points on the railway line. I doubt very much the truth of the statement that the people in any particular part of Canada are being serviced at a loss. That is one matter which the committee on banking and commerce could investigate.

The second reason given for the necessity of protection is:

2. That because of the long winter Canadians demand and receive a much better quality of gasoline than is commonly thought necessary in most parts of the United States and that a large number of Canadian service stations outside the large cities lose money in the winter.

It may be true that some service stations lose money during the winter, as there are any number which are not financed by the oil companies and which close during that season. If the others are operating at a loss I imagine they would do so but a short time before they would be closed.

I have a good deal of doubt, too, about the next statement; in any event it could be investigated:

3. That the refining capacity being developed in Canada and the immense sums being spent by such companies as Imperial Oil and British American Oil in the last year on modernizing plants create employment which is of prime national benefit.

Surely that is no reason at all why all the people of Canada who are users of gasoline should be exploited to the extent that the figures given by the hon. member for Willow Bunch would indicate. The next one reads:

4. That since the protection was given the price of gasoline has been successively lowered to its present level, and that the industry could not do better than at present except at a loss, even if it received the crude petroleum for nothing, unless freight rates came down or taxes disappeared. Cost prices given in the tables are average prices. In a city better results can be obtained than in a place of smaller population.

Those are the four reasons which the oil companies allege as entitling them to protection.

The hon. member for Willow Bunch gave figures as to what we are paying for gasoline in excess of what he believes the proper price should be, allowing a reasonable profit. On the 30th of November of last year the Regina Leader-Post obtained by telegram information from fifteen United States cities as to the prices of gasoline, and I want to read to the house the results of their findings. On that date, November 30, 1931, the report showed:

The average price of white gas in Canadian cities was 31·37 cents, against a United States average of 24·21 cents, or a difference of 7·16 cents.

These figures are reached by taking into consideration various government taxes and also adjusting American prices to imperial gallon measure. Gasoline is sold south of the border on a basis of American gallon, smaller than the imperial gallon used in Canada.

Then they give the comparisons showing the average on the 30th of November last. The figures are as follows:

	White gas cents	Ethyl gas cents
Western Canada	31·37	34·93
United States cities	24·21	27·81
Difference	7·16	7·12

They also made inquiries as to prices in different parts of the same states, and this is their finding and report in that regard:

At Minot, North Dakota, close to the Canadian border and almost immediately south of Regina, the price of ordinary gas is 21·5 cents a gallon. In Regina the price is 32·5 cents, 11 cents a gallon more than the Minot price. At Scobey, Montana, just over the border from Saskatchewan, gasoline costs only 28·8 cents.

These American prices are adjusted to the imperial gallon.

In Montana cities there is uniformity in gasoline prices. In North Dakota the same situation is apparent.

On the Canadian prairies there are all sorts of prices. There is two cents difference between the Saskatoon and Regina prices, and in Winnipeg gasoline is selling at 7½ cents less than in Regina.

There are big oil refineries in Calgary, Regina, and Winnipeg, but there are not two cities in western Canada with similar figures for gasoline.

We understand at this time that the matter of gasoline prices is being brought before the Saskatchewan legislature, possibly before all the prairie legislatures. They are or intend investigating the matter from a somewhat different angle. We believe here—and this is a matter over which the house has control—that the difference in price is largely attributable to the exploiting that the oil companies are doing by reason of the tariff legislation of 1930. We believe that although some 80 per cent of our gasoline is produced in Canada and only 20 per cent imported, the producers in this country are holding their prices right up to what gasoline could be obtained at from the other side, even with the fixed valuations, the dumping duty being added on those fixed valuations, and the regular duty. We believe the oil companies are taking advantage of everything the tariff allows them, and there has not been a decrease in gasoline prices to the same extent that there has been in prices of other goods. For these reasons we are asking that this matter be referred to a committee in order that there may be a thorough investigation.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have listened with great interest to the observations of the hon. members for Willow Bunch (Mr. Donnelly) and Swift Current (Mr. Bothwell). It is always well, however, not to prejudge a case on its presentation. I shall therefore refrain from endeavouring to traverse in any respect the allegations that have been made. There is one thing I think I should fairly say, and that is that it is not correct to assume that because we produce gasoline in this country, the raw material from which it is produced is produced in Canada. Unfortunately, except for small quantities of crude naphtha found in Turner valley and very small quantities of crude petroleum found in other places, we are entirely dependent, for the production of gasoline in Canada, on imported raw material.

[Mr. Bothwell.]

The crude petroleum is brought in not only from Columbia and Peru, but from other parts of the world as well.

The agitation in connection with an investigation into the prices of gasoline has been going on for some time in this country. The observations made by the hon. member for Swift Current first started the discussion last year, and it has been continued with more or less vigour ever since. It will be recalled that the great producing oil companies gave an undertaking at the time that the tariffs were changed in 1930, and by that undertaking they are bound. That, coupled with the provisions of the statute, sufficiently indicates the position of the administration. But owing to the discussions that have taken place in the public press, on public platforms and elsewhere, apparently the companies themselves have been seized of these agitations and discussions, and on the 19th of January the Imperial Oil Limited wrote to me a letter reading as follows:

Rt. Hon. R. B. Bennett, P.C.,
Prime Minister of Canada,
Parliament Buildings,
Ottawa, Ont.

Sir.—

Due to chaotic conditions in the United States, the widespread evasion of gasoline taxes there and to uninformed criticism of the petroleum industry in Canada, an impression has been created that undue profits are being exacted by the industry from the Canadian public. We believe it to be in our own interest, as well as that of the government, that the situation, in respect to gasoline prices, should be thoroughly ventilated.

Our willingness to submit ourselves to inquiry by any competent tribunal is largely prompted by the beneficial results to us which followed the last public investigation, which was conducted at the instance of the government of Ontario, but which was not limited in scope to the jurisdiction of that province.

Voluntarily, all of the refining companies with head offices in Ontario submitted every detail of their business, Canadian and foreign, to the government. The investigation, which covered a period of five years, occupied months; every document required was produced and executives of all the companies concerned were examined under oath.

The finding was that in the years 1920 to 1924 inclusive, the earnings of these Canadian companies had averaged 8 per cent, and that in no year were they exorbitant. The effect of this upon public opinion was extremely helpful.

Actually, the Canadian consumer is now enjoying lower prices for gasoline and other petroleum products than at any time during the period covered by the investigation referred to and the industry is now working upon a narrower spread over raw material costs than then.

As a matter of self interest and because the true position cannot be brought before the public in any other way, except at great expense, we wish to advise your government that any inquiry which it may decide to conduct will be facilitated by us.

Yours respectfully,

Victor Ross,
Vice-President,
Imperial Oil, Limited.

The following communication, dated January 16, 1932, was received from the McColl-Frontenac Oil Company Limited:

Dear Sir,—

During the last few months there have appeared from time to time, either as speeches in the Canadian House of Commons or as articles in the press, charges that the Canadian oil companies have been treating the public unfairly regarding gasoline prices. More recently there have appeared requests from various sources for an investigation by a royal commission appointed by the Canadian House of Commons.

Should such a commission be appointed, I would like to assure you that our company will assist in every way the workings of such commission and be pleased to place before the members all facts pertaining to the operations of our company.

Yours very truly,
McColl-Frontenac Oil Company Limited,
J. A. Wales,
Vice-President.

The following letter, dated February 6, 1932, was received from the British American Oil Company Limited:

Dear Mr. Prime Minister,—

I note in Votes and Proceedings of the House of Commons of Canada, dated February 4th, notice of motion by Mr. Thos. F. Donnelly, member for Willow Bunch, Saskatchewan, dealing with the price of gasoline to the Canadian consumer.

There has been considerable comment, particularly in western Canada, concerning the price of gasoline compared with the price in the United States, and an investigation would clarify the situation, both from the standpoint of the oil companies and the public. Therefore, on behalf of this company, I advise that I shall be pleased to offer the fullest cooperation should an investigation be determined upon.

I would point out, however, that the manufacture and national distribution of gasoline involves a very comprehensive system of accounting and, therefore, the commission appointed should be technically competent to deal with the situation.

Yours very truly,
A. L. Ellsworth,
President.

I shall therefore make no further comment upon the motion other than to indicate that so far as the government is concerned the motion will be adopted in the terms in which it has been prepared. I might say that it is just possible that a smaller committee would be of greater service for those who are putting forward the views that they express, but in order that there may be no misapprehension or misunderstanding or misconception the government will accept the motion in the exact terms in which it was submitted to this house, and in which it was submitted to the press before it was discussed here.

In view of the representations that have been made by the three largest companies vitally affected, I shall not, as I say, discuss the merits or demerits of the observations that have been made with respect to this matter. To prejudge is not the duty of government, but the fullest possible opportunity so far as the facilities of the committee are concerned will be afforded for the investigation, and in the light of the willingness expressed by the three largest manufacturers of gasoline from petroleum in this country I should think there would be no reason why definite results should not follow from the labours of the committee. The committee may require some technical assistance, and that technical assistance will not be denied.

Mr. A. M. CARMICHAEL (Kindersley): I was pleased indeed to hear the remarks of the Prime Minister (Mr. Bennett) acceding to the request of the mover of the motion (Mr. Donnelly) to have a committee investigate the price of gasoline. If this matter is to go before the banking and commerce committee, of which I have not previously been a member, I feel like making a few comments which might be helpful to the committee.

I represent a constituency that is, I might say, altogether agricultural. We have large farms of open prairie country which are operated largely by means of the tractor. We have also the combine in use out there, and the motor car, of course, so that gasoline is used very extensively in my constituency. There has been a feeling for some time among the farmers of my district that the price of gasoline is too high. I do not know whether that feeling is warranted or not, and I welcome the opportunity to have the matter properly investigated in a committee so that the correct information may be brought out. In my own district the retail price of gasoline in the past year has been 35 cents per gallon. That includes 5 cents per gallon for provincial tax, leaving the retail price to the motorist 30 cents per gallon. If the gasoline is for tractor purposes there is a slight reduction in the price because of the larger quantity taken. I have here a letter from the secretary of a

municipality in my constituency, which perhaps is worthy of presentation to the house. He says:

I am instructed to write you in protest of the duty of 2½ cents on gasoline from the United States as a result of which the Canadian consumer has been paying from three to five cents more for gasoline than his competitor in the United States.

I do not know whether that statement is correct or not. He says further:

At a time when agriculture is in such a desperate condition that a very large number of farmers are faced with "downing tools" it is absolutely impossible to carry on under present economic conditions, we feel that you, representing a western agricultural constituency, must see the injustice of increasing costs to the power farmer at a time when it is imperative that everything possible should be done to reduce these to the minimum in order to allow him to continue to exist.

That represents to a large extent the feeling at least among the power farmers in my own constituency.

There are several factors that enter into the price of gasoline, and I shall briefly mention them. One is referred to in this letter—the tariff. Prior to September, 1930, the general tariff on gasoline was one cent per gallon, with some grades coming in free. In September, 1930, the duty was raised to 2½ cents per gallon, and we were assured by the leader of the house that any attempt to increase the price of gasoline because of the increased duty would be speedily dealt with. So we have an effective weapon to deal with this matter if it should be proven in the committee that advantage has been taken of the tariff. Another important factor bearing on the price of gasoline is the power that rests in the hands of the Minister of National Revenue to set an arbitrary value for duty purposes on gasoline coming in from the United States. Last year there was a price war on in some of the western states and out our way the people were of the opinion that gasoline was down to a very low price in Oklahoma; yet when that gasoline came to the border the Canadian purchaser was compelled to pay duty on a value arbitrarily set by the Minister of National Revenue. That is a feature that could be inquired into by the committee.

Another factor that enters into the price of gasoline is the freight rate. I have a letter here from another municipal council protesting against the high freight rate on gasoline and asking that as a measure of relief for agriculture the freight rate should be cut in half. I do not know whether that is a feasible proposition or not.

[Mr. Carmichael.]

Another fact that is perhaps unknown to a great many of the members here is that gasoline does not weigh up per gallon to the weight used in charging freight. I quote from a letter from the secretary of a municipal council in my constituency. He says:

We find upon examination of freight bills of tank cars of gasoline coming to this point that they are billed with the weight figured on the basis of eight pounds to the gallon, and when a gallon is weighed out it turns the scale at seven pounds.

The average car will run over 6,000 gallons so that the consumer pays freight as a rule on three tons of gasoline which is not carried by the company and never received by the dealer which turns out roughly at $50 per car.

If that is correct, it seems to me that the committee might take notice of it, and have the difficulty rectified. This secretary protests also against the high price of gasoline, and asks for a reduction in the freight rate charges as a relief to agriculture.

There is another feature to which I should like to direct the attention of hon. members. During the past season in my own district a number of farmers and residents have gone across the border into the province of Alberta, a matter of about fifty miles, and purchased what they called distillate at 15 cents a gallon, with no tax payable to either the province of Alberta or the province of Saskatchewan. I am informed that distillate is superior to gasoline for motor car purposes, if you are content to bear with the odour arising from it. So far as power is concerned it seems to test a little higher than refined gasoline. In any case a great many of the residents of my own constituency have been crossing the border into the province of Alberta, purchasing this cheaper product and using it both in their tractors and in motor cars. I understand the distillate is secured in the Turner Valley field of Alberta, and I suggest that if it serves the purpose and can be purchased at a price so much lower than that of distilled gasoline, it is worthy of investigation.

There are several questions now in the public mind which should be answered. From my own constituency I received the following:

In order to obtain a Canadian refining industry employing 4,978 persons with a pay-roll of $8,153,625 we are subsidizing the owners of the refineries to the extent of some $20,000,000.

I do not know whether or not that is a correct statement, but possibly the committee would investigate as to whether or not the owners of the refineries are being subsidized to that extent. If I understood the Prime Minister correctly, I believe his statement was that their dividends were about 8 per cent. To

my mind that is a very handsome dividend in these times of depression, and if they are receiving that amount they are very well cared for indeed.

I am very happy to give my endorsation to this resolution. I should like to see a thorough investigation made, and all interested parties brought before the committee. I am not sure that the committee on banking and commerce is the best place to investigate this matter, and it might have been well had the mover recommended a special committee to delve into the problem and make a more thorough and impartial investigation than the committee on banking and commerce could make. I am content, however, to endorse the proposed investigation, and I hope that something useful may come from it.

Mr. J. L. BROWN (Lisgar): I had intended to make a few remarks along the line followed by the hon. member for Kindersley (Mr. Carmichael). To my mind the order of reference should be sufficiently large to allow the committee to investigate the prices of kerosene and fuel oil.

Mr. YOUNG: And of petroleum products.

Mr. BROWN: Yes, and of petroleum products. When I arrived home last summer I found that the oil companies were charging a price for kerosene that the farmers felt was unwarranted, and as a result they began to import the distillate to which the hon. member has referred. I think however he is mistaken when he refers to distillate as a substitute for gasoline, because as a matter of fact it is a substitute for kerosene to be used in tractor engines. The farmers in my constituency were importing distillate from the United States, paying a duty thereon and finding the importation profitable as compared with the price they were paying for kerosene. The oil companies then reduced the price of kerosene, and I believe there was an undertaking that the reduced price would continue during the summer. The reduction in price indicated that they were evidently very anxious to sell their product. Then, some time during the month of December, notice was given that the price of kerosene would be raised 3 cents per gallon.

To my mind the committee would do well to inquire as to whether there was anything in the general conditions of trade which warranted the increase of 3 cents per gallon in the month of December, or whether the oil companies took advantage of an opportunity to charge a higher price to the householders who were buying kerosene for lighting purposes and, to a somewhat limited degree, for use in engines. I think therefore that the order of reference should be sufficiently large to include not only gasoline but all petroleum products.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I heard with much pleasure the statement of the right hon. Prime Minister (Mr. Bennett) before six o'clock to the effect that he was going to offer no objection to this resolution. It was gratifying also to hear the definite terms in which he stated that the fullest investigation would be permitted; and his offer to furnish such technical assistance as might be required. The right hon. gentleman read us certain letters from some of the Canadian oil companies, indicating their willingness to cooperate in any such investigation; that is satisfactory also.

During the dinner recess I had time to consider and in some sort perhaps to analyse those letters and seek to find in them what the line of presentation of the companies would be when the matter comes before the special committee. I find references to a very comprehensive system of bookkeeping and a quite proper suggestion that technicians would need to be available to understand that complicated system. There were also references to a previous investigation which had taken place under the auspices of the government of Ontario, which investigation, it was stated, had occupied many months and had demonstrated that over a period of some four years no profits in excess of 8 per cent had been derived by the Canadian companies in question. I think the deduction is a fair one—I do not wish to be anything but that—that their attitude would be that if they could prove that the Canadian companies had not taken undue profits in recent months or years, they might be allowed to continue the range of gasoline prices as at present existing in Canada.

Now, sir, I submit that that is emphatically not the issue, and that justice will not be done nor the public satisfied if the line of investigation is confined entirely to that point,

although, of course, the investigation would include it. I maintain the issue is rather this: have the companies taken advantage of the increase of tariff and of the special provisions and amendments made to the Customs Act in September, 1930, to maintain the prices of gasoline in Canada at a level higher than the comparable level of prices in any competing country—in this case the United States? That is the question which is being asked at the street corners, at business men's luncheons, at farmers' conventions and at fishermens' meetings. The speeches to-day on the resolution all bore out that trend of thought. If the answer is, yes, that they have been taking advantage of this legislation, then, of course, it is obvious that the government should take the action that they indicated in September, 1930.

I see nothing in the correspondence pointing to any intention to answer the point that I have just made, that is, the relative prices of gasoline in Canada and in other competing countries. It will not suffice for the Canadian companies merely to prove on paper that they have taken no excess profits in the recent period. To combat that would necessitate our going very far back and investigating records—not open to us—of the oil companies dominant in the United States. We would have to go into the question of interlocking interests, of a division of assets in years perhaps long gone by, whether the relationship of parent and child did not or does not exist between some of the oil companies in a foreign country and in Canada, and whether the parent on some occasions did not get the best of the deal. I am only suggesting the point. Possibly there might be a common source of supply to the parent and the child, and possibly better prices might have been given to the one rather than to the other. That is something which it would be impossible for us to prove by any information that we could obtain. There would also enter into the matter the question of watered stock, the question of bonuses of stock, of stock issued as dividends, and whether stock so issued should be entitled to claim interest.

As the member for Willow Bunch (Mr. Donnelly) stated this afternoon, he had personal knowledge of where he could buy gas cheaper retail in the states than he could buy it wholesale in Canada; possibly some of our Canadian profits have been going to meet the close competition in the states. Many of these things it is absolutely impossible to ascertain, or to say whether under the circumstances 8 per cent or one per cent is a fair dividend, whether 8 per cent represents really 8 per cent or a very much larger figure. I recall when I went into business many years ago naturally I met with competition, and it was my endeavour to keep prices so low as to eliminate that competition. But occasionally some big company would get the opportunity to buy a whole carload of some commodity and sell it at cost, or perhaps below cost—what they would call a "special," which probably they figured was a cheap form of advertising. But when my customers came to me complaining of my higher price it was useless for me to show my invoices as proofs that I was paying more for the article than the price at which the big company was selling it. Nor was it any use for me to suggest that the company had paid more for the article than the price at which they were retailing it. My customers were not interested in that at all; the only thing they were concerned about was, could they get the article somewhere else at a price cheaper than that at which they could get it from me. I very soon realized that it was a waste of time to argue that I must have a particular price to give me a fair profit. They were not interested in my welfare, and it was up to me to meet my competitor's price or lose a certain amount of business. The converse was true when a fortunate turn in the market enabled me to buy to advantage and I could sell below my competitors; the public did not ask me whether I was making much or little profit on my sales.

The point I am trying to make is this; there is no obligation whatever on us to maintain prices to give a profit to any oil company any more than there was any obligation on the public to give me profits on my petty line of business. It might just as well be argued that we should provide dividends by way of increased freight rates to the Canadian railways. Of course, if some members of the house held Canadian Pacific Railway shares it would be very gratifying to them if we could arrange for an 8 per cent return on their investment; but I see no disposition in this house or in the country to do that. What about our friends from the prairies if they come forward and show beyond peradventure that they cannot grow wheat profitably at a price below $1 a bushel, are we to formulate policies or vote money to enable them to get that price? We are just as much entitled to do that as to provide any given rate of dividend for an oil company. It is not our business, especially in

these days when profits are so minimized, to provide guaranteed profits to anybody.

This is the question: Are they meeting competitive prices without sheltering or-profiteering under the terms of the tariff? If not, it is the duty of the committee to so report and of the government to take appropriate action.

As the government have consented to the passing of the resolution, I will not waste time supporting it in regard to the gas used in cars and tractors, which has been the subject of debate this afternoon; but I do want to say a very few words in connection with another branch of the question which has not been touched upon to-day, and that is as to how the price of gasoline affects the fishing industry—more particularly the small fisherman, because the big fishing companies use expensive Diesel engines and a cheaper fuel in their large boats which the small fisherman cannot afford to buy. It may be said that the automobile is an important or a trivial adjunct of the man in business; but as regards the fisherman, it is absolutely essential that his boat should be fitted with a gasoline engine. When dealers sell us cars they tell us they will go 25 or 30 miles on a gallon of gasoline, but it is a known fact that the average fishing boat cannot go more than 5, 6 or 7 miles on a gallon.

This afternoon the right hon. Prime Minister very kindly gave credit to the hon. member for Swift Current (Mr. Bothwell) and the hon. member for Willow Bunch for introducing this matter last session, but so far as the needs of the fishermen are concerned I think I can claim for the hon. member for Shelburne-Yarmouth (Mr. Ralston) and myself credit for the fact that we antedated those gentlemen in bringing up this question. When the legislation was introduced in September of 1930 the hon. member for Shelburne-Yarmouth and myself pleaded with the government to have mercy on the fishermen, explaining their dire need and their inability to meet increased taxation. We went so far as to move an amendment which was rejected, and why was it rejected? A reference was made to the guarantees which had been given by the oil companies, and at page 533 the right hon. gentleman said very definitely:

> I am quite sure that both hon. gentlemen realize that as there is to be no increase in price there is no object in what they suggest. . .

That was with reference to the amendment. At page 597 the right hon. gentleman also said:

> There will be no increase in price.

That was one of the reasons why the amendment was rejected. Again, the question arose as to the guarantees given by the oil companies. It was stated that they only referred to there being no increase in price, and this question was raised: Suppose as a matter of fact, while there is no increase, there is no drop in price when there should be? At page 578, in two places, the right hon. Prime Minister dealt very frankly and fully with that suggestion. On the second occasion he said quite plainly:

> . . . if there should be a great falling-off of prices beside us and an effort made to maintain present prices in Canada, that would be utilizing the tariff to increase the prices and would be a violation of the undertaking.

So whether the price of gasoline was increased or whether it was not reduced when that should have been done, the obligation of the companies would be the same.

The results have been outlined this afternoon by all the hon. members who have spoken, and they have repeatedly shown very plainly the great difference in prices between those in the United States and those in corresponding points in Canada. No mention was made of the great spread in prices between points in the extreme west, such as Seattle and Vancouver. The difference there is greater than at other points named this afternoon. I should like to give just one illustration from a fishing point of view; I should like to get it on Hansard. The increase in duty from one cent to 2½ cents a gallon was not the chief trouble, though that was equivalent to an increase of 250 per cent in the duty. Still, the country voted for high protection in 1930, and cannot very well complain if it gets high protection, and the 2½ cents would appear to be high enough. But that could be endured, perhaps; that has not caused the trouble. The difficulty has been brought about by those changes in the Customs Act, more particularly under section 36. There have been several separate changes, which have made it possible to enormously enhance the duty by means of orders in council.

There are several methods by which this may be done. One is by putting on a price which the customs department considers to be the fair price or cost price in the competing country, plus a fair charge for distribution costs, plus a fair profit. Another method is the more arbitrary one of simply passing an order in council in which the minister declares the value to be whatever he wishes.

I said I wished to give an illustration. This is an actual case, in connection with which I

think I could produce proofs if necessary. It has to do with fishermen going to Seattle with fish caught in the waters off Vancouver island. These were taken to the only market available at that time, which was Seattle. In order to make the comparison fair I will translate the prices into terms of imperial gallons. They could buy gasoline in Seattle for 7.2 cents per imperial gallon but, while that was the price at which it was being sold by millions of gallons all down the Pacific coast, our Department of National Revenue ruled that this was not the proper price. They would not allow the people of the United States to fix the price at which they could sell their gasoline; they decided that the correct price should be 13.2 cents, a difference of 6 cents, and of course under the provisions of the Customs Act there automatically came into force a so-called dumping duty of 6 cents per gallon. In addition there was the regular duty of 2½ cents, making a total duty of 8.5 cents on gasoline which cost only 7.2 cents! But even if you add those figures together they fall far short of what was then the current price in British Columbia. The United States fisherman was competing with our fisherman on the same fishing grounds, paying only 7.2 cents for his gasoline, paying less for his engine, but getting 2 cents more per pound for his fish because of the duty of 2 cents per pound on our fish going into the United States.

As I said in June last this creates, perhaps inadvertently, a very great hardship on our fishing population. We talk about Canada first and about equal opportunity, but this situation does not reveal an equal opportunity for our west coast fishermen, though it might be called perhaps a little better than an equal opportunity for the oil companies.

To know that the fishermen are in desperate need one has only to be familiar with current conditions in the fishing industry on the west coast. Not only have prices been shot to an unbelievable extent, but in many cases the market has totally disappeared. Last year the prices went so low that good salmon was bringing one cent a pound, and it is claimed by those in a position to know that the cost of gasoline is 35 per cent of the cost of fishing, so it will be seen that when our fishermen have to pay 22 cents per gallon for gasoline it gives a tremendous advantage to those with whom they have to compete. I should like to quote just a few words from a press item to illustrate this fact:

> The run of sockeye is so far very poor. High boat got 15 fish at 6 cents per pound which will average around 20 cents per fish.

[Mr. Neill.]

In other words the high boat, fishing perhaps 18 or 20 hours a day, made about $3, while the low boat would make probably around $1. I quote again:

> Many trollers have quit and gone ashore. Fish are costing the fishermen more to catch than they get for them from the dealers. Gas here is 22 cents per gallon while it is sold to fishermen across the line at 8 cents. It costs on an average one gallon per hour to keep the troller moving, some more, some less, but boats do not on an average catch more than one fish per hour at 15 cents per fish.

Then the article goes on to give the price of one cent per pound, which I mentioned a moment ago.

That is the situation I wish to bring to the attention of the house in order that it may be on record when this question is referred to the banking and commerce committee, of which I am not a member. I want it to be there so that this phase of the question will not be misunderstood, but I repeat that I am pleased with the attitude of the government in the matter and I hope the work of the committee will be of benefit to users of gasoline both on sea and on land.

Mr. SPEAKER: Is the house ready for the question?

Mr. BROWN: I should like to ask the Prime Minister a question. He was not in the house when I spoke on this matter just before six o'clock. I suggested the desirability of enlarging the order of reference so as to include all petroleum products. Would he care to accept that suggestion?

Mr. SPEAKER: There has been no move on the part of the mover and the seconder of the resolution to adopt that suggestion.

Motion agreed to.

DOMINION ELECTIONS ACT

PROPOSED REFERENCE TO PRIVILEGES AND ELECTIONS COMMITTEE OF QUESTION OF ELECTION FUNDS

Mr. HUMPHREY MITCHELL (East Hamilton) moved:

> Whereas during the session of 1931 a special committee was appointed to investigate the "Beauharnois power development" and
>
> Whereas it was shown that enormous sums of money had been contributed for political campaign funds,
>
> Be it resolved: That, in the opinion of this house, it is desirable that the committee on privileges and elections consider and report upon the question of election funds and draft such amendments to the elections act as may be considered necessary.

He said: Mr. Speaker, it was not my intention to speak so early in the deliberations

of this house, because the experience I have gained from other deliberative bodies is that it is desirable first to gain some background and understand more fully the rules and procedure which govern. During the recent campaign in which I was successful one of the outstanding issues was the Beauharnois scandal and its relationship to campaign funds. The evidence in that regard is definite. I quote from the Toronto Globe of August 18, 1931, as follows:

Mr. Sweezey's evidence summed up the campaign contributions as follows:

Dominion Liberals..	$720,000
Ontario Conservative party.. ..	125,000
Quebec Conservative party.. ..	30,000
Ontario Liberal party..	2,000 or 3,000
Mr. Leslie Bell, Montreal Conservative member..	6,000

From this I think we can all readily agree that the child rests upon the doorstep of both the Conservative and Liberal parties.

The resolution which I have the honour to move is definite in its terms. It reflects the driving force of public opinion, not only in the province of Ontario and particularly in the constituency which I represent, but throughout the whole Dominion. It should be remembered that apart from the hon. member who moved the address in reply to the speech from the throne (Mr. Bourgeois) I come most directly from the people of this country, and I carry a message which interprets their desire that this problem of campaign funds must be confronted and that an honest effort must be made to prevent its recurrence in the political life of this country. I am glad to say that as a representative of Labour I received the support not only of the working people but also of the middle classes and the more well-to-do. These people were amazed at the magnitude of this scandal, which, after all is said and done, strikes at the very roots of democratic government. Many men spent last Christmas within the confines of Kingston penitentiary who had done less than these gentlemen have done, many of whom no doubt spent the holiday season surrounded by the comforts of a first class hotel.

I submit that we have come to a sorry pass when these financial highwaymen can influence indirectly the votes of the people of this country. Money is still an influence in the elections of Canada. Some time ago a well known politician was discussing an election campaign with me. Like all other candidates I expressed the belief that I was going to win, but he replied, "Humphrey, we have the dough and you have the enthusiasm, but we will win." What chance have men with progressive views to win an election when they are pitted against conditions such as this? It is my experience that men with progressive views are generally poor, and being poor economically and socially, they have a terrible struggle to maintain their existence.

I remember well the campaigns which brought into existence in the province of Ontario what I consider to be the greatest public ownership project upon the face of this globe. Up until recently any Canadian, irrespective of the province from which he came, could go to any part of this world and speak with pride of that public ownership proposition. Electricity is one of the greatest civilizing forces in the life of this country; but what chance has this project when it is confronted by something similar to this Beauharnois business? All hon. members who are farmers by profession, whether Conservative or Liberal in politics, must realize that electrical power is the greatest Jersey cow in existence—it is easy to milk.

I know something of the problems which confront a Labour candidate during an election. In many cases he is forced to go on earning his livelihood; money is not coming in very fast and all the problems which confront the average candidate are intensified. If this condition is allowed to continue, what chance have the democratic institutions of this country? Frankly, I believe the Dominion could give a lead to the world on the question of the conduct of elections so far as the financial aspect is concerned. I believe we could pioneer in this regard and show the world that elections can be won on principle and not on the driving force of selfish financial corporations.

Briefly, what are the facts? We all agree that campaign funds are necessary; we all agree that they are desirable, and I think that on a consideration of the evidence we all agree that some of them have been contributed by people who have axes to grind. Let me ask the house: is this a satisfactory way of influencing public opinion? In connection with that, I should like to read an account of an incident which took place, I understand, in the last provincial election in Quebec, where one of the candidates accused another of taking $325,000 from the Beauharnois corporation. This is the reply of that particular candidate:

I hereby state with all the force at my command that never directly or indirectly did I receive a cent from that organization.

He went so far as to charge the candidate who made the accusation as "a vulgar liar

and a public calumniator." These were not two highwaymen talking to one another. One was Mr. Gagnon and the other was Mr. Taschereau. Another instance that is worth while quoting I take from the Toronto Globe of Tuesday, August 18, 1931. It reads:

Nor can the general question of campaign funds be kept in the background. At the meeting where Mr. Taschereau flung his challenge to Mr. Gagnon, Mr. Laetere Roy, former member for Levis, discussing the political contribution of the Beauharnois company made this statement:

"During the last federal election the Conservatives had $2,500,000 at their disposal. You know yourselves that in Levis they had barrels of money. And do you know where that money came from? A good part from a railway corporation, and the larger amount from the manufacturers. Mr. Bennett then raised the tariff which allowed them some return for the sums they had advanced."

I am an Englishman, and I am proud of the fact. Of course we are not responsible for our nationality; we had no control over that. Possibly if some of us had, we would not be here now. My attitude in life towards the human family anyway is that we are all human beings. I want, however, to bring up this point: the only argument I know of in favour of titles is that you can get some rich people to pay for titles half a million dollars which go into the campaign fund of a political party, but in this democratic country of ours, they are repaid not in titles but in cold cash.

In conclusion, I appreciate the complexity of the problem that will confront the committee, but I believe, after what has arisen out of that investigation, the house owes a duty to the people of this Dominion to see to it that as far as is humanly possible there shall be no recurrence of the present scandal in the public life of this country. Even if this should mean a distinct and possibly radical departure in connection with the operation of elections, it is the duty of the house to see to it that that departure is made forthwith.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, relieved of the preamble, the resolution reads:

Be it resolved: that, in the opinion of this house, it is desirable that the committee on privileges and elections consider and report upon the question of election funds and draft such amendments to the election act as may be considered necessary.

I am heartily in favour of that motion carrying, and I hope it will meet with the unanimous acceptance of the house. Indeed, the resolution is almost in the exact terms of what at the conclusion of the last session of parliament I suggested should be the first step taken at the beginning of the present session, namely that a select committee of the house should be appointed to consider the question of election funds and amendments to the election act which would be in the public interest. The present resolution suggests the standing committee on privileges and elections. I do not think there is much to choose between the two. The committee on privileges and elections is a proper committee to deal with a matter of this kind. The main point is that there should be at this session a careful consideration of the whole question of campaign funds so called, and if possible, amendments to the election act which, as I said, will be in the public interest.

When I spoke in this house on July 30 last, I went a step further and suggested that it was desirable to have a royal commission to inquire into the whole question of campaign funds, not only of the last campaign, but as well of the campaigns of 1925 and 1926. I repeated that proposal at a meeting which I addressed at London, Ontario, on October 20, my view being that were a royal commission appointed at that time the personnel of which would include commissioners nominated at the instance of the three principal parties in the house—because that is the only kind of royal commission that would meet with any degree of public confidence in a matter of this kind—we would have before us at the beginning of this session a report which would be a great help to the house, or to a committee of this sort in deciding upon necessary amendments to the act. The government, however, alone has power to appoint a royal commission, and the government has not seen its way or thought it wise to take that step. It must of course accept the responsibility therefor.

I should like to quote from Hansard of July 30 of last year what I said with reference to these two matters I shall quote just sufficient to make clear that I am but restating at the moment the position I then took. I said, as will appear at pages 4388-9 of Hansard of July 30 last:

I think that not only should there be a royal commission to go into the matter of party campaign funds from the ground up, so that if at all possible we may have the matter cleared up once and for all, but as soon as the next session of parliament meets there should be appointed a select committee of the house to consider the Dominion Elections Act, and see if in some way it is not possible to have that act further amended so as to render unnecessary, to as large a degree as possible, the collection of moneys for campaign purposes. I make that

suggestion in the interests of every hon. member in the house, in the interest of every future candidate, in the interests of every political party, and in the public interest.

Hon. members will see that the course there suggested is practically identical with the one which the hon. member for East Hamilton (Mr. Mitchell) has recommended in the motion which is before the house and which I have expressed the hope the house will adopt unanimously. I did at the time make, in addition, certain suggestions as to what might be helpful by way of amendments to the elections act to accomplish the purpose in view. I shall not repeat those suggestions at the moment. No doubt if a committee is appointed they will come before the committee, and if they do, I hope that they will be favourably considered.

Right Hon. R. B. BENNETT (Prime Minister): May I congratulate the hon. member for East Hamilton (Mr. Mitchell) on his maiden speech in this chamber? It is quite clear that he is a skilled public speaker and a debater of large experience. His performance was most creditable and I trust will be often repeated in this chamber, as often as may be necessary to meet the circumstances that seem in his judgment to require his intervening in debate.

There is only one question to be considered in connection with the motion now before us, and that is whether or not any good purpose will be served by dealing with the matter at this session. When the census returns are complete it will be necessary to readjust the boundaries of the constituencies, and a complete redistribution will pass this house. It is obvious that the census returns will not be completed to enable that to be done at this session. In point of fact they never have been. Next session will therefore be the first opportunity at which redistribution can be considered.

Side by side with redistribution the whole machinery of elections must be considered. For instance, the question as to whether or not our method of registering the voters is a sound one; secondly, whether or not there should be any educational test imposed. I recall on one occasion having endeavoured to have the registers set up by each elector subscribing his name in a book, and then when he came to vote, if his identity were challenged, he would of course have to sign, and it would become apparent then, if he were a repeater, that he was not the elector entitled to vote. I need hardly say that repeating has in this country assumed very considerable proportions. I recall on one occasion being told at the end of a contested election in a city through which I was passing that a certain visitor from another city, a foreign city, had voted some forty times that day and had left on the evening train. That is one difficulty that has to be overcome. In Great Britain they can have a general election after a very short interval. Here the shortest time within which an election can now be held is some fifty-six days. That is a matter that should engage the attention of those charged with responsibility for the enactment of a new elections act. The other day, for instance, a vacancy occurred in Athabasca. It was quite apparent from the communications that were sent that unless that election were held while the ground was still frozen it might be impossible to hold it at all until well on in the summer, and indeed it might be difficult to hold it at all within the time required by law. You will find that that happens frequently in this country. How can that difficulty be overcome?

Then you have the larger question, to which some attention has been directed, as to corruption in elections. The hon. member for East Hamilton said that there had been evidence of corrupt elections in this country. There have been. Elections have been held in this country in which a very large number of those returned have been charged with participating in fraudulent arrangements whereby they were elected, and the legislature has passed a statute to prevent the matter being inquired into by the courts. That is a matter, of course, that is well understood. Each legislature and parliament chooses its own methods of dealing with these matters. In England and in Canada, both in the federal parliament and in the provincial legislatures, it was the custom, as is well known, in the beginning of the development of our institutions for committees of the house to determine whether or not a member had been properly elected, and it will be within the memory of those who took the trouble to read the history of it that when Wilkes was elected over Colonel Luttrell, although he had a clear majority, the House of Commons undertook to change the return and substitute for the name of Wilkes that of Colonel Luttrell. It will perhaps be within the memory of members of this house that that brought about well nigh a revolution; for it was said that the legislature was not the body charged with responsibility for the election of members, but rather the people of the country, who had already exercised their franchise and returned Mr. Wilkes. That doctrine no longer avails in some parts of this country, and a

legislature has seen fit to determine that it, and not the electors, shall say who shall sit in the legislature. I direct attention to that only as indicating the trend of modern democratic thought. In the early days in England, in the middle of the last century, it was believed, as it has been in this country, that the proper method of determining these matters was through the courts; and hence it is that judges—in our country two judges—are called upon to decide whether or not a member has been legally elected to his seat if a petition has been filed against his return.

The causes that vacate a seat are so numerous, Mr. Speaker, that it is almost impossible to say with certainty that any election held in this country might not on purely technical grounds be voided. I point that out to the hon. member for East Hamilton; for we are dealing with practical things, and not with matters of the emotions. When he says that it is desirable to do thus and so I only point out that in the election law that has been on the statute books of this country since we substituted the courts for a committee of parliament we have made so many matters offences under the act that almost any election could be voided. In the end the machinery of the law has very seldom been used. Those are facts known to everyone in this country. Such things, for instance, as the employment of automobiles, the giving of a dinner or a lunch to a friend under certain circumstances, the giving of hospitality of any kind—

An hon. MEMBER: A drink.

Mr. BENNETT: Not necessarily a drink. Hospitality and ginger ale, for instance. It is true that there are constituents of hon. gentlemen present who probably prefer a mixture of alcohol with water to ginger ale, but that need not engage our attention. The point I desire to make is this. For nearly three-quarters of a century we have had upon the statute books in Canada, in Great Britain, in Australia and other countries under the British flag, provisions whereby elections could be voided for corrupt acts; we have endeavoured to define them, and in so doing we have made the conduct of an ordinary election almost technically illegal under the provisions of the statute. Shall that continue as it is? That is something to be considered. Is it wise thus to impose restrictions against what I might call the common sense attitude of most men in these matters? If you meet your friend, take him in to dinner and extend to him hospitality of that kind, are you laying yourself open to a possible offence and to the voiding of an election? This question which arises out of kindred circumstances need not be discussed beyond saying that I have always held the view that if we would limit the number of offences and make them broad and general without endeavouring to particularize as we have done, we would find it less difficult to attain the end we have in mind with respect to the voiding of elections.

You will remember perhaps, sir, that the late Doctor Weldon, who at the time was dean of the law school at Halifax, to whom I owe a debt I will never be able to repay, and whose memory I revere, sought by motion made in this house to disfranchise constituencies for corrupt acts that resulted in the return of a member who should not have been returned. Frankly, Mr. Speaker, I have long held the view that there is much to be said in support of that principle. If the constituency is willing to be debauched by a candidate violating the provisions of the statute and committing such corrupt acts as are defined by the law, resulting in the voiding of the election, it might be that if it were proven to be general the constituency itself could be punished for a term of two or three years, or as the case might merit.

Mr. WOODSWORTH: What does the Prime Minister mean when he refers to punishing a constituency?

Mr. BENNETT: Depriving it of a member. Perhaps in some cases it would not be a punishment. I understand the point the hon. gentleman has raised. My words were very simple; their meaning was that the constituency would be deprived of a representative in the House of Commons.

Mr. WOODSWORTH: Does the Prime Minister mean that if some individual committed a corrupt act he would punish the whole constituency because of that act?

Mr. BENNETT: No, he did not say any such thing.

Mr. WOODSWORTH: I just wondered—

Mr. BENNETT: He did not say any such thing, and the hon. gentleman is quite capable of hearing. What he said was that if these acts were general the result would be that the constituency would be disfranchised for a term of years. In England on one or two occasions that was found to be a most satisfactory measure, and resulted—

Mr. YOUNG: If there were ten righteous men in the constituency, would you spare it?

Mr. BENNETT: The hon. gentleman need not concern himself in that regard, because I fancy he will find there are more than ten righteous men in his constituency.

Mr. McINTOSH: I should think five ought to save the situation.

Mr. BENNETT: But, sir, we have gone a step farther. We have undertaken to punish the constituencies and to punish those guilty of corrupt offences, and we have defined what constitutes corrupt acts. Will anybody say we have made substantial progress in twenty-five or thirty years in that regard? Read election reports in cases where elections were contested—you will find them in the library—and I think you will express great surprise that a seat could be voided under circumstances there stated. In one of the first cases—in fact, I think it is the first case reported in the Supreme court reports—there was reference to undue influence in connection with those who exercised their franchise. All these things are now past and gone, and no one will say, contrasting present day conditions with the allegations made in the case to which I have referred, that we have made very great progress in that regard. Why? The hon. member for East Hamilton was very frank when he said that campaign funds are necessary. I recall reading, during the progress of his campaign, a letter in which the president of the Trades and Labour Council enclosed a subscription to assist the hon. gentleman who is now the member for East Hamilton in his election campaign. Undoubtedly that subscription was to help defray legitimate costs in connection with the campaign. There are legitimate costs; there are legitimate expenses, and the fact that your friend or my friend—

Mr. MITCHELL: I wish to point out that I do not think the Prime Minister read a letter from the Trades and Labour Council.

Mr. BENNETT: I said it was from the president of the Trades and Labour Council.

Mr. MITCHELL: It was the president of the Trades and Labour Congress who sent me a personal cheque.

Mr. BENNETT: If I said Trades and Labour Council I meant to say Trades and Labour Congress. I was not responsible for the donation being made public, and I have merely mentioned that I read in the newspaper that Mr. Moore had sent a contribution to the hon. gentleman. I did not complain of his action, and I am not criticizing it. I merely point out that the hon. gentleman has stated frankly in this chamber that campaign funds are essential and necessary to play their part in an election. Whether the cheque was personal or how it came to be paid I cannot say, but I do know Mr. Moore's contribution was mentioned in a press communication which I read on the train one day. I am not criticizing the receipt of that cheque, or suggesting for one moment that it was improper. If Mr. Moore wished to send his old friend a ten dollar bill, he had a perfect right to do so. If my friend sees fit to give me a thousand dollar bill I say he has a perfect right to do so.

Those who have read the life of Disraeli will recall that Mrs. Willyams gave him a thousand pound note which he put away in the pocket of the coat he that day was wearing. He forgot about it for some time, and subsequently discovered it in the pocket of his jacket The contribution itself cannot by any possibility be said to be wrong. If your friend desires to assist you in maintaining your office or securing your return to the House of Commons, he has a perfect right to do so, and I venture to point out that there are very few members in this house, if there are any, who have not at some time in their lives received assistance, probably very small or very trifling, but yet indicative of the spirit of helpfulness and the good will of the individual contributor towards the one whose return to this house is desired. There cannot be anything wrong in that; the law contemplates that it will be so.

During the life of each succeeding parliament an effort has been made to limit, circumscribe and restrict the extent to which contributions should be made, and more than that, the persons who should make them. Perhaps hon. members will recall that between the years 1921 and 1925 this parliament placed upon the statute books a provision whereby contributions by corporations or companies were made illegal, and, that the hon. member from Winnipeg, who has just asked a question, through his activity in the privileges and elections committee was responsible for its recall; it was repealed before the election of 1930 was held. After the election of 1925 and during the succeeding parliament, owing to irregularities which came about in connection with the election of Athabaska, the privileges and elections committee met, and in no sectional or party sense endeavoured to prepare such legislation for submission to this house as would prevent a recurrence of the condition to which reference had been made. The election of 1930 came on with the restriction eliminated as to corporations.

making contributions. It will be recalled a special provision was made in the statute whereby companies were organized—my hon. friend from Lisgar (Mr. Brown) knows what I mean—for the purpose of making contributions to the cause of the Progressive or farmers' movement in the western provinces, and funds were collected for that purpose; that is well known. It was discussed in the lifetime of the house elected in 1925. I say that to the hon. gentleman for East Hamilton because I suppose, like most new members, he has the very laudable ambition to accomplish a reform, and I take it, that no member will deny him the right to achieve that ambition if he can. But I merely take a little time to point out that for the last half a century successive committees on privileges and elections, not only in Canada, not only in Australia, not only in England, but in every country where democratic government prevails, have made an effort, first, merely to define what constitutes improper practices at elections, and second, to limit the contributions that may be made by individuals or corporations to the funds of (a) the party and (b) the individual. In the United States it will be recalled that in connection with the great national campaigns contributions are now made public and it is stated with particularity by whom they are made. We have such a provision in our law. We have provided that every member of this house shall make a return of his election expenses indicating the sources from which the funds came to pay those expenses, whether from himself or from a contributor. If those who have interest in the matter will go through the returns filed after the last election they will realize that various people made contributions towards their particular favourite candidate, sometimes $5, sometimes $25, sometimes $100, sometimes $1,000. But it is within the memory of members of this house that in at least one return with respect to one of the elections held since 1921 the candidate—mark you, he was not successful—showed he had expended over $75,000. No one for a moment said that that money was not properly expended. There were supporting vouchers, there were the details of the expenditure. It indicated to me, at least, that the ascertaining of the will of the people had become highly expensive for those who endeavoured to speak for a party in the determination of that question.

Now, let us ascertain what other appropriate remedies may be suggested. There may be some difficulty in that regard. In Australia, confronted with similar conditions, they endeavoured to cure the evil by compulsory voting. How many members of this house are prepared to say that the enactment of legislation to make it an offence to fail to vote will cure the evil to which reference has been made?

Mr. STEWART (Edmonton): Don't you think it would help?

Mr. BENNETT: I have always held that it would assist, and I have not changed my mind.

Mr. STEWART (Edmonton): I think it would.

Mr. BENNETT: I believe it would. But, remember, this country is so vast in area and its population so scattered that the difficulty of maintaining successfully a charge against an elector for not voting is such as to make it well-nigh impossible to secure a conviction, a situation that makes it most difficult to say that that is the remedy to be sought.

Now, it has been the practice in this country, as it has been in most democratic countries, to say, and quite properly so, that party contributions made by those who are seeking benefits for the purpose of ensuring the receipt of those benefits is wrong. I have heard no one attempt to justify any other view. But the difficulty always has been to ascertain whether or not you had the sequence —the payment, the expectation, the reward. Those have been the really difficult things to determine. If you show that over a long course of years any individual regardless of such expectations has contributed funds to assist in the election of his party's candidates, that is not indicative of any evil intent. But then you come to the question as old as the Pacific scandal in this parliament. I wonder if members sometimes look back upon the journals of the house of the days of the so-called Pacific scandal and realize what progress Canada has made in minimizing what were then regarded as great evils, and if they realize that what in those days was regarded as serious would to-day be regarded as a mere incident. I wonder if that fact is borne in on the minds of hon. members. Read the journals of the house of that day, read the evidence given and compare it with the evidence given last year before the Beauharnois committee, and what is the result? It is for that reason that I suggest the great difficulty that arises in merely saying that something shall go to the committee on privileges and elections where various ideas are thrown into the melting pot and something emerges to be embodied in a statute

which accomplishes no good. That is a fact known to every member of this house who has taken the trouble to study the subject. I have felt that compulsory voting might accomplish some good.

Mr. STEWART (Edmonton): Hear, hear.

Mr. BENNETT: It may be I am wrong as to that. I have inquired of my friends in Australia how in practice compulsory voting has worked out there. I think they have also a similar statute in New Zealand now. I was told that the law had this effect, that, first, it greatly increased the number of men who voted, and, secondly, it did something to lessen the possibility of improprieties in the conduct of elections.

Mr. HEAPS: If the right hon. gentleman will permit a question—could he inform the house whether they have also compulsory registration in Australia?

Mr. BENNETT: I dealt with that in the first few words of my observations on the question of registration. I am not going to develop the idea beyond saying that I think there must be some method of registration and some method of revision, because as the law stands now there are many names of dead men and women on voters' lists that should not be there.

The immediate matter that has given rise to the motion of the hon. member for East Hamilton is the Beauharnois scandal, in connection with which the special committee found that very large sums of money had been paid to a political party. This gives me an opportunity to make just one observation. The right hon. leader of the opposition (Mr. Mackenzie King) went to Winnipeg and made a speech, in the course of which he took occasion to say that money had been paid to the representative of the then opposition and returned at my instance.

Mr. MACKENZIE KING: What is that?

Mr. BENNETT: That is what the right hon. gentleman said at London, not Winnipeg—that money had been paid to the representative of the Conservative party and at my instance returned. I have always felt —I want to do justice to the right hon. gentleman—that it must have been either an error —a very simple one on his part, but not so simple so far as we are concerned—or it must have been done with malice aforethought. I cannot think any good purpose would have been served by his doing it with malice aforethought, because ultimately he must come back to this chamber and meet here his peers who heard the discussion and read the evidence that dealt with that question. In that evidence it was never suggested by any person that a sum of money had been paid to the federal Conservative party by Beauharnois interests. There is the record and it speaks for itself. Then why should it be said money was so received and returned?

Mr. MACKENZIE KING: Does my right hon. friend say no money was contributed by Beauharnois to any member of the Conservative party, to be paid into the party funds?

Mr. BENNETT: I am now dealing with the evidence. I say that the right hon. leader of the opposition went to London and made a speech which he either knew was false or he should have known was false, and he therefore was wilfully negligent in the discharge of his duties, for he had the hardihood to say that this sum of money was received and returned at my instance. That was what he said.

Mr. MACKENZIE KING: May I say to my right hon. friend that I made no statement, at London or anywhere else, which I knew was false. I would have made no such statement. If I made an incorrect statement I at once retract it, and I accept my right hon. friend's word as to what is right and what is wrong in the circumstances. What I do say is this: what I am speaking of is the contribution—my right hon. friend has just referred to it—being made by Beauharnois, and all along my understanding has been that Beauharnois did make a contribution to a member of the Conservative party, which was to have gone into the funds of the Conservative party and would have gone there but for the fact that the present leader of the government indicated that it should not be done.

Mr. BENNETT: In the report made the next day, and in this case prepared from a printed or typewritten manuscript, this is what is said:

> As the law stands a corporation or an individual has a perfect right to make a contribution to the funds of a political party, and the party a right in accepting contributions. Some years ago a law was enacted which made contributions from corporations to political parties illegal. I much fear the law was never greatly respected, but it was there. At the session of 1930 that section of the Elections Act was repealed. The repeal was made at the request of Labour members in the House of Commons, the reason being that under the law as it stood it would have been illegal for labour unions or farmers' organizations without incorporation as political bodies to make contributions to the campaign funds of Labour candidates or farmer

candidates. In commenting upon the amounts contributed to the funds of the Liberal party, and accepted, it is desirable that this fact of there being no illegality about the transaction should be fully and clearly understood.

For reasons which I think are apparent I endeavoured to repeat that to the house this evening. Then the right hon. gentleman went on:

> The next point to note is that contributions were made by those associated with Beauharnois to both political parties, to the Conservative party and members of the party in the federal field, as well as to the party or members of the party in Ontario and Quebec, and that the return of the contribution made to the general fund of the Conservative party was on grounds of party expediency and not of public policy.
>
> When the general elections came on, Mr. Sweezey made a contribution to the campaign funds of both the Liberal and Conservative parties. Later the contribution given to the treasurer of the Conservative party was returned, he, according to Mr. Sweezey's statement of what he had been told, having had instructions from Mr. Bennett to return the contribution. Now what was Mr. Bennett's reason for directing the return of the amount contributed?

Mark you, it never was contributed, and the evidence shows that to be the case.

Mr. MACKENZIE KING: Will my right hon. friend say that no contribution was made to Mr. McCuaig or any other person—

Mr. BENNETT: That is not what the hon. gentleman was dealing with.

Mr. MACKENZIE KING: —to be given to General McRae?

Mr. BENNETT: Not so far as I know, and what is more, that is not what the right hon. gentleman was dealing with. The right hon. gentleman went to London and told the people that the contribution was made and returned at my instance because, he said, I believed there would be an inquiry, and it was done for party expediency and not public good. Sir, the person alleged to have made the contribution, without my knowledge, wrote a letter to the public press and denied that any such contribution was made, a few days after that speech. Then why did the right hon. gentleman make that statement in London? Why did he speak of the sums of money having been received and returned, unless for one purpose? Being in the valley of humiliation and unable to extricate himself, he tries to drag down other men to keep him company.

I knew the time would come and the opportunity would arise when I might say to this house that that statement was untrue. The motion of the hon. member for East Hamilton affords that opportunity. Not only that, but with my knowledge or at my instance there was never any money received from Beauharnois. Hon. members will recall that I stated last session that I felt possibly it should have been my duty to go before that committee and make a statement in view of what was said.

It is an unpleasant sort of thing to inquire into this matter further, but I did so, and the language that was used when the offer of a contribution was made, according to the person who received that offer, was, "Not a damned cent." That was the answer; I hesitate to put it to the house in that way, but that is what was said. I do greatly deprecate an unfair statement being made for nothing but a sinister purpose, but I accept the statement of the right hon. gentleman. The only difficulty is that my right hon. friend made the statement in London and was content that it should be published broadcast. It does not do much good now to stand in this house, when he had the knowledge before him at the time he made his speech only a few months ago, and say, "I did not intend that" or "I am sorry, and I accept the hon. gentleman's word." It is not my word; it is what the record shows, what is written there and what he referred to during the progress of his speech. Then why misrepresent it? That is what I want to know, and that is what many people want to know. I knew the time would come when, before a jury of his peers, he would have to face that statement, untrue, highly improper, and calculated to mislead people merely for his own personal advantage.

I point these things out, sir, because the hon. member for East Hamilton has said that during the course of his election much attention was paid to this particular matter, and that it became of considerable importance that he should propose the resolution he now brings forward. In fact, I think he promised his electors he would do so, and as I have said, he has discharged that duty fairly and, for a new member, with very great credit and distinction to himself. But I ask him to consider whether or not any progress will be made by sending this resolution to the committee on privileges and elections. Would it not be advisable to have this matter dealt with when redistribution is dealt with, and when this parliament will frame, as it must frame, a new election act to provide for the forthcoming election, with new lists in new constituencies?

If it is the sense of this house that the motion should pass and that the matter should be sent to the committee certainly I will not, nor will the government, bring forward any objection to that being done. I have discharged my duty when I point out to the hon. gentleman the conditions to which I have referred and the desirability of considering this matter when perhaps party feelings and passions are less strong and when the members of the committee may be better able to take a dispassionate view of a situation which must be remedied if democracy is to survive, and which must be frankly met if we are to maintain our institutions in their vigour and strength. I have merely put the matter before the hon. member in this way; I leave it to the house to determine whether or not a good purpose would be served by having the resolution go to the committee on privileges and elections at this time. I repeat frankly that no opposition will be offered by the government to this being done, but I say with equal frankness that I do not think any good purpose will be served by following that course at this time.

Mr. HENRI BOURASSA (Labelle): The right hon. gentleman (Mr. Bennett) has covered a pretty wide field, more or less directly related to the matter under consideration, but on one point especially I beg respectfully to disagree with his view. He states that the proper time and occasion for the committee to deal with this phase of the electoral system, that is, contribution to party funds, will be when the same committee will have to deal with redistribution.

I was a member of this house, Mr. Speaker, when one redistribution took place, and I kept in close touch with proceedings on a couple of other occasions. My impression is that during those times the committee had its hands full, the whole time being taken up with the question of redistribution only. Surely the right hon. gentleman cannot expect that at the next session the committee will be able to deal with redistribution, with campaign funds, with amendments to the elections act and so on. It would take at least two or three sessions. It seems to me all those things have to be taken seriatim.

I was interested and pleased to hear the hon. gentleman refer to old times both in England and in this country. There is no doubt that the evil of which the hon. member for East Hamilton (Mr. Mitchell) spoke is an old one. At this moment I take the opportunity to congratulate the hon. member, both upon his successful campaign and his maiden speech. No doubt this evil will last for ever, but the same thing can be said of anything connected with human affairs. One of the objects of parliament is to deal with evils as they occur and to correct them as far as possible, with the expectation not of eradicating them altogether but rather of minimizing their effects. The argument advanced by the right hon. gentleman in connection with that aspect of the question is similar to the sceptical criticisms made of the League of Nations because that body has not been able to prevent the present trouble between China and Japan. I do not take that view. We are not all-powerful—not even the right hon. gentleman is all-powerful—but with the cooperation of men of good will in all parties we can accomplish something from time to time.

The question dealt with by this resolution is one that might be better taken up separately. The operation of the elections act, the redistribution and qualification of voters, compulsory voting and so on are all different aspects; they have nothing to do with this matter. This is outside of the electoral law, so to speak.

The question of campaign funds is a very complicated one, and I am not unmindful of the statement made by the Prime Minister that campaign funds in themselves are not wrong. They may be necessary, but I do not believe they are necessary to the extent to which they are functioning in our present system. My firm belief is and my experience has been that a very large proportion of the campaign funds are not used either in corrupting the people or in helping the candidate; they are pocketed by the so-called local leaders. These men come to the committee and say, "You know, in such and such a district I command so many votes; if I had five hundred or a thousand dollars at my disposal I could assure you a majority." Nine times out of ten the money remains in their pockets; they are benefited to that extent but neither the electors, the candidate nor the party have received any good therefrom.

Mr. CHAPLIN: How does the hon. gentleman know that?

Mr. BOURASSA: I know it from experience. As the hon. gentleman has raised the issue, I will give him an example. When I was chosen as a candidate some thirty-eight years ago the first condition which I imposed was that I would not seek any campaign funds from any electoral committee. That was the condition I laid down to my electors and to my late revered leader, Sir Wilfrid Laurier. He gladly

accepted that condition, because in those days the Liberal party was mighty poor and Sir Wilfrid had a peculiar tenderness for any candidate who did not ask for any financial assistance from his party. My second election was more of a contest and two of my friends, both good fellows and very honest, thought fit to go to the committee to Montreal and ask for a subscription. They got that subscription and they returned to a certain corner in my constituency where one of them spent all of his share while the other one kept a little reward for himself. When I found out what had happened I borrowed money from the bank and I reimbursed the treasurer of the Liberal party. I was thus enabled to continue to speak and vote just as freely in that parliament as I had during the previous parliament. At the next election I decided to make an experiment. I visited this same corner of my constituency and the local leaders came to me and in a mysterious manner asked if Mr. So-and-So would be there. I told them that he would not, and they then wanted to know who would come. I told them no one would come, and then they inquired as to what they would do for an organization. I have no scruples in admitting that I have usually spent a little money here and there. There might be a poor devil of a settler living twenty miles from the polling booth and having no rig in which to come to the village, and I have helped him out and given the man who brought him to vote two or three dollars. It may have been against the letter of the law, but I do not deny having done it. These poor fellows have no other pleasure in life than to come in and vote once in five years. However, there was no committee, no place where the wiseacres of the village could get together and get drunk on whiskey and beer and then cry out, "Hurrah for the Liberal party." On this particular occasion, in carrying out my experiment, I spent not one single cent in that particular district, and I obtained the same number of votes as I had received at the previous election. This convinced me that the so-called necessity for campaign funds is to a large extent caused by the exactions of canvassers of local leaders who pocket most of the money they receive. So much for that aspect of the case.

There is still a broader aspect, the source of these subscriptions. The right hon. gentleman has mentioned various amendments to the law, so I will not refer to any detail. It seems to me a distinction should be drawn between corporations and individuals who have no direct dealings with the government but who may have a personal or a public interest in supporting one party or the other, or one candidate or the other, and those who are directly interested in getting favours from the state. What I have always objected to is the contribution which is made, generally to both parties, such as the contributions made in the past by the railroad companies or by the Canadian Manufacturers Association, which has always had a permanent and enormous interest at stake.

I have previously referred to the elections of 1896 which were carried on by the Liberal party in the name of free trade. The curse of protection was to be eradicated for all time; but everyone knows what happened later on—the Hon. Mr. Fielding brought in a moderately protective tariff. I regarded myself as a moderate protectionist. In spite of the great convention of 1893, in spite of the program initiated by my party, I could not believe that free trade could be established in this country, and I so stated in my constituency, to the great scandal of some of my Liberal friends. Afterwards, and upon inquiry, I was informed by one of the most influential ministers that they had engagements. I asked what those engagements were and he replied, "You know, when election time came we needed money, as elections are not won with prayers; we received a subscription from the manufacturers association and we promised them the tariff would not be dealt with too harshly." That shows the effect of campaign funds when contributed by certain corporations. To my mind the contributions which have been made by the manufacturers association from year to year since 1879 have been far more detrimental to the morals of this country and to the independence of this parliament than have the contributions made by Mr. Sweezey and his associates. My feeling is that too much noise has been made over the Beauharnois affair. Of course it is a scandal, but no more than many other things. The right hon. gentleman has properly said: if you look up the records of parliament at the time of the Pacific scandal, you will be amazed to see that things which were considered abominable in those days would probably be accepted as—well, unimportant in these days. What was important in the Pacific scandal? It was not the amount of money contributed. It was the direct connection between Sir George Etienne Cartier and Sir John A. Macdonald as party leaders, and Sir Hugh Allan on the other side. It was the direct, shall I say, conspiracy between the two leaders of the government, two most eminent men, and the man who was interested in procuring the charter and privileges of the company. When you read those letters of

Sir George Etienne Cartier to this and that man saying—well, I translate it in popular language—put the screw on you for a little more money, that was the scandalous part of it. It was not the amount of money; it was not the secret understandings; it was the brutal fact that the leaders of the government, the leaders of the country, got into direct connection with the organizers of a big railway company which was after privileges from parliament, and secured money from that company on the eve of the session which was to give them their privileges. That was the scandalous part of it.

I quite agree with the hon. member for East Hamilton that the traffic in titles which has been going on in England for a number of years in order to fatten the subscription fund of the Liberal party especially is not so scandalous as some may consider it. My point of view—and I suppose it is the point of view of the hon. member for North Huron (Mr. Spotton)—is that it has been very helpful in one way; it has shown the baseness of many things that were considered very respectable in England some years ago. It has shown what lordships amount to.

Reference has been made at various times to traffic in Senate seats. I well remember one day when Sir Wilfrid Laurier told me his propaganda fund was empty, but that before long perhaps two or three seats could be disposed of in the Senate, and therefore the flow might come again. Of course all those things are known. We might just as well make no bones about them, and not be hypocritical. I believe no reform can be accomplished by cant and hypocrisy. Let us put situations as they are. Human beings being what they are, you cannot cure all those things at once, but I think from time to time efforts could be made to prevent the evils from becoming too great. You have a certain piece of machinery. It gets dirty. You clean it, although you know it will be dirty again five years hence. But you do not say: the chief officer is busy elsewhere, or the chief mechanical engineer is busy; let us wait for a few years from now when there will be a general review of the whole management of the firm and we shall take up the question of the reorganization of the whole machine, therefore let this piece of machinery continue clogging. No; we might just as well cure evils as they come. Supposing the committee should accomplish no great object, I believe it would advance parliament; it would give satisfaction to public opinion if, the motion of the hon. member being accepted, the committee on privileges and elections modestly and effectively would deal with some of these matters and report to the house.

The right hon. gentleman is afraid of some extraordinary bill being introduced that might make the remedy worse than the evil. The right hon. gentleman will still be in power. I do not believe at the end of the session he will be less powerful or more timid than he has shown himself heretofore, and if there be in what is proposed by the committee anything which the right hon. gentleman in his capacity as Prime Minister and his responsibility as leader of the house thinks improper, it will be open to him to tell us that the proposals of the committee are inacceptable or impracticable. But I really think something could be done on those two things. First, is it possible to control to a certain extent the source of campaign funds? I shall not talk of shutting it out altogether. That is like prohibition. I do not want to draw a red herring across the trail, but we know what prohibition has shown itself to be in practice in all the provinces of Canada that have adopted and tried it, as well as in the United States, in Scandinavia and in Russia. I know, however, something can be and has been done to enhance the cause of temperance and diminish the evil of the liquor traffic. Likewise this country could and should do something in this matter.

I quite agree with the Prime Minister that there is some risk of the Beauharnois affair again cropping up and of party feeling existing in the committee. But party feeling will always exist in the house; party feeling will always exist in every committee of the house. The moment you touch on some question which is directly or indirectly connected with the election of members of parliament, willy-nilly party feeling will run amuck. Next year the question of redistribution will come up. Surely the right hon. gentleman is not so naive as to think that either his friends or the friends of the leader of the opposition will have no thought of party success when they come to the question of redistribution of seats. Therefore, if you connect this matter up with the redistribution of seats next year, you will have a double dose of party feeling; whereas, at the present time, the right hon. gentleman to my right being where he is, the right hon. gentleman opposite being where he is, his friends in Toronto being where they are, and the friends of the Liberal party in Quebec being where they are, I believe there is some chance, not of party feeling not arising in the committee, but of the politicians in that committee not showing their party spirit so much this year as next.

So far as that is concerned, I agree with the leader of the Liberal party that going down into the valley of humiliation is good for parties at times. It gives them strength. First, it purifies them. It did good to the hon. gentlemen on the opposite side to go into opposition once in a while. I have known times when the Conservative party at the height of power has not been exactly a model of public or private virtue. I have known occasions when it would have been rather difficult for the leaders of the Conservative party to pose —well, they could have posed as the Pharisee did, but they could not have made the speech of the Pharisee because the Pharisee was a pretty detestable individual, although nothing appears in the gospel that what he said was not true except that he was a little too proud. But I have known times when the Conservative party could not have boasted of their virtues or been proud of their vices. Therefore, going into the valley of humiliation at times is good for all parties and all public men. I really believe this session is the one at which we should deal with this aspect of the question. So I think the house should accept the resolution in the good spirit in which it has been presented by the hon. member for East Hamilton and for which on my part I thank him heartily.

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, speaking personally I object strongly to this resolution, simply because the evil of which it complains, that of campaign funds, is one of the lesser evils in connection with our elections, and the proper administration of our elections act. I have run five elections in the island of Montreal and at each of those elections I put the most expert accountant I could obtain in charge of the examination of the vouchers and accounts of election expenses. People may not believe it, but I do not believe that one hundred dollars in the whole five elections was spent for any improper purpose even under the elections act, stringent as it is. But campaign funds are necessary. I defy any man to run an election in St. Lawrence-St. George, and give due attention to the election publicity, examine carefully the registration of the voters and look after the honest holding of the poll on election day, unless he spends about $25,000. At the last election, if my memory is correct, that was the amount, and I did not receive one dollar or one cent from any campaign fund. Now that is too heavy a charge to put on any candidate for election to this House of Commons. If I hire a hall and advertise a public meeting in the newspapers in a city such as Montreal, the meeting costs me from $500 to $750. If I hold ten meetings in the constituency, which is not undue publicity for my campaign in a city of that size, it costs me at least from $5,000 to $6,000 for public meetings. If I wish to examine the registration of the voters—for instance at the last election when I saw the lists coming in I found one hundred names listed at one place of residence that I knew in the city where one hundred people could not possibly be domiciled. It was the Salvation Army, and I found that every man who went in there day and night had his name taken down and put on the list of voters at that point. One of the most eminent institutions established in the city in order that young men coming in from outside districts might have a home and place of residence during the university year was filled up with at least one hundred names of alleged voters who were not constituents and not even residents. In one of my elections I know that my opponent spent from $100,000 to $125,000. But it does not worry me though they can spend twice that amount; for you cannot really buy voters in this day and generation. They will not stay bought. The man who attempts to buy voters at so much a vote is wasting his money.

In my election before the last one I had occasion to look into the matter of impersonations. Many men going down town in the morning were telephoning me at my office that someone had improperly voted in their names, and we found that there were one thousand impersonations, largely of business men and of women of the middle and what you might call the richer classes, polled against me before eleven or twelve o'clock in the morning. To have vigilant oversight of impersonations requires funds, whether they are called campaign funds or not, and unless you have vigilant oversight there is no possibility of being elected in any constituency in the island of Montreal, and certainly not in the constituency of St. Lawrence-St. George.

Another thing. When you run an election in St. Lawrence-St. George under the regime we have had in the city and under the regime we have had in the province, one has to guard his election against both civic and provincial police. On my election committee, not at the last election, I had some of the most eminent ladies of the city at work and some of the most honest, reliable and representative men whom I could select. We were met in the morning at the door of the central committee room by alleged constables and police who had blank warrants into which they could fill the names of those whom they found in

my committee room, and who attempted to force their way into that committee room and arrest some of the most representative people of the city and take them to the police station so that they could not conduct the ordinary administration of the election act on my behalf. I myself stood at one of the doors and I told the constables of the city, "If you enter with those warrants which I know are false"—they were signed in blank by an alleged judge of the court of sessions—"I will shoot and take the responsibility." That is the way in which I saved my committee from arrest on that occasion. On one occasion I found that three hundred blank warrants had been issued on the day before the election for the arrest of honest men and women who were acting or proposed to act as agents in order that I as a candidate might have proper representation at the polls of that city. I could get no help from the city police. The city police were against me, under instructions, I believe. They were lending themselves to my political opponents to carry out false arrests.

Mr. St-PERE: From whom did they get those instructions?

Mr. CAHAN: I was speaking of the civic police. Certainly they were under instructions from the mayor or some other authority in that city; I do not know from whom.

Mr. St-PERE: Oh!

An hon. MEMBER: Was it Mr. Houde?

Mr. CAHAN: It was not in Mr. Houde's regime. Then what right has the government of the province of Quebec to send its provincial police into the city of Montreal in a federal election to stand around the polls of St. Lawrence-St. George for purposes of intimidation? Those are evils which to me are far greater than the evil of contributing to alleged campaign funds. Funds are necessary, as I have shown, in order that you may have proper and vigilant oversight of the registration and of the polling, and yet the elections act is so precise that I have to go outside my district in order to get polling agents. I cannot under the present state of things obtain sufficient volunteers to man the polls without paying for their day's service, and as the voters in my constituency would be deprived of their vote by accepting five dollars for the day's service of representing me at the polls, I have to go into other districts to secure men to represent me at the polls on election day.

Mr. St-PERE: A very bad move.

Mr. CAHAN: Well, it is pretty bad all over that city.

Mr. St-PERE: I cannot see why you cannot get some public-spirited men to act as your representatives.

Mr. CAHAN: You cannot get business men to give their time for a day.

Mr. St-PERE: Have they no civic spirit?

Mr. CAHAN: That sort of civic spirit does not exist, and if my hon. friend tells me the truth he will tell me that he or his committee has to pay the men who represent him at the polls in the various districts of that great constituency which he represents.

Mr. St-PERE: Maybe we are doing the same thing everybody else does. Let us be frank about it.

Mr. CAHAN: Why have all this hypocrisy? If we are to pay the services of representatives at the poll, why make that an infringement of the election act?

Mr. St-PERE: I stood with you last year.

Mr. CAHAN: I know you did, and I appreciated your support in the committee on elections. For once we stood shoulder to shoulder, but I think we had not sufficient weight to have our ideas carried into effect.

If there is to be a revision of the elections act this resolution is not sufficiently broad. It deals simply with campaign funds, and to "draft such amendments to the elections act as may be considered necessary" to avoid the use of campaign funds. The resolution is not sufficiently broad. Campaign funds and their contribution is one of the lesser evils in connection with elections. If there is to be a revision of that act it should be placed before a committee of the most competent members in order that there may be a thorough revision in respects other than those mentioned in this resolution. As I said to the hon. gentleman who has just spoken when we were fighting to secure some amendments to this act, "To me it does not matter very much." The condition of affairs is such, however, that the absolutely necessary expenditures by candidates in large cities is far beyond the financial resources of any young man, unless he has inherited great wealth. Elections should be open so that young men with distinguished records in the universities or elsewhere may have an opportunity to enter into political life and establish a parliamentary career. To do that campaign funds are necessary for legitimate expenses. Certain amendments could be made to the act to

ensure straight and clean registration, fair voting, the prevention of impersonation, and provision to bring before the courts for condemnation officials of the highest possible standing, if need be, who for party purposes lend their high offices to the perpetration of fraudulent acts.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I am sure we all admire the frankness of the Secretary of State (Mr. Cahan). May I state that he has given us the very best argument as to why this committee proceed at once with its work. It is evident that a great many changes must be made to the election act. The Secretary of State has said that the matter of campaign funds is one of the lesser evils. That may be so, but I submit that they are one of the evils, and to draw up legislation which will remedy such an evil is sufficient work for a committee at this session. In fact, I think the Secretary of State has answered very well the argument put forward by the Prime Minister. If we are to bulk redistribution and election funds and all these other evils into the work of one committee, at one session, it will be absolutely impossible to deal with them all efficiently and fully. Surely we might make a beginning this year by tackling the one question of election funds, which has so recently come before the general public, and upon which the public would like to feel some assurance that the evil will not persist in the future. The Secretary of State has informed us very frankly that in his judgment to carry on an election in his constituency requires at least a minimum of $25,000, and that upon one occasion his opponent spent $125,000. I ask: What chance has an ordinary labour man to obtain a seat in the constituency of St. Lawrence-St. George? To me that seems to be the best evidence of the iniquity of our present system. If $25,000 is the absolute minimum necessary to enable the electors of that constituency to select a man, in my view that $25,000 should be put up by the state so that everybody would start on an even level. I can imagine, however, that if certain amendments were put into the election act which would make it a crime to overcharge for a hall during the time of an election, and which would make it a crime for a newspaper to overcharge for space during an election, we might considerably cut down that $25,000. The Prime Minister suggested this evening that it was quite all right for a friend to make a donation of $100. He went farther and said that it would be all very well for another friend to give $1,000. The inference was that if a friend made a contribution in a personal way it was a proper gift, no matter what the amount might be. I think that the statement and inference are not correct.

We all know the influence of money. If a large amount of money is necessary to run an election, as the Secretary of State suggests, then surely the man with the money is the only man who can run successfully. The man with $125,000 is in a great deal better position to be successful than is the man with $25,000, even though the money may be spent in a perfectly legitimate way. I submit that under modern methods of manipulating mass psychology by means of big advertisements in the newspaper, big bill boards, radio and all that sort of thing that the man with $10,000, $25,000 or $100,000 is in an infinitely better position to run a successful election than a man with only $500 or $1,000. So in my judgment an amendment is necessary which will definitely limit the amount of campaign funds, no matter from what source those funds may come. As I said last year, I would go farther and not only limit the amount but if necessary provide a minimum from public funds. That would have to be safeguarded, but it has been done elsewhere and could be done in this country.

I am sure some of us sympathize greatly with the Secretary of State in his troubles with the police. I have sought to bring before this house some of the arbitrary measures adopted by the Toronto and Montreal police, but I do not think I could have ventured to take the strong stand taken by the Secretary of State, and advised my friends to stand off the police with arms. I am very glad he has come out frankly and told us that that was his position.

Mr. CAHAN: I was referring to constables who were acting under illegal warrants, and without legal authority.

Mr. WOODSWORTH: In this connection I wish to call the attention of hon. members to an editorial which appeared in the last issue of the Weekly Witness of the city of Montreal. Attention was called to the outrageous conduct of the Montreal police in clearing Victoria square at a time when there was supposed to be a Communistic meeting at that place. People, whether they were Communists or not, were brutally attacked by men in plain clothes who used their fists and riding whips. It is not in keeping with the freedom of British subjects that that sort of thing should go on.

Some hon. MEMBERS: Order.

Mr. CHAPLIN: What has that to do with it?

Mr. WOODSWORTH: I mention this situation in passing because it arises from the statement of the Secretary of State (Mr. Cahan). He gave his own experiences in connection with the police of the city of Montreal.

Mr. CASSELMAN: His life was threatened.

Mr. WOODSWORTH: Citizens of Montreal who happened to be passing the square at that time also had their lives threatened.

An hon. MEMBER: We are talking of elections.

Mr. WOODSWORTH: Yes, but this matter was introduced by the Secretary of State, and I am just adding another incident in connection with it.

I should like, Mr. Speaker, to express the satisfaction of those of us in this corner at the attitude of the Prime Minister in stating that his government would raise no objection to the passing of this motion. I know he has advanced certain arguments in favour of delay. He has said that redistribution could not take place until the results of the census are known, and therefore there should be delay in dealing with this matter. Well, I am always afraid of delays of this kind. Two sessions ago we were told that we should not go on with unemployment legislation until the results of the census were known. Now, I feel quite confident that the statistics of unemployment have been tabulated by this time, and yet we have not available so far the data secured at the time of the last census with regard to unemployment. I can see no good reason why in this matter there should be delay for another year.

The Prime Minister also made reference to the fact that I had moved for the elimination of the clause forbidding the donation of campaign funds.

Mr. CHAPLIN: By corporations.

Mr. WOODSWORTH: I did that, and most of the older members of the house will recall the circumstances. We in this corner had on several occasions tried to get the act so amended that it would permit the contribution to campaign funds by trade unions. The act was worded in such a way that it forbade such contributions. We felt trades unions had the right to make contributions to campaign funds if it was done openly, but it was impossible to get the amending bill passed. Consequently when the amended elections act was going through it occurred to me that by repealing the section we might secure the purpose we had in view. I would not have taken that course except for the fact that the act as it stood was ineffective; there were no penalty clauses, there were no teeth in the act, and so really nothing was lost by the repeal. I should be very glad indeed to see a new section added containing penalty clauses of such a character as to render the statute really effective.

I am sure the Prime Minister did not by his review of the situation intend to imply that because we had not yet prevented all corrupt election practices we should not now make an effort to prevent at least some of the most glaring evils; that we have failed in the past is, it seems to me, all the more reason why we should attempt something along this line in the future. We in this corner feel that it would be very desirable indeed that this motion should pass and that the matter should be referred to the committee this session. While this matter is fresh in the public mind I think it would be in the public interest that this should be done.

Motion agreed to.

ALBERTA-BRITISH COLUMBIA BOUNDARY

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 2, respecting the boundary between the provinces of Alberta and British Columbia.

He said: Mr. Speaker, on the first reading I gave an outline of the purpose of the bill and the circumstances under which its introduction became necessary. It is only necessary now to say that the commission which was appointed by the government of Alberta, the government of British Columbia and the government of Canada, from 1913 to 1924, continuously carried on a survey of the boundary between those provinces, and completed the Rocky mountain section of the boundary together with 252 miles of the 120th medidian survey to a point in latitude 57° 25′ 40″. There are 174 miles of the boundary yet to be surveyed and determined, but this is through an uninhabited and unproductive country, and the provincial governments interested desire that the boundary which has been so far surveyed should be determined, leaving to a future date the survey of that great waste district.

Under the terms of the British North America Act, 1871, it is competent for this parliament to pass an act confirming the interprovincial boundary survey after the two provinces interested have given their statutory

approval of the boundary which has been ascertained. For this purpose the legislature of British Columbia has passed an act, chapter 8 of the statutes of British Columbia, 1931, and the legislature of Alberta has passed an act, chapter 6 of the statutes of Alberta, 1931. The British North America Act, 1871, provides in section 3 as follows:

> The parliament of Canada may from time to time, with the consent of the legislature of any province of the said dominion, increase, diminish, or otherwise alter the limits of such province, upon such terms and conditions as may be agreed to by the said legislature, and may, with the like consent, make provision respecting the effect and operation of any such increase or diminution or alteration of territory in relation to any province affected thereby.

The boundary of the province of British Columbia was originally determined by the Imperial Act, 29 and 30 Victoria, chapter 67. That was a topographical boundary. The two provinces now desire the boundary as surveyed to be confirmed by the parliament of Canada, because monuments have been set up and a complete survey made over the area covered by the proposed bill, although there may be a little increase of territory here, or a slight diminution there. Therefore I move the second reading of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Geary in the chair.

On section 1—Short title.

Mr. STEWART (Edmonton): Did I understand my hon. friend to say there remain 170 miles to be surveyed in the north?

Mr. CAHAN: Yes, 174 miles.

Mr. STEWART (Edmonton): That would be between the Yukon and the Northwest Territories?

Mr. CAHAN: Yes.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

BOARDS OF TRADE ACT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 3, to amend the Boards of Trade Act.

He said: Mr. Speaker, this bill amending the Boards of Trade Act has in view preventing persons or organizations from using the names "board of trade" or "chamber of commerce" in a district where there is a duly constituted board of trade or chamber of commerce, without giving the existing board of trade an opportunity to present reasons against the incorporation of the second organization in that district, if it is desired so to do.

The first request made to the department of the Secretary of State for this change came from the Toronto Board of Trade, which has been organized as such and has carried on as a board of trade since 1845. An organization advertising itself as the Bloor-Bathurst Board of Trade assumed the functions of a regular board of trade in the district in which the Toronto Board of Trade was operating. The Toronto Board of Trade objected to the operation of this organization on three grounds: First, that it had no authority for styling itself a board of trade; second, that it was not a representative institution, and third, that its existence created confusion in the public mind, and was misleading.

This request of the Toronto Board of Trade for an amendment to the statute was supported by the Ontario Associated Boards of Trade, by chambers of commerce throughout Canada, and also by the Canadian Chamber of Commerce, and came before the department of the Secretary of State for the first time more than a year ago. Finally the following resolution was adopted by the Canadian Chamber of Commerce at its last general convention:

> Resolved that: The Canadian Chamber of Commerce petition the Dominion government to amend the Boards of Trade Act, chapter 19, R.S.C., 1927, to provide that no person or persons shall use the name "Board of Trade" or "Chamber of Commerce" unless incorporated as such under the provisions of the Boards of Trade Act or of any special act of parliament; and that before granting an application for incorporation, the Secretary of State shall afford any existing boards or chambers in the district affected, an opportunity of showing cause why such incorporation should not be allowed, and providing a suitable penalty for the unauthorized use of such name.

It seemed to me that this request was reasonable, that before a second board of trade in the same district should be incorporated by any statute under the supervision of the Secretary of State, the minister should necessarily give the existing board of trade an opportunity to make representations as to whether a second board of trade or chamber of commerce should be incorporated. This bill has that purpose in view, so that if the bill is enacted, in cases where a district is already occupied by an incorporated board of trade, no part of that district could be occupied by any other board of trade which might apply for incorporation without an opportunity being afforded to the existing board to show cause why the proposed change should not be made.

The Boards of Trade Act also mentions the Dominion Board of Trade, which was incorporated in 1873 and which, for a number of years, functioned as a dominion board of trade. For many years, however, the Dominion Board of Trade has ceased to exist, and the Canadian Chamber of Commerce, which was incorporated in 1929, has been fulfilling the same functions. Various boards of trade throughout Canada have asked that the act be so amended that any board of trade may become affiliated with the Canadian Chamber of Commerce for the same purposes for which, in times past, they became affiliated with the Dominion Board of Trade, which is no longer in existence.

Another section of the act provides for certain returns to be filed with the Secretary of State, containing certain details. At the present time the act requires that this return shall be signed by the president and secretary, duly verified by their affidavits. That is a provision of the statute of very long standing, and it is sometimes difficult to have these details verified properly. I suggest that hereafter the signature of the secretary of the board of trade to these returns, without an affidavit, is quite sufficient to satisfy all public purposes.

Mr. STEWART (Edmonton): I do not rise particularly to object to the bill, except that it is just another case of corporations endeavouring to secure complete control of communities. If the city of Montreal or the city of Toronto desires to establish a second board of trade, why should not they have that privilege?

Mr. CAHAN: They may.

Mr. STEWART (Edmonton): Under this bill they have not that privilege.

Mr. CAHAN: Should this bill pass, the existing board of trade would be afforded an opportunity to show cause against the proposed change and the certificate for the new board would be recorded only with the sanction and authority of the governor in council.

Mr. POWER: Do I understand that under the provisions of this bill the new board would have to ask for the sanction of parliament whereas under the old legislation it was sufficient to obtain a certificate from the governor in council?

Mr. SPEAKER: I would direct the attention of hon. members to the fact that the house is not now in committe.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Geary in the chair.

On section 1—Use of names restricted.

Mr. STEWART (Edmonton): I notice that subsection 3 of this section provides for penalties. Why the necessity for penalties? Have abuses grown up under the provisions of the act governing boards of trade whereby unauthorized bodies are using the name?

Mr. CAHAN: I understand that in the city of Toronto the name "board of trade" has been used for the carrying on of transactions in foreign countries. For their own personal advantage, individuals have been implying that they are the board of trade of a district when in fact they have no authority so to do.

Mr. POWER: The bill reads:

> No person shall within any district in which there is a duly constituted board, use the words "Board of Trade," or "Chamber of Commerce."

In the city of Montreal there is a board of trade as well as a chamber of commerce, and I assume that under this bill the body which was first constituted would be the one entitled to use the term "Board of Trade", while the other body would be liable to a fine of $500.

Mr. CAHAN: I do not think the hon. gentleman is correct. The chamber of commerce is constituted under a special act while the board of trade comes under this act. I do not think subsection 2 is properly drafted, and I shall ask the hon. Minister of Finance (Mr. Rhodes) to move an amendment to make the subsection read "under a general or special act of the parliament of Canada."

Mr. POWER: The point I am trying to make is that there are two boards in Montreal, one the chamber of commerce and the other the board of trade. One of them would be the junior body and under this bill would be precluded from using that name.

Mr. CAHAN: I think not. The subsection reads:

> —unless they are incorporated as a body corporate and politic under this act or under a special act of the parliament of Canada.

I intended to insert "under a general or special act of the parliament of Canada." I am advised that the chamber of commerce and the board of trade in Montreal both are constituted under dominion acts.

Mr. POWER: I was under the impression that the chamber of commerce was incorporated under a provincial act.

Mr. CAHAN: I am advised also that the chamber of commerce is one of the bodies which approve of this proposed legislation.

Mr. POWER: They might approve of it without knowing what it was all about. I do not object on their behalf; I was objecting to the way the bill is drafted.

Mr. CAHAN: If the hon. gentleman thinks there is any doubt I will move that the committee rise and report progress.

Mr. POWER: Oh, no.

Mr. HACKETT: Will the minister advise the committee as to how boards of trade in small villages will be affected? Most of these organizations are unincorporated.

Mr. CAHAN: If an organization in any village desires to assume the functions of a board of trade it should be incorporated under the Boards of Trade Act.

Mr. POWER: As I understand it, if there was such an organization as the Eastern Townships Board of Trade, the town of Stanstead could not incorporate its board of trade without first consulting the other body and then obtaining a certificate from the governor in council.

Mr. CAHAN: The Boards of Trade Act is administered by the Secretary of State, and if a second board of trade in a particular district desired to be incorporated and applied for incorporation, the officials of the department would notify the existing board which would be afforded an opportunity to show cause against recording the proposed certificate. After having shown cause, the certificate instead of being recorded at the option of the Secretary of State, as under the existing law, would be recorded only with the sanction and authority of the governor in council. Those are the provisions of section 6 of the act which are incorporated into section 2 of this bill. The bill provides that the words "board of trade" or "chamber of commerce" shall not be used by another body which has not had such a certificate recorded. Chambers of commerce throughout the country object to other chambers being organized in their respective districts.

Mr. STEWART (Edmonton): Is it not a fact that boards of trade in the small villages now will have to be incorporated under the act?

Mr. CAHAN: It has always been so.

Mr. STEWART (Edmonton): No.

[Mr. Power.]

Mr. CAHAN: That is true. At the present time any group of thirty individuals can form themselves into a board of trade.

Mr. STEWART (Edmonton): They will now have to register or be liable to be fined.

Mr. CAHAN: Subsection (2) of section 1 says:

> No person shall within any district in which there is a duly constituted board, use the words "board of trade," or "chamber of commerce," as part of the name under which they are incorporated or doing business, or any other words so similar as to be liable to be confused therewith, unless they are incorporated as a body corporate and politic under this act or under a special act of the parliament of Canada.

That means that hereafter they cannot simply call themselves the board of trade. They must be incorporated under the Boards of Trade Act.

Mr. STEWART (Edmonton): In every small village where there are half a dozen business men who wish to set up a board of trade, they will now have to register.

Mr. CAHAN: Why should they not? There is no expense to it. It is purely a matter of form in sending in a certificate and becoming registered, after which they are under some supervision, very slight, and they have to make returns from time to time. This is to prevent people from using the name "Board of Trade" for Montreal or for some other town or village for purposes other than those for which boards of trade are constituted; for instance, using the name "Board of Trade" for the purpose of smuggling liquor or entering into other illegal practices.

Mr. RALSTON: With deference, I submit to the Secretary of State that the amendment suggested does not meet the evil that he is trying to remedy. What is suggested by the amendment is that provided there is what is called a duly constituted board within a district, then another body of persons cannot use the name without being incorporated.

Mr. CAHAN: That is the second section.

Mr. RALSTON: That is the section we are at now. Subsection 2 which it is proposed to add to section 3 of the Boards of Trade Act reads:

> No person shall—

It does not say: "shall use the words 'board of trade' or 'chamber of commerce' without being duly incorporated under this act," but shall use those words if there is some other duly constituted board within the district, which is quite a different thing.

Mr. CAHAN: My hon. friend is not quoting the section. In section 1 of this bill, subsection 2 reads:

No person shall within any district in which there is a duly constituted board, use the words "Board of Trade" or "Chamber of Commerce" as part of the name under which they are incorporated or doing business or any other words so similar as to be liable to be confused therewith, unless they are incorporated—

And so forth. My first provision is that they must be incorporated.

Mr. RALSTON: No. That brings up the point, if my hon. friend will permit me: they must be incorporated before they can use the term, provided there is another duly constituted board within the district. The section does not say "shall not use the words 'board of trade' or 'chamber of commerce' if there is no other board there," so that the evil which the Secretary of State is endeavouring to eliminate is not quite met by this amendment. I can imagine a judicial district in which there is no board of trade at all, and a group of persons being formed for the purposes which my hon. friend suggests, who are not hit in any way by this amendment. That is my point.

Mr. CAHAN: As I have already informed the hon. member for West Edmonton, I have not gone so far as to say that no persons shall call themselves by the name of "Board of Trade" unless incorporated. I am going simply this far, that where there is an incorporated board of trade, no other body shall set itself up and call itself a board of trade unless it is incorporated; and second, that when an application is made for incorporation, it will be the duty of the Secretary of State or the officials of his department to notify the existing board of that application, allow them to show cause against the granting of the certificate, and then, if the certificate is granted, it can be granted only with the approval of the governor in council.

Mr. RALSTON: I am submitting to my hon. friend that there is a real evil in the practice here suggested of people using the term "board of trade" for improper purposes, but I am saying that evil has not been eliminated by providing that nobody at all shall use the term "board of trade" without being registered. I suggest that difficulty has not been met by this section.

That brings me to the second point. If my hon. friend is endeavouring, as I agree he is, to prevent competition, let us say between an incorporated board of trade and an unincorporated body, then I think my hon. friend, on looking at the drafting of the section, will agree that it ought to be changed. In the first place the use of the term "duly constituted board" does not mean anything under the statute.

Mr. BENNETT: Does not the Boards of Trade Act define it?

Mr. RALSTON: The act defines "board of trade" but does not define "board," and a duly constituted board I feel quite satisfied would be regarded as a body of people who had met together. I am thinking of my own constituency or province. In the town of Amherst or Truro or Lockeport or Wedgeport if a number of people gather together and form themselves into a board of trade, I think they are entitled to say that they are a duly constituted board. The Secretary of State will admit there is no law to prevent men from associating themselves in that way. Therefore I submit he ought to go further and say "duly constituted board of trade incorporated under this act," or perhaps "duly constituted board of trade" would be enough.

The second point is this: I suggest to my hon. friend that the word "district" ought to be done away with. As the matter stands now, "district" is defined as a judicial district. I think this section would mean that if there were a board of trade in a district, you could not have another board of trade in that district without its being incorporated. My hon. friend knows judicial districts cover a pretty large territory.

Mr. CAHAN: My hon. friend has just stated that all boards of trade should be incorporated.

Mr. RALSTON: If my hon. friend wishes to accomplish that object, he has not gone that far, I did not say that all boards of trade should be incorporated. What has been said with regard to the smaller boards of trade ought to be considered by my hon. friend and they ought not to be asked to go through the formality of sending an application to Ottawa and receiving incorporation. The minister could insert a clause which would render punishable with a fine persons who are using the name for wrongful purposes. There are very few men who would know the provisions in regard to incorporation and it is imposing a little too much hardship on people to require them to go through this formality. I am thinking of a judicial district in which there are two, three or four towns, where if you had a board of trade in one town, there could be no board of trade in any other.

The CHAIRMAN (Mr. Geary): Did the hon. member look at the section with regard to interpretation?

Mr. RALSTON: Yes. It means any judicial district or any town or village. The moment you use the word "district," if you have a board of trade in a judicial district, then you have that district preempted by that one board of trade. I think the Secretary of State will agree with me that the words "town or village" in the interpretation section do not mean very much.

Mr. HACKETT: The hon. member for Shelburne-Yarmouth has put forward the views that I wish to express. I should like, however, to make certain that boards of trade which now exist in large numbers in parts of Quebec and which are not incorporated are not outlawed by any amendment to this act, because incorporation, unless there be some special provision in the act, is an expense which many of those small communities, especially in these days, can ill afford.

Mr. BENNETT: But the words "board of trade" should not be used except for a commercial purpose, as the hon. member has stated.

Mr. CAHAN: I have no desire to crowd this bill through, Mr. Chairman. It is nearly eleven o'clock, and there is no prospect of passing the bill through committee to-night. It will be necessary for me to refer to several other sections. I move that the committee rise, report progress, and ask leave to sit again, in order that the objections which have been made may be further examined.

Section stands.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.45 p.m.

Friday, February 12, 1932

The house met at three o'clock.

PRINTING OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that the following message has been received from the Senate informing this house:

That the Honourable Senators Aylesworth, Sir Allen, Buchanan, Chapais, Dennis, Donnelly, Green, Hatfield, Horsey, Legris, Lewis, McDonald, McLean, McLennan, Pope, Prévost, Raymond, Robertson, Taylor, Todd, White (Inkerman), and White (Pembroke), have been appointed a committee to superintend the printing of the Senate during the present session, and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the printing of parliament.

LIBRARY OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that the following message has been received from the Senate informing this house:

That the Honourable the Speaker, the Honourable Senators Aylesworth, Sir Allen, Beaubien, Chapais, Gillis, Gordon, Griesbach, Hatfield, Laird, Lemieux, Lewis, Logan, McDougald, McLennan, Poirier, Taylor and Wilson (Rockcliffe), have been appointed a committee to assist the Honourable the Speaker in the direction of the library of parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said library.

PARLIAMENTARY RESTAURANT

Mr. SPEAKER: I have the honour to inform the house that the following message has been received from the Senate informing this house:

That the Honourable the Speaker, the Honourable Senators Hardy, Logan, McMeans, Michener, Tanner and Taylor, have been appointed a committee to assist the Honourable the Speaker in the direction of the restaurant of parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said restaurant.

SELECT STANDING COMMITTEES

Hon. E. N. RHODES (Minister of Finance) presented the report of the special committee appointed to prepare and report lists of members to compose the select standing committees of the house as follows:

No. 1

PRIVILEGES AND ELECTIONS

Messieurs

Anderson (Toronto-High Park),
Beaubien,
Burns,
Casgrain,
Casselman,
Duff,
Elliott,
Esling,
Gagnon,
Gardiner,
Guthrie,
Gray,
Hanson (York-Sunbury),
Jacobs,
Lapointe,
Lawson,
Lennox,
MacDonald (Cape Breton South),
MacNicol,
McPhee,
Marcil,
Mercier (St. Henri),
Mitchell,
Morand,
Ralston,
Stinson,
Sullivan,
Thompson (Simcoe East),
Turnbull—29.

(Quorum 10)

No. 2

RAILWAYS, CANALS AND TELEGRAPH LINES

Messieurs

Ahearn,
Anderson (Toronto-High Park),
Beaubier,
Bell (Hamilton West),
Beynon,
Bothwell,
Bradette,
Bury,
Butcher,
Cantley,
Casgrain,
Casselman,
Chevrier,
Dorion,
Dubuc,
Dupré,
Edwards,
Esling,
Fiset (Sir Eugène),
Fraser (Cariboo),
Gardiner,
Geary,
Hacket,
Hanbury,
Hanson (Skeena),
Harris,
Heaps,
Jones,
Kennedy (Peace River),
Lacroix,
Laurin,
Macdonald (King's, P.E.I.),
MacMillan (Saskatoon),
McGibbon,
McIntosh,
McLure,
Manion,
Mercier (Laurier-Outremont),
Moore (Ontario),
Nicholson,
Pouliot,
Price,
Rogers,
Ross,
Ryerson,
St-Père,
Sanderson,
Séguin,
Shaver,
Simpson (Algoma West),
Smith (Cumberland),
Speakman,
Stewart (Edmonton West),
Stitt (Nelson),
Totzke,
Turnbull,
Urquhart,
Vallance,
White (London),
White (Mount Royal).—60.

(Quorum 20)

No. 3

MISCELLANEOUS PRIVATE BILLS

Messieurs

Ahearn,
Anderson (Halton),
Arsenault,
Barber,
Barrette,
Bell (St. Antoine),
Boucher,
Bowen,
Brown,
Chaplin,
Chevrier,
Cormier,
Cowan (Long Lake),
Denis,
Deslauriers,
Duff,
Dumaine,
Edwards,
Ernst,
Fournier,
Gobeil,
Gott,
Guthrie,
Hall,
Irvine,
Kennedy (Winnipeg South Centre),
Laflèche,
Larue,
Lawson,
Luchkovich,
MacInnis,
Mackenzie (Vancouver Centre),
McDade,
McGregor,
McMillan (Huron South),
Maloney,
Mercier (Laurier-Outremont),
Mitchell,
Moore (Ontario),
Myers,
Peck,
Pettit,
Sanderson,
Séguin,
Spence,
Stinson,
Sullivan,
Tummon,
Verville,
Wilson.—50.

(Quorum 15)

No. 4

STANDING ORDERS

Messieurs

Arthurs,
Baker,
Bell (Hamilton West),
Bell (St. Antoine),
Blair,
Bury,
Cahan,
Deslauriers,
Fontaine,
Fraser (Northumberland),
Hay,
LaVergne,
Luchkovich,
McKenzie (Assiniboia),
Mercier (St. Henri),
Munn,
Plunkett,
Rowe,
Thompson (Lanark),
Woodsworth.—20.

(Quorum 8)

No. 5

PRINTING

Messieurs

Anderson (Halton),
Baribeau,
Belec,
Boulanger,
Bourgeois,
Brasset,
Charters,
Desrochers,
Dubois,
Embury,
Esling,
Factor,
Fortin,
Girouard,
Gott,
Gray,
Hay,
Heaps,
Howden,
Lucas,
MacLean,
McKenzie (Assiniboia),
McLure,
Maloney,
Marcil,
Matthews,
Moore (Chateauguay-Huntingdon),
Munn,
Murphy,
Parent,
Peck,
Perras,
Pickel,
Porteous,
Price,
Quinn,
Rhéaume,
Rinfret,
Roberge,
Robinson,
Rowe,
Ryerson,
St-Père,
Short,
Simpson (Simcoe North),
Spankie,
Spencer,
Spotton,
Taylor,
Tétrault,
Verville,
Wilson,
Woodsworth,
Wright,—54.

No. 6

PUBLIC ACCOUNTS

Messieurs

Anderson (Halton),
Arthurs,
Beaubien,
Beaubier,
Bell (Hamilton West),
Bothwell,
Bourgeois,
Cahan,
Coote,
Cowan (Long Lake),
Cowan (Port Arthur-Thunder Bay),
Donnelly,
Dubuc,
Duff,
Dumaine,
Duranleau,
Edwards,
Embury,
Fournier,
Fraser (Cariboo),
Fraser (Northumberland),
Gagnon,
Garland (Carleton),
Geary,
Girouard,
Hanson (York-Sunbury),
Ilsley,
Jacobs,
Lennox,
MacDonald (Cape Breton South),
Mackenzie (Vancouver Centre),
Macphail (Miss),
Perras,
Pouliot,
Power,
Ralston,
Rhodes,
Robinson,
Ross,
Rutherford,
Smith (Cumberland),

Smith (Victoria-Carleton),
Smoke,
Speakman,
Stanley,
Stewart (Leeds),
Swanston,
Taylor,
Weese,
Willis.—59.

(Quorum 15)

No. 7

BANKING AND COMMERCE

Messieurs

Arthurs,
Baker,
Beynon,
Bothwell,
Bowman,
Campbell,
Casgrain,
Chaplin,
Donnelly,
Dorion,
Ernst,
Euler,
Fafard,
Gagnon,
Ganong,
Geary,
Hackett,
Hanson (York-Sunbury),
Harris,
Hepburn,
Howard,
Hurtubise,
Irvine,
Jacobs,
Laurin,
Lawson,
MacMillan (Saskatoon),
McGibbon,
McPhee,
Matthews,
Mercier (St. Henri),
Peck,
Perley (Qu'Apelle),
Pettit,
Power,
Ralston,
Raymond,
Rhodes,
Rinfret,
Rutherford,
Ryckman,
Sanderson,
Smoke,
Spencer,
Stevens,
Stewart (Lethbridge),
Sullivan,
Vallance,
White (Mount Royal),
Willis.—50.

(Quorum 15)

No. 8

AGRICULTURE AND COLONIZATION

Messieurs

Barber,
Bertrand,
Blair,
Bowman,
Bouchard,
Boucher,
Boulanger,
Bowen,
Boyes,
Brown,
Burns,
Campbell,
Carmichael,
Cayley,
Coote,
Donnelly,
Dubuc,
Duguay,
Dupuis,
Elliott,
Garland (Bow River),
Gobeil,
Gott,
Goulet,
Hay,
Jones,
Loucks,
Lucas,
McGillis,
McKenzie (Assiniboia),
McMillan (Huron South),
McPhee,
Moore (Chateauguay-Huntingdon),
Motherwell,
Mullins,
Myers,
Perley (Qu'Apelle),
Pickel,
Porteous,
Rowe,
Sauvé,
Séguin,
Senn,
Shaver,
Simpson (Simcoe North),
Smith (Victoria-Carleton),
Spotton,
Sproule,
Stewart (Lethbridge),
Stirling,
Swanston,
Taylor,
Thompson (Lanark),
Totzke,
Tummon,
Vallance,
Weese,
Weir (Melfort),
Weir (Macdonald),
Young.—60.

(Quorum 20)

No. 9

MARINE AND FISHERIES

Messieurs

Baribeau,
Barrette,
Beaubien,
Black (Halifax),
Brasset,
Cantley,
Cardin,
Dickie,
Duff,
Dupuis,
Duranleau,
Ernst,
Ganong,
Hanson (Skeena),
Ilsley,
Johnstone,
Larue,
MacDonald (Cape Breton South),
Macdonald (Kings, P.E.I.),
MacInnis,
MacLean,
McDade,
McLure,
Neill,
Pouliot,
Plunkett,
Price,
Quinn,
Reid,
Ross,
Short,
Speakman,
Stitt (Selkirk),
Urquhart,
Veniot.—35.

(Quorum 10)

No. 10

MINES, FORESTS AND WATERS

Messieurs

Beaubien,
Belec,
Bell (St. John-Albert),
Beynon,
Boucher,
Bowman,
Bradette,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Desrochers,
Dickie,
Duguay,
Esling,
Fraser (Northumberland, O.),
Garland (Bow River),
Gershaw,
Gordon,
Hurtubise,
Ilsley,
Johnstone,
Kennedy (Peace River),
Macdougall,
Mitchell,
Mullins,
Nicholson,
Parent,
Plunkett,
Roberge,
Simpson (Algoma West),
Smith (Cumberland),
Stanley,
Stewart (Edmonton West),
Stitt (Nelson),
Tétrault,
Weir (Macdonald).—35.

(Quorum 10)

No. 11

INDUSTRIAL AND INTERNATIONAL RELATIONS

Messieurs

Arsenault,
Bell (St. Antoine),
Bell (St. John-Albert),
Black (Halifax),
Bourassa,
Ferland,
Gordon,
Hackett,
Hall,
Heenan,
Howard,
Johnstone,
Kennedy (Winnipeg South Centre),
Lacroix,
Macdougall,
MacNicol,
Macphail (Miss),
Matthews,
McGibbon,
McIntosh,
McMillan (Huron South),
Morand,
Neill,
Nicholson,
Parent,
Perley (Sir George),
Reid,
St-Père,
Stanley,
Stitt (Selkirk),
Turnbull,
Veniot,
White (London),
Woodsworth,
Wright.—35.

(Quorum 10)

No. 12

DEBATES

Messieurs

Bouchard,	Marcil,
Coote,	Rinfret,
Cormier,	Rogers,
Esling,	Stirling,
Laflèche,	Sutherland,
Macdougall,	Young.—12

(Quorum 7)

No. 13

LIBRARY OF PARLIAMENT

(Members to act on the part of the Commons)

Mr. Speaker and Messieurs

Barber,	Larue,
Bertrand,	LaVergne,
Bourassa,	Marcil,
Boyes,	McGillis,
Butcher,	McGregor,
Carmichael,	McIntosh,
Charters,	MacMillan (Saskatoon),
Chevrier,	Peck,
Cotnam,	Perley (Sir George),
Dubois,	Pouliot,
Factor,	Quinn,
Ferland,	Rhéaume,
Fontaine,	Rinfret,
Fortin,	Short,
Fraser (Cariboo),	Smoke,
Gagnon,	Stirling,
Girouard,	Thauvette,
Guthrie,	Thompson (Simcoe East),
Hepburn,	
Irvine,	Thompson (Lanark),
Jones,	White (London),
Laflèche,	Wright.—44.

No. 14

PARLIAMENTARY RESTAURANT

(Members to act on the part of the Commons)

Mr. Speaker and Messieurs

Ahearn,	Laflèche,
Barrette,	Macphail (Miss),
Black (Halifax),	Ryerson,
Bourassa,	Senn,
Carmichael,	Spankie,
Cayley,	Spence,
Garland (Carleton),	Sproule,
Hanbury,	Thauvette,
Howard,	Wilson.—2).
Howden,	

Mr. RHODES moved that the report be concurred in.

Motion agreed to.

POWERS OF COMMITTEES

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the select standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Motion agreed to.

PEACE RIVER OUTLET

On the orders of the day.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, will the Minister of Railways (Mr. Manion) advise the house if he will be prepared during the present session to table the report made last year by the Canadian Pacific Railway, the Canadian National Railways and the province of British Columbia regarding the Peace river outlet to the Pacific ocean.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, the report is in my office and I will be very glad to table it at an early opportunity.

FARM RELIEF

On the orders of the day:

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, I have in my hand a copy of the form of application for relief which the farmers in the west are required to make to the Saskatchewan Relief Commission before any relief is granted. Upon that form appears a blank note which every farmer is required to sign promising to pay for all relief which he may receive either immediately or at any future time, such payment to be made on November 1, 1933. Will the Prime Minister (Mr. Bennett) advise if it is the intention of the government to collect interest on these notes either before or after they are due?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have not seen the form to which the hon. gentleman refers. This was prepared by a relief commission appointed by the government of Saskatchewan and I was not aware that the note thereon was made payable to the federal government. I do not think it is but if I am mistaken this is the first intimation I have received to that effect. If the hon. gentleman will allow his question to remain on Hansard I shall endeavour to ascertain these facts and answer him as soon as possible.

AUSTRALIAN TREATY RATES

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Gloucester (Mr. Veniot) asked me a question regarding the differential rates to apply on canned salmon and crustaceans being imported into Australia. The general tariff on both is four pence per pound. The British preferential tariff on canned salmon is one penny per pound, and there is

a preference on this commodity of three pence. The British preferential rate on crustaceans is two and one-half pence per pound, and the preference thereon is one and one-half pence per pound.

I might say that subsequent to the ratification of the treaty there was a general election held in Australia and this made difficult any discussion on this matter. There are a number of points still under consideration of which this is one. I want to make it clear that all the discussions with the government of Australia have been carried on most amicably. At the present moment I cannot give my hon. friend any information as to what the final result will be.

IMPERIAL ECONOMIC CONFERENCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, would the Prime Minister (Mr. Bennett) advise the house, if he is in position so to do, as to the agenda of the Imperial economic conference. We would like to know when we may expect to have the agenda, either in part or in whole.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, no agenda has as yet been prepared. The matter is under consideration but I cannot promise at what time the information sought may be available.

Mr. MACKENZIE KING: Might I say to my right hon. friend that we are most anxious to do all we can to expedite the work of the session and to cooperate with him in so far as it is possible in the work of the Imperial conference. If we could have the agenda at as early a date as possible it would I believe further both ends.

Mr. BENNETT: I do not know that the agenda will be available at all before the conference meets. Such an agenda has never been brought down by any government in Great Britain except in a most general way. It is obvious that should this session conclude within a reasonable time, having regard to the business to be submitted, the agenda will not be completed before the close. We are constantly in communication with the governments in all parts of the empire and it is practically impossible to make more than the general statement that matters will be considered.

I should like to avail myself of this opportunity to express my appreciation of the sentiments which have been uttered by the right hon. gentleman. I can only hope that the attitude of mind which he has expressed will continue to the conclusion of the conference. Thus far any cooperation has consisted of speeches attacking the government in connection with the conference.

Mr. MACKENZIE KING: I think that is most uncalled for.

Mr. BENNETT: The right hon. gentleman is in a position to judge that; we know that it is so.

Mr. EULER: The right hon. gentleman is inviting it.

Mr. BENNETT: That has been the cooperation up to the present time, and that being so I am glad to have my right hon. friend's assurance that he will do what is possible to promote the success of the conference which we believe will be very important to this country as well as to other parts of the empire.

GRIEVANCES OF VETERANS

On the orders of the day:

Mr. C. R. McINTOSH (North Battleford): I understand the Dominion president and officers of each of the following ex-service men's associations quite recently made representations to the government in connection with certain grievances:

The Army and Navy Veterans in Canada.
The Canadian Legion of the British Empire Service League.
The Amputations' Association of the Great War.
Canadian Pensioners' Association of the Great War, and
The Sir Arthur Pearson's Club of Blind Sailors and Soldiers.

May I ask the Prime Minister or the Minister of National Health and Pensions whether it is the intention of the government during the present session to appoint a special committee of this house to investigate the grievances contained in this memorandum and to bring down ameliorative legislation in connection therewith?

Right Hon. R. B. BENNETT (Prime Minister): The intention of the government will be made known in connection with the matter when the appropriate action is taken.

Mr. McINTOSH: Not a very constructive answer.

Mr. BENNETT: The question does not demand it.

Mr. McINTOSH: There are two sides to that.

NORTH BATTLEFORD RAILWAYS

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): The hon. member for North Battleford (Mr. McIntosh) had an order for return passed yesterday and while I have no objection to the order for return, I am informed by the Board of Railway Commissioners it will take three or four weeks of a clerk's time to copy all the correspondence. The return was brought into my office this morning and it is a very large one. The hon. member has had access to the file. While I understand he is insisting on the whole of it, I do not think unless there is very good reason, we should ask the board to pay a stenographer for two or three or four weeks to copy this return. If the hon. member would look it over and suggest certain portions that he would wish, I shall endeavour to have it brought down as soon as possible.

Mr. C. R. McINTOSH (North Battleford): I shall endeavour to meet the request of the Minister of Railways as far as possible.

BOARDS OF TRADE ACT

The house resumed from February 11, consideration in committee of Bill No. 3, to amend the Boards of Trade Act—Mr. Cahan—Mr. MacDonald (Cape Breton South) in the chair.

On section 1—Use of names restricted.

Hon. C. H. CAHAN (Secretary of State): When the bill was before the committee last evening I undertook to make certain inquiries so that I might be in a better position to inform the house. The hon. member for Quebec South (Mr. Power) wished to know whether the chamber of commerce of Montreal was a provincial or a federal incorporation. I told him I was advised it was a federal incorporation, but to-day I have ascertained definitely that it is organized and carries on its business under federal incorporation.

The hon. member for West Edmonton (Mr. Stewart) also raised a question with regard to certain boards of trade in the west which are carrying on operations and suggested, as did the right hon. Prime Minister (Mr. Bennett), that this amendment should not interfere with their business and operations. I find, upon examination that the present Boards of Trade Act, chapter 19 of the Revised Statutes of Canada, contains, first, part I under which one class of boards of trade operate. Those incorporated under part I by a certificate issued by the Secretary of State or his officials may perform certain duties in connection with forming an arbitration board for commercial purposes. They have power to appoint boards of examiners as inspectors, weighers, examiners and so on. But in 1920 the late Hon. Senator Lougheed in the Senate introduced an amendment now appearing as part II of the act by virtue of which I am instructed by the officials of the State department, those boards of trade which exist in the west are not interfered with. Section 45 of the act provides:

> Any number of persons, not less than thirty, who are directly or indirectly interested in trade, commerce or the economic and social welfare of any district, whether residents of such a district or not, may associate themselves—

I am told that the boards of trade outside the cities of the west are formed under part II and incorporated by a certificate usually issued by the Department of the Secretary of State, and the legal advisers and officials of the State department assure me that those existing boards of trade are not interfered with by this bill. This legislation would mean that in certain districts where boards are already organized, any new board of trade that sought to organize and obtain incorporation could not do so until the others had been so informed and made their representations in that regard. I may say that the incorporation of boards of trade is a very simple operation and the uniform fee of only five dollars is exacted, so that these smaller boards of trade in the west, in view of the advantages which they obtain by being registered under this act, usually pay the sum of five dollars for that purpose, which fee is simply a nominal one. The hon. member for Shelburne-Yarmouth suggested that it might be an onerous fee that was being charged, but it is simply a registration fee.

The hon. member for Shelburne-Yarmouth (Mr. Ralston) made a suggestion in regard to which I think it is expedient that we should have an amendment to make the text perfectly clear. The hon. member suggested that the words "duly constituted board" which appear in subsection 2 of section 1 of the bill, might not be sufficiently definite. The bill was drawn not by me but by the officials of the department and the law officers of this house. I am going to ask my hon. friend the Minister of National Revenue to move to strike out the words "duly constituted board" and to substitute therefor "board of trade which is registered under the provisions of this act," which I think will meet the objection

raised by the hon. member for Shelburne-Yarmouth, and also in the same section, in order to obviate all possibility of doubt, to insert after the word "special" in the next to the last line, the words "or general" so that that line will read:

Under a special or general act of the parliament of Canada.

This is because it has been represented to me that certain boards of trade in times past have secured incorporation under the Companies Act, which is a general act and which permits of the incorporation of such companies.

Mr. RYCKMAN moved:

That the words "duly constituted board" in the second line of subsection (2) of section 1 of the bill be struck out and the words "board of trade which is registered under the provisions of this act" be inserted in lieu thereof.

Also:

That the words "or general" be inserted in the thirteenth line of the bill between the words "special" and "act."

Amendment agreed to.

Mr. CAHAN: I am advised by my law officers that by these amendments we have obviated the objections which were raised last night.

Section as amended agreed to.

On section 2—Objections to other boards being formed where there are existing boards.

Mr. CAHAN: In order to conform with the suggestions made last evening the word "act" in the third line of this section should be struck out and the words "or general act of the parliament of Canada" be substituted in lieu thereof.

Mr. RYCKMAN: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Sections 3 and 4 agreed to.

Bill reported, read the third time and passed.

PATENT ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 4, to amend the Patent Act.

He said: I did not have an opportunity to explain this bill on the first reading. A year ago, Mr. Speaker, in view of certain complaints which I received relating to the patent office from those holding Canadian patents and those applying for Canadian patents I hoped that we might have a thorough revision of the Patent Act prepared ready for this session, but I found amongst the lawyers and those interested in patents such great differences of opinion as to whether in consolidating and amending that act we should follow the British practice or the American practice, between which there are very material divergencies, that it has seemed to be impossible to secure the general assent of those interested to an entire revision of the Patent Act. The bill in its present form has been approved by the leading patent lawyers throughout Canada and by many others who are interested in the matter of patents. I also took the liberty of having the bill considered by the president of the Exchequer Court of Canada, who has had a very considerable experience in administering the Patent Act, and I understand that he approves the bill to this extent, that these are amendments which should receive the very serious consideration of parliament and of those interested in patents.

This bill proposes to confer jurisdiction upon the Exchequer Court of Canada when any conflict arises before such court to determine at the instance of any party to the proceedings whether the invention which each of them claims that he was the first to make is one for which any of them is entitled to obtain a patent under this act. The object is to avoid multiplicity of actions and to save the heavy costs which arise out of such multiplicity of actions as are now in vogue. It is a question of procedure largely, and this amendment enables the court to deal with all questions arising in the suit without relegating any part of the suit for a new action before the court.

Another provision of the bill is drafted with a similar object in view. It provides that where the claimant for a patent prefers two or more claims with respect to the same invention in one action or proceeding, the exchequer court, if it holds that one or more of such claims is valid and another or other claims are invalid, may give effect to the patent in respect of the claim or claims held by the court to be valid. At present the court has and exercises this jurisdiction in an action for infringement of the patent, but it is denied this jurisdiction if the action is one which seeks to impeach the validity of the patent. It is now proposed to extend the jurisdiction of the court and to abolish the existing distinction between the two forms of action, namely, an action for infringement of the patent and an action to impeach the validity of the patent.

The bill also provides that a patent or any claim in a patent may be declared invalid or void by the exchequer court at the instance of the Attorney General of Canada or of any interested person, and that if any person has a reasonable cause to believe that any article made or sold by him might be alleged to be an infringement of an existing patent he may bring an action in the exchequer court for a declaration that such process or article does not constitute an infringement. The fact is that in our patent office here at Ottawa we have not been able to provide the means whereby a claimant for a patent may ascertain by a search of our office whether any other patent exists in other countries for that same invention. The result has been that many patents have been granted in Canada on applications made by private parties which are alleged to cover processes which have been in use throughout Canada for many years, and with respect to which a patent should not have been granted and would not have been granted if all the means of information were available at the patent office. In such matters it seems advisable, as a matter of public interest, that in certain cases where the question arises as to whether or not an existing patent is valid it should be tested in the courts, and the private individual should not be bound to come forward and contest such a patent. Therefore it is suggested and, in fact, provided in this bill, that a patent or claim in a patent may be declared by the exchequer court to be invalid or void at the instance of the Attorney General of Canada, and also at the instance of any interested person. Then, further, if any person has any reasonable cause to believe that any article made, used or sold by him does not constitute an infringement of an existing patent, he will not be bound under the provisions of this bill, to wait for an action by the patentee.

Mr. HANSON (York-Sunbury): Is it not true that under regulation 28 of the Patent Act the examiners of patents are prevented from doing anything but investigating as to whether the article in question has been previously patented, and does not that regulation nullify section 15 of the Patent Act?

Mr. MACKENZIE (Vancouver): Wait for the committee.

Mr. CAHAN: I shall discuss it.

Mr. MACKENZIE (Vancouver): Order.

Mr. CAHAN: I admit that at the present time provision for proper search is not made by the statute, by the regulations thereunder, or by the equipment of the patent office. Therefore I now make provision for an amendment of the law which undoubtedly will be carried into effect by amending the regulations to be made under the Patent Act. This bill, as I say, provides that if any person in Canada has reasonable cause to believe that any article made, used or sold by him is not an infringement of an existing patent he may come before the exchequer court and, after due notice to all persons interested, obtain a declaration to that effect, rather than have his business suffer while waiting for an action by the holder of the alleged patent.

Then, there is another provision which I think will meet with the general approval of the house. Under the present state of the patent law of Canada any inventor domiciled in Canada or in a foreign country may not disclose his invention in such a manner as to have it become known or available to the public. And yet, nevertheless, he may subsequently take proceedings in the Exchequer Court of Canada, and that court may be obliged to set aside a patent which has been granted and used in Canada for many years without the Canadian patentee having knowledge or means of knowledge that any other person in any other part of the world had made a similar invention. This condition of the Canadian law enables an inventor at home or abroad deliberately to conceal and to refrain from exploiting his patent until some other person, probably many years after, has made the same invention, secured patent rights therefor and made use of his invention throughout Canada. This policy of the existing law, as defined by the recent decisions of the courts, appears to be in direct contradiction of the basic principles of patent legislation prevailing in any other country from which it has been possible to obtain exact information. Such a condition of the law works a grave injustice to those in Canada using certain inventions and processes which were patented in Canada before the inventor, foreign or domestic, disclosed the fact that he claimed an invention with respect to that subject matter.

Those are the amendments which I am proposing in this bill. As I suggested when the bill was introduced I think it should be referred to a select special committee in order that those who are interested in patents may be given an opportunity to appear, state their

objections and make any relevant criticisms of the proposed changes. If the bill receives its second reading I shall be pleased to make a motion to that effect.

Motion agreed to and bill read the second time.

Mr. CAHAN moved:

That Bill No. 4, intituled an act to amend the Patent Act, be referred to a special committee of seven members, consisting of Messrs. Anderson (High Park), Bury, Cahan, Chevrier, Ilsley, Irvine and MacDonald (Cape Breton), with power to send for persons, papers and records and to report from time to time.

Motion agreed to.

INDUSTRIAL PROPERTY

BILL RESPECTING UNFAIR COMPETITION IN TRADE AND COMMERCE

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 5 Respecting Unfair Competition in Trade and Commerce.

He said: Mr. Speaker, this is a motion for the second reading of Bill No. 5 entitled an Act Respecting Unfair Competition in Trade and Commerce and providing means for the enforcement of the convention to which I called attention the other day, and also means for the enforcement of the co-called Geneva convention which was laid upon the table at a recent date entitled, an international convention for the amelioration of the condition of the wounded and sick armies in the field and which prohibits the use of the Geneva cross for certain commercial purposes. This bill I believe has been very carefully prepared and has been reviewed by a number of lawyers thoroughly versed in the Trades Mark Act. I should like to have it referred to the same special committee to which the previous bill was sent. The only objection is that the bill is very technical and is expressed in English and the full French translation will not be available for at least a fortnight. I would ask therefore, with the consent of the house, that the bill receive its second reading and be referred to the special committee with the clear understanding that when it again comes before a committee of this house the bill, together with any amendments which have been suggested by the special committee, will be presented to this house in both the English and French languages.

Motion agreed to and bill read the second time.

[Mr. Cahan.]

Mr. CAHAN moved:

That Bill No. 5, intituled an act respecting unfair competition in trade and commerce, be referred to a special committee consisting of Messrs. Anderson (High Park), Bury, Cahan, Chevrier, Ilsley, Irvine and MacDonald (Cape Breton), with power to send for persons, papers and records and to report from time to time.

Mr. EULER: Are the provisions of the bill the result of some conference between various bodies; and if so, what were the matters discussed?

Mr. CAHAN: On introducing the bill I called attention to the fact that it is the result of a convention which was signed on Canada's behalf at the Hague on November 6, 1925, making very considerable amendments to an existing convention. By some inadvertence that convention was not laid upon the table of the house until this session. The omission was called to my attention by the fact that others were stating that we had not amended our law to enforce the convention. This bill is to carry out that purpose and also to enforce certain provisions of the Geneva convention to which I have just referred.

Mr. EULER: If the bill is the result of an international agreement, is there any particular purpose to be served in sending it to a committee; in other words, can they make any changes without violating the international agreement already arrived at?

Mr. CAHAN: It is obvious that we will not endeavour to make any changes which may conflict with the convention, but under it we are entitled to preserve certain common law rights. I recall the late hon. Minister of Justice, Mr. Lapointe, and I had some controversy in the house with regard to this point. He thought there were certain common law rights in the province of Quebec under the code which should be preserved. In addition to carrying into effect the provisions of this international convention, which I think the draft bill does very completely and very fully, we preserve certain common law rights that may have been enjoyed since before confederation.

Mr. EULER: Are the two very distinct in the bill?

Mr. CAHAN: They are dealt with on distinct grounds, and those common law rights are preserved. The object of the bill is to

enforce the terms of the international convention while preserving, as we have the right to preserve, existing common law rights. Therefore I think the bill should go before the special committee that I have named.

Motion agreed to.

FISH INSPECTION ACT

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved the second reading of Bill No. 6 to amend the Fish Inspection Act.

Some hon. MEMBERS: Explain.

Mr. DURANLEAU: Mr. Speaker, the Fish Inspection Act, chapter 72 of the Revised Statutes of Canada, 1927, requires that barrels or other containers of such fish as come under the provisions of the act, be made in accordance with defined standards, that the fish be cured, graded and packed as prescribed in the regulations, and that the marks placed on the containers by the packer correctly represent the kind, grade and weight of the contents. Inspectors appointed under the act are not at present required to inspect and mark every barrel or container of fish packed within their respective districts. They are authorized, however, to inspect as many of such as they find it possible to do. This necessarily leaves much room for a great number of barrels of fish of poor quality to slip through to market without inspection. The purpose of this bill, is to make it obligatory for inspectors to inspect all fish and barrels which come under the provisions of the act, by prohibiting their sale or shipment until they have been inspected and officially marked.

Mr. MACKENZIE (Vancouver): Is the minister referring this bill to a special committee?

Mr. DURANLEAU: Yes.

Mr. WILLIAM DUFF (Antigonish-Guysborough): I am sure, Mr. Speaker, we are very much interested in the explanation of the purpose of this bill which the hon. Minister of Marine and Fisheries has given us. I have read very carefully the proposed amendments and also the clauses in the 1927 act. While of course I do not pretend to have any particular knowledge of legal phraseology, I can see very little difference between this bill and the old act. I may say that this is a hardy annual; the very same bill has been before the house several times. The minister last session, and his predecessor the previous session, saw there was nothing in the bill and they did not go on with it. Why the minister's officials asked him to bring down the bill this session I cannot understand, because if he will read the present act and compare it with the notes on the bill itself he will see that there is very little difference between the two.

The minister said the purpose of these amendments was to ensure that all fish should be inspected; he did not, however, tell the house how he was going to have the inspection done. I say to him without the slightest hesitation that the inspection he has in mind cannot be carried out. If his officials tell him that it can be done, then they do not know anything about the matter. It would require 300 inspectors in Nova Scotia alone to inspect herring, alewives, mackerel and other pickled fish. Under present conditions I think the minister is not going to appoint 300 officials for that purpose. What have the department done so far with regard to the inspection of pickled fish? Several years ago—and I am not taking the late government's part at all, because God knows, they made enough blunders so far as the Fisheries department was concerned—several years ago the late government did appoint special inspectors for pickled fish, but within the last two years every one of those inspectors has been discharged. Of course, neither the late minister nor his successor is to be blamed for it, but the department officials carried out the recommendations of the deputy minister in order to give increased salaries to the overseers. As I say, they dismissed all the pickled fish inspectors and appointed the overseers of fisheries inspectors of pickled fish. If the minister will consult those overseers in the province of Nova Scotia he will find that nine out of ten of them will tell him that they do not know the first thing about inspecting pickled fish. Yet the deputy minister has appointed men of this class to inspect pickled fish in the maritimes. Now, in the first place it is impossible for these overseers to inspect pickled fish. For instance, for the last three years I have had to inspect all the pickled fish that I have bought. The overseer of fisheries told me he did not know anything about the inspection of pickled fish, and there was no regular inspector anywhere near. As I say, I had to inspect the pickled fish myself —and the government did not pay me for it.

An hon. MEMBER: The inspector was not qualified to inspect anyway.

Mr. DUFF: The fishery overseers admit that they are not qualified, but the department, on the advice of the deputy minister, dismissed the few pickled fish inspectors who

were doing their work satisfactorily and appointed the fishery overseers to attend to the inspection. But what does this bill say? Let me refer the minister to the section with regard to packages:

> Such containers shall not be used, sold, bought or shipped . . .

I ask the minister, is that good English? How can they be used until they are sold or bought? That should read: "Such containers shall not be sold or bought, used or shipped." I do not know who drafted the amendment but I submit that the minister would be wise if he did not proceed with the bill any further. Let him send it back to the proper officials to be correctly drafted. Further, the bill provides:

> Containers used for marketing such fish oils as may hereafter come under the provisions of this act shall be as defined in the regulations and be inspected and marked in accordance therewith.

Is it the policy of the department that fish oils shall have to be put into containers made specially for that purpose? I admit that he must take the advice of his officials but I submit that the officials are not competent to give him advice. The fishermen, in the maritime provinces particularly, use certain containers for cod oil. What are those containers? They are gasoline or kerosene oil casks or any other kind of casks used on their vessels for other purposes. How can they be expected to go to an inspector to have such casks marked particularly for the purpose stated in this bill? I submit again that the officials are not giving the minister good advice and consequently the bill should not be referred to the committee. I suggest that it remain on the order paper or else be deleted. The same applies with equal force to the inspection of fish. It is impossible, unless the government is going to appoint three or four hundred inspectors, to have fish inspected. Where will they be inspected? Are you going to inspect them where they are caught or where they are shipped or where the fishermen will sell them to the merchants? I really do think that the minister should give us a little more information before proceeding any further with this matter.

Mr. DURANLEAU: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. DUFF: I would ask that the bill be allowed to stand.

Mr. SPEAKER: The minister, on the second reading, has the right to reply.

[Mr. Duff.]

Hon. CHARLES MARCIL (Bonaventure): Before the minister replies may I ask whether this bill will be applicable to the province of Quebec? We have a peculiar situation in that province. With certain exceptions the fisheries are under the control of the province.

Mr. SPEAKER: I must direct the attention of the house to the fact that when the minister speaks on this occasion he will close the debate.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I join with the hon. member for Antigonish-Guysborough (Mr. Duff) in requesting that the bill be allowed to stand and that we do not now proceed with the second reading.

Mr. W. G. ERNST (Queens-Lunenburg): I shall not take up very much time. I have listened to what the hon. member for Antigonish-Guysborough (Mr. Duff) has had to say with reference to containers. I believe that this provision as drafted arose out of a legal situation which occurred some time ago. A man might make bad pickled-fish barrels and ship them to the packer, and under the act as formerly drafted he could not be convicted on any charge of turning out an inferior article unless it could be proved that he intended such barrels to be used for pickled fish. That is the difficulty with which we are faced. This section may not be perfect; I have not studied it; but it is one which I submit should be referred to the committee. The objection which has been raised is so purely technical and trivial that I am really amazed that my hon. friend should have brought it forward. With reference to fish oil I agree with what the hon. gentleman says. The fishermen all along the coast use any container they happen to have—the half end of a molasses puncheon or a barrel—and they allow the fish to stand in the sun until the oil is dried out of the cod liver. But this refers to marketing. It does not mean the sale of the fisherman's product to, let us say, Lunenburg Sea Products, Lunenburg; it has reference to the sale by such a concern of the article which they put on the market. The object is to have it sold in a stamped and marked container.

Mr. DUFF: They ship it in the containers they receive from the fishermen. My hon. friend does not know more about it than the minister.

Mr. ERNST: In this instance I happen to know more about the subject than my hon. friend does. My hon. friend has shipped a good deal of salt cod but he has never been in the fish oil business.

Mr. DUFF: Yes, I have; that shows how little you know.

Mr. ERNST: I cannot see one single objection in principle to this bill, and after all the second reading has to do with the principle of the measure. I repeat, there is not a single objection to it on principle. Why not send the bill to the committee and have them go into the subject thoroughly? There hon. gentlemen will have the fullest opportunity to state their views and to raise any objections which suggest themselves. Before the committee the matter could be dealt with more fully and to greater advantage than it can be in this debate.

Mr. DUFF: My hon. friend wants some work, evidently.

Mr. ERNST: I would not object.

Hon. E. N. RHODES (Minister of Finance): I am without the advantage of having heard the previous portion of this debate, but had I been in charge of the bill it was my intention to have taken the ground that the bill was for the purpose of improving inspection and therefore quality and, it follows, the price of fish commodities. I think the object of the bill is sound. It may be that it will not accomplish the purpose for which it was designed, but we are all in agreement that it is highly desirable that we should have proper inspection with a view to securing the very finest quality, because, more and more, quality counts in all commodities, and in no instance does it count to a greater extent than in the case of fish products, which are highly perishable. I would therefore suggest that the proper place to discuss the details of the bill, and more particularly the technical details, as well as the object which is aimed at, is in the committee. The technical officers of the department would be available to give all information that might be desired with respect to what is contemplated. I submit that our best course would be to give the bill its second reading and have the discussion as to its merits take place in committee. That, I believe, would be agreeable even to hon. members who may not be in favour of the principle of the bill.

Mr. DUFF: May I point out that the Minister of Finance (Mr. Rhodes) had the bill placed on the order paper last year and did not proceed with it. It was exactly the same bill.

Mr. RHODES: That is true. But we have had a year's experience and there are other phases of the subject which were not apparent at that time. I submit however that, even if my hon. friend does not agree with the principle of the bill, there can be no objection to having it pass the second reading, with the reservation that he does not endorse the principle. Let us have it sent to the committee on fisheries where it can be quite fully gone into.

Mr. DUFF: It is only a waste of time.

Mr. RHODES: If we are to waste any time at all I submit that it would be better to do so in the committee on fisheries. That would be preferable to detaining the whole house at this stage.

Mr. RALSTON: When the minister speaks of the committee I presume he refers to the standing committee.

Mr. RHODES: Yes.

Mr. MAURICE BRASSET (Gaspé): I should be glad if the minister would inform the house just how this bill will affect the province of Quebec. Apart from the Magdalen islands, the fisheries in Quebec are under the control of the province. We have our own inspectors there and I am anxious to know how they will be affected.

Mr. DURANLEAU: All sections of the act which were considered ultra vires in the light of the 1929 decision of the privy council giving jurisdiction to the provinces in the matter of civil rights were deleted from the legislation on this subject. As regards the principle of the amendments with reference to inspection which we are asking the house to adopt now, I cannot say that that principle will not interfere with inspection in Quebec. If inspection in the province of Quebec is carried on under the jurisdiction of the provincial authorities this bill will not interfere with that jurisdiction. I thank my hon. friends from the maritimes for having come to my rescue on this occasion. I quite agree with the hon. member for Antigonish-Guysborough (Mr. Duff) when he states that I am not an expert on this matter—I am not a fisherman. I am told that this amendment has been requested by interested parties in the maritimes, even from those in my hon. friend's constituency.

Mr. DUFF: Who are they?

Mr. DURANLEAU: I have not the names before me.

Mr. DUFF: I would like to have them.

Mr. DURANLEAU: They will be given to the committee. These different associations will appear before the committee to explain the whole situation. As has been stated by

the Minister of Finance (Mr. Rhodes), no change is being made in the principle of the bill. The details and phraseology of the different sections will be placed before the committee and if they are not suitable they can be altered.

Mr. DUFF: The principle was accepted years ago; there is practically no change.

Mr. DURANLEAU: I am informed there is a change. Up to the present time inspection was not made of every barrel or container and the result was that second class fish from the maritimes has appeared on the market with a harmful effect to the trade. Every one will be permitted to make their objections before the committee.

Motion agreed to.

Mr. DURANLEAU moved that the bill be referred to the select standing committee on marine and fisheries.

Mr. MACKENZIE (Vancouver): I would ask the minister not to hurry this matter along as some of us may desire to have representatives from our province appear before the committee.

Mr. DURANLEAU: I will not do that.

Motion agreed to.

CITY OF OTTAWA AGREEMENT

Hon. H. A. STEWART (Minister of Public Works) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to authorize the Minister of Public Works, on behalf of His Majesty, to enter into an agreement with the corporation of the city of Ottawa to extend the period of the existing agreement with the corporation for one year from 1st July, 1931.

Motion agreed to and the house went into committee, Mr. MacDonald (South Cape Breton) in the chair.

Resolution reported, read the second time and concurred in. Mr. Stewart (Leeds) thereupon moved for leave to introduce Bill No. 12, to authorize an agreement between His Majesty the King and the corporation of the city of Ottawa.

Motion agreed to and bill read the first time.

FISHERIES ACT AMENDMENT

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries) moved the second reading of Bill No. 10 to amend the Fisheries Act.

Mr. NEILL: Explain.

[Mr. Duranleau.]

Mr. DURANLEAU: There is not much to be added to what was stated on the first reading. I intend to move that this bill be referred to the committee on marine and fisheries at which time full explanation can be given.

Motion agreed to.

Mr. DURANLEAU moved that Bill No. 10 be referred to the select standing committee on marine and fisheries.

Mr. RALSTON: Mr. Speaker, while the object of the bill is stated as being to bring the legislation into line with the recent decisions of the privy council, it seems to me that there are a great many substantive amendments, many of which cover a serious change in the principle of the act. I desire to reserve my right to object to these amendments should they bring about a fundamental change in the law.

Motion agreed to.

QUESTION

(Questions answered orally are indicated by an asterisk).

REPORT ON MARITIME FISHERIES

Mr. DUFF:

What amount did or will the government of Canada pay to Messrs. Cockfield, Brown & Company, of Montreal, for investigating certain phases of the fishery question, including (1) remuneration and (2) expenses?

Mr. DURANLEAU:

Twelve thousand dollars to cover the investigation and report.

UNEMPLOYMENT RELIEF

CORRESPONDENCE RESPECTING RELIEF EXPENDITURE IN NEW WESTMINSTER, BURNABY AND RICHMOND

On the motion of Mr. Reid:

Mr. SPEAKER: I think it was agreed that the six resolutions standing in the name of the hon. member should stand until the return is made to the house by the Department of Labour in accordance with the act. Is that correct?

Hon. IAN MACKENZIE (Vancouver Centre): When will that return be made? We are very anxious to obtain this information with regard to the general unemployment situation in British Columbia. If the return could be expedited, we would appreciate it very much.

Right Hon. R. B. BENNETT (Prime Minister): As a matter of fact the statute provides that the return must be furnished to the house by March 15, but I may say an endeavour is being made to secure a large part of the information now sought for, so that it may be presented for the use of the members at as early a date as possible; that is particularly the projects and programs of unemployment relief and the orders in council authorizing the various projects and the expenditures of the sums that were applied to those particular projects. I fancy that is what the hon. gentlemen most desire. That information has been prepared and, I think, if it might be taken as a part of the report, we might present it before the report in its details would be presented.

Mr. THOMAS REID (New Westminster): I am sorry the Minister of Labour (Mr. Gordon) is not in his place, but some of these motions for returns are for specific information regarding certain conditions and communications that have passed between the two governments. I was just afraid that in the papers that might come down to the house these specific questions would not be answered. I should be glad to have the assurance that these questions will be answered as they are asked. If I might explain to the Prime Minister, the city of New Westminster submitted a program of $200,000 which was cut to $100,000 and they were told it was on account of some Grits turning out there that the program was cut. The information was that the dominion did that.

Mr. BENNETT: It is of course recognized by the government as a fundamental principle that any assistance given to provincial governments must be given through the governments of the respective provinces; otherwise the dominion would be interfering in what is exclusively within the jurisdiction of the several provinces or municipalities. The arrangement was that the various projects should be determined between the municipalities and the provincial government and that the federal administration would give assistance to the various projects that were thus approved, the federal administration of course exercising its discretion in the granting of approval. I think the orders in council to which I refer and copies of which I shall endeavour—I cannot say positively—to have for Monday, will indicate the various projects that were from time to time approved, agreements being made between the province of British Columbia and the dominion, there being of course no agreement between the municipalities and the Dominion government, the municipalities and the federal government having no contact, the contact being of course through the provincial administration and not otherwise. The only exception to that is with regard to the direct relief given to the drought-stricken areas in Saskatchewan in which a relief commission was set up to which the federal government made a contribution of the funds necessary for the purpose of enabling it to carry on. I think I can say that that commission has functioned extremely well and that the men who have given their time and attention to it without reward have done a particularly good piece of public service; at least I am so informed by many people who have taken the trouble to examine it carefully, and my own observations and investigations lead me to support that view very strongly. The orders in council with respect to British Columbia, I shall endeavour, if it is at all possible, to have available for the house on Monday.

Mr. MACKENZIE (Vancouver): With your permission, Mr. Speaker, and the indulgence of the house, may I submit to the right hon. gentleman that he has not answered the point raised by the hon. member from New Westminster, namely: will the return include the detailed inquiries made in these notices of motions for returns?

Mr. BENNETT: If they do not, supplementary questions can easily be asked. But there is a general standard first of all, the agreement between the federal and provincial authorities, the approval of the provincial authorities being antecedently given to the completion of this agreement, then an order in council by which the Dominion government assumes responsibility for a particular share of the expenditure. Of course we cannot deprive the provinces of their autonomous rights. All we can do as a dominion is to do as we have suggested and as we have done. If there are any questions not answered and they are proper questions, supplementary inquiries can be made and they will be answered.

Mr. REID: I am satisfied with that.

Mr. SPEAKER: Notices of motion Nos. 1 to 6 inclusive will stand on the understanding set forth.

BRITISH POTATO EMBARGO

Mr. B. F. SMITH (Victoria-Carleton) moved:

That, in the opinion of this house it is expedient that the government of Canada take all possible means and continue to use every effort to have the embargo, presently existing in Great Britain, against the entry of Canadian potatoes, removed by the British Department of Agriculture.

He said: Mr. Speaker, in submitting this resolution for the consideration of the house, I desire to make a few observations in reference to the situation that exists in the province of New Brunswick and, I might say, throughout the whole of Canada.

The embargo placed by Great Britain against the entry into that country of Canadian potatoes became effective in the year 1925 and has continued ever since. During the last few months the Department of Agriculture and the Department of Trade and Commerce have made representations to the British government and the British Department of Agriculture for the removal of the embargo, but so far have been unsuccessful. The federal Department of Agriculture has sent a Dominion employee to Great Britain and he has conferred with the authorities there. The New Brunswick government sent its Minister of Agriculture as well; the government of Prince Edward Island sent its Deputy Minister of Agriculture, and they are now in Great Britain attempting to have the embargo removed.

This embargo was placed against us by reason, I understand, of what is known as the Colorado beetle, an insect which plays upon the vine of the potato while the potato is growing, but never follows the potato after it has matured and during the time it is being shipped. It is prevalent only during the months of June and July, the hot summer months. It is difficult, however, for us to understand why the British Department of Agriculture should take such a decided and firm stand with regard to this matter when at the same time they are importing potatoes from foreign countries which are infested with this insect the same as Canada is. I submit to you, Mr. Speaker, and to the house that this embargo on our potatoes is an injustice, and it is hard for us to understand why we should be discriminated against, especially when we are suffering so very much for a market for one of the most important products of the maritime provinces. It is the only product, you might say, upon which the farmers of New Brunswick might be able to realize money. When I tell this house that during the last four or five months, in fact ever since the crop of 1931 was harvested, the farmers of New Brunswick and Prince Edward Island have been receiving an average of only eight cents a bushel for their potatoes, while it costs them forty cents a bushel to produce, the house will readily understand how vitally interested we are in this question and how important a matter it is to the farmers down by the sea. I could enlarge upon that statement and say that the same serious condition exists not only in New Brunswick but in Nova Scotia and Prince Edward Island, in the province of Quebec and clear through to the Pacific coast. There is not a province in Canada to-day where the farmers are receiving more than one-quarter of the cost of production of potatoes. If this same condition were true of many other products, I am quite sure the matter would be deemed serious and important enough to engage the attention of this house in such a way that every possible means of remedying the situation would be taken.

I want to congratulate the Minister of Agriculture (Mr. Weir) and the Minister of Trade and Commerce (Mr. Stevens) for their efforts, as well as the Prime Minister for the efforts he made about this embargo during his recent visit to England. Apparently every effort that could be made has been made. Nevertheless we feel that the unanimous voice of this House of Commons, as I believe it will be unanimous, reaching the ears of the mother country will have the effect at least of making it realize the seriousness of this question.

As I said a moment ago, it is really difficult to understand the situation. Let me give the house a few figures to show the quantities of potatoes that Great Britain has been importing from non-empire countries in the last six years. Here are the figures:

Non-Empire Potato Importations

	Barrels
1925	5,542,981
1926	3,418,375
1927	2,980,557
1928	5,135,030
1929	2,868,460
1930	3,091,200

The average for the six years is 4,935,466 barrels, or 7,271,000 hundredweight.

If we had that market in Great Britain open to us; if Great Britain were not importing from foreign countries and were willing to take our potatoes, in two months, I would say the surplus potatoes which we have in this country would be cleaned up.

Mr. MARCIL: Does Great Britain import any potatoes from the United States?

Mr. SMITH (Victoria-Carleton): No, for the very same reason that they are not taking our potatoes.

Mr. BROWN: From what countries does she import potatoes?

Mr. SMITH (Victoria-Carleton): Great Britain has been taking her potatoes from the Irish Free State, the Channel Islands, Malta and Gozo. In 1925 she imported from Canada only 105,000 hundredweight, and none since. The other countries from which Great Britain has been importing potatoes are Esthonia, Norway, Poland, Germany, Netherlands, Belgium, France, Algeria, Spain, Canary Islands, Italy and other countries. If the embargo against our potatoes were raised, it would do a great deal towards alleviating the very distressed conditions in which we find ourselves in Canada so far as this important product is concerned.

I came to Ottawa in the month of October last and personally interviewed the Minister of Trade and Commerce and the Minister of Agriculture. As I said before, they have been putting forth every effort to have the embargo removed, but for some reason the British government and the Department of Agriculture there have decided against raising the embargo. I am sure we all want to encourage inter-empire trade as much as we can at this particular time. It is a matter of importance not only to Canada but to Great Britain as well. We should like to see a last effort made to have the embargo removed in order to help relieve the distressed condition which exists to-day in the maritime provinces and other parts of Canada. In that connection let me remind the house that our potatoes from New Brunswick and Prince Edward Island compete with those of Quebec and Ontario in the cities of those two provinces, because our potatoes go into those provinces. We make the price in New Brunswick to-day for potatoes in the markets of Montreal and Toronto and other cities in Quebec and Ontario. But if we were able to ship our potatoes to the old country, that competition would be at once removed from the two provinces I have mentioned, and the situation throughout the whole of Canada would be alleviated. I want to emphasize just as strongly as I can the necessity of doing everything possible along this line. Our farmers in New Brunswick will not be able to plant another crop. They find themselves confronted with bills for fertilizer for which they contracted last year. These bills they cannot possibly pay; for as I told the house a moment ago they are receiving only eight cents a bushel on the average for their potatoes, and they have never received more than that average price since the potatoes were placed on the market last fall. The price is so ridiculous that it is almost impossible for this house to comprehend it.

Mr. VALLANCE: What was the price in the British market during the time the farmers of New Brunswick were receiving eight cents a bushel?

Mr. SMITH (Victoria-Carleton): The price which has been obtained in the old country has ranged from $12 to $14 a ton, which would net our farmers a return of not less than five times what we have been receiving in New Brunswick.

Mr. MARCIL: How long has the embargo been in force against our potatoes?

Mr. SMITH (Victoria-Carleton): Since 1925.

Mr. VALLANCE: Did I understand the member to say that these foreign countries exporting potatoes into Great Britain are subjected to the activities of the same beetle as you are in the province of New Brunswick?

Mr. MACKENZIE (Vancouver): They have no bugs down there.

Mr. SMITH (Victoria-Carleton): In answer to that may I say that France, a large exporter of potatoes into the British market, is infested with the Colorado beetle. Hon. members may have noticed a press despatch wherein the statement was made that France claimed she had lost $90,000,000 because of the Colorado beetle. Peculiarly, France is the home of paris green, the very product we use to combat the beetle. For the information of hon. members may I say that so far as the farmers of New Brunswick are concerned, and those farmers in Canada who have been troubled by this insect, it has been learned that a cure may be effected by spraying. When we spray our potatoes in an effort to clear the plants from the early and late blights we simply use a certain amount of poison, either paris green or some other type, and a couple of applications will take care of the Colorado beetle. To the farmers of New Brunswick this is not a serious obstacle. My friends from that province and from the province of Prince Edward Island will readily realize that we do not consider the Colorado beetle a serious obstacle to the growth of our crop. Strange to say this particular beetle hibernates during the winter months; one of them could not be found to-day in New

Brunswick or any other portion of Canada more quickly than it could be found along the streets of old London. In the winter time they go out of sight and we do not see them again until the month of June when the warm summer weather sets in. For these reasons it is difficult for us to understand why the embargo should still remain against our potatoes when we are in such sad need of a market.

I have submitted this resolution to the house and trust that it will receive the hearty approval of all hon. members. I am sure those hon. members coming from the maritime provinces, Quebec, Ontario and the west will heartily agree that to-day we are in a very serious condition, so far as this particular product is concerned.

I have sometimes thought that there is no portion of Canada whose loyalty has been more severely tested than that portion known as the maritime provinces. We are close beside the New England markets with their millions of people, and from time to time they have sent alluring offers to us which might have diverted our attention from the spirit of confederation. But the maritime provinces have stood nobly by the mother country, and we have always been pleased to refer to her as such. In this moment of dire distress we cannot quite appreciate the stand taken in reference to this important product, and our feelings have sometimes run along the lines of those divine biblical words, "Can a mother forget her sucking child?" I shall not say more because other hon. members undoubtedly would like to address themselves to the resolution.

Mr. J. H. MYERS (Queens): In rising, Mr. Speaker, to second the resolution now before the house I feel that I cannot add much to what has already been said by the mover of the resolution (Mr. Smith, Victoria-Carleton). I might however explain to a certain extent the condition in which the farmers of Prince Edward Island and New Brunswick find themselves.

Prior to the last eight or nine years we did not have a very great potato problem in Prince Edward Island because until then we were known as mixed farmers and nobody had specialized in the growing of seed potatoes. Since the year 1921, however, we have profited from the services of a gentleman who was sent from the Department of Agriculture at Ottawa. Mr. Murphy—not a bad name—came to our part of the country as an expert on potatoes and proceeded to educate the farmers of Prince Edward Island in respect to the growing, selection of seed, and grading of certified seed potatoes. Since that time may I say that wonderful strides have been made in the growing and care of the crop throughout the growing season, the digging, marketing and grading of our certified seed potatoes. However while we were receiving those instructions and making advances in connection with our potato crop, other provinces and countries were doing likewise, so that at the present time we find there is keen competition from the provinces of New Brunswick, Ontario and Quebec, and especially from the state of Maine. Farmers in those places are beginning to grow potatoes in quantities as large as they can, but I do not think they will ever reach us in quality.

This year there has been an immense crop of potatoes throughout the dominion. Reading a report only a short time ago published by the Bureau of Statistics I learned that the increase in this year's potato crop over that of last year amounted to 12,000,000 bushels. We had plenty of potatoes in Canada last year and there was no necessity to import any for our own consumption. Undoubtedly however small quantities came in on some occasions. But if one adds 12,000,000 bushels to a normal crop of potatoes he can readily see the position in which the farmers find themselves. The market for our certified seed potatoes has always been in the southern states, along the Atlantic seaboard, and for the information of hon. members may I say that the Potato Growers' Association of Prince Edward Island has upwards of half a million bushels of potatoes stored in warehouses at New York harbour. We have no guarantee whatever that these potatoes will find a market, because the state of Maine, which is able to ship her potatoes to the southern states without the addition of the duty to which we are subjected, has been able to compete successfully for our market. As a result they are shipping immense quantities. Another factor is that the farmers in the southern states are so badly in need of funds that they are not in a position to buy first class, certified seed for their next year's crop.

Our table stock market was usually in Cuba and the West Indies, but we have been practically shut out of the Cuban market because the tariff against our potatoes entering that country is almost prohibitive. We used to ship vast quantities of potatoes to the cities of Montreal, Quebec, Toronto and other central Canadian cities, but we cannot reach those cities this year because they have more potatoes than they can use. Since coming here for the session I have been told that the farmers of central Canada are selling their

potatoes in the cities at prices away below the cost of production. Down in Prince Edward Island this is a very serious matter, especially for those farmers who have gone into the potato growing business on an extensive scale. They had to buy expensive machinery and their annual fertilizer bills are very heavy. I am sorry to say that a great many of last year's bills are not yet paid, and with potatoes selling at 8, 10 or 12 cents a bushel, hon. members will appreciate that those farmers are in a very bad way financially.

As has been pointed out by the mover of the resolution, England imports millions of barrels of potatoes every year. Under normal conditions when potato prices in Canada and the United States are satisfactory the English market is not very attractive to us by reason of the very long ocean transportation. But under present conditions when there is an actual shortage of potatoes in England with resultant very high prices, and when we have an immense surplus of potatoes and our prices are extremely low, we should like, for a time at least, to get into the British market. Hon. gentlemen from central and western Canada can have no conception whatever of just what it would mean to our farmers in New Brunswick and Prince Edward Island if the British market were open to them for the next two months at a price of 30, 40 or 50 cents a bushel, which is a low price.

There is one peculiar thing about potatoes. If the price of wheat is low our western farmers can hold it over for another year, but, sir, our potatoes will have to be marketed in one way or another before the first day of June; if we do not find a market our only recourse is to cart them out to our fields. Our wheat farmers never have to sacrifice their crop in that way. That is why we are so extremely anxious for the next two or three months to get into the British market.

As has been explained by the mover of the resolution, the reason the British authorities assign for maintaining the embargo against Canadian potatoes is to guard against the introduction of the Colorado beetle into Great Britain. I notice that some hon. members from western Canada do not appear to be very well acquainted with this gentleman known as the Colorado beetle.

Some hon. MEMBERS: Potato bug.

Mr. MYERS: That is his ordinary name. The appearance of the potato bug in my province is a very interesting story. The first potato bug I ever saw was some twenty-five years ago. It was brought ashore one day from the lobster fishing grounds by a fisherman who found it floating seven or eight miles out at sea. It was such a curiosity that he kept it for several weeks in a bottle and showed it to people. That was the beginning of our trouble. After that when the farmers went to the shore for a load of seaweed, they would find hundreds of thousands of these bugs in the seaweed strewn along the shore. I do not know what brought the potato bug to our shores, but certainly he was a navigator.

Now, we cannot blame the English authorities for trying to keep clear of this pest, but apparently they misunderstand the real situation. I have been growing potatoes practically all my life. We dig our potatoes in the fall and store them in potato houses and potato cellars, and never in my experience have I seen a potato bug in any of those storage places. The Colorado beetle simply does not follow the potato crop. Even before we dig our potatoes those lads are very wise, for at the very first appearance of a white frost they burrow into the ground or conceal themselves in the grass and leaves along the fences, and we see nothing more of them until next summer when our crop is three or four inches above ground; then they come out of their hiding places. I repeat, I do not blame the people of Great Britain for trying to keep clear of such a pest. But to fear that potato bugs would be transported to England in sacks or barrels of potatoes is simply to fear something that will never happen. I am positive, sir, that there is not a man in this house who ever saw a potato bug in a barrel or a bag of potatoes. It simply does not happen. This has been very clearly pointed out by the Minister of Agriculture (Mr. Weir) and his officials who for the last six weeks have been endeavouring to get the embargo removed. But for some reason or another the British authorities appear to have decided to maintain the embargo. Let me explain to the house that we in our turn have an embargo against potatoes imported from England.

Mr. STEWART (Edmonton): I had suspected as much.

Mr. MACKENZIE (Vancouver): We have an embargo on many English commodities besides potatoes.

Mr. MYERS: We have an embargo against English potatoes, and rightly so. You could not get a farmer throughout the whole length and breadth of Canada to consent to its removal. The reason for the embargo is that

British potatoes are infected with a disease known as potato canker—the very worst disease that can affect a potato crop. Our potatoes are free from that disease.

Some hon. MEMBERS: No.

Mr. MYERS: We are practically clear of that disease, especially in eastern Canada; it is not known there, and we do not wish to run the risk of importing the disease. This is what would happen if we admitted potatoes from the old country: The United States would immediately put an embargo against our potatoes because they do not wish to run the risk of potato canker affecting their potatoes, and rightly so. But it is one thing to maintain an embargo for a cause that exists, it is entirely another thing to maintain an embargo for a cause that does not exist. My understanding of the case is that in those European countries from which England imports her potatoes the potato beetle does not exist; but they have the potato beetle in France, and I understand that no French potatoes are imported into England at the present time.

For the last six weeks efforts have been made by the Minister of Agriculture and his department to have the question brought to a head. Experts from the department are over in England at the present time trying to secure the removal of the embargo, and New Brunswick and Prince Edward Island have sent delegates to London to support those departmental officials. The object of this resolution, sir, is to have the House of Commons go on record as requesting that the embargo be removed, or at least suspended for the time being. We from the maritimes have always backed up our hon. friends from western Canada in their efforts to secure better conditions in their section of the dominion, and as a special favour we now ask those hon. members on both sides of the house to support this resolution and so help to bring about the removal of the British embargo against our potatoes.

Hon. P. J. VENIOT (Gloucester): It is with great pleasure that I rise to support the resolution of the hon. member for Victoria-Carleton (Mr. Smith). It is not often that we agree, but on this point we are heartily in accord. The hon. member who spoke a moment ago (Mr. Myers) referred to the embargo placed by Canada on potatoes imported from the other side; I am not quite clear whether he said from the British Isles or from Europe as a whole. However, I think the embargo is directed against the British Isles. Now the reason for the Canadian embargo on potatoes imported from the British Isles is the disease known as blackwart. If that is one of the reasons why Great Britain is holding out against us in the request we have made to raise the embargo on Canadian potatoes is there not some way of meeting that objection? Could we not, by the issuance of a certificate from the board of health or other health authority, or from the Department of Agriculture of Great Britain, to the effect that potatoes exported from Great Britain to Canada are clear of this disease, meet the present situation? Could we not by that means meet the opposition that we now find in the British Isles to the importation of Canadian potatoes? I can understand why the embargo was placed, and rightly so, against the importation of potatoes from the British Isles; but having to look at both sides of the question, have we not perhaps taken rather an extreme view? The embargo was placed direct. If perhaps a regulation had been adopted whereby any potatoes from the British Isles could be imported into Canada if accompanied by a certificate showing that they were clear of the disease of blackwart, I do not think we should be up against the present situation, whereby we are prevented from exporting Canadian potatoes to the British Isles. I merely throw this out as a suggestion. I am wholeheartedly in favour of this resolution as it has been presented.

May I call the attention of the house to the fact that some seven or eight days ago I submitted a question with reference to this matter. It stands on the order paper to-day as question No. 2. I desired to ascertain, by the submission of that question, whether the Dominion government had been officially notified that the British government would not raise the embargo. I asked further in that question whether, if the British government had officially notified the Canadian government to that effect, this government would make it a subject of discussion at the forthcoming economic conference. Up to the present time that question has not been answered. There is nothing before the house now to show that the British government has officially refused to raise the embargo against Canadian potatoes.

An hon. MEMBER: They have.

Mr. VENIOT: Perhaps they have; that may be quite true. But if so why have we not an official notice to that effect? Why have not these questions of mine been

answered? They have been on the order paper seven or eight days now. If the government felt that, as regards the third question, it was imprudent at the present time to express an opinion as to what their policy might be, I should be perfectly satisfied to have No. 3 stand. But surely we should have an answer to Nos. 1 and 2. If those questions were answered we should be in a better position to-day, knowing officially that the British government had refused to raise the embargo, to fight the battle which we should fight and are going to fight in our endeavour to have the embargo removed.

I understand that a large delegation from New Brunswick is coming to interview the government. They will be here, I am told, Sunday or Monday. That delegation will most likely have a great deal more data and more details to lay before the government than any of us can at this moment submit to the house. For that reason it is not my intention to discuss the matter at greater length. I merely express the hope that this resolution will be adopted by the house. If it is, it certainly will be a strong arm in support of the agitation which is going on to-day to raise the embargo against Canadian potatoes going into England.

Mr. R. B. HANSON (York-Sunbury): As I represent a constituency which produces a substantial quantity of high grade seed and table potatoes I take this opportunity to support this resolution. For ten years I have sat in this house and listened to a good many hard stories from our friends from the west. Except in an odd case I have never questioned the truth of some of the allegations that have been made by hon. gentlemen representing wheat growing constituencies. Now I should like to match with some of those stories something in regard to the condition at the present time of the potato farmers of New Brunswick. With three successive crops out of which they realized little or nothing in the shape of ready money, and with potatoes to-day, when they can be sold at all, selling at a carload rate of ten cents a bushel, which does not represent twenty-five per cent of the cost of production, you can imagine the plight of the potato farmers in New Brunswick. If therefore anything can be done by this government or by this house in the way of united action, such as this resolution affords, or by any other governmental action that might be taken, then I would implore the house and the members of the government to take that action; because I am afraid the potato farmer in New Brunswick is just in as bad a condition financially as any wheat farmer in the west, save possibly that man who has had no crop at all.

I am not going into the details of the embargo or the history of the potato bug, interesting as it may be, but I have always had the impression that the embargo against the importation of our potatoes into Great Britain is merely another form of protection, and very similar in its reason to the embargo which prevailed for so many years against our cattle going into the old country. I recall, as I am sure every hon. member recalls, the battle that had to be fought by Canada and Canadians to get that embargo removed. While this is not so important—and I grant you that—nevertheless at the moment it is of very great importance to the farmers of the maritime provinces who are engaged in the raising of potatoes. At this moment when other markets are more or less closed to them or more or less useless —because to-day, I may tell the house, the United States market, even if it were open, would not yield to the farmers of New Brunswick the cost of production, although it is lower there than it is in the neighbouring state of Maine—I congratulate the hon. member for Gloucester (Mr. Veniot) upon his support of this resolution. I thought he was a little bit peeved at the conclusion of his remarks by the fact that the resolution had been moved while his question was still on the order paper. I wonder what good it would do the farmers of New Brunswick to have their case considered at the next Imperial conference in July when immediate action is required. Under ordinary circumstances we never think of exporting potatoes to England, but there is a shortage in that country, the first for a number of years, and with other outlets being closed this is the first time in my recollection that it becomes important that this question be decided with the least possible delay.

Mr. VENIOT: This is not the first time England has had a shortage.

Mr. HANSON (York-Sunbury): I said it was the first time in my recollection which is, of course, very limited. No doubt the hon. gentleman's information is much superior to mine and his recollection much better. At all events this is the first time in my recollection that there has been a market in Great Britain for our potatoes. Ordinarily that country is supplied by Ireland and the continent, but to-day that is not possible. The price is still low, but it would afford an out-

let to our potato farmers; and I ask the Minister of Agriculture (Mr. Weir) and even the Prime Minister (Mr. Bennett) to renew their efforts to have this embargo removed.

I realize that the question is not without difficulty. I believe that the underlying reason for the embargo is not so much a matter of protection as it is an effort to keep out the Colorado beetle. Potato men have discussed this matter with me, both before coming here and after, and they tell me that the movement of the beetle does not occur in the bag or the barrel. It is just possible that some system of inspection could be arranged whereby a certificate could be issued that the potatoes were free from the beetle.

I have much pleasure in supporting this resolution and I hope that such action will be taken as will bring about the removal of the embargo, but I would hate to have that action delayed until the next Imperial conference.

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I desire to thank the hon. member for Victoria-Carleton (Mr. Smith) for having brought this matter before the house. As the hon. member for York-Sunbury (Mr. Hanson) has just said, this is an important matter to the people of the maritimes. We have had a large crop of potatoes but there is no market available. The farmers have been compelled to sell potatoes at as low as ten cents per bushel, and everyone will realize the difficulties under which our farmers are operating.

As has been pointed out, a delegation from the maritime provinces, supplemented by a man from the Department of Agriculture, was sent to Great Britain in an endeavour to have this embargo removed. Our information up to the present time is that they have not been successful in their mission. It is very hard for the people of the maritimes and of Canada as a whole to understand why our friends in Great Britain have not seen their way clear to lift this embargo. It is too bad that something has not been done, even of a temporary character, because it would have relieved the situation. This relief must come quickly in order to be beneficial, because the distance being so great it is impossible to ship our potatoes to Great Britain in the summer time and have them arrive in good condition. No doubt the delegation has done everything possible, but I agree with the hon. member who moved the resolution that this house should take strong and definite action on this matter. I understand that the delegation is about to return, and if a cablegram could be sent, possibly this evening, to the ministry in Great Britain asking them to reconsider their stand, I think it would be money well spent.

The hon. member for York-Sunbury has stated that we were not in the habit of shipping potatoes to England. I cannot agree with that statement, because in the past when there has been a shortage in Great Britain and a surplus here, shipments have been made. Last year Great Britain was short some 360 tons and large quantities were brought in from other countries.

The suggestion that the potato beetle is the reason for the embargo can hardly be supported. I have received information from large potato dealers in Great Britain to the effect that they import every year large quantities of Spanish potatoes. Spain is one of the countries infested with the beetle, even more so than Canada. If potatoes can be imported from Spain there is no reason why our potatoes should not be allowed into the British market.

Early in the session of last year I put a question on the order paper asking that the Department of Agriculture take up with Great Britain the matter of this embargo. I have no doubt that all hon. members from the maritimes who were interested in this matter noticed that question. I felt that we were being shut out of every market and that the time had arrived when we had to find some other outlet for our products. As our good friends the Englishmen were not any too quick to respond to any request made, I thought it well to endeavour to get the government to take up this question at an early date. However, I did not make much progress with my question nor with the correspondence exchanged between myself and the department. I have before me a letter which I received last year from a firm in Liverpool, J. Johnson & Son, Limited. At that time they stated they were very anxious to import Canadian potatoes as there was a shortage and there would be a good market for our product. The letter reads as follows:

> We are pleased to have your letter of the 16th March, and we have already taken this matter up with the British government, and we are endeavouring to get them to allow us to import a certain quantity of potatoes during the next two months, as we think we will need them in this country if the price is reasonable, as our crops in this country are now getting cleared up, and it looks as if another month would see us depending on the German or Dutch suppliers, and we maintain if we are to import any potatoes at all, why not give the opportunity to Canada.

That is the attitude adopted by this firm. The letter continues:

As there is no embargo on the Spanish potatoes which are imported into this country and which are grown on land which is affected by the Colorado beetle, we suggest that you take this up with some responsible officers of your government that they put the argument forward to this side.

They then asked for quotations on Canadian potatoes. That letter was written to me last March while the house was in session. Upon its receipt I wrote to the Minister of Agriculture (Mr. Weir) enclosing a copy. In his reply he pointed out that this matter had been brought to the attention of the British government at different times, and that Doctor Grisdale had gone to Great Britain in 1927 at which time he had used every effort to have the embargo lifted, but without success. The minister thought that possibly it might not be an opportune time to take this matter up again, but I cannot agree with that view. I feel that if we had started this agitation twelve months ago, Canada to-day would be in a great deal better position than she is regarding the question.

I have under my hand a number of letters from different firms who are all of the same opinion, namely, that we should press strongly from this side and that we should have asked the consumers in Great Britain to use their influence with the British Minister of Agriculture in an endeavour to have the embargo lifted. If we are going to get any relief this year, as I said in my opening remarks, we must act very quickly, definitely and strongly.

The excuse of the Colorado beetle can no longer be advanced by the British authorities because they are importing from other countries which are infested by that insect. I have in proof of that letters which I have read from large importers there. I am afraid there is another reason and I almost hesitate to advance it; but if I understand the matter correctly, it is this, that the embargo was placed against United States potatoes and that we were allowed to export our potatoes to the British market. Then the United States, seeing that we were given this privilege, and knowing that Canada had the Colorado beetle the same as they had, got busy with the Minister of Agriculture in Great Britain, and succeeded in persuading Great Britain to have the embargo apply to Canada as well as to the United States. I do not know whether there is any difficulty on that account, whether Great Britain feels it cannot lift that embargo and allow our potatoes in without giving the United States the same privilege, or whether there is some other reason, but I am strongly convinced that there is some stronger reason than the potato beetle and I should like to know whether the government can find out what that reason is. Apparently the United States were not satisfied with shutting us out of their own market by a prohibitive tariff, but they tried to use their influence with the British government in an endeavour to have this embargo placed. I think in all fairness now, when we are looking to closer relations within the empire, to bigger trade within the different dominions, Great Britain should be approached very strongly and definitely on this question and asked for immediate action. I wish to compliment the hon. member on bringing this matter before the house and I can assure him of my most hearty support.

Mr. J. L. BROWN (Lisgar): As a representative of western Canada I may be permitted to assure the house and our friends from the maritime provinces that we are heartily behind them on a matter such as this. I agreed with the hon. member for York-Sunbury (Mr. Hanson) when he said that this situation was somewhat analogous to that in regard to our beef cattle. Our beef cattle were excluded from the British market for many years under the pretext that they were subject to a certain disease. We from the west knew that was not the case, but yet, in order that the British cattle raiser might be protected, our cattle were excluded from the British market. So in regard to the embargo on potatoes there is not the slightest doubt in my mind the Colorado beetle is only a pretext. I have been acquainted with the beetle since I was a boy. I suppose it is not less than at least sixty years since the Colorado beetle made its appearance in Ontario, and twenty or twenty-five years ago we had it in Manitoba, where we have it to-day. Any person who has the slightest acquaintance with the potato beetle knows it is simply absurd to say that there is any danger through shipping the mature crop to Great Britain. The habits of the beetle have already been well and accurately described. The beetle does not follow the mature potato at all; it simply feeds on the vine. Almost before the potato crop is harvested, the beetle goes down into the ground.

I think this parliament should assert itself very strongly upon that point so that the British people will not have the slightest pretext for excluding our potatoes on that ground. We wish to assure the members

from the maritime provinces that we are heartily with them in this matter. We realize, as everyone does, that when they are compelled to sell potatoes at eight or ten cents a bushel, that is only a fraction of the cost of production.

Mr. A. E. THOMPSON (East Simcoe): I should like to say a word in favour of this resolution. This is a matter in which the whole of Canada is concerned. The maritimes may be more directly concerned, but it affects the welfare of the whole dominion. We grow a large quantity of potatoes in Ontario and if this export trade can be regained for the maritime provinces, it must follow that the producers of potatoes in Ontario will receive a better price for their product. I am particularly interested in this matter because I have in my riding of East Simcoe the farmer who won the first prize at the Royal Winter Fair at Toronto for the best sample of potatoes there from the whole of Canada. Notwithstanding, however, the splendid type of potatoes we are producing in the county of Simcoe, last week the farmers were loading on the trains not a bushel but a bag of potatoes weighing 90 pounds and they were receiving only sixteen cents per bag.

Mr. JOHN VALLANCE (South Battleford): Might I also hasten to assure the members from the maritime provinces of the hearty co-operation that will be extended to them by the western members in regard to this resolution. But coming as I do from the British Isles, I feel quite confident, with the knowledge that those people have of agriculture, that they are not so much concerned with the activities of the Colorado beetle, and, as has been mentioned by the hon. member for Lisgar (Mr. Brown) this is a mere excuse to keep out Canadian potatoes. Let us look a little further back. I was very much astounded to hear the statement made by the seconder of the resolution that because of the blackwart or canker as he called it he hoped the time would never come when British potatoes would be allowed to enter Canada. I should like to ask the mover or the seconder of the resolution just when it was that the embargo was placed on Canadian potatoes going into the British Isles. Was it subsequently to the embargo placed upon British potatoes coming into Canada? I believe that has more to do with the matter than the Colorado beetle. It may not sound nice to say this, but it may be a retaliation. If it is, after listening to the statements made by the seconder of the motion, all I have to say is that you cannot expect much better treatment from the British people regarding the importation of Canadian potatoes into Great Britain if the attitude is adopted which has been taken by the hon. member. I have no doubt he was quite frank and he means what he said.

I agree with the hon. member for Lisgar that the Colorado beetle is not the reason why Canadian potatoes are not permitted to enter the British Isles. I rise, however, merely to associate myself, as one coming from Saskatchewan, with the hon. member for Lisgar in saying that we are prepared to give them, and, indeed, the government, our hearty co-operation in making it easier and, in fact, possible not only for the maritime provinces, but for all the provinces in Canada, to deliver not only their potatoes, but anything into the British markets.

Sir EUGENE FISET (Rimouski): As we have heard from western Canada as well as the maritime provinces, and as conditions that apply in the lower St. Lawrence valley and in Rimouski are similar to those that apply in New Brunswick and Saskatchewan, as one coming from the lower part of the province of Quebec, I desire to associate myself with those who have spoken in support of this resolution and to thank the mover for bringing this matter before the house. In the county of Rimouski our main crop is potatoes. We have tried to follow the example of New Brunswick of raising only the best kinds of potatoes, and great strides have been made within the last few years in the quality of the crop that we have been able to raise. I am also not unmindful of the kindly help that the members from the maritime provinces gave to the representatives from the province of Quebec when a deputation from that province waited upon the Board of Railway Commissioners with a view to securing a reduction in the freight rate on potatoes in order that we might obtain a market in western Canada. We succeeded at that time in obtaining a special rate for the transportation of potatoes. A special zone was created from a point east of Riviere du Loup embracing the whole of the lower St. Lawrence as well as the whole of New Brunswick and the maritime provinces, and it was due to the help that we received from the members from the maritime provinces that we succeeded in obtaining a freight rate which has been of great benefit to our population. Therefore in the name of the province of Quebec and on behalf of my constituents I am delighted to associate myself with the mover and the seconder of the resolution and to give it my hearty support.

Mr. G. M. McDADE (Northumberland): I wish to thank the hon. member for Rimouski (Sir Eugène Fiset) for his kind words, and to express also my appreciation of the remarks of the hon. member for Lisgar (Mr. Brown) and my hon. friend from South Battleford (Mr. Vallance). It is a pleasure on this important question that is now before the house to be associated in support of the resolution also with my good friend the hon. member for Gloucester (Mr. Veniot).

This is not in any sense a political question, Mr. Speaker. It is a matter far above politics. An embargo was placed against our potatoes by the British government through its Department of Agriculture in 1925. In answer to my hon. friend from South Battleford my understanding is that the embargo against British potatoes existed prior to that date. At the present time there is in the province of New Brunswick a surplus of 100,000 tons of potatoes, while I am advised that in the old country there is a shortage of some 400,000 tons.

I also wish to take advantage of the opportunity now afforded me of acknowledging publicly my appreciation of the efforts of my colleague the hon. member for Victoria-Carleton (Mr. Smith), for his activity in connection with this important matter. He has been active in it for several months, almost since the prorogation of parliament. He has taken up the matter in the old country through Canadian influences there, and likewise has brought it up at Ottawa, urging on my good friend the Minister of Agriculture (Mr. Weir) the distress that obtains and the need for every effort being made to remove the embargo. As the ex-Postmaster General (Mr. Veniot) has said, we have on the north shore a large potato-growing section, particularly in the counties of Restigouche and Gloucester, and to a smaller extent in the county of Northumberland in the parish of Rogersville. I have the greatest pleasure in supporting this step and I thank hon. gentlemen from other parts of Canada for expressing their approval of this resolution.

Hon. ROBERT WEIR (Minister of Agriculture): I wish to assure hon. gentlemen that we have not been lacking in a full appreciation of the importance of making every possible effort to secure the removal of the British embargo on our potatoes.

Mr. POULIOT: I am sorry that I cannot hear the hon. gentleman because of the noise that is being made by the Clerk, who speaks so loudly.

Mr. SPEAKER: Order.

Mr. WEIR (Melfort): I turn first to the suggestion of the hon. member for Gloucester (Mr. Veniot), that by obtaining a certificate that our potatoes were free from disease it might be possible to make some reciprocal agreement with the British authorities under which our embargo against their potatoes would be removed if they would remove their embargo against Canadian potatoes. I am advised by the officers of my department that even if potatoes are free from the disease of blackwart, the disease can still be carried by soil or other material attached to or conveyed with the potato. It is a virile germ and can live in the ground under severe conditions for at least twenty-five years. The officers of the department are of the opinion, therefore, that on account of the disease of blackwart we could not afford to remove the embargo against British potatoes. I also understood that Great Britain does not import potatoes from any country in which the Colorado beetle infests the soil to any extent whatever.

Now for a short review of the steps that have been taken previous to my taking this portfolio and since. The officers of the department have made very close observations over a period of years to determine whether potatoes shipped in barrels and other containers carried the beetle. There has been no evidence of that up to the present time. One of the arguments made by our Dominion entomologist in presenting his case before the British ministry was this: These Colorado beetles hibernate for quite a while before the potatoes are harvested, and our officers have found no evidence of the presence of the Colorado beetle after the potatoes have been handled and shipped. That argument was advanced very strongly by our Dominion entomologist in presenting his case to the British ministry. And we went further. Even granting that there might be a slight possibility of some of these beetles being transported with the potatoes, we carried out spraying experiments upon potatoes with which the Colorado beetle had come in contact, and so that there would be no objection from the authorities on the other side that there was a danger from the use of this chemical spray, the potatoes themselves were carefully tested after spraying and it was found that the spray could be used with perfect safety. In addition to that, other experiments were made; taking large quantities of potatoes and making sure that the Colorado beetles were in contact with them, the potatoes were passed over the grading machine and the beetles became separated and dropped

through the grids. So that there was no danger in that respect, even if there were beetles with the potatoes when they left the farm. We felt that as far as the danger from the Colorado beetle was concerned, our case was fully proved, but the British authorities felt there is still a slight danger—very slight, they admit, but nevertheless a danger that the beetles might be carried into the old country if they imported our potatoes.

Our entomologists are not all of one mind regarding the danger from the Colorado beetle. One of our best entomologists would not make a definite statement that there is absolutely no danger of infestation by the Colorado beetle in the shipment of potatoes. He said he felt there was very slight danger of it, but he would not go so far as to say there was absolutely no danger.

We are still in touch with the British ministry, and I do not know that we have left out any arguments. Up to the present time we have had no full report as to the reason why the British ministry has refused the importation of our potatoes, but we have had a cablegram from the High Commissioner to the effect that they still feel there is a reason. I am anxiously awaiting the return of the dominion entomologist who sails to-morrow so that I may learn if there are any further steps we can take, and whether they feel that the danger of infestation is still a good reason for keeping on the embargo.

Motion agreed to.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT moved the adjournment of the house.

He said: As I explained, some of the opposition members desired to be present when bills were read the second time, and they have stood. We expect to submit the estimates on Monday, and are prepared to go forward with private members' day on Monday, and take up the business of the house after that.

Mr. MACKENZIE KING: Earlier in the day I mentioned the opposition would like to expedite the business of the house and to cooperate to as great a degree as possible. My right hon. friend the Prime Minister replied in, what seemed to me, to use a very mild expression, a very petulant manner, to the effect that most of the cooperation up to the present time had been in the nature of talk.

[Mr. R. Weir.]

Mr. BENNETT: That was in connection with the Imperial conference.

Mr. MACKENZIE KING: I hope my right hon. friend realizes that the reason for the early adjournment to-day is that there is nothing left to talk about even by the Prime Minister himself. If we adjourn at this hour it is because we have no further business to go on with.

Mr. MACKENZIE (Vancouver): I wish to express my displeasure at the government's lack of readiness, having come a matter of 3,000 miles to attend this parliament.

Mr. BENNETT: Those who are acquainted with my hon. friend's record know that he usually runs.

Motion agreed to and the house adjourned at 5.40 p.m.

Monday, February 15, 1932

The house met at three o'clock.

BEAUHARNOIS POWER PROJECT

REQUEST BY SENATE FOR EVIDENCE ADDUCED BEFORE COMMONS SPECIAL COMMITTEE

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication from the Clerk of the Senate:

Resolved, that a message be sent to the House of Commons requesting that house to grant leave to their Clerk to appear and produce before a special committee of the Senate a copy of the evidence adduced before a special committee of the Commons appointed during the second session of the present parliament, to investigate the Beauharnois power project.

Right Hon. R. B. BENNETT (Prime Minister): I move that the request contained in the message that has just been received from the Senate be granted, and that a message be sent to the Senate to acquaint Their Honours therewith.

Motion agreed to.

MAIN ESTIMATES FOR 1932-33

A message from His Excellency the Governor General transmitting estimates for the year ending March 31, 1933, was presented by Hon. E. N. Rhodes (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

VALIDATION OF ORDERS IN COUNCIL

Hon. T. G. MURPHY (Minister of the Interior) moved for leave to introduce Bill No. 13 relating to the submission to parliament of certain regulations and orders in council.

Mr. MACKENZIE KING: Explain.

Mr. MURPHY: The Dominion Lands Act of 1906 contained provision for the tabling of orders in council. When the act was revised in 1908 provision was included that these orders in council tabled should be approved by resolution by both houses. The Forest Reserves and Parks Act, which was passed in 1911, contained similar provision. Orders in council under these acts are valid only for one day after the session closes unless they have previously been approved by each house of parliament. For several years the orders in council, although tabled, were not confirmed by resolution, and in 1928 action was taken by special act of parliament, chap. 44, Geo. V. 18-19, assented to 11th June, 1928, validating the orders in council passed up to that time. The present bill is to validate the orders in council passed between the 7th December, 1929, and the 31st January, 1931, which have been tabled in both houses.

Motion agreed to and bill read the first time.

CIVIL SERVICE ACT

Mr. ONESIME GAGNON (Dorchester) moved for leave to introduce Bill No. 14 to amend the Civil Service Act (Vacancies, outside service).

Some hon. MEMBERS: Explain.

Mr. ONESIME GAGNON (Dorchester) (Translation): Mr. Speaker, the bill which I am, to-day, introducing is a reprint of bill No. 132 which I had the privilege of introducing on July 20, last. I do not deem it necessary to repeat what I then stated and which will be found in last session's Hansard, Volume IV, page 3926, English version, and at page 3884, French version.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

41761—12½

*BRITISH POTATO EMBARGO

Mr. VENIOT:

1. Has the government received any official notice to the effect that the British government has refused to raise the embargo on Canadian potatoes?

2. If so, will the report be presented to the house?

3. If the British government refuse to raise the embargo on Canadian potatoes, will the Canadian government have the matter further dealt with during the meeting of the Imperial Economic Conference which is to sit at Ottawa in July next?

Mr. BENNETT:

1. The question is so framed that it might imply giving a meaning to the words "official notice." I can only say that the government has received a cable from the High Commissioner stating that the British government had decided not to lift the embargo, and that might be considered as an official notice. It is the only notice that might be designated as official that has been received.

2. There is no report, in the sense in which that word is used, in the possession of the government at the present time. When the entomologist returns, we may be able to give more complete technical information than is now available.

3. I may say that the matter necessarily is under consideration. There has been nothing in the cables to indicate that representations on behalf of the Canadian position have ceased, and in view of what took place in the house a few days ago, it will be our duty, I believe, to forward the resolution of this house through the proper channel to the British authorities.

VANCOUVER ISLAND NATIONAL PARKS

Mr. NEILL:

1. Has the government received the report of chief engineer, Mr. J. M. Wardle, of his inspection in the summer of 1930, of proposed sites for national parks on Vancouver island, British Columbia?

2. Will the minister lay it on the table?

Mr. MURPHY:

1. A preliminary partial inspection of certain areas was made by the chief engineer of the Parks branch, Mr. J. M. Wardle, in the summer of 1930 merely for the purpose of advising the minister and to enable him to discuss the subject with the government.

2. No.

CANADIAN PACIFIC RAILWAY—FINANCIAL ASSISTANCE

Mr. MITCHELL:

1. Has any financial assistance been rendered by government funds to the Canadian Pacific Railway during the last six months?
2. If so, for what purpose and amounts?

Mr. RHODES:

1. None, apart from payments due in the ordinary course of business for services rendered, e.g., the carrying of mails and steamship subsidies as voted under the Department of Trade and Commerce, with the exception of $172,710 being amount paid under the Unemployment Relief Act, 1930, for interest on expenditures undertaken as relief measures in advance of corporate requirements, under agreement authorized by P.C. 2292 of September 30, 1930.
2. Answered by No. 1.

ALFRED PEAT PLANT

Mr. BERTRAND:

1. Is the Dominion government still the owner of the peat fields and the machinery connected therewith, in the township of Alfred, Ontario?
2. If so, does the government intend to work these peat fields in the near future?
3. If the government is not the owner: (a) to whom were these peat fields and machinery transferred or sold; (b) What was the sale price, or on what conditions were they transferred?

Mr. GORDON:

1. Under agreement approved by order in council of July 21, 1931, (P.C. 1662) provision was made for the transfer of the Alfred peat plant to Peat Fuels, Limited, Montreal. Possession was taken by Peat Fuels, Limited on July 26, 1931.
2. No.
3. (a) Answered by No. 1. (b) $8,000.

PERLEY BRIDGE

Mr. BERTRAND:

1. On what date was the work on the Farley & Grant contract, in connection with the Perley bridge, finished?
2. What was the total amount paid to Farley & Grant on said contract?
3. Have the contractors been paid in full?
4. If so, on what date was the last payment made?

Mr. STEWART (Leeds):

1. November 6, 1931.
2. $191,059.26.
3. Yes.
4. December 30, 1931.

[Mr. Murphy.]

LAKE ST. JOHN SETTLERS

Mr. DUGUAY:

1. Does the Dominion government contribute in the help given to the settlers of the county of Lake St. John, if so, in what proportion?
2. Must the contribution be made in money or script?
3. Do the settlers receive this money for work done on their land?
4. Is the amount of money received by them deducted from the $60 bonus which was promised to them?

Mr. GORDON:

1. Under the agreement with the province of Quebec, under the Unemployment and Farm Relief Act, 1931, it is provided that the Dominion government shall pay to the province 50 per cent of the expenditures made by the province for direct relief in provincial territory where no municipalities are established and where suitable work cannot be provided for the unemployed.

2. The regulations governing the administration of the Unemployment and Farm Relief Act, 1931, provide that "direct relief" means food, clothing, fuel and shelter, or payment in lieu thereof, but makes no reference as to whether payments shall be made in money or script.

3. In addition to the provisions for direct relief as mentioned in answer to question No. 1 above, the Dominion government has agreed to contribute to works undertaken by the Department of Colonization of the province in the county of Lake St. John to the extent of $12,600 to which the Dominion government contributes $6,300. This work consists of ditching, grubbing, draining land, blasting, cutting and preparing lumber, building bridges. For the work referred to the regulations prescribe that the federal government requires that a maximum work day of eight hours shall prevail and that the provincial or municipal authorities may fix rates of wages to be paid provided that such rates be fair and reasonable.

4. The agreement between the province and the Dominion makes no references to any bonus to be paid to the settlers.

* CANADIAN NATIONAL RAILWAYS—STATISTICS

Mr. BLAIR:

1. How many employees have been dismissed from the Canadian National Railways during the past year?
2. How many employees have had their hours or wages lessened during the last year?
3. How many branches of the Canadian National Railways have been cut off during the last year?

4. What are the branches of the Canadian National Railways that have been cut off during the last year?

5. What provisions have been made for those men that have been thrown out of employment when they were dismissed from the Canadian National Railways?

Mr. BENNETT: I think I am within the judgment of the house when I say that this is a question which cannot and should not be answered. The usual formula in cases of this kind reads somewhat as follows: The management of Canadian National Railways feel that it is not in the interest of the railway, nor in the general public interest, that information of this kind should be brought down. It is objectionable, also, in that it subjects the Canadian National management to inquiry which is not directed to the operation of privately-owned railways. In addition, it is information more properly subject to production before the select standing committee on railways and shipping, where the officers of the railway may make what representations they may deem necessary in the production of information as to operations. There is the further objection that, at the present time, a royal commission is investigating the entire problem of transportation in Canada.

PREMIUM ON EXCHANGE

Mr. MACKENZIE (Vancouver):

1. What exchange premium is now being paid in United States money orders sent to Canada?

2. Were exchange premiums paid at all times since the Canadian dollar went to a discount in the United States?

3. What was the rate of such exchange premium in the months of September, October, November, and December, 1931, and January, 1932?

4. What was the value of orders cashed in Canada and received from the United States during the last five months?

Mr. SAUVE:

1. Twelve per cent (12 per cent).

2. No.

3. No premium was paid in months of September, October, November and December, 1931. Since 4th January, 1932, premium has been paid at rates varying from eighteen to ten per cent.

4. $2,920,794.32.

UNEMPLOYMENT RELIEF—NEW BRUNSWICK

Mr. VENIOT:

How much money, if any, has been advanced to the government of New Brunswick: (a) to assist the government in meeting its share of unemployment relief and direct relief; (b) to assist the government in meeting loans maturing in the United States?

Mr. RHODES: The answer is: (a) and (b), nil.

OLD AGE PENSIONS

Mr. WOODSWORTH:

How soon will the federal government pay to the provincial governments, the additional percentage of the old age pension expenditures provided for under the legislation of last session?

Mr. GORDON: No payments can be made on the 75 per cent basis as provided by the legislation of 1931 until such time as the necessary new agreements have been executed with the provinces. These are at present under negotiation.

KERROBERT, SASK., AGRICULTURAL SOCIETY

Mr. WOODSWORTH:

1. Did the agricultural society of Kerrobert, Saskatchewan, receive a grant of $1,500, or any other sum, during the last twelve months?

2. If so, under what authority was such grant given?

3. Is the Kerrobert agricultural society a class "C" society?

4. Did any other class "C" society receive a grant?

5. If so, what societies received such grant?

Mr. WEIR (Melfort):

1. Yes.

2. Order in council P.C. 1722 of July 24, 1931.

3. No fairs classified by this government as class "C".

4. Answered by No. 3.

5. Answered by No. 3.

PENSIONS, APPLICATIONS AND APPEALS

Mr. McGIBBON:

1. How many applications for pensions were before the pension tribunals one year ago?

2. How many to-day?

3. How many decisions were given: (a) favourably; (b) unfavourably?

4. How many have been appealed, and how many appeals have been heard?

5. How many of said appeals were favourable to applicant and how many were unfavourable?

Mr. MacLAREN: The answer is:

1. 2,066.

2. 2,436.

3. (a) 2,129; (b) 2,416.

4. Appealed, 2,722; heard, 1,461.

5. Favourable, 265; unfavourable, 1,046.

TECHNICAL EDUCATION—NEW BRUNSWICK

Mr. VENIOT:

If any correspondence has taken place between the government of New Brunswick and

the federal government with relation to aid for technical education, will copy of same be produced?

Mr. GORDON: It would seem that this is not a specific question, but if the hon. gentleman will make it specific and is willing to allow the question to stand until to-morrow we shall be glad to give the information.

CLERK OF THE HOUSE

Mr. POULIOT:

1. When and on whose recommendation did Mr. Arthur Beauchesne become a civil servant and in what capacity?
2. When and on whose recommendation was he appointed Assistant Clerk of the House of Commons?
3. When, on whose recommendation and on the approval of whom was he appointed Clerk of the House of Commons?
4. What was then his salary?
5. Since then, did he get an increase in salary?
6. If so, when, on whose recommendation and why did he get it and what was the amount of such increase in salary?
7. Since Mr. Beauchesne has been appointed Clerk of the House, did he receive any sum of money besides his salary as Clerk of the House of Commons?
8. If so, what was the amount of any such item and why and when and on whose authority was each one of said items paid to him?
9. Who was Speaker of the House of Commons when the said Mr. Beauchesne was appointed Clerk of the House, when his salary was increased, if such is the case, and when other payments, if any, were made to him?

Mr. SPEAKER: As to questions numbered 23 to 41, both inclusive, with the exception of question No. 35, they were not submitted to me before being placed on the order paper. Had they been so submitted they would not have been put on the order paper. In my opinion they are improperly on the order paper and I direct that they be struck off. I have instructed the Clerk to furnish the hon. member who asks the questions with the information sought, and it is available to him. Information will always be furnished to any member concerning the conduct of the affairs of the house should it be desired. My authority for so ruling regarding such questions is May, who in his Parliamentary Practice at page 240 says:

> No written or public notice of questions addressed to the Speaker is permissible.

These questions relate exclusively to matters within the department of the Speaker.

Further authority for my ruling will be found in Campion's Procedure of the House of Commons, pages 128 and 129, from which I quote:

> A question should be directed to a minister officially responsible for the subject matter with which it deals. Without detracting from the generality of this rule, the following types of question are out of order on this ground, viz:—
> . . . . questions dealing with matters within the jurisdiction of the Speaker.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CIVIL SERVICE—MARRIED WOMEN EMPLOYEES

Mr. TETREAULT:

1. How many married women are employed in the various government departments in Ottawa?
2. How many said women live with their husbands?
3. How many said husbands are employed by the government?
4. How many of said women are the sole support of their family?

INCOME TAX BRANCH, MONTREAL

Mr. TETREAULT:

1. How many persons are employed in the Income Tax Branch at Montreal?
2. How many persons have been appointed since August 1, 1931?
3. How many married men?
4. How many married women?
5. How many unmarried persons?
6. How many of each nationality?

MINISTERS' PRIVATE SECRETARIES

Mr. POULIOT:

1. What is the number of private secretaries and assistant private secretaries to each minister, including the Solicitor General?
2. What is the name and salary of each one and for what minister does each one work?

UNOPPOSED MOTIONS FOR PAPERS

LOCHABER, N.S., POSTMASTERSHIP

Mr. DUFF:

For a copy of all letters, telegrams, correspondence and other documents passing between the Postmaster General, and/or any of his officials, and any person or persons in the province of Nova Scotia, with reference to an inquiry into the conduct of the postmaster at Lochaber, in the county of Antigonish, Nova Scotia, as well as a copy of the report and evidence, if any, submitted by the Commissioner, Mr. N. D. Murray, of Halifax, Nova Scotia, appointed by the federal government to inquire into the conduct of federal officials.

ARTHABASKA, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Girouard):

For a copy of the report made by Alfred Powell, commissioner, appointed to investigate charges of political partisanship, and on which the government acted to dismiss Albert Beauchesne, postmaster at Arthabaska, Quebec.

ARTHABASKA, QUE., PREVENTIVE OFFICER

Mr. MARCIL (for Mr. Girouard):

For a copy of the report made by Alfred Powell, commissioner, appointed to investigate charges of political partisanship, and on which the government acted to dismiss Albert Bergeron, preventive officer at Arthabaska, Quebec.

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF—CORRESPONDENCE RESPECTING RELIEF EXPENDITURE IN NEW WESTMINSTER, BURNABY AND RICHMOND

On the motion of Mr. Reid:

For a copy of all telegrams, letters, correspondence, and other documents, passing between the Department of Labour, any cabinet minister or any official and the Government of British Columbia, and any minister or official of that government, regarding all or any matters affecting or touching upon unemployment, direct relief or unemployment relief in the city of New Westminster and the municipalities of New Westminster, of Burnaby and Richmond.

Mr. GORDON: With reference to this motion and the following motions in the hon. gentleman's name up to and including No. 6, while as I have already stated the statute does not contemplate this information being ready until fifteen days after the act becomes operative, yet in order to get the information into the hands of the hon. member earlier I have had the officials of the Labour department prepare a copy of the agreement with British Columbia, together with the orders in council passed having to do with the agreement, and I shall be very glad to table this part of the information. If there is any other information the hon. member desires with which we can supply him at an earlier date, if he will be good enough to let me know, I shall be glad to have that information tabled. In the meantime I presume the hon. member will agree to drop the notices from the order paper.

Mr. SPEAKER: Do I understand that motions Nos. 1 to 6 are to be dropped?

Mr. GORDON: Yes.

Mr. REID: Yes, Mr. Speaker, with the understanding that the information will be accorded to me.

Mr. GORDON: The information will be accorded just as soon as we can prepare it.

Mr. SPEAKER: Notices of motion numbered 1 to 6 inclusive dropped.

SASKATCHEWAN ASSOCIATION OF RURAL MUNICIPALITIES

On the motion of Mr. Vallance:

For a copy of all telegrams, letters, correspondence, petitions (not including signatures), memoranda and other documents passing between the secretary of the Saskatchewan Association of Rural Municipalities and the Dominion government or any department or cabinet minister thereof since August 1, 1931.

Mr. BENNETT: The resolution as prepared does not indicate the business to which the petitions or correspondence refer, but if, as I take it, the hon. gentleman refers to the petition that was delivered to the Minister of Finance by a representative of the Saskatchewan Association of Rural Municipalities, there will be no difficulty in providing him with a copy of that petition without the signatures.

Mr. VALLANCE: If the Prime Minister will read motion No. 18, I think he will realize the information I am seeking.

Motion agreed to.

HOUSE OF COMMONS—EXPENDITURE

On the motion of Mr. Pouliot:

For a copy of the last annual estimate prepared in accordance with Revised Statutes of Canada, 1927, chapter 145, section 17, by the Clerk of the House of Commons of the sums which will be probably required to be provided by parliament for the payment of the indemnity and the actual moving or transportation expenses of members, and of salaries, allowances and contingent expenses of the house, and of several officers and clerks thereof under his direction, during the fiscal year.

Mr. SPEAKER: I am of the opinion that the estimate as submitted under the statutes to the government is not a public document, and is not to be disclosed in the manner requested. I rule the motion out of order and that it be struck off the order paper.

Motion dropped.

HOUSE OF COMMONS—MEMBERS' STENOGRAPHERS STAFF

Mr. POULIOT:

For a copy of all recommendations signed by each member of parliament for any stenographer being employed on the members' stenographers staff this session.

Mr. BENNETT: Mr. Speaker, that cannot possibly, I submit, be a proper matter for an order for return. The government must accept responsibility for any action involving, as in this instance, the expenditure of public

moneys. If the discretion is exercised improperly such may be the subject matter of an inquiry in the proper place. It does not seem to me however that a recommendation by an hon. member for the employment of a given individual constitutes a public document, within the terms of the rules of the house.

Mr. POULIOT: This motion does not indicate any reflection upon anyone.

Mr. SPEAKER: The objection taken by the Prime Minister is sustained, and the motion is struck off the order paper.

UNEMPLOYMENT RELIEF

REDUCTION IN HOURS OF LABOUR TO PROVIDE WORK FOR UNEMPLOYED AND INCREASE PURCHASING POWER

Mr. A. A. HEAPS (North Winnipeg) moved:

Whereas there are large and increasing numbers of our citizens at present unable to obtain employment and thereby the means of existence.

And whereas during recent years production has increased enormously.

And whereas real wages have not increased in proportion and thus consumption has not kept pace with production,

Be it resolved: that, in the opinion of this house, in order to absorb the unemployed into industry, thus eliminating the enormous waste of enforced idleness, the hours of labour be materially reduced and the purchasing power of the masses increased, and further to this end, that the government be requested to submit the necessary measures to the house.

He said: Mr. Speaker, I have no doubt that during the course of the present session there will be submitted to this house legislation of a very important character. We will have before us matters concerning the railway situation and probably the great waterways of Canada, but to my mind there is at the present time no question of such vast importance to the people of this dominion as is that of unemployment. The other matters referred to sink into insignificance when compared with this great problem, this great tragedy, which is now stalking throughout the length and breadth of the Dominion of Canada. In my opinion it is time this parliament tackled most earnestly the problem of unemployment. So far there has been no inkling or no indication whatsoever as to what steps the government may take to meet existing conditions.

In 1930 the matter of unemployment became a vital issue in this house, and many times during the session the problem was discussed. At that time the party in opposition accepted the challenge, if they were returned to power, to deal with unemployment, and having accepted the challenge the electors of the Dominion of Canada sent them back to this house with a very large majority. The party now in power will ultimately be judged by its action in this connection. In 1930 when the Liberal party went to the country unemployment was a vital factor, and I do not think I am exaggerating in the slightest degree when I say it was one of the chief contributing factors in putting them where they are at the present time. If the Conservative party accepted the challenge in 1930—and I give them credit for having done so—I do not think I am asking for more than my just rights when in 1932 I ask them what they are going to do about this great problem of unemployment.

I realize fully the attempts they have made to deal with the matter; I realize that they have jacked up the tariff as high as possible; to a very large extent they have spent public moneys to provide public works; they have been giving relief on a vast scale to thousands and thousands of Canadians throughout the length and breadth of the dominion. On the one hand we find they have been giving concessions or doles to the manufacturers and on the other hand they have been giving doles to the people who are being deprived of the opportunity to work. I want to say, Mr. Speaker, that doles, whether they be given to those at the top or those at the bottom, are not going to solve the problem of unemployment.

During the past year or so the problem has become considerably aggravated, and instead of conditions improving the opposite has been the case. For the last eighteen months the Conservative party has been in power, and those who are in close touch with the situation will realize the conditions existing to-day in many of our large industrial centres; at this time I shall not discuss what is happening in our rural areas. May I quote to hon. members just a few figures concerning the cities of Winnipeg and Montreal. On January 20 last, just a few brief weeks ago, in the city of Winnipeg there were 5,079 married men, heads of families, who were in receipt of public relief. At the same time there were 5,388 single men and 493 single women receiving similar aid. The best figure I have been able to obtain from authoritative sources in regard to the city of Winnipeg indicates that at the present time there are 20,000 men and women out of work.

This figure, may I add, does not include very large numbers of people who are at present engaged on relief work. If these people were taken into consideration the figure I have already given would be greatly increased.

Yesterday while in the city of Montreal I heard an alderman of that city discuss their unemployment situation. He stated that for a long time very little had been done to relieve conditions, and very little in the way of obtaining accurate data was being attempted. The situation became so acute that they decided to take a registration, and within a period of ten days over 19,000 heads of families registered as being willing to work with pick and shovel for approximately forty cents per hour. This figure does not include single men and thousands of others who would have registered had there been any prospects of employment for them. If we accept those figures as correct—and there is no doubt they are—then it means that there are in some of our large industrial centres from one-quarter to one-third of the workers actually either on relief or demanding measures to take care of them.

Undoubtedly we will be told that in Canada we are suffering from world conditions. I have no doubt that to a certain extent conditions prevailing in certain other parts of the world are reflected in Canada, but we as a Labour party are not going to accept the excuse that because there are bad conditions throughout the world the same are bound to exist here. If we in this dominion were short of the essentials or necessities of life I could quite understand there being some excuse on the part of the powers that be for the prevailing conditions. But we are not suffering from any famine condition, any shortage of the necessities of life; we are suffering, if anything, from a "famine of plenty."

Now, so far this session the only indication we have had of what the government propose to do to deal with the problem is the announcement made by the Prime Minister a few days ago that the salaries of civil servants would be reduced by 10 per cent. I want to take this first opportunity of protesting on the floor of the house against this action. I would not have objected so much if the government had accepted the cost of living figures as submitted by the Department of Labour or the Bureau of Statistics, and then decided to make some minor reduction in the salaries of those in the civil service receiving the higher scales of pay; but the government simply announce that all civil servants will have to submit to a reduction of 10 per cent in their salaries.

I suppose this is one of the remedies the government are taking to cope with the present situation. Well, as representing a labour constituency and the ideals and aspirations of labour in parliament, I desire to contrast that action with another action the government took only a few short weeks ago. The government wanted money, and naturally they had to go to the capitalists to obtain it. What did they do? Did they say to our financiers: "You have got to accept a lower rate of interest for the money that we want you to loan to the government"? Oh, no. They went to our moneyed people and said: "If you will let us have your money we will give you a higher rate of interest than you have ever had in the history of this dominion." Had the government insisted on a lower rate of interest, the saving to the country would have been sufficient to have rendered unnecessary the 10 per cent salary reduction. In other words, the government are reducing the salaries of the workers in order that they may pay increased interest to the wealthy people of the dominion. In my view, this shows a complete lack of knowledge as to what the great masses of the people are thinking at the present time.

I propose to give a few figures as to interest charges, because they undoubtedly have a certain vital bearing upon the whole question of national economics. I am bringing these figures to the attention of the house because apparently so far the only government policy for dealing with the situation is the policy of "rigid economy", and I want to show where that policy might be applied. In 1914, prior to the war, the total fixed interest charges of the dominion were $12,893,505; the total revenue receipts were $163,174,000. In other words, our interest charges were a little over 8½ per cent of our total revenue receipts. But in 1931 those respective figures had increased to $121,289,844 and $356,209,358; that is, our percentage of interest charges to receipts had gone up from 8·6 to 32 per cent. Putting it another way, while our revenue had increased about 150 per cent, our interest charges had increased over 1,000 per cent. I submit that if the government were determined upon a policy of rigid economy that is where the saving might have been started.

The last part of my motion reads as follows:

> That, in the opinion of this house, in order to absorb the unemployed into industry, thus eliminating the enormous waste of enforced idleness, the hours of labour be materially reduced and the purchasing power of the masses increased—

With the vast number of people that we have out of work, I think the first question I

ought to submit to this house is: How are those people going to be absorbed into industry? The fact is that to-day they cannot be so absorbed, otherwise they would be working. That being so, I think I ought to submit to the house some concrete proposals as to the measures that should be taken to that end. It has been stated, and I think, correctly so, that there is only one cure for unemployment, that is to provide work. If to-day the panaceas offered to parliament for the cure of unemployment have proven ineffective, then I think it is only right and proper that we should turn to other measures for dealing with this very serious problem.

During the past few years production in Canada has increased by leaps and bounds. I do not think there is any doubt about that, and I do not think it is necessary for me to quote statistics in support of my statement. It will be sufficient for my purpose to state that according to the figures submitted by the Bureau of Statistics, during the period from 1917 to 1929 there was an increase in production of over 70 per cent. During approximately the same period, between 1917 and 1928, real wages, that is, wages as measured in terms of purchasing power, have increased by 16·4 per cent. In other words, productivity has increased beyond all proportion to the increase in wages. So long as we have this tremendous spread between the wages received and the value produced, I submit there is no hope of solving the problem of unemployment. During that same period of about eleven years, according to the Bureau of Statistics, the number of wage earners in Canada increased from 552,968 to 566,780—an increase of only 13,812; or to put it another way, individual production increased by an enormous ratio, while wages increased by a very small ratio. In 1928 the average amount of production per person employed in industry in Canada was $5,729; in other words, every man and woman in the dominion working in industry produced this value in commodities; but the amount received back in the form of wages was only $1,024 per person. This figure, however, does not tell the whole story in regard to labour costs; I think there should be other items added to the $1,024, because I am confident there are some missing. But at the same time there is another aspect of this question that in my opinion will compensate for any omissions from $1,024, because it should be borne in mind that the figure of $5,729 as the amount produced by every person working in industry represents the value of the goods when they leave the gates of the manufacturers. By the time those goods reach the consumer their price perhaps has doubled, so if there is anything lacking in the computation of labour costs probably it would be compensated for by the increase in price of the commodities which the worker has to buy back from the retail stores.

From this it will be seen, Mr. Speaker, that those who come in between the man who produces and the consumer are taking far too large a toll of the goods or the wealth of this country. We in the Labour party claim, as I believe many of those belonging to other groups in this house also claim, that unless that spread is decreased there is no hope of dealing with the problems of poverty and unemployment with which we are now faced.

If we are to deal with this question at all I think first we must see that the people have access to the commodities which they produce. At the present time they have not that access, because in the first place they have not the purchasing power, and they have not that purchasing power because they do not receive sufficient in the form of wages. So we claim that one thing we must do is see that the people get more in the form of wages than they receive at the present time. But, as I said a moment ago, if we are to absorb more people into industry, how can that be accomplished? To-day we can produce far more rapidly than we are allowed to consume, and in fact I believe I am correct when I say that we can produce far more rapidly than we could consume even if we were allowed to consume a reasonable amount. If that is the case there is no problem of production; we have more or less solved that problem. So it comes down to a question of distribution, and I think the problem facing parliament at present is how to bring about a more equitable distribution of the wealth produced.

If we are to absorb more people into industry I think that can only be done in one way. There is no use talking of markets in other parts of the world; every other country is attempting to find those markets, and all the nations of the world cannot be on an export basis. So if we are to provide work for all those who want work I think that can be done only by reducing the hours of labour so that more people may be employed, and a matter of this kind can be dealt with only through the federal parliament; it cannot be done by provincial legislation. That is why I am asking the federal government to take the initiative in legislation of that nature.

Then we come to the question of the distribution of the commodities and the wealth produced. I submit that this question of distribution can be solved only in part by increasing the purchasing power of the masses of the people, and that can be brought about only by giving those who are performing useful service a greater return in the form of real wages than they are receiving at the present time. The figures I have submitted to the house show that at present approximately one-fifth of the value of an article is paid to the persons engaged in its production in the form of wages, and perhaps if other charges are taken into consideration that proportion might increase to one-quarter. The man engaged in industry can repurchase only one-quarter of the commodities which he produces, and the rest must wait until an export market is found or until it is consumed in one way or another.

I believe an increasing number of people favour the idea of shorter hours. This is not prevalent only among those who belong to the Labour party; we find that opinion held by many belonging to other parties, and I was very much interested a short time ago in the statement of a gentleman who is well known to members of this house. Speaking in Toronto he said:

> Unless inventive genius can devise new services or industries to absorb the present machine created surplus of workers, the nations of the world must unite in a pact to reduce working hours. . . .

That statement was made by the present leader of the Senate, and I am wondering whether the leader of the Conservative party in this house will accept that dictum. I thought the leader of the Senate was getting to the stage where he might soon join the Labour party, but when I learned that he had been made leader of the Senate I felt that my party had lost a possible recruit.

I think I have quoted enough figures to show that at present too large a proportion is going to sources that neither toil nor spin. I find, Mr. Speaker, that during 1931 the amount paid in the Dominion of Canada in the form of dividends totalled a large sum. The year 1931 was disastrous for millions of people in Canada; in that year hundreds of thousands of our fellow-Canadians lived on relief; farmers were on the verge of poverty, unable to meet their obligations; thousands of workers in our cities were going to relief offices in the hope of being able to obtain something in the way of assistance. But what do we find? In 1929 the total amount paid in dividends, according to the Montreal Star of December 16, 1931, was $215,097,291, while in the poor year of 1931 the amount paid in dividends and profits was $210,221,919, or a difference of approximately $5,000,000.

From this I think it must be obvious that to-day profits are levying too great a toll upon industry, and it must be apparent that instead of going to the few these profits should go to the many. It may be asked how this is to be brought about, and I must say frankly that in my opinion the only way to make the changes I have briefly enumerated this afternoon is to bring in state regulation to a greater extent than is the case at present. I know some hon. members shudder at the idea of state regulation, but there is no need to be afraid of the term. To-day the state interferes in practically everything we do. Every time there is a tariff change in this house it means some form of state interference with business, and if we can interfere with business for the purpose of putting it on a stable foundation I think in these times there is no reason why we should not interfere in order to put the living conditions of the masses of the people on a firm foundation as well.

When I bring this question to the attention of parliament my mind goes back to the scenes I witnessed in my own city of Winnipeg a few weeks ago before I left for Ottawa. There I saw thousands of single men being fed. They were trooping into buildings and warehouses where hundreds at a time sat down to a rather skimpy meal which they received from the city through the fund provided for the purpose by the three public authorities. There they sat down, and amongst those men we can find some of the flower of our manhood. These men, when wanted during the year 1914, became the nation's heroes, and in 1932 they have become the nation's hoboes. They come from all walks of life: you will find among them the ordinary labourer as well as mechanics skilled and unskilled, yes, and even lawyers and doctors, all receiving relief. When in the city of Winnipeg at the present time between one-quarter and one-third of the population are in receipt of some form of public assistance, I ask this House of Commons: How long can a condition of that kind continue? Here we have come to parliament and so far we find not a word said about this serious problem of unemployment. I know it is still early in the session, but not a thing has been foreshadowed to meet the situation. The workers, the great masses of the people in the country, are to-day looking to parliament to do something to deal in a fundamental way with this great and very important problem.

Right at this moment while this matter is being discussed in the House of Commons there are doubtless hundreds of thousands of workers, affected by the problem, who are wondering what steps the government will take to cope with the situation. I trust this afternoon that the government will take the present opportunity to tell the house and the country what they have in mind in this regard. When we realize that to-day in our midst there are hundreds of thousands who month after month have been living on some form of dole we can well believe that the people are looking to parliament to give them a lead. They want some assurance. These people are being driven deeper and deeper into the mire, with the result that they are beginning to lose their manhood and womanhood, to-day we ought to give them a message not merely of hope and encouragement but of something practical in the way of an assurance that the government and parliament are going to tackle in a real and earnest manner this greatest of all problems that we have had to face.

Mr. F. W. GERSHAW (Medicine Hat): I will not take up the time of the house trying to make it clear that there is a great unemployment problem in Canada to-day. The question of the reduction of working hours is a very old one, but to-day, owing to changed economic conditions, it must be viewed in rather a new light. In past years, before factories reached their present state of productive efficiency, the effect of overstrain, through long hours, upon the health of the individual and the question as to how the hours of leisure would be spent were all important. These problems have been largely dealt with and to-day the whole subject must be approached from the point of view of trying to some extent to solve the great problem of unemployment which is so much in evidence.

Stephen Leacock said in 1921 that the power of workers to produce had increased forty-fold in the past 150 years. Since that time inventors have developed many other labour-saving devices: We have combines displacing labour in the harvest field; we have powerful engines pulling long freight trains and so displacing the number of crews previously employed; and we have in the factory labour-saving devices through the operation of which only a small fraction of the number of men previously employed can now obtain work. It has happened before, when this problem became serious, that a war or something of that kind would occur and thousands of men were absorbed into armies, navies and other services. We do hope that such a thing will not be needed to relieve the present situation; we hope that instead of more armaments we shall have less as time goes on. In the past also more work has been available during periods of construction when branch railways were being built to open up new territories, and when building materials to construct homes, stores and elevators were required, and when there was at least a temporary market for machinery and requisite material of every kind. Then much work was available.

We heard a few days ago about one country that is trying a new experiment and we find that there they have no unemployment problem, probably because they are going through a period of construction. But in our country our plant has already been overbuilt; production has probably been overdone, and we find that thousands of men are laid off. This seems to work in a vicious circle. Men are laid off; there is no purchasing power; factories cannot sell their products, and more men are laid off. And so the vicious circle goes round and round. We also have boys and girls who are growing up in the country and there is little prospect of their obtaining work under present conditions. Can anything be more unfortunate than to see an aged, infirm man having to go out and work with pick and shovel while some of his grown-up boys, unmarried, are out of work and unable to give him any help. During recent years hours of labour have been shortened. The figures show that from 1913 to 1926 hours of labour dropped 20 per cent and it was predicted at that time that disaster would follow. But that prediction has not been justified. Shorter hours of labour, it is true, would increase factory costs, but can that be avoided? Has not the cost of unemployment to be met in any case? If, therefore, factory costs might be slightly increased it would probably in the end result in a saving to the taxpayers of Canada.

I am in favour of this resolution. I believe it would work in the interests of the Canadian people. It would make for contentment because it would give a wider distribution of the available amount of work and a wider distribution of the wealth available in the country; and if the economic interests of the few clash with the wellbeing of the many, then surely the latter must have the preference. I believe that by shortening the hours of work some progress would be made in solving the great unemployment problem.

Mr. J. R. MacNICOL (Toronto Northwest): I desire to pass a few comments on this resolution but I hope that the mover (Mr. Heaps) will not gather from anything that I say that I contemplate associating myself with the Labour party. The remarks I make I make from the point of view of one who has been inside the walls of industry for approximately a quarter of a century, looking out on the world from that aspect, not looking in through the windows and telling those inside what to do and the men in there how they are to conduct themselves. I propose to confine myself largely to the resolution.

In connection with production, if we take the index in Canada as of 1913—and I believe they use 1913 in both Canada and the United States as the basis of their index figures—but if we bring the index figure down to 1926 and accept 100 as the index for that year, we find that production in Canada advanced from 1926 to the peak in January, 1929, when it reached 43 points higher than normal, or the index rose to 143. From 1929 to December, 1931, the index lowered and lowered as far as productivity in Canada is concerned, until in December, 1931, it stood at 82. Therefore the statement in the resolution as far as increased production is concerned, must refer to 1929, the high-water mark, because since that time, as I have said, there has been a consistent contraction of business.

With reference to wages, if we take the real wages also as of the period of 1926, what do we find? Using the figures which have been assembled by the Department of Labour in Canada—I do not know whether they are issued yet—we shall first take actual wages as of 1926 at 100, the cost of living at 100, and real wages at 100. There is a wide distinction between real wages and actual wages. Real wages means the amount that can be purchased by the actual money received in proportion to the prices of the commodities. In 1931, actual wages had risen from the index of 100 in 1926, to 106. The cost of living on the other hand, starting with 100 as the index in 1926, had decreased until in December, 1931, it stood at 89, or eleven points below normal. Actual wages, as I said a moment ago, stood in December, 1931, at six points above normal, if we assume 1926 as normal. Real wages figured on that basis in December, 1931, stood at 119. I merely leave those figures with the members, and I shall pass on to the next item.

The resolution refers to the reduction in the hours of labour. At the present time many thousands of men and women are out of work, and we cannot reduce their hours of labour. Many more thousands are working on part time, and their hours of labour should not be reduced. Even those who are working full time are compelled to make voluntary contributions from their incomes and this is equivalent to shortening their hours also. The application of the principle of shorter hours is not new. It commenced in 1840 when President Van Buren of the United States adopted the ten-hour day principle for all government services in that republic. The next move was in 1879 by the state legislature of Massachusetts when it adopted regulations pertaining to the hours of labour of women and shortened the period of work for women. Then in 1886 the movement commenced in Canada to have shorter hours of work; thus from 1840 to 1886 the period of hours of work was reduced. I am not a prophet, but I do not hesitate to say that in the future the hours of labour will be reduced still further than they are to-day.

There has been a tremendous advance in production. The leaders of industry and likewise the leaders of the different labour organizations have taken careful note of that. How could there be anything but an advance in industry when we consider there has been a tremendous advance in chemistry, physics and the science of mathematics? If we take into consideration the application to industry of the advances in those educational fields, naturally production did increase and by 1929 the productivity of the plants in America exceeded the productivity in 1919 by approximately fifty per cent. That is, the productivity of every man engaged in industry in 1929, owing to the improvement in the machines in the industry in which he worked, and applying this generally to industries, increased fifty per cent.

The very fact that machines have improved so that the productivity has increased, has resulted in numerous surveys, at all times encouraged by those engaged in industry, both the employers and the workmen. The first survey was made in 1908 by the National Industrial Congress Board of New York. They endeavoured to ascertain if the number of days per week for work had been reduced in a number of United States plants, and they found in 1908 that eight plants in that country had reduced the work per week from six to five days. In 1931, last year, the United States Labour department made a much wider and more extended investigation. Their questionnaire covered 37,587 companies and they ascertained that those companies employed approximately 4,000,000 men or women as the case might be. They learned in reply

to the questionnaire that 892 of those companies had adopted the five-day week as a permanent principle in their plants. If we apply the percentage to the numbers engaged, we find that approximately 225,000 of the 4,000,000 were permanently on the five-day week.

Later on, just last year, I believe, the Industrial Standards Board of New York sent out a questionnaire to 2,000 firms in the United States. This questionnaire was replied to by 266 firms. The questions were:

1. Are you in favour of a shorter week?
2. Are you in favour of fewer hours per day?

In reply to the first question, "Are you in favour of a shorter work week?" fifty-three per cent of the firms replied no, and forty-six per cent firms replied yes. I am leaving out the decimals. In reply to the second question, "Are you in favour of fewer hours per day?" Thirty-six per cent of the firms replied yes, and sixty-three per cent of the firms replied no.

The experience of the Kellogg Company of Battle Creek, Michigan, I believe will be of interest in this connection. The Kellogg Company in December, 1930, went on a shorter shift schedule. They operate twenty-four hours per day and they divided the work into four shifts of six hours each. That resulted in their adding to their staff three hundred more operators. I should just like to quote a few sentences from what they say as to the results as printed in the October issue of Factory and Industrial Management. These were the advantages for the employees:

More leisure time for recreation.
Opportunity to cultivate gardens.
Time to pursue educational courses.
Increased incentive to prepare for managerial jobs.
Less fatigue, resulting in a more healthy, ambitious, alert and aggressive working force.
Opportunity for mothers who must support children to earn a living and yet have ample time at home to care for their families.
Less waste time, due to concentration of work in a single period.
Decreased cost of living—all meals at home.

Now as to the company itself. The advantages according to this article have been as follows:

Increased daily production from the plants as an operating unit, due to increased production at every station or task, slight in itself, but considerable in the aggregate.
Elimination of meal periods, with their waste and the expense of a large cafeteria.

As most hon. gentlemen know, nearly all the larger industries maintain cafeterias which supply meals for their employees. I continue to quote:

[Mr. MacNicol.]

Increased return from the capital invested in plant and machinery, owing to the increased rate of plant operation.
Decreased overhead due to the fact that the factory produces more packages of cereals per dollar of overhead than under the eight-hour shifts.

I should also like to quote from a book published by the National Industrial Conference Board, New York, entitled The Five-Day Week in Manufacturing Industries. A very close study was made of this question of the shorter working week in the state of New York, and I should like to quote a few sentences from the conclusions of these investigators. They say:

The conclusion that any or all industrial establishments could advantageously adopt the five-day week schedule does not follow from the evidence offered in its favour by a majority of the companies that are qualified from experience to appraise its advantages and drawbacks. This evidence does, however, remove the five-day week from the status of a radical and impractical administrative experiment.
Whether or not the application of the five-day week will be extended to industry generally, and whether such extension would be economically sound and socially desirable, are questions that lie in the field of conjecture and opinion and are outside the scope of this study.
In the end, the question of the length and arrangement of the working week is likely to be settled, not on the basis of theoretical principles, but by the practical experience of employers and workers, individually and in groups.

In this connection I would say that there are many lines of industry which cannot perhaps have a shorter working week, either shorter hours per day or fewer days per week. On the other hand I am told that in certain industries men are working seven days per week. So far as I am concerned, I would like to see that practice entirely eliminated if at all possible. I do not think anyone should work seven days a week if it can be avoided.

Next, if industry is to progress it is bound to take advantage of the benefits of invention, particularly along the lines to which I referred some moments ago in connection with chemistry, mathematics, physics and so forth, and of course these inventions may increase the difficulty in connection with employment.

I for one am convinced that a study such as is suggested in the resolution is worth while, and I was pleased to see the motion on the order paper because it directs public attention to the matter. While I do not think that anything can be done now, perhaps when the depression lifts and we get into good times again and industry bounds along, regulations may be made which will prove advantageous. I am convinced that it will never do to allow

machinery to develop and continue to displace labour to a greater extent than it does to-day without some provision being made for the future. It will never do to deny to men the opportunity to work through machinery displacing labour. I can remember well when I was a boy many I knew worked twelve hours per day in industry. I have seen in my time the number of working hours per day reduced from twelve to ten, and from ten to nine. I believe that Canada along with other signatories to the Treaty of Versailles has agreed to place in operation at the earliest convenient time the eight-hour day. So there is no reason to think that a shorter working day will not come. Whether the time is ripe now, I do not know. Whether it is economically sound at the present time, I cannot say. I rise merely to give my support to whatever will increase the demand for the services of workingmen, whatever will increase the opportunity for men to serve and increase the numbers that may be employed. The subject of employment in industry has been one of profound interest to me for many, many years, and I am happy at all times to do what I can in any way I can to provide men with the opportunity to work. If, when times get better, it is found necessary to reduce the hours of work and if such action increases the opportunity to serve, I think I will be in a position to advocate along that line.

Mr. MARCIL: May I ask the hon. member if the same wages were paid for five days' work as for six?

Mr. MacNICOL: I am pleased the hon. member has asked the question. In Canada so far as I know at the present time no firms are operating on a five-day week basis. The Goodyear Tire and Rubber Company of Canada, Limited, operating in Toronto is on a six-hour shift, four shifts per day. The Kellogg Company, to which I referred, operating on a six-hour shift, raised the wages of the men in the plant 33 1-3 per cent thereby making the wages from the six-hour day equivalent to those from the eight-hour day. In that plant the wages of the office staff were raised only 12½ per cent because that staff was receiving higher salaries. I read a moment ago from Factory and Industrial Management in connection with the Kellogg Company. They were satisfied that even operating on the six-hour day costs were cut down and the production was as great.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, rising to second the resolution of the hon. member for North Winnipeg (Mr. Heaps) I wish to say I am pleased the resolution has come before the house so early in the session. During the session of last year hon. members in this corner of the house made every effort to promote a discussion of the unemployment situation throughout this dominion, and to have something done early in the session so that every opportunity would be given for discussion. However, we failed in that, and not until the closing day of the session was anything said concerning unemployment or remedies proposed by the government in regard thereto.

As the mover of the resolution has pointed out, in 1930 unemployment became a matter of national importance and an issue in the election of that year. I took the position at that time that the government of the day was not responsible for the prevailing economic conditions, and took the further position that the government which would succeed them, if there were a change, would not be able to deal effectively with unemployment because our economic system, as everyone knows who has given it any thought, is not carried out according to plan. It runs here and there where it will, according to the time and circumstances in which it finds itself, and for that reason I realize that the present government, regardless of their pre-election promises, cannot effectively deal with the problem. They made the promises, however, in 1930 and at the special session, with a great deal of confidence, they sought to work out a remedy. In the session of 1931 however they realized that their efforts were not going to be effective, and although they tried to do something further they began to draw attention to the fact that hon. members on this side of the house were not making any constructive suggestions toward a solution. What a constructive suggestion is or means depends on the definition of the term. If they mean a suggestion which would cure unemployment and improve industrial and social relations as between the various classes in this country, we say we cannot make such constructive suggestions because unemployment arises out of the relations existing between the different classes in Canada.

However I pointed out about a week after the session opened last year that one of the few ways in which the government could deal with unemployment was to reduce the hours of work and increase the wages of workers in industry. Unfortunately however that suggestion was not accepted; undoubtedly the government considered it was not constructive and, in the same manner, they may feel that

the present resolution is of the same nature. Several points are made in the resolution now before us. First, there is the statement, in effect, that the condition of unemployment is becoming worse. I quote from the resolution as follows:

Whereas there are large and increasing numbers of our citizens at present unable to obtain employment and thereby the means of existence.

I do not think anyone denies that statement. If we turn to the Labour Gazette of January, 1932, however we will find therein ample proof of the statement made in this resolution. On page 56 I find the following:

The curtailment in industrial activity, which first appeared towards the latter part of 1929 and continued throughout 1930, became more pronounced during the year just passed, with the result that employment in Canada was generally at a lower level during 1931 than in any other year since 1926.

Then, if we turn to page 57 we find a chart describing the state of employment in Canada from the year 1921 to 1931, indicating that the peak of employment was reached about the middle of the year 1929. At that time, comparing with the figure 100 which is given for the year 1926, the peak is indicated at 127·8. From that time to the end of 1931, when the index figure is 98, we find a continuous decline in employment. When I say, "continuous" may I add that the term is interpreted in only one way, because there was an up trend in 1930 and a lesser up trend in 1931. Taking the main curve however there is shown to be a continuous decline since the middle of 1929. If we take the index figures of employment supplied to the Bureau of Statistics by the various employers in the dominion, taking the year 1926 as the average of 100, in 1930 the index reached its maximum of 118·9 on July 1, while the highest point reached in 1929 was 127·8 at the beginning of August. During the year under review the index averaged 102·5, compared with the average for the preceding years, 1930, of 113·4, and 119 for 1929. The report continues:

In connection with these indexes it might be mentioned that the present depression has been characterized by a very general movement to retain in so far as possible the usual working force by reducing the hours worked.

The earnings of the persons included in the monthly reports of employment, if available, would, in this way, probably show in many cases a greater decline than the numbers on the payrolls.

So even accepting these figures, if we take into consideration that many are working on short time, purchasing power as represented by wages has declined much more than would be suggested by the figures given in the indexes.

[Mr. MacInnis.]

The preamble of the resolution reads:

And whereas during recent years production has increased enormously.

The mover of the resolution gave ample proof of that recital, and I think it was substantiated by the member for Toronto Northwest (Mr. MacNicol) who preceded me. But perhaps a few further figures along the same lines would not be amiss. In a report made to the international conference of the International Labour Office in May, 1930, there is contained a report from the director, Mr. Albert Thomas, on unemployment and its causes, its extent, and so on. In a lengthy review of the various causes for unemployment, the final point—the ninth point discussed in making out the report was:

9. The disorganization of the labour market caused by the extra-rapid development of labour-saving machinery and of the process of rationalization.

He contended that an inquiry carried out in the United States into the output of workers per working hour showed that this output had increased in 1927 as compared with 1914 as follows:

In slaughterhouses and preserving factories, by 26 per cent.
Cane sugar refining works, by 33 per cent.
Paper factories, by 40 per cent.
Tanneries, by 41 per cent.
Steel works and rolling mills, by 46 per cent.
Cement works, by 54 per cent.
Mills, by 59 per cent.
Petroleum refining works, by 82 per cent.
Blast furnaces, by 103 per cent.
Automobile factories, by 178 per cent.
Tire factories, by 292 per cent.

These figures show a very substantial increase in production per worker in the United States. What is true of that country is largely true of this dominion.

The value of production per individual also increased. In the Monthly Labour Review of the United States for December, 1930, in the period between 1919 and 1929 the value of production per individual worker in the manufacturing industries of the United States increased from 220·5 to 256·2, or 16 per cent. During the same period the index of prices fell by 30 per cent. This means that the actual output really increased by nearly 50 per cent.

Not only has that increase taken place in industry, but in recent years there has been a similar increase in agriculture. The effects of mechanization were not felt in agriculture until within comparatively recent years, but now the effect of machinery is apparent. The deputy director of the International Labour

Office, Mr. H. B. Butler, reporting on the increased use of agricultural machinery in the United States said:

To take one single case: the combine (reaper-thresher) wherever adopted deprives five agricultural workers of employment. And the use of these machines has made immense strides in some countries: in Kansas, for example, there were 14 in 1918, 20,000 in 1928 and 25,000 in 1929, while the figures for Canada are 2 in 1922, 18 in 1925, 4,341 in 1928 and 7,215 in 1929.

A rather peculiar thing in this connection is that while a great number of people were deploring the trend of population from the country to the cities, agricultural production was increasing so fast that it could not be disposed of. In the Canadian Congress Journal for May, 1931, there is an article by Mr. Andrew Stewart, of the University of Manitoba. This article won the prize offered by the Royal Bank of Canada for the best paper on the economy of machine production in agriculture. Mr. Stewart states:

A tractor operator with a five-bottom 14" plough can turn more land in one hour than the same man with a walking plough could cover in a day. Ten days of one man's time are required with a one-horse outfit to cultivate the same acreage that the four-row outfit can cultivate in one day. In 1930, with hand production methods, 32 hours of man labour were required to produce 10 bushels of wheat. In Montana an acre of land has been summer-fallowed and a crop of wheat removed the following year with 2·5 hours of man labour. . .

This reduction in labour has resulted in a larger acreage operated per worker. Since 1850 the average acres of improved land per worker in the United States has increased steadily from 30 acres to 49 acres in 1925, and the figures for Canada show that between 1881 and 1891, acres of farm land per worker increased 95 per cent, improved land per worker 105 per cent and crop acres per worker 109 per cent.

Mr. YOUNG: If, as my hon. friend says, the combined reaper harvester enables one man to do the work of five, what reduction would be necessary in the hours of labour of harvesters in order to keep those five men employed in the field?

Mr. MacINNIS: The hon. member for Weyburn (Mr. Young), representing a country district, perhaps would be better able than I to answer that question. I have not gone into the matter sufficiently to say, but I think I have plainly shown that with present unemployment conditions among the people of Canada, the farmers and the workers, as primary producers, have not received any benefit from the great increase in productive machinery in this country. As a matter of fact we are worse off than we were when production was carried on in a much more primitive way, because at present we are altogether divorced from a means of livelihood, while in former days we were close to the means of getting a living.

Of course, as the hon. member for Toronto Northwest pointed out, the question of shorter hours is nothing new, but at this time, with unemployment being felt so severely, the matter is being discussed in many places. Last year the question was brought up in the Ontario legislature by Mr. S. C. Tweed, member of the provincial house for North Waterloo. In bringing forward the question Mr. Tweed said:

If we are to depend for a return to prosperity upon an increase in the price of wheat we may have to wait a long time. There is no lack of buying power, rather there is concentration of buying power in too few hands.

That is the position we take in bringing forward this resolution. We consider that there is sufficient wealth produced in the country, and all that we need is some means of distributing that wealth. That can be done only through an increase in the purchasing power of those engaged in industry. In my own province of British Columbia the question was brought forward by Colonel Nelson Spencer, a member of the government party in that province. Mr. Spencer is a lumber operator; he employs a great many men, and he has come to the conclusion that there is no way out of our present difficulties except by shortening the hours of labour without a corresponding reduction in pay. In that connection I believe he was instrumental in having a resolution passed asking the Dominion government to call a conference of the provincial legislatures in order to discuss this problem.

I wish to point out these facts because undoubtedly if the government speak at all on this matter they will take the stand that they have no jurisdiction over hours of labour. The question of unemployment is so important, and the government of the day must take part in so many phases of provincial legislation and provincial administration which only a few years ago never would have been thought of, that I know the provinces would be pleased and relieved if the federal government would take up this whole question of unemployment purely as a federal measure.

The hon. member for North Winnipeg (Mr. Heaps) pointed out that the leader of the Senate has given his benediction to the six-hour day. I know also that Senator A. C. Hardy, speaking before a Rotary club in Brockville in the fall of 1930, said he was convinced of the wisdom of the labour movement in its request for a shorter work day. When the Trades and Labour Congress inter-

viewed the government just before the opening of this session the same question was brought up. I should like to read from the memorandum presented by the Trades and Labour Congress to the government, which states:

There has been noticeable, throughout Canada during the past several months a determination on the part of employers to take advantage of the present conditions to reduce wages, notwithstanding there is ample proof that such a policy only results in decreased purchasing power and further aggravation of the unemployment situation.

I may say here that I am sorry the federal government has taken the position adopted by many short-sighted employers of labour, and reduced the salaries paid civil servants. Undoubtedly this will further aggravate the unemployment situation, in that it will reduce purchasing power.

Mr. MORAND: Would the hon. gentleman say in what way this will reduce purchasing power, if that money remains in the country and is not taken up by taxation?

Mr. MacINNIS: It means that the less purchasing power possessed by workers in industry, the less they can buy. If this money stays in the country that does not mean it is going to be used to purchase commodities. If I have a million dollars I cannot spend all that money in purchasing the things I need, but if I have a thousand dollars I can use that amount and more in the purchase of things I require. When you take ten per cent of that $1,000 you are curtailing my purchasing power, while if you take ten per cent off the million dollars quite possibly it will not affect my purchasing power at all. It may reduce the amount available for savings or for investment in six per cent government bonds, the proceeds of which will be used in meeting the unemployment situation.

The memorandum goes on to say:

We believe that by a liberal administration of the Fair Wages Act the government could assist materially to offset this by maintaining wage rates on works undertaken or assisted by the government, even though employers may in some districts have succeeded, temporarily, in reducing wages below what would be considered in ordinary times as "fair and reasonable."

The existing fair wages policy up to the time of enactment of the Fair Wages Act had been based on the existing conditions in respect to hours of labour which often resulted in unreasonably long work days. We believe that present conditions warrant a policy of still further reduction of hours in order to give a larger number of workers opportunity for employment. We would therefore urge the government both in respect to contracts coming within the scope of the fair wage policy and its own works, to, wherever practical, put into effect the six hour day and five day week and by this means give a lead to private industry in a matter that cannot help but reflect itself in a reduction of the number of unemployed workers. In doing this, however, due consideration should be given to the payment of wages high enough to maintain established standards of living, as otherwise no real relief would result. Wage reductions have not been accompanied by any reduction in interest rates on loans, but on the contrary there has been a tendency to pay higher interest rates presumably to ensure the successful flotation of government bonds. This again we believe leads to a decrease in the amount of money available for purchases and a reduction of a demand for goods on the part of the masses.

In connection with their request for an extension of the six-hour day, they also made a further case for the ratification of the eight-hour day convention, pointing out that the government in its own employ at the present time has men working as many as twelve hours a day. I refer to guards in penitentiaries where men are still working twelve hours a day, despite the fact that the government is paying direct relief to able-bodied men who would be able to do this work.

I have two more quotations to make. In this connection I think it is well to observe that the seriousness of the unemployment situation is making it possible to discuss this question in a better spirit than was possible some years ago. It is not so very long ago since, if you mentioned the matter of unemployment, you were reminded that people who were unemployed were unemployed because of their own shortcomings. To-day no one makes that statement. I noticed, in a report which appeared in the Toronto Globe, a speech made in Windsor, Ontario, by the present Minister of Railways (Mr. Manion) on October 16, 1931. I do not know at the moment what particular organization he was addressing, but I would give this brief quotation from his remarks. He said:

We are spending $50,000,000 this year to give temporary relief to the families affected by the depression.

That is quite an item for a government to be spending—a government that was going to deal with the unemployment situation without having recourse to doles. The minister continued:

We cannot continue to spend this amount every year for this purpose. There must be an end to the peak of prosperity and the depth of depression.

And now comes a very important point which the minister made:

The human element is thrown out when the factories close down. This has been going on

for years. Industrial leaders, instead of inventing new machinery that means less work for the workmen, should evolve and devise some social machine that will forever put an end to such situations as now confront this country.

The Minister of Railways puts his finger on the vital point in capitalistic production when he states that the human element, that is, the workers in industry, are thrown out when the factories close down. The factories close down when profit cannot be made from operating them, for profit is the motive underlying production. He says that industrial leaders, instead of inventing new machinery that means less work for the workmen, should evolve some social machine that will forever put an end to such situations as now confront this country. But may I point out that industrial leaders are not interested in the human factor in industry; they are interested only in profits, and they install machinery in factories, not to ease the burdens on the backs of workers but to increase their own profits. How, therefore, can the minister expect such men to use their time in trying to evolve and devise some social machine that will forever put an end to such situations as now confront the country? If such a scheme is evolved that scheme will have to be put into effect, even, in my opinion, against the opposition of such leaders of industry, because it will take away from them their prerogative of making a profit out of the needs of the workers of the country. I submit that the present government should take the case up now, for if they do not do so some other government will have to do it later on.

Now I wish to quote an item from an address given by the Minister of Trade and Commerce (Mr. Stevens). He was speaking to The Advertising and Sales Roundtable in the convention hall of the Royal York Hotel on October 28, 1931, and in the course of his remarks he said:

> We are unworthy of our marvellous heritage if we cannot take it and transmute it into something of which we can be increasingly proud.

We certainly cannot be increasingly proud of what we have to-day.

> If we have learned the lessons of the past few years, and if we can bring distribution into equitable alignment with the growth of our production, then 1932 may well be the opening year in the new era of Canadian contact with the economic world.

This is rather a strange statement coming from a gentleman who in May last, when the motion which was passed in this house a few days ago was being discussed, said that there was nothing particularly wrong in the alignment between distribution and production. Possibly we should be glad that what we have been saying here, along, of course, with economic conditions, is having some effect on the point of view of members of the government.

I do not think I need say anything further on this subject, but I hope that some member of the government will discuss the question. The question of unemployment is becoming increasingly serious and some steps should be taken to deal with it. I am just as firmly convinced as the Minister of Railways that this country cannot go on spending money year after year in trying to promote public works and in giving doles and direct relief to unemployed people, thereby piling up a debt, the carrying charges of which must be met. Something must be done. The wealth of the country must in some way be produced and distributed to those who need it, and in my opinion, under present conditions, there is only one way of doing this and that is by increasing the purchasing power of the workers in industry. That can be done, if both the product of industry and its production are fairly shared. I trust that the government will receive this resolution favourably and that we shall hear from them to that effect.

Mr. JOHN VALLANCE (South Battleford): I wish to direct a question to some hon. member who will follow the last speaker (Mr. MacInnis), and I base my question on the wording of the resolution:

> Be it resolved: That, in the opinion of this house, in order to absorb the unemployed into industry, thus eliminating the enormous waste of enforced idleness, the hours of labour be materially reduced and the purchasing power of the masses increased, and further to this end, that the government be requested to submit the necessary measures to the house.

Coming from the prairies and representing as I do a rural constituency, I should like to ask this question: Is there any individual in this house who will show me whereby, by a reduction in the hours of labour on the farm, under present conditions, it is even possible to apply this proposal to the farm? I was amazed at the hon. member for Northwest Toronto (Mr. MacNicol) when he stated that hours of labour, he hoped, would never be reduced so as to deny men the right to labour. I would conclude from his statement that man's chief end, in his opinion, is to labour. In mine, it is not.

Mr. MacNICOL: I did not quite understand what the hon. member said about my advocating reducing the hours of labour so as to do something. What was it?

Mr. VALLANCE: The point that I was attempting to make was from the hon. mem-

ber's own statement. My hon. friend said, if I understood him aright, that he hoped the hours of labour would never be reduced to such an extent as to deny men the right to labour. I naturally concluded from that statement that my hon. friend's interpretation of man's chief end is that it is to labour.

Mr. MacNICOL: The hon. member must have misunderstood what I said. The reduction of the hours of labour would offer an opportunity for a greater number to work. That is what I said.

Mr. VALLANCE: I merely wrote down the statement of the hon. member and if he says he did not make it, the statement that he makes now comes finally to the same thing. In my opinion the trouble with capital is that the capitalists are demanding too much of the benefit that has been derived from the machine age. There are only four sources of wealth in any country: the four natural resources, namely, the forests, fisheries, agriculture, and mines. Without the application of labour those things are of no value, but labour to-day does not receive back its share of the cost of the fabrication and we find stacked up in the shelves what we propose to call too great overproduction. The trouble is that labour has not been getting that amount which will enable labour to buy back that which it has created. The last speaker has pointed out that under the profit system you can extract profit from only one source, and that is from the production of the goods, a certain percentage of the goods. According to the percentage that capital demands as a profit, just so long will it take to pile those goods up because of labour's inability to buy back that which it has created.

Coming from the prairies as I do, farming as I do, using all the modern machinery as I do, I should like to point out that in spite of the labour reductions that I can show, in the turnover of my business every year, to me, to the labourer still on that farm—talking of myself—I own no more at the end of the year than I did when we used the sickle and the walking plough. Why? Because labour and capital—I am talking of industrialists now—are demanding from me more than I am able to pay. Until that condition is rectified, how can we take two men to produce forty cent wheat where one is doing it to-day, and at the same time say that you can maintain the standard of living to those two? It cannot be done. I have laboured and I can tell labour this, that until the primary producer finds himself in a position to buy those goods which the industrialists create, we shall find ourselves always in the same situation.

[Mr. Vallance.]

Hon. R. D. MORAND (East Essex): Mr. Speaker, I had no intention of taking part in this debate, but one or two statements have been made that I feel should be taken up. Coming as I do from an industrial centre, the question of finding some method of giving more work is certainly of real interest to me. The question, however, of shorter hours or shorter weeks or shorter months has not been the trouble in our part of the country; it has been a question of no hours and no weeks and no months. But I do not want to let this opportunity pass after the statements of the hon. member (Mr. Heaps) who moved the resolution, and also of the hon. member (Mr. MacInnis) who said that nothing had been done by the government to alleviate conditions.

Mr. HEAPS: The hon. member is misquoting me, because I stated that the government had done a good deal in the way of alleviation.

Mr. MORAND: I am willing to take that back. I understood quite definitely that that had been said. I believe the hon. member for Vancouver South made that statement.

Mr. MacINNIS: I also did not make that statement. I have on several occasions said in the house that we appreciated what the government had done, but what they had done was quite futile in meeting the need.

Mr. MORAND: I am quite sure the government and the country will be pleased to know there is some appreciation of what has been done by the government. So far as we are concerned in our city, we fully appreciate the fact that the government, shortly after it took power, stopped labour from coming from other parts of the world where labour was certainly a drug on the market, where unemployment was much more severe than it is or was in Canada. Very shortly after the government came into power they stopped that labour from flooding this country. Conditions would undoubtedly be worse to-day if that had not been done. I wish to compliment and thank the government for having so arranged the tariff, despite the fact that they were confronted with tariff walls all over the world, with mass production and with a gradually increasing accumulation of goods, that they prevented the dumping of those goods into this country and throwing more men out of employment than there are at the present time. Surely that is something the government has a right to be proud of, and something the country will not forget.

Mr. YOUNG: We shall not.

Mr. MORAND: I am afraid the country generally will remember it in such a way that later hon. members on the other side will not forget it. The tariff as applied to many industries of my city has meant that at least what work there was left in Canada, what demand there was for the products of those industries, was for the purpose of giving employment to men within Canada, and that labour from outside the country was not employed instead of that of our own citizens.

There are a number of things that must be taken into consideration as regards industry. Not only has production increased very materially with the same number of men, but the quality of the goods produced is so high that they last possibly much longer than they did before, and until such time as the world itself is righted, until such time as a market can be opened in other parts of the world, until the currency of other countries becomes such that competition can be met, we are certainly overmanned in the way of production.

I wish to take this opportunity of bringing before the house the fact that we in our part of the country certainly are thankful for the very efficient and active manner in which this government has taken care of the situation, as regards not only helping those who are unemployed, but helping to continue in employment those who are working.

Mr. WILLIAM IRVINE (Wetaskiwin): Inasmuch as this question of unemployment is one of great national importance I should like the house to get a clearer understanding of just what the resolution means. I do not rise to give that explanation myself because I am not clear on the point, but we ought to understand what it means before we vote upon it. I think the mover of the resolution (Mr. Heaps) has not taken the house entirely into his confidence in his exposition of the resolution.

Everyone will agree with the first statement of the resolution, that there are great numbers of our citizens at present unemployed and that through their unemployment their very existence is made precarious. We will also agree with the further statement that during recent years production has increased enormously. I was reading only this afternoon in the report of the Macmillan committee that production throughout the entire world had increased since 1913 by 25 per cent. So there cannot be much doubt about that. The next statement in the resolution is this:

> Whereas real wages have not increased in proportion and thus consumption has not kept pace with production.

Of course, it is simply another truth to say that consumption has not kept pace with production, for the reason that wages have not increased in proportion with the increase in production.

Now I come to the declaratory part of the resolution:

> Be it resolved: That, in the opinion of this house, in order to absorb the unemployed into industry, thus eliminating the enormous waste of enforced idleness, the hours of labour be materially reduced and the purchasing power of the masses increased, and further to this end that the government be requested to submit the necessary measures to the house.

Let us look at what that means. If it merely means what has been the policy of the organized Labour movement of Canada for many years, in respect to wages, then it means nothing. That policy has been and is that the wages of labourers can be and should be increased, in the vain hope that in doing so the standard of living and purchasing power will be increased. But here is the problem: We are operating under a profit system, and under a profit system an increase of wages must necessarily mean a corresponding increase in the price of commodities in the production of which wages are paid; so that ultimately an increase in wages must be balanced by an increase in prices, except in the case of overhead savings through improved organization or improved machinery, with such savings going to wages instead of to cheaper goods. To ask for wage increases or hour reduction under a profit system is to work around in a circle. That has been the weakness of the policy of labour ever since I knew anything about it. Even strikes never got labour anywhere, because it was not possible to have a real increase in wages under a profit system since wage increases were invariably offset by an increase in the price of commodities.

If it means that there must be a reduction of the hours of labour and an increase in pay under the present profit system, then it is impossible. If then the resolution means anything it means that we are asked to introduce a new system. That is what the hon. member for North Winnipeg (Mr. Heaps) must have in mind, and if so he is not following his usual frank way of dealing with things if he does not say so. He asks the house to introduce legislation as quickly as possible to implement this resolution. I would like to know what that means. Is it that the government should introduce by legislation a new economic system into Canada? That means, if it means anything, that the government must first nationalize the industrial system in

this country. If the resolution means that, I will vote for it because I have always stood for that; I like it. If it does not mean that, it does not mean anything at all, and I would not be bothered voting for it. I would like somebody to explain just exactly what this resolution means. If it stands for a new system, which if it means anything it must mean, I would like to vote for it. If it stands for the old impossible system of increasing wages and shortening hours and increasing prices, the thing is ridiculous. Now will somebody explain?

Mr. J. H. STITT (Selkirk): I had not intended to express my opinion on this resolution. I agree with the preamble, but not with the conclusion at all. The hon. gentleman who just sat down (Mr. Irvine) asked what the resolution meant. It means, I believe, more pay and less work. It reads:

> That, in the opinion of this house, in order to absorb the unemployed into industry, thus eliminating the enormous waste of enforced idleness, the hours of labour be materially reduced and the purchasing power of the masses increased.

How can the hours of labour be materially reduced and the purchasing power of the masses increased? I believe the hon. gentleman is asking this house to vote for a resolution in the vain hope that we can make something out of nothing.

There is another matter that occurs to my mind while I am on my feet. It is the habit for the official members of the Labour party to move resolutions of this kind without ever looking at the question of jurisdiction. I know when I raise that question my hon. friend from North Winnipeg (Mr. Heaps) will say: There is the lawyer again. Well, Mr. Speaker, in this house we are engaged in the making of law, and we have to be governed by our own constitution. I want to thank the hon. member for North Winnipeg for having made the first statement I believe that has been made in this house by any member of the Labour party that showed any sympathy at all with lawyers. I think he said that there were even some lawyers among the unemployed and receiving relief. I agree with that statement. In the city of Winnipeg, and in part of my constituency, there are lawyers and other professional men who are on relief.

Mr. GARLAND (Bow River): There is an increased estimate for the Department of Justice this year, so possibly it will help my hon. friend.

[Mr. Irvine.]

Mr. STITT (Selkirk): I hope that my hon. friend will get more justice. I think that is what his idea is. I am very glad to notice that.

This whole resolution loses sight of the fact that all society and industry is organized upon a profit basis. Even the poorest and most abject of us all want to get more profit or to improve our position in life. The members of the Labour party want to improve their position in life. Until we can eradicate from human nature that element of selfishness or that attitude towards self aggrandizement which every individual has, I believe we cannot bring into being a new Jerusalem and cannot arrive at a practical solution of our problem by introducing a resolution such as the one now before us. In my constituency there are many men without employment, and I recognize that fact as well as my hon. friend from North Winnipeg. I realize that most of these men who are out of work are not in that position voluntarily, but because there is no work for them to do.

If we were to put this resolution into effect what would it mean? Would it increase the work for the workless? No; it would divide up that work, which is now too little, among a greater number. Will the members of organized labour, those people my hon. friends in the corner opposite profess to represent, agree to cut down by, say, 25 per cent their hours of labour?

Mr. HEAPS: They have done it.

Mr. STITT (Selkirk): I have not noticed any of them doing it. I ask this question in all seriousness, and direct it to labour members in this house: Are those employed now willing to suffer to the extent of 25 per cent depreciation in their hours of labour and a similar depreciation in the remuneration they receive? I say they are not, and that the resolution does not contain any solution whatsoever for unemployment.

I am deeply interested in this problem and should certainly like to see some solution. Any man in Canada actuated by humanitarian motives recognizes that if this question is not solved society is doomed. We are approaching the problem however in a petty manner. How can we possibly reduce hours of labour and increase the pay of our workmen, thereby increasing the cost of our commodities, and enter into the competition of world trade? Would that not mean more unemployment in Canada? Would not the six hour day and an increase in pay mean a loss of our markets abroad? This resolution ought not to apply merely to Canada but to the whole world; it

might be a fit subject for discussion by the League of Nations. It represents a pious hope but, I believe, the dream of every man who is a humanitarian.

I had not intended to speak at length on this resolution, but as I have said it simply asks for more pay and less work. It asks labour to divide that bit of employment which is already too little, and seeks to introduce into this country a policy which would drive another dagger into our commercial heart, and mean the loss of our markets abroad.

Mr. SANDERSON: They are lost now.

Mr. STITT (Selkirk): No, our markets are not lost. I believe we are in the happy way of, in the very near future, recovering those markets.

Mr. SANDERSON: Well, my hon. friend cannot recover anything unless he has lost it.

Mr. STITT (Selkirk): For the moment I am content to admit the force of my hon. friend's logic. He has not shown any real logic, however, but only word logic.

What about our wheat? We have disposed of more of our wheat abroad than we did last year—far more. We have not lost our markets, and are in a fair way to gain others. I should like to say to my hon. friend from North Winnipeg that I represent a large number of labour people, and if he hopes to continue to represent and to serve labour in this house he should introduce a resolution within our jurisdiction, and one whereby we could accomplish something of a practical nature. We do not want mere propaganda, but something which, in the interests of labour and the people of Canada generally, will help us to solve this problem.

I consider that the resolution is nothing more than mere verbiage. I therefore oppose it. Before taking my seat however I should like to say that I believe my hon. friends from Winnipeg North and Vancouver South are actuated by high and altruistic motives. But when we try to foist upon our industrial system an abstract scheme such as the one now before us we are not trying to solve the problems of Canada but are introducing merely a resolution which means nothing, will get us nowhere and, in my humble opinion, will work to the detriment of Canada.

For these reasons, Mr. Speaker, I oppose this resolution.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, on one occasion when a barrister was appealing before an appellate court from a judgment issued by a lower court he said to the appellate judges, "I am appealing from the judgment of Mr. Justice So-and-So." Then the judges asked him, "Have you any other reason for appealing from this judgment?" The idea contained in the resolution is one brought in from the United States, and that is one of the reasons I am not prepared to accept it. There are other reasons however which I shall undertake to outline. If we reduce the number of working hours we will not solve the problem of unemployment but will only displace it.

I have only one further remark to make, namely, that since the right hon. Prime Minister (Mr. Bennett) declared that if he came into power he would end unemployment, I am very much surprised that no effective steps have been taken in that direction. At the special session the first action to relieve unemployment was to apply a plaster of $20,000,000, and following that to increase the tariff. Was that good or was it bad? Events have proved the lack of wisdom in these actions. During the war many people were wounded, but the same cure was not applied to all. Different diseases require different cures, and my suggestion would be that before we discuss further the great and difficult problem of unemployment an inventory be made of all our unemployed, setting out their previous occupations, reasons for unemployment and the concerns for whom they were working before they became unemployed. To my mind those facts should be known before any attempt is made to cure the evil. Undoubtedly such a survey would cost money, but having been done we would know, once and for all, exactly where we stand. I remember having read last year statements from the then Minister of Labour (Senator Robertson) to the effect that within a few months we would hear no more about unemployment, that everyone would have work to do and would be employed at some work for which he was fitted. The statistics we have received are to the effect that while the minister was making such statements the figures from his own department told a different story. For that reason I suggest to the Prime Minister—who, I am happy to say, is with us for another few seconds—and to the Minister of Labour (Mr. Gordon), to consider my suggestion and make an inventory of the unemployed. Undoubtedly expenditures would be necessary, but as a result of their efforts they would be in a position to give to the house information to which we are entitled, and would be in a better position to find a remedy for this terrible disease.

Mr. OSCAR L. BOULANGER (Bellechasse) (Translation): Mr. Speaker, should the House be asked to sanction the motion under discussion, I shall be forced to vote against it. I therefore wish to give, briefly, the reasons which will compel me to do so. One of these is that this resolution will not serve the purpose sought.

The hon. member who has moved this resolution stated that he wishes to increase the purchasing power of the masses. I do not think that this purchasing power will be enhanced by decreasing the working hours or by paying the labourers more to do less work.

Mr. POULIOT (Translation): Hear, hear!

Mr. BOULANGER (Translation): In my opinion the only possible way to attain this end is to increase the purchasing power of the most numerous class in Canada: the farmers whom I have the honour of representing in this House.

While butter, eggs and other farm products sell at the present low prices and manufactured articles have not come down to the same low level, it is useless to discuss the raising of the purchasing power of the people. In order to increase such a power it would be necessary that the farmers found it possible to purchase these manufactured articles, and the latter will only be able to do so when their products fetch better prices. When farmers are given the means, when the agricultural class feels prosperous, there will be work for the manufacturers and workmen. The farming class must first be relieved because they are the most numerous in the community, they are the consumers, and it is the welfare of that class which is the foundation of the nation's prosperity.

I find that in the estimates brought down in the House, to-day, the grants to agriculture have been decreased by about one-third, while the estimates for National Defence show only a decrease of one-fifth. If the Government really intended to increase the purchasing power of the people, instead of decreasing the grants to agriculture this year, it should have increased them, it should have provided new markets for farm products and endeavoured to help the farmers to weather the present crisis.

While the whole world is discussing disarmament, it seems to me that the estimates of the National Defence could have been cut down by one-third, two-thirds or four-fifths, and that this amount could have been credited to agriculture. Thus the purchasing power of the Canadian people would have been enhanced, and to some extent the crisis would have been relieved. For these reasons briefly mentioned, I do not intend to support this resolution.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I will engage the attention of the house only a few moments with respect to this resolution. I think it obvious that both inside and outside this chamber there are two distinct schools of thought with respect to labour. The followers of one school are content to toil and by their thrift to advance themselves, while those of the other school are probably drifting the opposite way. There is not any doubt in my mind that every member of this house is anxious to seek some means whereby those who depend upon their livelihood in industry, and consequently upon the activities of those who employ them, shall be employed and remunerated at such a rate that they will be able to take their place in the life of their country, support their families, and carrying on as good citizens, in the aggregate help to build up a strong and great nation. No one will deny that that is the right of every Canadian citizen. I am not at all in agreement with those who make the statement that leaders of industry direct their attention wholly to profits and do not concern themselves with the interests of their employees. During my lifetime I have been associated with leaders of industry, although I must confess that I have never reaped the fabulous rewards from that contact that I have heard referred to in this house. In fact, in the short time that I have been a member, I have heard more of the huge profits that leaders of industry make than I ever learned of when I was outside and had some contact with those same men. Undoubtedly there is truth in what those who claim to be the exponents of labour say, that from time to time as depression falls upon us, and even in prosperous times, a section of our workingmen do not receive adequate remuneration for their labour.

So far as the resolution is concerned, I am persuaded that this parliament can do but little to carry into effect what it proposes. I am sure hon. members realize that if we attempted to carry out what is proposed we would be immediately confronted with pro-

tests on the part of the provinces that we were infringing their rights, because while we are a federal union we are not a legislative union, and the provinces jealously guard the rights that were conferred upon them at confederation. It is quite true that the Treaty of Versailles did in terms suggest that all the nations of the world should get together in some way—it was not stated specifically how they should do it—and pass laws that would destroy the possibility of war and industrial conflict. In fact, it seemed to be the expectation that almost every ill that besets the human race would be entirely remedied by the passage of resolutions. Amongst others, this very subject was dealt with in that treaty. It has been discussed in this house before, and I presume it will be discussed again. In my view the federal parliament has not within its legislative power the right to do what the resolution proposes. True it is that by conference with the provinces and by a closer understanding between industry and labour great strides have been made in improving industrial conditions, and probably still greater strides will be made in the future. But when any hon. member stands up in this house and suggests that we can put the farmer on a five hour day, then I must confidently assert that he does not know very much about farming. Such a proposal is utterly impossible and cannot be worked out. With respect to the discussions that have taken place as to the reduction of the hours of labour, no one has suggested to what point they shall be reduced, or whether all industries shall be treated alike. On the other hand no one has suggested any solution to the problem of what to do with the resultant increase in the products of industry. Who is to buy them if prices go up? It seems to me that in past years I have heard the subject matter of this resolution discussed many times by economists, and I note that they found the same trouble in arriving at a solution that I have always found—the question whether it was going to be of any material help to the people concerned.

Just in passing let me say this: I was impressed by the suggestion made by the hon. member for Selkirk (Mr. Stitt). If it means anything, this resolution is very comprehensive in its terms. It covers more than Canada; it is universal in its application if it can be applied at all, and I am at an utter loss to know what measures this house could bring down that would be effective. I think perhaps we have learned something from the discussion that has taken place, but I know of no measure that could be introduced in this house that would bring to fruition the idea contained in the resolution. The one burden, if you call it that, which is cast upon us at all times, and I think particularly at times like these, is to take care of the people within our boundaries and to see that their future is not imperilled by any conscious act of any government which is in power in this country. I wonder at times, however, if those who take the part of labour stop when their advocacy ceases, or if their concrete actions reflect the same ardour. In the last hour or two I have surveyed the records of the number of people brought into this country prior to that fateful July 28, 1930, in order to see to what extent those who take the part of labour really had labour at heart in the two or three years prior to that date. I find that one very ardent advocate of labour in this house, through his applications for permits for the admission of people into Canada, brought into this country 345 people, all of whom entered into some form of industry although each was supposed to take up agriculture. If every member and every defeated candidate had availed himself of a similar privilege our labour problem in this country would have been increased by 169,050 people. That is just a passing observation, but I think those who advocate the position of labour should be extremely careful to see that their interest does not cease with a verbal advocacy.

With respect to the resolution itself, in my view—and I think it is shared by those who have given this subject any considerable thought—this House of Commons has not the legislative power to bring in a measure that would carry into effect what is suggested in the resolution, and I seriously doubt if any committee of this house or any committee of economists could sit about a table and devise a scheme that would apply to all the different forms of industry and agriculture, giving effect to the idea contained in this resolution. I think at this time the house would be well advised to let the resolution drop, with the discussion that has taken place so far in connection with it.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. HEAPS: Before the debate is resumed, Mr. Speaker, I rise to a question of privilege. When the Minister of Labour (Mr. Gordon)

spoke prior to the recess he referred to a large number of permits that had been obtained by someone to allow immigrants to come into Canada. The number he mentioned was, I believe, 369. He did not say who it was—

Mr. SPEAKER: If the hon. member speaks now he will close the debate.

Mr. HEAPS: At the moment I am speaking on a question of privilege.

Mr. SPEAKER: When the Minister of Labour was speaking the hon. member should then have raised the question of privilege; that was his opportunity. He has the right to close the debate, but he is not in order now in speaking to a question of privilege.

Mr. HEAPS: This is purely a matter of privilege, Mr. Speaker. There may not be an opportunity of closing the debate if it goes on to eleven o'clock, and I thought I would take the first opportunity of referring to a statement which no doubt a great many hon. members thought was directed to myself.

Mr. SPEAKER: The hon. member is out of order and I must ask him to take his seat.

Mr. HEAPS: This is the first time I have known a member to be out of order on a question of privilege.

Mr. SPEAKER: Order. This is not the proper time for the hon. member to raise the question, which is not one of privilege.

Hon. PETER HEENAN (Kenora-Rainy River): It will be agreed, I think, that the thanks of this house are due the hon. member for North Winnipeg (Mr. Heaps) for having brought this resolution before the house at this early date in the session, because, as has been said, if anything is to be done towards relieving the unemployed or bringing in measures to meet the present situation in a definite way, the sooner the house gets down to business the sooner we shall accomplish something.

I had not intended to speak on this subject to-night for the reason that I have a severe cold. Indeed, I purposely allowed my motion to stand, although it is at the head of the order paper, in order that the motion moved by the hon. member for North Winnipeg might have precedence. Having, however, listened to a few of the speeches that have been made on this question to-day I thought that I ought at least to put myself on record with reference to some of the statements we have heard. The hon. member for Toronto Northwest (Mr. MacNicol), speaking to this resolution, fully reviewed the question from the industrialist side and he concluded his discourse by saying that he would be very favourable to this resolution or one of this kind, but at some time in the future when conditions are better. My only comment on that is usually, when times are better and people are prosperous, we are told that there is no need for such legislation. It seems to me, therefore, that now is the time, when the need is manifest, that we should do something towards relieving unemployment or, as the Prime Minister would say, ending unemployment.

The hon. member for Selkirk (Mr. Stitt), who I am sorry is not in his place at the moment, very frankly said that he was absolutely against this resolution, and he gave as his reason that we had not the jurisdiction in this parliament, that it was a matter that should come within the provinces. Well, I remember making a similar statement on one occasion and I was not only laughed at but ridiculed, not merely from the opposition benches at that time but on the public platform. The Minister of Labour (Mr. Gordon), if I recall rightly, made a similar statement; he said in effect, whot can we do? He was at a loss to know what measures could be taken in this house to cope with the situation as presented in the resolution. The hon. member for Selkirk finished his speech by saying that if some member would introduce a resolution that came within the jurisdiction of this parliament he would be pleased to support it. I had the honour to introduce such a resolution at the last session, providing for the consummation of the treaty of Versailles with respect to hours of labour, and the Minister of Justice, then acting as leader of the house, very cordially agreed that the government could accept such a resolution. The resolution is being introduced again this session, and the reason is that the hon. member for Selkirk undertook at the last session to talk the matter out at eleven o'clock, thereby depriving parliament of the opportunity of putting its stamp of approval on the eight-hour day.

Mr. STITT (Selkirk): I object to that statement, Mr. Speaker. I was a new member of the house. Hon. gentlemen opposite had spoken for hours and hours; I had not spoken and I had only ten minutes in which to present my views. I think the hon. gentleman's remarks are a deliberate misinterpretation of the situation.

Mr. SPEAKER: The hon. member for Kenora-Rainy River (Mr. Heenan), I take it, does not intend to imply that the hon. member for Selkirk (Mr. Stitt) spoke as he did with the object of killing the resolution.

Mr. HEENAN: Yes, I make that statement here and now, and I am not the only one—

Mr. SPEAKER: The hon. member should not impute that motive to the hon. member for Selkirk. It may have been that speaking as he did on that occasion had the effect suggested, but the hon. member must not impute that motive.

Mr. HEENAN: It was drawn to his attention at one minute to eleven o'clock that if he spoke another minute the resolution would be killed.

Mr. SPEAKER: Even so, he might not have concluded his speech. I must ask the hon. member to withdraw the imputation.

Mr. HEENAN: I withdraw the imputation, Mr. Speaker. Now, I have in my hand the Canadian Unionist of October 1931, which gives the attitude of the government. My speech is reported in full, and the conclusion of the report is this:

> Although Mr. Heenan's motion had the support of all parties, it was deliberately talked out by J. H. Stitt, the Conservative member for Selkirk, self-styled friend of the workers.

So that we have this resolution before the house again because of the fact that the hon. member did talk out the previous one, whether or not he intended to.

The present Prime Minister (Mr. Bennett) has said over and over again, especially during the election time, that if the federal government did its duty no man or woman who was willing to work should do without work. The Minister of Labour now stands in his place, after the government has failed to end unemployment, and says that he doubts very much whether this house can do anything in the matter as regards providing measures to relieve unemployment, or providing for shorter hours, or assimilating workers in industry. If I remember rightly, the present Prime Minister once said that we had the power; he said that if this parliament wished to insert a provision in our tariff legislation to provide for shorter hours or for any other condition with regard to workers, it had the power to do so. It appears, therefore, that we have now what is known as governmental solidarity, the present Prime Minister taking the view that we have the power and the Minister of Labour declaring that he does not see anything within the four walls of parliament that could give us that power.

The Minister of Labour also made certain references to the farming community. If I remember rightly, he said: Show me where a shorter working day could be applied to agriculture. Well, I know that the present Minister of Labour has not been in his position very long and that is the excuse I would make for him; because he will find there is no labour delegation or labour platform that has ever suggested that a shorter working day should apply to agriculture. Indeed, the treaty of Versailles and the conventions arising out of it all exempted the agriculturists from the eight-hour day, so that there is no necessity for bringing up that bogey with respect to the eight-hour or the shorter working day as applied to agriculture.

The Minister of Labour concluded his observations by saying that he was at a loss to know what measures could be taken to reduce the hours of labour, which is really what the resolution calls for. The present Prime Minister (Mr. Bennett), when he was leader of the opposition, announced a policy, as I stated before, that we could take measures by way of providing in the tariff legislation that any industry that secured the protection afforded by such legislation should manifest to the government or some commission that it was maintaining the eight-hour day, or the six-hour day or any hour day that the government might wish to impose. They could do all that is possible to stop the reduction in wages that is taking place all over Canada, but so far there is in this country, generally speaking, a reduction in wages ranging anywhere from ten to twenty-five per cent, and the government, so far as I am aware, have not taken any measures whatever to stop or to try to stop it. It is true some members of the cabinet have asked publicly that employers should keep on as many employees as possible during this period of depression and that they should not take advantage of the depressed times to reduce wages; but notwithstanding that, reductions in wages have taken place all over Canada just the same. Indeed, the government itself is leading the way by dismissing many men from the public service, and by making a reduction in wages.

Our railroad men, who are just now suffering a reduction of ten per cent, had, when the Conservatives were in power in 1921, to take a reduction to the extent of 12 1-2 per cent in wages, or about $45,000,000 a year. That is what they contributed to the prosperity of the country. It is true that they got back

upwards of six per cent of that between 1927 and 1930, but now they are again faced with the ten per cent reduction in wages, and I ask the Minister of Labour or any other member of the government: what have they done to prevent that reduction in wages?

The railroads of Canada are under the jurisdiction of the federal parliament, and I have yet to hear of or see one iota of action the government have taken to stop that reduction in wages. Indeed, they have accepted the report of a board of conciliation and investigation which practically discards the announced policy and principle of the federal government with respect to wages as applied to railroad men. I have under my hand a copy of an order in council dated 16th July, 1918. I do not want to read it all because it is a very lengthy document, but in it there is this principle announced:

> And it further appears that the railroad companies are of the view that the wages paid railway employees in Canada ought to be the same as that adopted in corresponding territories in the United States, as the class of work is the same in both countries.

That is an announced principle which was adopted by the governor general in council. This year the government appoints a board of conciliation and investigation and we have this reference:

> As regards the employees' second point, we feel that railway basic wage rates in Canada must be based on conditions in Canada and not in the United States. We feel that the capacity to earn revenue must be an important element in the payment of wages, and in the United States railway earning conditions are substantially different from those of Canadian railways.

I have yet to hear some protest from either the Minister of Labour or any other member of the government with respect to that recommendation of the board of conciliation which discards the principle that they themselves enunciated in 1918. The Canadian railroad men are loyal to this country. As I said, they contributed $45,000,000 annually out of their wages by taking the reduction in 1921. They have accepted the reduction this year because of their loyalty to the country, because they have heard politicians tell them from every platform and in the House of Commons that prosperity is just around the corner and they are loath to be the ones that would attempt to put a drag on that prosperity from coming around that corner.

But, as I said, the government of Canada has jurisdiction over the railways. They could and the railway companies could have found on the railways many other avenues where they could have saved, but they started to reduce wages. If you read the newspapers of this country you will find that very few of the writers have much knowledge with respect to the earnings of railroad men or the conditions of their employment. They take one or two or a dozen of the highest paid men on the highest paid runs and they put down their earnings as an average for the railroad men. They forget there are between 25,000 and 30,000 railroad men who have worked ten and twenty years, many of whom work only three or at most four months a year, and who are laid off because of seasonal traffic. They also forget at the present time there is upwards of $200,000,000 worth of rolling stock that is tied up on the side tracks, not used, that has to be paid for with interest and that is charged up to the railroad companies, and yet the railroad men's wages are the first to be attacked. They forget the millions of dollars tied up in the terminals, in the shops, in equipment of all kinds, that have been paid for with interest out of the revenues of the railroad companies, and that is lying idle, and the only thing it seems that they can save on, is the railroad men's wages.

I want to point this out very clearly, because the board has taken the position that a railroad man's wages in Canada ought not to be on a par with those that are earned in the United States. The railroad men of this country are not only loyal but efficient. We have to compare the operation of our Canadian railroads with the operation of those of the United States, because they are the only ones that are comparable, the railroads of Canada and the United States being equipped to haul long trains long distances, whereas the European railroads are equipped to haul short trains short distances. It is on record to-day that the railway men of Canada handle about twelve thousand tons of freight per man per mile more than do the railroad men in the United States. Yet we have a board appointed by the government bringing in a recommendation that, notwithstanding this display of efficiency and loyalty, the wages of the railroad men of Canada are not entitled to be put on the same basis as those of the railroad men of the United States.

There is no necessity to read this resolution again. It simply asks the government to submit the necessary measures to the house. The Minister of Labour says that he does not agree with the resolution. I hope he does not speak for the whole government. I hope we are not going to have government solidarity on this occasion, because there are many things that could be done. The government has power to bring in measures reducing the hours of work in industry under its tariff

legislation. They have power to initiate a program of public works to be gone on with to provide work for the unemployed. They have power to go on with the trans-Canada highway, which they promised the electors of this country. They have many opportunities. Having failed in their promise to end unemployment, having failed to live up to the principle which they enunciated that if the government of Canada did its duty every man and woman in this country willing to work would have the opportunity to work; having failed miserably in all these things we have the spectacle of the Minister of Labour standing in his place to-day—not speaking for the government—and saying: I am at a loss to know what we can do in the matter.

Mr. T. F. DONNELLY (Willow Bunch): I wish to make a few remarks in connection with this resolution. Let me say at the outset that I am in sympathy with labour in its effort to secure both high wages and shorter hours of labour. That has been the cry for years—less work and more pay. But I agree thoroughly with the Minister of Labour (Mr. Gordon) that this resolution is no solution whatever for the problem of unemployment. I was rather surprised, however, that the Minister of Labour when he spoke on this question did not speak with more assurance as to what was the proper remedy for unemployment. I know that before the election in 1930 the government had no doubt whatever as to what the cure for unemployment was. Then they told us that while the then Prime Minister (Mr. Mackenzie King) promised to consider the problem of unemployment, the present Prime Minister (Mr. Bennett)—and he himself said so—would end unemployment; and the present Minister of Justice (Mr. Guthrie) said at Regina that if the Conservatives were returned to power they would end unemployment in three days.

Mr. GUTHRIE: No, no.

Mr. DONNELLY: We do not find that same assurance now. They are not so certain about it. The Minister of Labour says that he does not know what can be done to cure this unemployment problem. Apparently it is a different proposition entirely from what it was before the election.

While I am in sympathy with labour in desiring to see this unemployment problem solved so that they can get more pay and less work, I have very little sympathy with this government which made such rash pre-election promises, for no other purpose, apparently, than to obtain office; because they must have known that they could not do the things they promised. While we hear different men speaking about this problem of unemployment throughout the country, the Minister of Labour tells us that he does not know anything about a solution for it. He says that he has listened to several economists speaking on it and that apparently the economists, one and all, were unable to lay their finger on the solution of the problem of unemployment. Well, Mr. Speaker, he must have been listening to the wrong kind of economists, because for the last twenty years economists have been telling us the very thing to cure unemployment. They have been preaching it through all these years, but they have been a voice crying in the wilderness. If you listen to economists to-day you will hear them say that there is a world-wide depression and that it has been brought about by fiscal policies that restrict trade.

Some hon. MEMBERS: Oh, oh.

Mr. DONNELLY: My hon. friends laugh. I will read something to them and probably they will laugh on the other side of their faces. This is from a bulletin published by the Chase National bank of the city of New York. It is an article on the tariff and the world depression by Mr. Benjamin M. Anderson, economist of that bank. He says:

> We are in the midst of a severe business depression which is world wide. The most serious obstacle in the way of early recovery is the state of our foreign trade. The most serious obstacle in the way of the revival of our foreign trade is our high protective tariffs. the quickest way to get out of the existing depression is to reduce our tariffs so that our foreign customers may sell more goods here and get more dollars with which to pay interest upon their debts to us and with which to buy our goods. If we do not buy we cannot sell. If we do not buy enough we cannot sell enough.

I do not hear my hon. friends laughing now. Then listen to this:

> Bankers and economists have been telling the country this ever since the world war, but the country has been slow in learning the lesson.

That lesson is being brought home to us to-day, and if we wish to cure unemployment and get out of the depression in which we find ourselves to-day there is only one way. If we want to sell more we must buy more. The Prime Minister said the other day that the only way to get a favourable balance of trade was to cut down our imports. Why, Mr. Speaker, any child knows that there is another way. Why not increase our exports? There are two ways of doing it. You can get a favourable balance of trade by increasing exports just as well as by cutting down our imports and throttling business. If

we had more exports we would find our markets increasing all over the world and our labourers would be employed in our factories and in our means of transportation.

We hear a lot about the new factories that are coming to this country and of the improvement that has taken place under the higher tariff, but we had the spectacle of the hon. member for East Essex (Mr. Morand) rising in the house this afternoon and saying: In my constituency it is not a case of a shorter day or a shorter week; it is a case of no work. Yet we are being told that the factories in the industrial centres are working overtime on account of this great tariff. When I listened to the speech of the Prime Minister before the last election I thought there was going to be no trouble whatever. He said that the country was in a terrible condition, that it was very sick. He reminded me of a physician who goes to see a patient suffering from fever, accompanied by a severe headache. He says to his patient: I will give you this pill for your headache and this bottle of medicine to cure your permanent disease. In the same way the Prime Minister in September 1930 called a special session. He was the great physician who was going to cure unemployment. He said to his patient: I am going to give you this temporary relief, this small pill of $20,000,000 which will ease your unemployment for a while, and then here is a bottle of dope which is the great cure that is going to make you young and well. Take that and everything will be all right again. This bottle of dope is labelled "higher tariffs." We have been taking the medicine steadily; we had more of it last session, and the public is still asking for more. We are still getting bigger and bigger doses of that permanent cure, and yet the patient is getting sicker and sicker every day, until at last the Prime Minister himself has thrown up his hands and has had to admit, as he did when speaking to a meeting of one of the United Churches lately: Nothing but the grace of God, he said, can save this country. He admits he is wrong. He said that he would cure unemployment or perish in the attempt. Well, he is perishing in the attempt. He is failing to cure unemployment. I say we are not going to have better times or any improvement in this country until we increase our export markets. When we increase our exports we will begin to buy more, and when we begin to buy more we will sell more. At a time when we begin to buy and sell more and begin to trade more with our neighbouring countries, conditions will improve. The Liberal policy as enunciated by Hon. Charles Dunning indicated that we were willing to trade with those who would trade with us; that is the Liberal policy, and that is the policy to which we are pledged to-day.

Mr. PORTEOUS: I should like to ask the hon. member a question: How much did the Liberal government increase the exports of agricultural products in nine years?

Mr. DONNELLY: My hon. friend may consult the Canada Year Book to get that information; I am sorry I have not the information under my hand. I wish to tell him however that between the years 1921 and 1929 there was an increase of about 50 per cent, and I will add that Canada never was more prosperous than during those years. I will say more than that; I will tell my hon. friend that we took power at a time of depression and brought conditions back to prosperity.

Let us survey the history of Canada for the last thirty-five years; for the benefit of my hon. friend I should be pleased to trace it. Back in the year 1895 we were suffering from a depression, and at that time we had a Conservative government. In 1896 the Liberal party came into power, and through Sir Wilfrid Laurier a Liberal policy was put into effect whereby we showed a willingness to trade with those who would trade with us. We put into effect a British preferential tariff; we lowered the duty; and prosperity in Canada extended to the year 1911. At that time we tried to put into effect the very same policy that the Liberal party has always preached, to trade with those who trade with us. We were willing to put through a measure of reciprocity to enable freer trade with the United States. Out in the west however a lack of patriotism was preached and as a result we were defeated. No greater calamity ever overtook this country than the rejection of reciprocity. The people realize that to-day, and our agriculturists sincerely believe it. From the years 1911 to 1914 Canada went through another period of depression, and conditions became worse and worse until war broke out. When the war was over and the Conservative party took over the reins of power we entered another period of depression which became worse and worse until the Liberal party again took office in 1921. They proceeded to put into effect the very same policy they had always believed in, that of trading with those who would trade with us. Conditions became better and better from year to year until the last election, when our Conservative friends obtained a majority, and as a result trade has been restricted and we

are again in a period of depression. If my hon. friends will look back over the past thirty-five years they will find that not once has there been prosperity during the regime of a Conservative government. If any of my hon. friends dispute that fact I challenge them to tell me the years, during the last thirty-five years, when during the time of a Conservative government we have had prosperity.

May I say to my hon. friend who interrupted that he will have the opportunity to speak when I have resumed my seat, and I ask him to tell me the years when we have had prosperity. Any prosperity Canada has enjoyed has been under a Liberal government, and any prosperity we will ever have will be under a Liberal government. The economics of my hon. friends opposite are altogether wrong; their principles are wrong. They cannot restrict trade and have prosperity.

I contend, Mr. Speaker, that if we are to have an improvement in this unfortunate condition of unemployment there is only one way to do it, namely to cut down our tariff wall and trade with those who will trade with us. If we do that we will give employment to our people and return the country to that state of prosperity it enjoyed before the last election.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to say just a word concerning this very important resolution. Whether we agree with the wording of the resolution or the theory advocated by its mover (Mr. Heaps) we must admit that the subject matter is of great importance. What could be more important at this time than the question of employment for the masses of our people? In my opinion parliament would be well advised to give more heed to and spend more time in discussing this subject.

One point has not been brought out in the various arguments advanced; I refer to the increasing numbers of our young men and women who upon reaching manhood and womanhood can find no useful employment, be they ever so eager to procure it. I have talked with many men and women who are almost distracted with the grave problem of unemployment which is affecting their grown up sons and daughters who find they have nothing to do and have to remain at home in idleness. I realize there are some hon. members in this house who believe that if we only wait a little while everything will turn out all right and matters will be adjusted. Perhaps they believe the tariff will solve our unemployment problem, if we but have the patience to wait. I am glad to say that I for one do not share those views; for I am of opinion that with our modern labour saving machinery, industry, as we know it, will never again be able to absorb and give employment to the millions of able-bodied men and women throughout the world who desire it. I believe that should be borne in mind by the heads of governments and should be the basis from which to begin in an endeavour to find employment for those who must have it.

I am not sure whether or not the proposed resolution, if put into practice, would solve the difficulty, because as yet no one has been able to determine either by mathematics or by statistics just how many hours workers would have to be employed so that everyone might be engaged. I am firmly convinced however that if no attempt is made to solve the difficulty it will not solve itself, and I am wondering how much worse conditions have to become in Canada before some action, different from that which has been taken, will be taken to cope with the problem of unemployment. Conditions would be much better in my opinion if fewer hours of labour were necessary, coupled with the control of wealth, which is now in the hands of only a few. In that way employment would be given to greater numbers. If conditions do not improve the lesser number of our people engaged in occupations and receiving wages will be taxed to support the great numbers who, through no fault of their own, cannot procure suitable or, in fact, any employment and are forced to partake of charity. The cry of the masses must be heard, and cannot much longer be ignored.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, considering this question of unemployment I think we would do well to carry our minds back to those primitive times when each family was a self-contained economic unit, cultivated a small piece of ground with implements of their own fashioning, built their own houses out of such material as could be readily found; when the furniture was made from blocks of wood chopped off the end of a log, when clothing was made from wool sheared from their own sheep, spun and woven into cloth, and fashioned into garments by the women of the household, and when everything was produced in the home. In those days there was no unemployment; there was plenty of work for everybody. If nature was kind and gave a fruitful harvest there was plenty to eat and plenty to wear. If nature was unkind and the crops in any particular

locality failed, starvation stared them in the face; for there were no facilities to bring goods from a distance. I say there was no unemployment at that time; everybody had to work hard, long hours for a very meagre subsistence.

Compare the standard of living of an ordinary citizen in those days with the standard of living of an ordinary citizen to-day. Then he lived in a hovel with probably a thatched roof and a mud floor, with hardly any window, perhaps a sheepskin nailed over a hole in the wall, and a blanket for a door. He had no reading matter, no opportunities for education, no fine raiment, no musical instruments —something that we to-day consider necessary for a civilized being to enjoy life. Go into the home of an ordinary workingman to-day and you will find that it is a palace compared with what his predecessor lived in; you will find he has light, books to read, a telephone, a piano, a radio, opportunities for education—many things that even the richest could not enjoy in those days.

I ask you, what has brought about this change in the condition of the workingman? It resulted from the division of labour from improved methods of production. It was found that a man making his own tools, cultivating his own farm, shoeing his own horse, building his own house, making his own furniture, could not do much of anything in a given time. It was found that by a division of labour, by some men confining their attention to the production of those things which they could produce to the best advantage, while others confined their attention to the production of other things in which they excelled, it was possible to increase the total production of the human race manyfold. That process continued and was accelerated from time to time, until to-day men specialize in one branch of any particular industry. This has brought about a vast increase in the production of all kinds of wealth—much more wealth of every kind is now available for the consumption of the human race. The result is a much higher standard of living, and the world is able to sustain many times the population she could sustain in those days, and many times what she could sustain to-day were it not for these modern labour-saving devices.

I do not agree with those who say there is overproduction of wealth to-day; there is no overproduction of wealth. I do not agree with those who say we have solved the problem of production; we have not. We have not come anywhere near solving the problem of producing all the goods that the world can consume. Our capacity to consume food is limited by the capacity of our stomachs; but our capacity to consume other commodities is unlimited. Overproduction of all goods? A thousand million people in the world to-day are not getting enough to eat. If you could add one slice of bread at each meal for those people it would require an additional two thousand million bushels of wheat a year. Can there be any overproduction of wheat while a condition like that exists? Overproduction of clothing? There are ten million people in Canada, and nine million, nine hundred thousand of them would do well to have more clothes. The same is true of our houses, our furniture, everything. There is no overproduction of wealth in the world to-day, and any scheme that aims to curtail the production of wealth will aggravate unemployment and lower the standard of living.

Now, we have seen that this division of labour and improvement in methods of production by improved machinery and otherwise has made it possible to produce many times more wealth than before. But that presupposes that those who produce one kind of wealth must be in a position to exchange it with those who produce another kind of wealth. Bring about these conditions where those who produce a surplus of wealth can exchange their surplus with those who produce a surplus of other wealth, and you have solved the problem of unemployment. Why is it, then, that we have unemployment? Because something stops us from exchanging the goods which we produce in abundance for the goods that we require and that other people produce in abundance. We in Canada can produce the basic products in abundance—lumber, pulpwood, newsprint, fish, minerals, wheat and so on; other countries can produce other things in abundance; but so long as governments interfere and say, "We will not allow you to exchange the things that you have to sell for the things that other people have to sell," just so long will there be unemployment.

An hon. MEMBER: Tariffs.

Mr. YOUNG: Yes, tariffs. I thank my hon. friend for the suggestion. Tariffs, I say, are the main cause of all our troubles. Let me give you an illustration. A certain farmer in a dried-out district of Saskatchewan last year planted a field of potatoes in the bed of a lake that had gone dry; he harvested a good crop; nobody else in the neighbourhood had any potatoes; that farmer has more potatoes than he can use, he has potatoes to sell, but he cannot sell a bushel of them.

Why? Overproduction of potatoes? No, there is an actual scarcity of potatoes in that district. Why cannot he sell them? Because his neighbours have nothing to give him in exchange. Do you expect a man who produces one thing to give it away to somebody else who has nothing to give him in return? No. Those who produce one commodity must be in a position to exchange with those who produce something else.

We in Canada produce certain things; other people in other countries produce other things. The unemployed in Canada are not in a position to give us anything for the goods that the employed people are producing. If those who are producing in Canada were permitted to exchange their products for the products of the people of other countries, they would be able to purchase more goods in Canada, they would be able to enlarge their operations, they would be able to employ more men, and unemployment would disappear. Any attempt to remedy unemployment by decreasing the amount of wealth produced would have the very opposite effect; but every step taken to remove the trade barriers which prevent those who have wealth from exchanging it for other forms of wealth that others have to sell is a step toward the removal of unemployment. Until these barriers are done away with, we will have unemployment, and we will have it in worse form as time goes on.

Mr. A. A. HEAPS (North Winnipeg): I was very glad to observe that those who have participated in this debate have expressed so much sympathy with the working people. We are thankful for those expressions, but we should like something more definite and concrete to help the unemployed—something more than sympathy. With the argument of the last speaker (Mr. Young) I do not altogether agree. I am of the opinion that if the whole world at the present time went entirely on a free trade basis there still would be unemployment. I have always held the view that in tariffs we shall not find a solution for the problem of unemployment. Also we have not merely to deal with the question of production. When speaking to my resolution I said that the question of production was solved to-day, I did not mean for one moment to imply that we have too much in the way of commodities. Let us assume that every human being able to work were harnessed to some form of industry and producing something of a useful nature. In a very limited time we could produce more than enough to satisfy all our requirements, and I think on that basis four hours of work a day would be more than sufficient to satisfy human requirements, including those of the farmers.

Mr. YOUNG: Where is your evidence?

Mr. HEAPS: I might as well ask my hon. friend what evidence he has that everyone would be happy if the world went on a free trade basis. I think the tremendous increase in production, our modern methods and machine equipment which is displacing labour, are sufficient proofs of the statement I am making to the house.

So the problem is not one of production or of exchange; it is a problem of distribution. If a man is working for wages and is getting only one-fifth or one-quarter of what he produces, it would be the same if he were living under protection or under free trade, and until we can break down that spread between what a man receives in wages and the value of what he produces, in my opinion, there is no hope of solving the problem of unemployment.

Something has been said during the course of this debate with regard to jurisdiction. I recognize the limitations imposed on this parliament; I recognize the difficulties connected with jurisdiction with which we are confronted, but if we are always to set up that question of jurisdiction I am afraid it will be very difficult for us to make much progress in this country. I remember that a few years ago, when the question of old age pensions was raised in the house, we were met with the plea of lack of jurisdiction, but when parliament determined to provide the aged people of this country with old age pensions, ways and means were found to overcome that difficulty. Just as we overcame the question of jurisdiction in regard to old age pensions, so I am satisfied we could overcome the difficulty of jurisdiction which faces us in connection with this problem, once the house is determined to do so.

Credit has been taken for what has been done by the government in order to assist the unemployment situation. I wish to say here that I greatly appreciate what has been done by the government during the past twelve or eighteen months in helping the municipalities and the provinces to deal with this unemployment problem, but when I make that statement that is as far as I can go. What they are doing is in no way a solution of the problem; it deals in no fundamental way with this great question. In fact, Mr. Speaker, it is my opinion that the continual giving of these doles and the increase in our national debt make it very

difficult to cope with the problem or to get any permanent solution. I think we are simply aggravating the situation.

When we look at the estimates presented to the house this afternoon we find a tremendous decrease in all expenditures for the ensuing year. There are one or two cases where increases have been made, however. One case is the interest on the national debt, which has been increased by about $13,000,000. Another case of an increase is the estimates for the Royal Canadian Mounted Police, which have gone up approximately $500,000. That is where our money goes, and I want to say that when we start to economize on wages we are starting at the wrong end. We should do something about those tremendous interest charges, and I think if we did so we would be doing a good thing for Canada.

I was very much disappointed in the statement of the Minister of Labour (Mr. Gordon). I had hoped that on an occasion such as this, when we are having our first discussion of this important problem of unemployment, at least the minister would have told this house and the hundreds of thousands of men and women out of work what the government intend to do, but in his remarks there was not one word or one syllable which would give a ray of hope in this connection. I am very sorry that this was so; I am sorry the government have taken that attitude. I was looking for some constructive proposal, some word as to what the government intend doing during the coming year in order to deal with this extremely difficult and, I might add, menacing situation.

We have been told of the great increase in the prosperity of the workers; we have heard of the homes they own, of the electric lights they possess, of the radios, the washing machines and other articles found in their homes. Most of these articles in the average homes are purchased on the instalment plan, and many of them are not paid for. When we talk of the working people owning their homes we forget that in most cases there are very big mortgages on them. But may I give a little information which came to me only a day or two ago in order to show the conditions which exist in some homes. This information was contained in a letter from a very authentic source. It is expected that in the city of Winnipeg in the near future 1,500 children will be born in homes where there is hardly a rag in the house with which to clothe them. That is an actual situation, yet our Minister of Labour speaks about building up a strong nation. There is no one in this house who more earnestly desires that end to be brought about than the members representing the Labour party, but when children are born under the conditions I have just described, I ask: what chance have they of growing up into decent, strong, vigorous Canadian men and women? Their chances are very slim indeed.

Some people were surprised that I should introduce a resolution of this kind; they asked what good it would do the farmer. I am free to admit that offhand I cannot say how this is going to affect the farmer; I do not know whether it will be a detriment or a help to him. But if the farmer to-day has nothing but a load of debt, as I am told by farmer members of this house, I do not see how this resolution could affect him in any harmful way at all. On the other hand, if it has the effect of increasing the purchasing power of the great masses of the people, it might be of some benefit to the farmer in this country as well.

I believe I am safe in saying that in introducing this resolution I am voicing the opinions of every shade of labour thought in Canada. There is hardly a labour organization in this country that has not gone on record as being in favour of a shorter working day, and at the same time requesting an increase in their purchasing power. Within the last few weeks a delegation from the Trades and Labour Congress of Canada, the largest body of organized labour in this country, waited on the government with a memorandum which included a request for a six hour day. That request has been made now for quite a number of years past. Under these circumstances, therefore, when, as I feel, I am speaking here to-night for practically the whole of organized and the great part of unorganized labour in the country, I regret that I cannot see my way to withdraw the resolution. I believe that within the confines of the resolution are contained the very things that are vital so far as the workers are concerned.

And now may I make one reference to a statement made by the Minister of Labour to-day. He stated something about a member of this house, interested in labour questions, having received 369 permits—I believe that was the number he gave—to enable persons to go on farms, those persons having ultimately found their way to the cities. I believe that was the statement he made, and the natural inference was left that I, having brought this question up to-day, was the member who had asked for these 369 permits. I

need hardly assure the house that this is not the case, and therefore I take this opportunity of correcting that impression, if any hon. members may have had it.

For the reasons I have given, Mr. Speaker, I cannot withdraw the resolution.

Mr. McINTOSH: May I ask the Minister of Labour who the member was that obtained over 300 permits for the purpose stated?

Mr. GORDON: Mr. Speaker—

Mr. IRVINE: May I ask a question of the mover of the resolution (Mr. Heaps) before he takes his seat?

Mr. McINTOSH: Let the minister answer my question first.

Mr. IRVINE: I am asking the mover of the resolution a question. What is the meaning of the resolution? Is it, as I presume, an entire change in the system which the hon. gentleman is asking for, or does he think it practicable to carry out his suggestion under the present economic system?

Mr. HEAPS: The hon. member is practically asking me to make a speech—that is, if I am to reply to his question. I think I dealt with that aspect of the subject in the concluding part of my remarks this afternoon.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. McINTOSH: I asked one of the responsible ministers of the crown a question.

Mr. SPEAKER: It is entirely within the discretion of the minister to reply or not, as he pleases.

Mr. STEVENS: The debate is closed.

Mr. GARLAND (Bow River): It was not a fair statement.

Motion negatived.

STABILIZATION OF CURRENCY

PROPOSAL FOR CONSIDERATION ON AGENDA OF IMPERIAL ECONOMIC CONFERENCE

Mr. A. E. MacLEAN (Prince) moved:

That, in the opinion of this house, if the empire is to become an economic unit, the stabilization of currency within the empire is very important and should be one of the first questions for consideration on the agenda of the Imperial conference at its meeting in July next.

He said: I realize, in proposing this resolution, that I am not at all competent to discuss it adequately, but I regard it as so important to our country at the present time that at least it should receive some consideration in this house. I understand that some other hon. member desired to move a similar resolution, omitting the words, "if the empire is to become an economic unit." It is immaterial to me whether those words remain in the resolution or not, and with the consent of the house I am willing to leave them out, so that the resolution, revised, would read:

That, in the opinion of this house, the stabilization of currency within the empire. . . .

Mr. SPEAKER: Has the hon. member the consent of the house to delete from the resolution the words "if the empire is to become an economic unit"?

Mr. BENNETT: No; let him go on with the resolution as it is.

Mr. MacLEAN: Very well; it is immaterial to me and I will discuss it as it stands. I move this resolution to-night because in my opinion the present rates of exchange are detrimental to our trade. High rates of exchange between countries have prevented us from trading both within and outside Canada, and if we are forced to trade within the empire then this can be done only by the stabilization of currency within the empire and the abolition of adverse rates of exchange. Personally I cannot see that there is anything new in our trading within the empire, nor in the empire becoming an economic unit. The policy of the Liberal party has always been to trade with the empire and the whole world, and we know that from 1921 up to 1930 Canada was trading with every nation. But even then we did not find that we had a great surplus of markets for our products and we were looking for wider markets with a view to expanding our trade. I am pleased to say, and I think every hon. member will agree with me in this, that during that time our trade went forward by leaps and bounds. Our friends opposite are now advancing the slogan about trading within the empire and making the British empire an economic unit, and I contend that if we are to be forced into the position of trading only within the empire, then the depreciation of the pound sterling, with its attendant disadvantages, makes it almost impossible for us to trade satisfactorily, especially with Great Britain, or with the empire as a whole.

I know that this is a very complicated question and one that has received the attention of leading economists and financial experts throughout the world, and if something can be done to improve the present very unsatisfactory situation every effort should be made in that direction. We are in fairly good company, it seems to me, when we propose this

question in regard to empire currency. I believe that Lord Milner and Lord Beaverbrook were both in favour of empire currency, for in 1917 Lord Milner said:

> I believe it to be of the utmost importance to the future of the empire that there should be empire currency.

Some people, including members of this house, are of the opinion that this does not go far enough; they think that an effort should be made to stabilize the currency of the world and thus do away with unfavourable rates of exchange. I admit that this is quite desirable from every point of view, but at the same time the resolution now before the house is a large order for the time being, and if we could accomplish what is aimed at in this proposal we might then be in a position to say to the rest of the world, "Here is an example which you might well follow". Some people may contend that no hardship is imposed on anyone by present rates of exchange and that in the long run things equalize themselves, so that no one suffers very much from an adverse rate of exchange between one country and another. There may be some truth in that, taking the country as a whole, but that argument will not hold good in the case of the individual, because the individual is likely to be trading one way. He is selling his product to a country that has a depreciated currency, and there is no possibility of his getting any compensation in return. If he were able to sell part of his products in a country with a depreciated currency and the other part in a country like the United States, where their currency is at a premium at the present time, there might be something in the argument. He might then even things up in the long run. But we know our producers throughout Canada are forced to sell a great many of their products on the British market; they are selling them on a depreciated currency, and there is no way out; they have to take their loss.

Some will say that this currency question is altogether one that is connected with the gold standard, and that we must adhere to it, while, on the other hand, others claim that the gold standard must be discarded. It is not my purpose to-night to discuss the merits or the demerits of the gold standard as a basis of currency, nor do I advocate doing away with the present form of currency in each country. If Great Britain wants to retain her pounds, shillings and pence, I say: let her do so. If Canada, on the other hand, wishes to retain her Canadian dollar, I say: let her do so. But there must be some system under which the Canadian dollar or the pound sterling will have proportionately the same buying power in any country within the empire, and until we arrive at that point it is going to be pretty difficult for us to trade.

I do not know whether people realize how costly the present system is and how impossible under it it is for us to continue to do business, especially since the present government has adopted a policy of applying the dumping duty on the basis of the currency in the country from which the goods are imported. I have a case in point in a letter that I received from a gentleman the other day, pointing out that as regards the importation of goods from Great Britain, the depreciated currency is taken into account and the dumping duty applied, with the result that there is practically no more free entry of goods, even if they should happen to be on the free list, especially if they are of a class or kind manufactured in Canada. Under date of October 21st last, this gentleman writes:

> On September 1st, Joseph Gundry and Company of Bridport, Great Britain, invoiced and shipped to us a lot of smelt bag nets, used for fisheries. They arrived in Canada some time previous to September 24, as they were rebilled from St. John on that date. Unfortunately the documents did not arrive as soon as the shipment, and when we attempted to clear them from the customs, which was shortly after October 1, the Customs department insisted on collecting as a dumping duty the difference between the depreciated value of the pound, on that date, and its par value. We did not clear them from the customs. The shippers made a draft on us in Canadian currency for the total value of the shipment. Smelt bag nets have always been entered free without any sales tax or duty.
>
> You will notice that instead of getting any advantage by the depreciated value of the pound, we would be paying about $5.30 if we entered the nets to-day. Now the position is that if we are obliged to pay for British goods in Canadian currency and the customs demand a dump on free goods, the dump being the difference between the value of the pound at the time of entry, as compared to its par value, then the lower the pound goes the more the goods will cost us. This certainly would absolutely kill importations from Great Britain as we can easily get our supplies from the United States, and in addition, it does not affect any Canadian industry, as these goods are of a class or kind not manufactured in Canada.

I may say in connection with this matter that these gentlemen put up a deposit of $56 and, as a result, after a great deal of correspondence with the department, the goods were released. But if they were of a class or kind manufactured in Canada, although they were permitted to come in free of duty, still that dump would apply. As I said before, this

depreciated currency has everything else trimmed, even the high tariff of our friends opposite, in keeping out goods and eliminating everything from the free list.

There is one commodity with regard to which this comes right home to the people in Prince Edward Island, namely silver fox pelts, of which we handle a large number through the different organizations in the province. We all know that in Great Britain, London is the big market where the world price for those pelts is set. The moment the English currency depreciated to the extent it did, the silver fox business in this country received the worst setback it ever experienced in its history, because it makes no difference who the gentleman is who is purchasing a silver fox pelt, whether he is from London, England, or New York or Montreal, the first thing he does is to figure off the depreciated currency, and that has to be borne by the producer of the pelt. The poor fox rancher who is raising those pelts for sale is the man who has to stand the loss. There is a debatable question there. It is the same as the tariff question. Some will say that the consumer pays the duty or the tariff, while others will say that the shipper pays it. This is largely a question of supply and demand. If there is a very strong demand on the market for a certain article, it is quite possible that the British buyer would pay the price and absorb the depreciated currency, but when you have a surplus of those products and you have to force them on the British market or on the auction sales in the city of London, it is impossible to think of compelling the buyer over there to pay for those in Canadian currency and absorb the depreciation in the English pound. These are some of the things that come home to us in our everyday business transactions and we feel that some effort should be made to overcome this great handicap under which we are labouring. I know there are some who will scoff at the idea and say that it is impossible, that it cannot be done. But if we read history aright and study the trend of affairs we will see that it has been done before. There has been for the past eighteen years an arrangement between Egypt and Great Britain under which the money of the two countries has been exchanged at par, and Mr. McGeer in an address at Vancouver last fall stated that this exchange of money between the two countries had taken place for a period of eighteen years on a par basis with profit to the governments of both countries. So if such an arrangement can be carried out successfully between Great Britain and Egypt I do not see what should prevent some similar arrangement being made between Great Britain and the other countries of the empire.

Our government claim that they have a favourable balance of trade at the present time. We have always been told that trade balances rule our exchange. Well, if Canada has a favourable trade balance at the present time, the question we would like to ask our friends opposite is this: Why is the Canadian dollar at such a discount to-day? I made inquiry at the Royal bank to-day and they told me that the discount on Canadian money was still 15 per cent. But that is almost aside from the question that we are discussing.

I have another letter under my hand which I think I should read to the house. Although perhaps aside from the question, the situation complained of seems so unfair that I can hardly believe it is true. As hon. gentlemen know, some of our soldier pensioners are living across the line, and one writes to me as follows:

> I wonder if you could help me. I have only earned thirty dollars in more than four years. At the present time I am living on eight dollars per week given by the state of Massachusetts. Two months ago I got $9.60 pension. This month I have a cheque for $14.70. Ottawa tells me it is adjustments. It costs 36 per cent loss to cash a cheque here. Banks will not take Canadian cheques.

This is a Dominion government cheque. You would hardly think that it is possible. He goes on:

> I have to get these cheques cashed through a store and it costs me $7.20 out of a $20 pension cheque, and I have to wait two weeks for the $12.80.

That throws a little light on the hardships that are imposed on our soldier pensioners across the line. As I said before, you can talk of restricting trade, but there is nothing in the world that will restrict trade to the same extent as a depreciated currency. It simply stifles trade, and the result is conditions such as we have to-day. I think that the unemployment situation which our friends have been discussing in the house this afternoon has in part been brought about by just such conditions. It means a loss of markets; it means a loss to the transportation systems; and if our transportation systems are crippled to-day it is because our trade has been stifled by a depreciated currency and high tariffs which will not allow commodities to move. It is no wonder that our business men will not venture out into the open and try to do business under such conditions.

There are many other angles to this subject which have been discussed from time to time, such as the reorganization of our banking institutions to conform to the central banking system. That suggestion has been advanced in this house. It has been discussed on many

occasions here by the hon. member for Macleod (Mr. Coote) and other authorities on this subject. Then there is the question of the issue of dominion notes to one-fifth of the banks' deposits. Some advance that as a cure for our present ills. They claim that if we were allowed to issue dominion notes up to one-fifth of the banks' deposits, that would give us somewhere in the vicinity of $325,000,000 more notes in circulation. They claim that there were only $174,000,000 of dominion notes in circulation in 1930 and that this amount could be very well increased by $325,000,000, which would still be quite safe and within the recommendations as submitted by the Macmillan commission when they were investigating similar conditions in Great Britain. However, I am not here to advance any of these suggestions as they are no doubt reforms that our people would hesitate to try.

We are labouring under a severe handicap at the present time, and if we can adopt some more workable scheme without endangering or disturbing our present financial arrangements, which have been giving good service to the country, I think we should look into the question and endeavour to bring about some improvement. I have under my hand a work by Mr. J. F. Darling, C.B.E., entitled A New Money to Unify the Empire. If I may be permitted, I should like to read a short extract, as it will place before the country at least one way in which our present difficulty might be met. He says:

In suggesting a new money unit wherewith to unify the empire, it is not necessary to consider the creation of either a new coin or a currency note which would pass current throughout the empire. Britain, South Africa, Australia, New Zealand and the Irish Free State would still retain their pounds each, as, at present, a separate monetary unit; Canada would retain its dollar and India its rupee. In short, with the exception of the gold sovereign where it still circulates, existing currencies in the empire would continue to function practically as they do now.

What is suggested is a new unit which would link up these various currencies by forming a common basis on which each would be issued. This new unit need not be composed of either gold or silver, nor yet of an amalgam of the two metals. It would be found to act more efficiently and economically simply as a "money of account," or, in other words, as the money in which a super-bank of the empire would keep its accounts.

This super-bank could be called the "Bank of the Empire." Its customers would be few, but tremendously important. They would comprise the Bank of England, the government of India, the Canadian government and the note-issuing banks of Canada, the Reserve bank of South Africa, the Commonwealth bank of Australia, the Bank of New Zealand and other note-issuing banks in that dominion, and the

Currency Commission of the Irish Free State. These are the primary issuers of currency in the various parts of the empire. In each case—with the exception of India, where the reserve is largely silver—it is enacted by the respective governments that a given proportion of gold or gold assets should be held against the currency issued. Legislation would therefore require to be passed by each of the governments concerned permitting a balance with the Bank of the Empire to replace gold for all reserve requirements. That is to say, just as a London clearing bank regards its balance with the Bank of England as part of its cash reserve, so would the Bank of England itself regard its balance with the Bank of the Empire; and the same would apply to the other note-issuing banks and governments.

A most appropriate name for this new imperial money would be the "rex." The rex would be created for the exclusive use of the Bank of the Empire as the money in which it would keep its accounts.

The Bank of the Empire would be prepared to buy gold at a fixed minimum price, paying for it in rex by crediting one or other of its few but important customers with the proceeds. It is suggested that this minimum price should be one rex for 113 grains of the fine gold, which is the gold content of the sovereign. The sovereign—the symbol of the pre-war gold standard—would cease to be coined. In place of the right, in countries where such still exists, to take gold to the mint to be coined into sovereigns, there would be substituted the right, which would be extended to all parts of the empire, to take gold to the Bank of the Empire to be paid for in rex—that is to say, in a balance at the Bank of the Empire—at 113 grains of fine gold per rex. The currency-issuing banks and governments, being the only customers of the Bank of the Empire, would act as agents for the bank in the purchase of gold, just as in pre-war days the Bank of England acted for the Royal Mint.

It is important, however, to note that it is the rex, and not the gold, that would become the basis for the currencies of the empire, and that the rex would thus constitute a new standard of value. The full significance of these fundamental changes will be better appreciated at a later stage.

It appears that this gentleman has gone into the matter thoroughly and has submitted, in a very able work which he has published, the suggestion for one bank as a clearing house for the whole of the British Empire and this new money, the rex, to be used not in the different countries but just in connection with the clearings of this bank.

In the address given by Mr. McGeer at Vancouver on October 30, 1931, I find the following:

What the empire needs is the establishment of the money exchange system now in operation between Egypt and Great Britain for Canada and Great Britain and all other nations which comprise the British Empire (i.e.), a system that has maintained between Great Britain and Egypt, a perfect par exchange for over 18 years, at a profit to both governments.

Another splendid work on the stabilization of the dollar is one by Fisher, but I shall not take the time of the house to read it.

I should be the last one, Mr. Speaker, to suggest any move which would in any way disturb the present financial structure of our Canadian banking system or, for that matter, the banking system of Great Britain as a whole. Our Canadian banks have given wonderful service. They have stood the strain and stress of difficult times, and, generally speaking, the people's savings, with very few exceptions, have been safe in them. To-day, however, we see a different situation looming on the horizon, and it may be that some way will have to be found to meet the conditions with which we are confronted. As Mr. McGeer stated:

> Six months ago Canada was concerned about the man who was unemployed; those people who had property and business and interest bearing securities were not worrying. But to-day the saleability and negotiability and the shrinkage in market values of these securities have now changed the situation.

We do not know what the future has in store for us. I submit, however, that at the coming Imperial conference this question should be thoroughly discussed. I know we will hear from the Minister of Finance (Mr. Rhodes) and other leading economists in this house, hon. gentlemen who have made a study of finance, and I believe if something could be arranged to remedy the present situation and do away with some of the disabilities under which we are labouring, a great good would be effected. To my mind the time is ripe for the consideration of this matter.

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I think I should say a word rather than have the motion disposed of with only the remarks of the mover (Mr. MacLean) before us. Perhaps the very silence in the house following the speech of the hon. member who moved the resolution bears eloquent testimony to the fact that there are not very many who are prepared to jump into a consideration of the question put forward by my hon. friend from Prince. The fact that there appeared to be no desire on the part of any hon. member to speak would seem to bear witness to the truth of the statement my hon. friend made at the outset of his remarks, to the effect that the subject is highly complicated. With all respect to him may I say that I do not quarrel with his initial statement to the effect that he was dealing with a subject with respect to which he knew very little. In fact, Mr. Speaker, if I may say so again with respect, as he proceeded with his remarks I was reminded of the comment of Mark Twain that everybody complains about the weather but nobody seems to do anything about it. With all deference to my hon. friend I agree that he has propounded a very serious and important question, but, with further deference, I cannot say that he has contributed anything to the elucidation of it.

Having been Minister of Finance for some twelve days I bring to the subject all that wealth of wisdom, assurance and knowledge which is possessed only by extreme youth. Consequently I never expect to know so much about finance or subjects of exchange and empire currency as I do at the present time. Notwithstanding that wealth of knowledge which I now possess, as a youthful Minister of Finance may I say to my hon. friend that I find this subject almost as baffling as, apparently, he does. At the outset of my hon. friend's resolution I find the expression: "if the empire is to become an economic unit." In other words he predicates his resolution upon the assumption, I take it, that the empire should become an economic unit.

Mr. MACKENZIE KING: No.

Mr. RHODES: I do not know the interpretation my hon. friend wishes to place upon that first paragraph. I submit that he said not one word with respect to that part of the resolution, which to my mind is a rather striking omission. If it bears the importance in the resolution which one might naturally expect, having been drafted with the care and deliberation my hon. friend must have given to it, one might have expected at least some mention of it.

The burden of my hon. friend's remarks consisted of a complaint as to the handicap under which we in this country labour as a result of our unfavourable exchange position as compared with the neighbouring republic, the United States. He instanced the fact that his worthy constituents in the province of Prince Edward Island have suffered because they have to sell their black fox pelts at a lower price than they would have received had there been parity of exchange between the United States and Canada. He also instanced the rather pathetic case—with which we could all sympathize—of the returned soldier who receives his pension in Canadian funds and has to cash his cheque in the United States. But, Mr. Speaker, those two cases have nothing whatever to do with the subject matter of the resolution of my hon. friend. Even if a parity of empire currency

could be brought about, it would have no reference whatever to the exchange of countries other than those within the empire.

This subject is not new. As a matter of fact in the course of the afternoon I chanced to come across a pamphlet containing a report on Empire Monetary and Financial Policy by a joint committee of the Federation of British Industries and the Empire Economic Union. That committee consisted of some very eminent men indeed. For example the Empire Economic Union was represented by Right Hon. L. S. Amery, M.P., Right Hon. Sir Robert Horne, P.C., G.B.E., K.C., M.P., Sir Basil Blackett, K.C.B., K.C.S.I., and Mr. H. G. Williams, M.Sc., M.I.C.E.; the representatives of the Federation of British Industries were Sir Frederick Williams-Taylor, that distinguished Canadian financier, now in England, for many years general manager of the Bank of Montreal, Sir William Larke, K.B.E., Sir Roland Nugent, and Mr. R. G. Glenday. If one cared to peruse this pamphlet he would find at page 20 two or three paragraphs dealing with the very subject brought forward by my honourable friend. But the significant feature is this, that these men whose lives have been largely concerned with finance, banking, exchange and world currency, while they raised the question they offered no solution. Therefore I am sure my hon. friend will not expect me to move too rapidly in offering a solution of this very important question that he has propounded tonight.

And this subject is not new so far as empire conferences are concerned. It was raised at the Imperial economic conference of 1923 at the instance of New Zealand, and certainly the financial wisdom represented on that occasion was unable to offer a solution of the problem other than to suggest that inasmuch as the various countries of the empire were rapidly approaching a gold standard the solution was to be found in that circumstance.

Now, sir, so far as we are concerned—and I think I can speak for the government in this respect—we find no fault with the concluding portion of the hon. gentleman's resolution, namely, that the stabilization of exchange would be of the utmost value in promoting and in continuing inter-empire trade, and I think we are also prepared to agree with him that the subject is of sufficient importance to be included in the agenda of the Imperial Economic conference. Looking at the resolution in that light, I think we can accept it. I can only assure him that this government, as I am confident would be the case if any other government were in office, is prepared at the Imperial economic conference to discuss this or any other subject with the purpose of pooling our ideas in order to arrive at a solution that will serve to promote inter-imperial trade.

Mr. WILLIAM IRVINE (Wetaskiwin): I quite appreciate, Mr. Speaker, that I am entering on ground where angels may fear to tread, nevertheless I am pretty nearly an angel myself.

An hon. MEMBER: Question!

Mr. IRVINE: I did not say what kind of angel; perhaps my hon. friend would object were I too specific. I may say that I was instructed by my group to put on the order paper a resolution somewhat along these lines. I did so, but through a mistake on my part I lost my favourable position on the order paper, and so take this opportunity to discuss the present resolution.

I think the hon. member for Prince (Mr. MacLean) is to be congratulated on his splendid courage, and also for provoking a discussion which should be of very great importance and benefit to this house and even to the government. Although I have no doubt that the government is very wise and well versed in all the mysteries of finance, still I do not think it can ignore a suggestion from the house. So I think this is an opportunity we should embrace, in view of the coming Imperial economic conference, to deal with a subject that is of fundamental significance to the economic difficulties of empire.

So far as the resolution is concerned, I agree with the hon. Minister of Finance (Mr. Rhodes) in the exception which he took to the fact that stabilization is predicated upon the empire becoming an economic unit. Now, sir, it is rather astonishing that the hon. gentleman who last week indicated that the Colorado beetle had prevented the economic unity of the empire should be the one to bring in a resolution predicated on that very disunity. The mere fact that the Colorado potato bug can upset the unity of the empire is in itself a sufficient reason why the stabilization of currency should not be predicated upon anything of that sort.

I think we will all agree with the importance of the stabilization of currency within the empire, but in my opinion the resolution should have gone a little bit further and made some suggestion as to the probable basis upon which such stabilization should take place. It would be possible to stabilize the currency of an empire or the currency of a nation and make it worse because of its being stabilized.

We all appreciate at the moment the necessity for the stabilization of currency, but unless we have some assurance that the basis upon which the stabilization shall take place will be worth while and sound and sane, then we had better not have stabilization at all.

Before I sit down, Mr. Speaker, I intend to move an amendment to this resolution, seconded by the hon. member for Acadia (Mr. Gardiner), which will set forth the principles on which we believe stabilization should take place. In dealing with this subject perhaps I might be pardoned if I remind the house that the very first speech I made some ten or eleven years ago was on the subject of finance. As the Minister of Finance has just said, sarcastically about himself, I knew more about the subject then than I do now; I am quite willing to admit that; nevertheless I was not entirely ignorant of some of the points in connection with it, although I probably was the only one in the house that believed so at that time. Perhaps I should point out that on that occasion I urged monetary reform, and I think I have urged it every year since I have been here. I urged that Canada should not return to the gold basis but should abandon it, and I predicted, if you please, very much what has come to pass in Canada and in the world since that time with regard to the economic situation. I might add that on that occasion I was laughed at, particularly by the front benchers of that day. One hon. gentleman went so far as to offer to make me king of Canada if I would settle some of the great financial questions with which I had been dealing. That was all very fine, but there is no one in this house who will laugh at what I am going to say to-night, because to do so would expose an ignorance which no hon. member would wish to own.

As I say, I was laughed at by the front benchers on that occasion prior to the last revision of the Bank Act. I had secured the sanction of this parliament to conduct an investigation into the basis, function, and control of financial credit prior to the amendment of the act; I thought it would be wise for us to have a review of the entire financial situation before we approached the revision of the act, and we got that resolution passed through parliament. However, while we spent a good deal of time in that investigation of credit, and while we had some very eminent men give evidence before that committee, the material we obtained was quietly buried. We never heard anything more about it, and the investigation went for practically nothing. But since that time great events have taken place; a tremendous body of opinion has gathered in favour of financial reform; economic upheavals have swept across the world as a direct result of weaknesses in the financial structure of the world; a tremendous literature on modern finance has piled up in libraries; influential committees throughout the empire have given their views, in no uncertain terms, as to the necessity of the abandonment of the gold standard, the organization of a financial system upon a strictly scientific basis, and the substitution of a managed currency for an unmanaged accident of stupidity known as the gold basis.

Mr. BENNETT: Might I ask the hon. gentleman a question, without desiring to interrupt him? What does he mean by a managed currency? Various financial men use that term in different ways. Could the hon. member tell me what he means without interrupting the course of his address?

Mr. IRVINE: If the right hon. gentleman will permit me to do so I will refer to that under another heading. Probably I will quote from the Macmillan report and also from the report referred to by the Minister of Finance dealing with that very point. But for the moment let me say that civilization itself is in imminent danger, largely as the result of a financial policy which I shall characterize as ignorantly conceived, blindly followed and wantonly applied. So we have the condition which is confronting us at present; it could not have been otherwise under the circumstances, and to-day I urge that something fundamentally constructive must be done quickly if disaster is to be averted.

A few years ago, Mr. Speaker, perhaps a generation ago, the governments of the world had a tendency more or less to ignore the economic unity of the world, the interdependence of the various nations in economic matters, but to-day I think there is a tendency to go in the other direction and to say that our problems cannot be solved because they are all international in character. The truth must be found somewhere in between those extremes. I think there can be little doubt that questions of tariff, of disarmament and of finance can be more adequately handled internationally than they can be handled nationally. I believe in respect to tariff that the free traders of to-morrow will have to make their appeal to an international court, because these questions cannot be finally settled by any one nation. An appeal to an international court must be made also in respect to disarmament, and ultimately some international body

will have to settle the question of finance as well. But when that is admitted we have to admit also that the time is so short and the disaster so imminent that we cannot afford to wait until all the nations of the world come to an agreement on matters of finance. I may be wrong in this, but I am assuming that the attitude of mind to be found in the British commonwealth of nations is such as to make some practical advance possible in matters of finance. That being so, we ought to embrace the opportunity which will be afforded by the Imperial conference to discuss these matters and, if possible, make some headway in respect to them; because if we wait until all the other nations of the world, and especially those who have become gold minded, since the war, get ready to assist us, I am afraid we shall have to wait too long.

I have this conviction, Mr. Speaker: that there is sufficient intelligence and good will in the British empire to reconstruct our own financial system on a sound, proper basis. If other nations wish to drown themselves with golden millstones around their necks, let them do it. To find within the confines of the British empire all that is required to maintain the highest possible standard of living in modern times, yet lacking the financial genius to bring these things to the consuming public, would be a bad thing to be said about the statesmanship of the British empire. I hope it will not have to be said; I believe there is a way out, and I believe the Imperial conference will find that way. Canada has had a great deal to do with that Imperial conference; I think Canada will be given a good deal of the credit for it, and perhaps for a good many of the things that will be discussed. I hope Canada will take the lead in this matter also, and that this greatest of all modern questions, the question of finance, will be up for discussion.

I need not emphasize the advantage to Canada and Great Britain at the present time of the stabilization of currency. Briefly stating it, I think the rate of exchange on the pound in Montreal to-day is $3.97, while in New York it is $3.45. This means that on every carload of wheat and every shipment of live stock which the western farmer gets into the British market he loses 90 cents on the English pound. Under present world conditions, and with prices as they are to-day, to add 90 cents to that makes it a disastrous thing indeed, and no doubt our export trade with Great Britain would fall very considerably following the collapse of the pound sterling. So that there is not much use in the Prime Minister or the Minister of Trade and Commerce securing better markets in Great Britain for our goods by better tariff arrangements when we find that the difference in exchange nullifies all that they have been able to do. I think it will be admitted even by the government that if we could find any way of putting our money more nearly on a parity with that of Great Britain it would be of great advantage in our export trade. I would go so far as to say that we should be better off to-day if our money were stabilized at the value of the British pound.

But, I shall be asked at once, what would happen in the United States? Well, what would happen in the United States? I understand that Canada has been meeting her obligations there so far with gold; I presume that was what the Prime Minister, when he was Minister of Finance, meant when he said that Canada was still on the gold basis. It meant that we were honouring our obligations internationally by paying in gold. If that is so, the honour would be in no way impaired if our dollar were worth 25 cents less than it is. Moreover, our export trade to the United States would be increased because their money would buy more in Canada than it would anywhere else, and we could find a good market in Great Britain because our money would be on a parity with theirs. I will not spend any more time emphasizing the importance of stabilization of British currency on a parity. All will agree on the advantages, if it could possibly be brought about.

In this connection I want to refer to the report of the joint committee of the Federation of British Industries and the Empire Economic Union, dated October 14, 1931, and perhaps also, if I have time, it might be well for me to refer to the report of the committee on finance and industry usually called the Macmillan report. I shall quote this briefly on certain points which I intend to argue. The committee on economic union, I may observe in passing, was composed of the following:

Sir Basil Blackett, K.C.B., K.C.S.I.
Right Hon. L. S. Amery, M.P.
Right Hon. Sir Robert Horne, M.P.
Mr. H. G. Williams, M.Sc., M.I.C.E.

The members of the Federation of British Industries included Sir Frederick Williams-Taylor. I think that is the same gentleman who was president of the Bankers Association in Canada when there was being considered by a committee of this house a resolution dealing with credit matters. I can truly say, if he is the same gentleman, that he has given his O.K. to almost everything in this

report which at that time he opposed in that committee. That is not a criticism; indeed, I am going out of my way to compliment him upon having, during the intervening years, come to a better frame of mind. And I might suggest that if Sir Frederick Williams-Taylor has changed his mind in that time there is no reason why any gentleman in this house should fail to change his in the same time and on the same subject. The other members for the Federation of British Industries are:

Sir William Larke, K.B.E.
Sir Roland Nugent.
Mr. R. G. Glenday.

The next thing I want to refer to is the finding of these economists that the chief cause of the crisis is the monetary system. The committee does not say it is the only cause, and neither do I. But the personnel I have mentioned do hold that the chief cause of the crisis to-day throughout the world is the breakdown of the monetary system. The report states:

The want of a proper standard of purchasing power is the chief cause of the survival of the monstrous fallacy that there can be too much produced of anything.

We agree with the conclusion of the Macmillan committee that the present world economic crisis is primarily a monetary crisis. And the report further says that the recent unparalleled fall in prices has been due in the main to a shortage of gold. The story of this disastrous deflation which has brought us to the present economic impasse began with the return to the gold basis after the war, Great Britain taking the lead. The Macmillan report mentions this fact as the main part of the explanation of the depression, or what is sometimes called the crisis.

Merely because a committee says that the monetary crisis is the chief cause of our difficulties does not, of course, prove it beyond any possible doubt, and I have no time, seeing that the clock is moving so fast, to argue all the details. I am glad, however, to have such an authority as this committee to quote in this respect, for it saves me much of the argument. Personally I have no doubt about the matter. I believe that in the British countries to-day, not to speak of others—and they are all the same—our monetary system, having up to this time been limited or controlled by the gold standard, in respect to both currency and credit, could not possibly have any real relation to the economic necessities of the case. If necessary I will demonstrate in a few moments just what I mean by that. Gold is not controllable—and this will answer in part what the Prime Minister asked me—because in the first place you do not know how much of it you can find next week or next year, and therefore it has no relation to the amount of goods which will be in readiness, waiting to be distributed by money, which can be issued only on gold so long as we maintain the gold basis. Next, you have no control of gold because even Great Britain could not prevent other countries from bleeding her white of a commodity of which the empire produces 70 per cent of the entire output of the world. That is what I mean when I say that it is not controllable.

If we can find a means of stabilizing British currency on a basis other than gold, then it will be in control of the nations of the empire concerned and they will not be subject to being bled to death by those who wish to drain them from outside. Furthermore, such a basis would always have an intelligent relation to the requirements of money which would be developed by the natural evolution of the industrial process. I believe that the end in view can be attained by the British commonwealth. I say frankly that I do not think it is possible to do it in any other way. I do not think we can look forward with any hope of such action being taken internationally in the near future. There exists no international body to-day with either the authority or the intention to handle the financial questions of the world. But there does exist an imperial body; or, if you wish to put it in more modern terms, the nations of the British commonwealth have found a way of getting together to cooperate for their own economic and sentimental interests. These nations have the good will and, I believe, the ability, and certainly they have the necessity, to take action on this matter, and while it is quite likely that the question cannot be settled by them completely, ignoring all the rest of the world, it can be settled sufficiently well to prevent disaster in the empire. In the hope of a satisfactory arrangement of the empire currency, I would urge that the government at least indicate that it is willing to give consideration to the matter with that hope in view and to assist its consideration before the Imperial conference.

In regard to the empire taking action in this matter, the committee's report to which I have just referred has this to say in respect to gold in a monetary sphere:

An imperial sterling currency, so adjusted as to maintain reasonable price stability for the British Commonwealth, and so powerful as to govern, through the external trade of that

commonwealth, both the value of the metallic medium of exchange and, indirectly, the value of the currencies of the rest of the world,—a pax Britannica built up out of the present anarchy in the world's monetary affairs.

In another place the report says:

There is no insuperable difficulty in securing the desired end if once its importance is recognized by the governments concerned and the political will to achieve it becomes manifest.

I hold that view; I think the committee was right when it said that, and that is why I am urging to-night that our government should give consideration to this suggestion. Referring to the managed currency, the committee says:

Such management aimed at counteracting the serious economic, social and political effects of price instability, may be a difficult and delicate, but should not be an impossible task. Even if the ideal solution might be attainable only by a degree of international cooperation which is not yet in sight, much can be done by a great and wealthy community like the United Kingdom, and still more by so immensely powerful a group of communities as the British Empire, to shelter its own citizens from the worst effects of world monetary fluctuations and, indeed, to bring those fluctuations under some measure of control. Nor need such a policy of national and imperial monetary control interfere with the endeavours to improve international cooperation in this field.

My next point is that Canada should take the ground that the gold standard should be abandoned. This committee also has the following interesting statement:

The rigid linking up of gold and currency which compels the contraction of domestic credit because some quite fortuitous circumstance, like an American boom or a Paris panic, withdraws our gold, and only enables domestic expansion to take place when the foreign exchanges are favourable, are obvious objections to a system which is no longer required in order to maintain public confidence.

That is not the member for Wetaskiwin speaking; that is a committee of notables with numerous letters after their names, whose names I have just read to the house, gentlemen of unimpeachable integrity and of great economic knowledge. They go so far as to say that we do not require any longer to have a metallic basis of any kind to establish public confidence.

Mr. BENNETT: That does not deal with international balances.

Mr. IRVINE: No, this is internal. I thank the Prime Minister. I should have made it perfectly clear that in dealing with internal credit we do not need a metallic basis to support an internal note issue. In dealing with a stabilized British currency we are considering only internal stability. Gold could still be used to make up international balances, although I hold the view that goods could procure that quite as well.

With regard to the gold basis, I cannot help harking back to a few years ago when we were told by the advocates of the bankers of that day that the gold basis was a safe and a sane one. I want to say to-night that events have amply demonstrated that it is neither safe nor sane. It is not safe for the reasons I have just mentioned, namely, that other countries, by playing the gold game, can bleed a country white, just as Great Britain was bled white by those who became panicky in respect to gold and withdrew their investments from Great Britain. That is not safe. We cannot have a British Empire resting upon a basis of that sort, for if we ever develop enemies they will soon bleed us white. We must not entrust the destinies of empire to a financial basis as poor as that.

Let me look at another phase of it. I say that it is not sane. It is not sane obviously because there is no intelligent relationship whatsoever between the amount of gold which may now be in existence or the amount of gold which may be found at any time in the future, and the demand for currency which the expansion of trade in the natural order of events may make necessary. So there we have the real weakness of gold. When the gold basis was laid down by Sir Robert Peel it was laid down because it was a bright and shining thing that did not rust, and because it was scarce. Neither of these are economic reasons. Political economy was scarcely born in the days when that basis was laid down. What was the result of this? It was immediately followed by the "hungry forties" of history and Great Britain was saved only by the accidental discovery of gold in California and Australia. Since that time the expansion of industrial development has been so great as to leave gold far behind. That is to say, while gold has been found every year, the necessities of the economic situation every year demand a greater expansion of currency than is possible on the gold basis. If hon. members will look at the report of the economic committee of the League of Nations—I have not time to quote it to-night—they will find there the actual figures in respect to gold, how much we find each year, how much the arts demand extra each year for use, and how much extra currency is required every year because of the advancing production of the industrial system, all together making

towards a time when even if the gold basis were a sensible basis, it is going to be an impossible one because of its scarcity.

So why should Canada worry about letting go of the gold basis? Why should the British Empire worry about it? They cannot make a worse one; they can make a better one and they can manage it intelligently. They can establish a proper relation between the economic requirements of the state and of the empire, and the currency in circulation at any given time. They can make it safe from the ravages of those outside who may desire to upset the empire, and they can make it function in an honest and stable way.

Another thing about the gold basis that I ought to mention at this point is that while it has been to some extent the basis, it has never been the standard. It has never stood long enough anywhere to be a standard. The value of gold has altered at times almost as drastically as the value of potatoes, and yet there are no bugs on gold. Therefore, as a standard, it never did function, but it probably tried to function and while, for all I know, it may have been a little more stable than potatoes, it has never been sufficiently stable to prevent a great deal of injustice. And Canada to-day is suffering from just that injustice; for when the government of that day, the last government in power in Canada, went back on the gold basis, then without any intention of so doing, they practically doubled the national debt and they practically doubled the debt of every farmer whose debt was contracted during the inflation period of the war. When after that they deflated so as to knock the bottom out of the values the farmers had to present in payment of their debts, they left the country absolutely paralyzed, and all debtors unable to meet their financial obligations. That is another good reason why the gold basis should be abandoned. As the committee says:

> An era of conscious and deliberate management must succeed the era of undirected natural evolution. . . . The monetary system of this country must be a managed system.

That was subscribed to by Sir Frederick Williams-Taylor.

I might mention that there is another proposal in connection with the stabilization of British currency and one which certainly deserves consideration, namely that silver be added to gold to make a bimetallic basis of sufficient substance to enable us to issue all the currency required. In that connection the report points out that during the last four hundred years the production of silver has not exceeded the proportion of 14½ of silver to one of gold. During the last one hundred years the production of silver fell to 11.8 to one of gold, and during the last thirty years to 10.9 to one of gold. I am certainly not arguing that we should have a bimetallic basis, for to my mind it is bad enough to worship the golden calf. If we worship a silver calf along with the golden one we shall not be a bit better off than before, with this exception, that undoubtedly if on the metaphysical assumption we could make gold out of silver 14 to one, it would give us a basis sufficient to enable us to keep the British Empire going with all its expansion for the next twenty years perhaps; but surely there would come a time when the same limits we have found with respect to gold would be reached with respect to the bimetallic system.

But there is a worse objection to accepting silver as a basis, and that is that unless the United States and other countries of the world joined with us in a matter of that kind it would be very difficult and probably impossible to carry on with the bimetallic system. I know that the Minister of Trade and Commerce (Mr. Stevens) has made a special study of the bimetallic system, and what I am saying may not be true as I have not made a special study of it. But it is my opinion that unless the system were adopted internationally it would be very difficult to carry it out, although the committee from which I quoted a few moments ago does point out that silver could be adopted in a lesser degree in the British Empire. That is, once the central bank of empire was organized it might carry a certain percentage of its metal reserve in silver at the market price and thus help somewhat the situation.

I have not been able to develop this subject as I would have enjoyed doing, Mr. Speaker, had there been sufficient time. I have been compelled by the rush of time to cram into a small space a whole lot that should have been very carefully developed, but perhaps when the budget comes or some other free-for-all opportunity I may be able to answer some of the arguments that may follow my presentation to-night, and which I shall not be able to answer on this occasion. All I am urging, Mr. Speaker, is that the government will agree that this is an important question, that the stabilization of currency within the British Empire on a basis other than gold is a practical possibility, and that at the forthcoming Imperial economic conference it will be discussed and examined

in all its ramifications. If after that we are told, and reasons are given, that the thing is not practicable, we shall have to be satisfied, but I do hope that the house will not allow this resolution either to be defeated or even to pass without considering it a great deal more than we have done so far. I therefore beg to move, seconded by the hon. member for Acadia (Mr. Gardiner):

That the motion be amended by striking out all the words after the word "that" in the first line and substituting therefor the following:

in the opinion of this house the Canadian representatives at the coming Imperial economic conference should move for the stabilization of the currency of all British countries to be on a basis other than gold.

I need not point out that it is not the intention either of myself or of the seconder of the amendment to instruct the government how to approach the conference, but we are hoping that the suggestions of this house will be taken into consideration and that when the conference meets a question of this importance will be found on the agenda.

Mr. M. N. CAMPBELL (Mackenzie): I have neither the wit nor the eloquence of my hon. friend from Wetaskiwin (Mr. Irvine), nor have I made the profound study of the monetary system that he has; therefore I feel at somewhat of a disadvantage in following him in this debate.

I rose particularly to draw the attention of the government to something of a paradox that exists to-day in the application of the duty on American and British goods as a consequence of the departure of Great Britain from the gold standard and from the fact that our dollar is at a discount in New York.

Last fall the hon. Secretary of State (Mr. Cahan) issued a statement to the newspapers in which he defended the action of the government in applying the dumping duty to British goods, and with his usual logic and force he put a very good argument before the country. By way of example he cited to the newspapers, as near as I can remember, the importation of £100 worth of British goods. Before the departure of Great Britain from the gold standard, that £100 worth of British goods would cost in Canadian currency approximately $486. Adding 20 per cent duty, amounting to $96, the total cost to the Canadian consumer would be $582. When Great Britain went off the gold standard and the pound went down, we will suppose, to four dollars, the same £100 worth of goods would cost $400 in Canadian currency. The 20 per cent duty as it is applied on the par value of the goods would still be $96, and then in addition a dumping duty of $86 is applied, bringing the total to $582 as it was before. The argument of the Secretary of State was that nobody was hurt. He said that the British manufacturer still gets his £100 for the goods and the Canadian consumer still pays only $582. But the paradox is that in the latter case the Canadian treasury gets $182 in duty instead of $96. Certainly someone must lose in the process. I want to be fair and point out that the Secretary of State protected himself by saying that usually when the currency of a country goes down in value, the price of goods goes up correspondingly. But in this case the dumping duty was applied to British goods because the British government by a fiat had prevented a rise in the price levels. That might have been possible to do for a short time, but I maintain that even the British government cannot supersede and override the economic law. The British importer buying raw cotton, for instance, in New York would get for his pound $4.86 of raw cotton before England went off the gold standard. After England went off the gold standard the pound was worth, say, four dollars in New York, and the British importer would have to pay a great deal more for the same quantity of cotton. Ultimately the cost of the goods would rise; there is no doubt about that. It is only in so far as the goods on the shelves were concerned that the fiat of the British government would apply. I think later the government were convinced of this because they changed their policy and to-day they are taking for duty purposes a value of $4.40. That is better than it was before; but still when the pound is worth only about $4, there is still a difference, and I submit that that does mean a distinct increase in the duty against British goods, which is unfair not only to the British shipper but also to the Canadian importer. There is no doubt that through the operations of economic laws, to the extent to which the British pound goes down in value, to that extent the price of these goods must ultimately rise, and by applying the same duty as we always did we would reach the same result as before.

I submit again that in the application of the dumping duty we are actually increasing the duty against British goods. The paradox of the situation is that when we import goods from the United States we do not buy on the basis of Canadian currency. If I buy $100 worth of goods in the United States and pay for them in United States currency those goods are valued for duty purposes at the Canadian currency value, which I submit is correct. They may be valued, we will say,

at $115, and the duty is taxed on that basis. My contention is that that is a perfectly correct procedure, because it takes into account the intrinsic value of the goods. I do not complain on that score, but I do complain of the way it is applied toward British goods, because it cannot be right in both places. If we apply a dumping duty against British goods because the pound is depreciated, then certainly we cannot apply the duty on the premium on United States funds. The government cannot be right both ways, and I think it should apply the proper tariff here. While continuing to charge United States goods on the basis of Canadian currency the government should tax British goods also on the basis of Canadian currency.

I am not going to deal at any great length with the monetary question. From my knowledge of it, however, I think I am safe in saying that the commodity price level is dependent upon the amount of money in circulation in the country. That is to say, if to-day we double the amount of money in circulation in Canada, the price of commodities will double, because the money is worth only half what it was before. I think that is reasonable logic, but in case this statement may be regarded as only my own opinion I shall take this opportunity to quote authorities.

Mr. C. E. Neill, who died recently, and who was before his death the vice-president of the Royal Bank of Canada, in a speech to the shareholders of the bank last year said this:

If the central banks of all the countries on a gold basis should deliberately adopt a common policy they could within a certain time lag, raise or lower the price level almost at will.

Then he goes on to say:

It is because the United States is in such a commanding position of wealth, with 40 per cent of the world's gold supply, that the main responsibility for the world price level rests with that country.

Then he outlines how an increase in the money circulation and reduction of wages, and so on, may bring about the desired effect. His remarks continue as follows:

A general reduction of wages will be resisted and it would therefore seem that the easiest way out is a restoration of the previous stabilized price level. To accomplish this, money must again flow freely through the financial arteries of the world.

At this point may I quote from the remarks of another distinguished financier, Mr. T. B. Macaulay, President of the Sun Life Assurance Company of Canada. In an article published in MacLean's magazine last year, referring to the reduction in the general price level, he said:

It has been the chief cause of the severity of this depression. Without going into technical details, there is a fairly general agreement among economists that this drop in the average price of commodities has been caused by a lessening of the purchasing power of the dollar, which in turn depends upon the amount of dollar currency and currency credits outstanding. If too many legal tender notes were issued, prices might be raised disastrously, as happened in Germany. If, on the other hand, the amount of the circulation be unwisely curtailed, exactly the opposite result happens, and we can have a disastrous reduction in prices, which is in fact what we are now suffering from.

Then he goes on to say:

It is admitted that in the United States the purchasing power of the dollar depends entirely on the amount of currency and currency credits which the federal reserve authorities may permit to be outstanding.

Here I wish to congratulate the Minister of Trade and Commerce on the close study he has made of this whole situation. In an article from his pen which appeared in an issue of MacLean's magazine of last year he pointed out what many economists have said, but which is something new coming from a cabinet minister, that the problem facing society to-day was not one of production but one of distribution. In later speeches the minister has made throughout the country he has pointed out the advantage of the monetization of silver. Perhaps I may not altogether agree with my hon. friend from Wetaskiwin (Mr. Irvine) on this because, to take the minister's explanation—and I agree with him on this—the monetization of silver to-day would widen the basis of our credit. Of course I realize that my hon. friend from Wetaskiwin said that owing to the difference in the value of silver there would have to be some international arrangements made. If we monetized it at a rate higher than rates in the outside world, too much would flow into this country. I realize that danger. I think, however, what the minister had in mind, and in which connection I agree with him, is that the monetization of silver would supply the deficiency in those countries that are short of gold to-day. They would be enabled to issue more paper currency against their metal, and that after all is what we are suffering from at the present time.

Mr. GEARY: Would the hon. member permit a question?

Mr. CAMPBELL: Certainly.

Mr. GEARY: My hon. friend said that if the currency were raised to twice its present

amount, the price of commodities would increase to an equal degree; therefore a farmer getting twice the amount of currency for the commodities he sells would have to pay twice the amount for what he buys. I ask my hon. friend how that would improve conditions, and how the farmer would profit thereby.

Mr. CAMPBELL: The principal problem in the world to-day is debts, not merely reparations and war debts but public and private debts as well. My hon. friend from Wetaskiwin explained that. The trouble is that those debts were contracted when currency was at a certain level. The currency has been deflated to a point where the dollar is worth twice as much, and the debt is doubled. A farmer who borrowed money on his farm in 1929 is called upon to-day to pay back two or three times the commodity value of what he borrowed at that time. What we want to do now is to devise some system which will bring us back to the normal price level, and a system whereby we can pay these debts.

Mr. GEARY: My hon. friend is arguing only in regard to debts, and not in regard to exchange values.

Mr. CAMPBELL: Not entirely. Debts affect the whole business structure. One of the great impediments to the normal condition of business in the world to-day is the burden of debts, and those debts have been increased tremendously. Debtors have found it impossible to pay because of this deflation.

Mr. GEARY: I am very much obliged for the opportunity of asking the question; I just wished to hear my hon. friend in that connection.

Mr. CAMPBELL: It might not have any effect as between commodities. But when Germany made the arrangements for payment under the Young plan the commodity level then perhaps justified the Germans in undertaking the obligation to pay those amounts. The committee that recently examined the question of those reparations reported that Germany under the changed price level would now be called upon to pay three times the amount she had become originally obligated to pay. That is what we are all suffering from to-day.

Now I wish to point out something that I think is going to have a profound effect upon the whole situation, not merely the stabilization of monetary value within the empire, but throughout the whole world. In the United States they have deflated the dollar until it is a long way below, or above—whichever way you want to look at it—the normal gold level. That is to say, in the United States normally they require 40 cents in gold behind every dollar in circulation; to-day they have 80 cents. In other words, they have doubled the amount of gold they actually need behind their circulating mediums. What has been the effect? It means that the standard of measurement of the gold basis has been changed altogether. That, I think, is the reason why Great Britain and many other countries had to go off the gold basis. Canada is really on the normal gold basis to-day, but because the United States have deflated their dollar until it is much more valuable than the normal gold basis, we have not been able to follow them and our dollar is at a discount in New York.

What has happened in the United States? There you have another case of King Midas. The United States with the greatest amount of gold of any nation in the world, their vaults full of gold, found they could not eat their gold, could not make clothes out of it, could not even turn it into useful tools. But coincident with this immense reserve of gold they have the greatest amount of agricultural distress and industrial unemployment that has ever prevailed in their history. Now President Hoover has come out with a scheme which I think will be a partial corrective. A recent newspaper despatch refers to it as one of the greatest inflations in history. A despatch from Washington of February is headed:

Permit Inflation of U.S. Currency

Sensational Rise in Commodity Prices is Forecast.

Then follows the despatch:

The United States government moved to-day to permit inflation of the American dollar. Senator Carter Glass, Democrat, Virginia, introducing a government measure permitting the Federal Reserve to "make advances to member banks on time, demand, or promissory notes," announced the bill was not for "excessive inflation of currency."

In fact, the bill would permit the federal reserve board to use its surplus stocks of gold —at present the dollar is backed by 80 per cent gold, whereas the legal limit is 40 per cent—to provide currency in exigency.

The first result of the government's move forecast in this morning's papers was a sensational rise in commodity and security prices.

Ogden L. Mills, Secretary of the Treasury, and other government officials, strenuously contended to-day the step should not be called "inflation" but rather counter-deflation. It is the government theory that prices are too low and that recovery is prevented by the psychology of the country.

As I said a moment ago, I think before very long we are going to see the greatest inflation in the history of the United States. That means the United States dollar will go down in value, and probably by the middle of next summer, or before, our Canadian dollar will come back to par in New York. But I would warn any of our Canadian statesmen not to boast of that as a result of their own efforts; it would simply mean that the American dollar has come down to meet the Canadian dollar. I hope so. It will help to correct some of the evils here. It is more than possible that the American dollar will go down below our own, and in that case I would suggest to the government that they follow the line of the American administration and permit inflation to the same extent. The American dollar may go down to where the British pound will come back to par, in which case it will solve a good many of our international problems. I think the government should carefully watch this and not be too much afraid of what we call "inflation." Inflation, as one newspaper has said, is not the right word. The United States have "dehydrated" their dollar to the point where it is worth more than the normal gold dollar, and now they are only bringing it back to its former value. A few years ago some of us in western Canada were very much exercised over the fact that the terminal elevators were drying out our damp and tough wheat to such a degree that it became a concentrated wheat and more valuable than wheat which normally contains 12 or 13 per cent moisture, and the millers would pay a great deal more for it. We objected to that. The United States authorities have done precisely the same thing with the dollar—they have dried it out, they have dehydrated it to the point where it is more valuable than the normal gold standard value. I hope the government will watch the situation in the United States and try to keep in line with their policy.

On motion of Mr. Spencer the debate was adjourned.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. BENNETT: At this hour, perhaps, Mr. Speaker, we had better adjourn rather than call the next motion.

It is proposed to-morrow to take government orders, and after that supply—public works, trade and commerce and justice. They will be taken up in this order.

PRIVILEGE—MR. MACKENZIE KING

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Before the house adjourns, Mr. Speaker, may I direct the attention of my right hon. friend to what I think must be an error on his part, either a very simple one, or as he said a few days ago, one made with malice aforethought, though I do not for one moment indicate that such is the case. At the adjournment of the house Friday last my right hon. friend is reported in Hansard as having said:

> As I explained, some of the opposition members desired to be present when bills were read the second time, and they have stood.

I have been unable to find in Hansard any previous reference by my right hon. friend to bills standing, and I do not find that any member of the opposition asked for bills to stand.

Mr. BENNETT: "Some hon. members," without the "opposition" would be the correct statement.

Mr. MACKENZIE KING: I am very glad of that correction, because as Hansard reads it appears as if some opposition members were responsible for bills not having been proceeded with.

While on my feet, as a matter of privilege, and in order to clear up a misunderstanding, I may perhaps be allowed to refer to the incident that took place the other evening when my right hon. friend mentioned that in my speech at London I had made a statement which was not based on the evidence—

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: —in reference to his not having permitted a contribution to be accepted from Beauharnois. My right hon friend said that in the evidence it was never suggested by any person that a sum of money had been paid to the federal Conservative party by Beauharnois. I had not the evidence at hand at the time the Prime Minister spoke, but I felt perfectly sure that the statement I had made was based on the evidence. I have since looked up the evidence, and my right hon. friend will find it in the Journals of the House of Commons, Canada, volume LXIX, 1931, appendix No. 5, page 822. Mr. Sweezey was giving his evidence, and Mr. White was questioning him. These are the questions and answers:

> Q. And then who else if anybody?
> A. Well, still speaking of federal campaign funds, I do not recall of any specific—oh, yes, I

contributed to General McCuaig, who, I understood, was the collector for the Conservative campaign fund in Montreal.

Q. How much?

A. $10,000.

Q. Anybody else?

Mr. Lennox: You did not treat us very generously.

Then a little later on the same day he said:

Q. Have you told us all of the federal contributions?

A. Yes, sir.

I submit that the reference there is to federal contributions, and that there is a direct statement made by Mr. Sweezey that he made contributions to the collector for the Conservative campaign fund in Montreal, indicating that he had in mind that he was the collector for the federal party.

Mr. BENNETT: There is no such reference. It says "in Montreal."

Mr. MACKENZIE KING: The reference is very clear.

Mr. BENNETT: It is not.

Mr. MACKENZIE KING: As my right hon. friend says, we are in the judgment of our peers. The answer is:

A. Well, still speaking of federal campaign funds. . . .

Those are Mr. Sweezey's words.

. . . I do not recall of any specific—oh, yes, I contributed to General McCuaig, who, I understood, was the collector for the Conservative campaign fund in Montreal.

Then a Conservative member on the committee, Mr. Lennox, speaking to Mr. Sweezey, is reported to have said:

You did not treat us very generously.

The word "us" must have meant the federal party. Those were the references I had before me when I made the statement that the contribution had been made to the federal fund. Certainly I was not trying to do the Prime Minister an injustice as to his having returned any contribution; I was making the point that he had returned it. My point was that the reason he did so was not that it was in the public interest so to do, but that he expected to have an investigation and therefore was not going to accept any funds in the interval, which did not seem to me too exalted a reason.

Now may I just say to my right hon. friend that I do not think I am any more inclined to do things with malice aforethought than he is, nor do I think I am given to making statements about other people with a view to doing them deliberate injury.

[Mr. Mackenzie King.]

Mr. BENNETT: That is not a question of privilege at the moment.

Mr. MACKENZIE KING: My right hon. friend may stop me if he wishes to do so. I say that in view of the statement I have given to the house as to the basis of my remarks, his statement that I had made a statement which was false or which I should have known was false and was therefore wilfully negligent in the discharge of my duty, was wholly uncalled for and unworthy of him. I have just pointed out where, at the close of the session on Friday, he made the deliberate statement that the opposition had been responsible for certain bills not being gone on with. He now says he did not say anything of the kind.

Mr. BENNETT: I did not say that. If it is in Hansard I must have used the words.

Mr. MACKENZIE KING: My right hon. friend says he did not mean what he said, and I accept his word like a gentleman. I think my right hon. friend might be equally gentlemanly in accepting the word of those who speak from this side.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the right hon. gentleman has raised a question of privilege with which I shall deal at once. His statement at London, Ontario, was with reference to $200,000; it was with reference to General McRae; it was with reference to the treasurer of the Conservative party. The observations just made bring to mind the words of a British statesman with respect to a similar matter. He said, "It is unworthy of any man who calls himself a statesman, and only of a pettifogging attorney." Those were the words used with respect to a similar matter. Every member of this house knows what was said last year; my right hon. friend knows what the evidence shows, and I will take occasion to read the statement he made at London and compare it with what he now says. Then I hope he will make the amende honorable to this house, the members of whom are his judges. Then he will not stand here and endeavour to divest himself of responsibility for what he said at London with reference to a matter which was not at all the subject matter of his address on that occasion.

Motion agreed to and the house adjourned at 10.55 p.m.

Tuesday, February 16, 1932

The house met at three o'clock.

PRIVILEGE—MR. BENNETT

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with, I desire to deal with one or two matters that were mentioned last evening as a question of privilege.

First, the right hon. leader of the opposition (Mr. Mackenzie King) suggested that in my statement made in the chamber on Friday that there had been a delay in reading certain bills because of the desire of members of the opposition to speak to them, I could not have meant any member of the opposition, and not having spoken myself to any member of the opposition with respect to the matter I at once assumed that I must have been wrong in my memory because the right hon. gentleman was so certain. To my surprise I find that not only was a member of the opposition spoken to, but a member of the opposition spoke to the Minister of Justice (Mr. Guthrie) and asked that he do not proceed with one of the bills standing in his name until after his return on Wednesday next. That was spoken in the presence, or in the hearing at least, of the Minister of National Revenue (Mr. Ryckman). I, not remembering the source from which I had learned it, made the statement to the house, having first spoken to the hon. member for West Edmonton (Mr. Stewart), who was then leading the opposition, the leader of the opposition not being in his place; but not desiring to assert my memory, with the many matters that have to engage its attention, as against the very positive statement of the right hon. gentleman, I accepted his statement last evening without question. But on investigation I find that not only did a leading member of the opposition make the suggestion and the request, but I find that it was my right hon. friend's own deskmate, the former Minister of Justice (Mr. Lapointe), who made the request of the present Minister of Justice. So I think I am within the judgment of this house when I say that what I said in the House of Commons on Friday last is abundantly supported by the evidence to which I have now alluded and which can be established not only from the word of the former Minister of Justice himself and the present Minister of Justice, but it was also stated in the hearing of the Minister of National Revenue. I think that disposes of point number one.

The second point raised by the right hon. leader of the opposition is one that I think must have arisen from some misunderstanding on his part of what was said or else a failure to appreciate the statement made by me in the house some few days ago.

I complained, and I think properly, of the language used by the right hon. gentleman in London, Ontario, when he was speaking with reference to the Beauharnois transaction, and at page 141 of Hansard I made this statement, after having read what he had said:

> That is what the right hon. gentleman said at London, not Winnipeg—that money had been paid to the representative of the Conservative party and at my instance returned.

My complaint was that the right hon. gentleman alleged that money had been received and returned at my instance. I then followed that up on the same page of Hansard by saying:

> I am now dealing with the evidence. I say that the right hon. leader of the opposition went to London and made a speech which he either knew was false or he should have known was false, and he therefore was wilfully negligent in the discharge of his duties, for he had the hardihood to say that this sum of money was received and returned at my instance. That was what he said.

Whereupon the right hon. leader of the opposition said:

> What I do say is this: what I am speaking of is the contribution—my right hon. friend has just referred to it—being made by Beauharnois, and all along my understanding has been that Beauharnois did make a contribution to a member of the Conservative party, which was to have gone into the funds of the Conservative party and would have gone there but for the fact that the present leader of the government indicated that it should not be done.

That, Mr. Speaker, is not the matter about which I was speaking. In the press report of the speech delivered by the right hon. gentleman at London, and as I understand it there is no question as to the accuracy of the report of his speech, the part about which I particularly complained was that portion in which he alleged in definite and positive terms that a contribution was made to the Conservative party by the Beauharnois company and at my instance returned. Now the evidence was considered in this house. I have the speech of that time of the right hon. gentleman himself, and it was not suggested at any time that any money had been returned at my instance. It was stated that I had declined to accept any contribution from Beauharnois for the general fund of the Conservative party, but no one for a moment who has read that evidence or heard it will say that there was any statement that money

had been received and at my instance returned. I desire again to direct the attention of the right hon. gentleman to his own words. He said:

The next point to note is that contributions were made by those associated with Beauharnois to both political parties, to the Conservative party and members of the party in the federal field, as well as to the party or members of the party in Ontario and Quebec, and that the return of the contribution made to the general fund of the Conservative party was on grounds of party expediency and not of public policy.

"The return of the contribution made to the general fund"—that was the allegation of the right hon. leader of the opposition. He stated in London, Ontario, that that contribution made to the general fund was, at the instance of the now leader of the government, returned. That that is not borne out by the records, of course, it is not necessary for me to do more than mention. But last evening—I really find it difficult to understand the mental attitude of the right hon. gentleman—the right hon. leader of the opposition endeavoured to use illustrations of payments made to General McCuaig, treasurer in Montreal, it was said, as applying to the general fund as used by him in the language of his speech at London. I said that clearly that was not borne out by the evidence, and the proof of that is what was said in this chamber last evening. In my address the other day I referred to Mr. Sweezey, whose statement I had not seen until this morning, who, in an interview with the press, denied the correctness of the statement made by the leader of the opposition. Here are his words, taken from the newspaper, dated October 30:

Sweezey Denies
King Statement
Says Opposition Leader Wrong in Allegation About Tory Funds
(From Yesterday's Late Editions)

No contribution whatever was made by the Beauharnois Company to the funds of the federal Conservative party before or during the last election campaign and for this reason no money was returned by the Conservative organization on the grounds of party expediency. The emphatic denial was given to The Star this afternoon by R. O. Sweezey, President of the Beauharnois Company, in an exclusive interview.

"Absolutely and emphatically no such contribution was made," said President Sweezey. "You may deny it from me finally and completely. Whoever informed Mr. Mackenzie King that such payment was made and it was returned is in error either maliciously or through ignorance."

The article proceeds:

The suggestion was made by Mr. King at the recent Liberal convention at London that a contribution of $200,000 was handed to General McRae, accepted by him on behalf of the Conservative party organization and subsequently returned to the Beauharnois company. The statement made by Mr. King created some surprise and considerable interest and it was only on the return of General McRae to Ottawa that the matter was put clearly before him. General McRae intimated that Mr. Sweezey was the best source of information on such a point, and it is Mr. Sweezey's emphatic denial which is now published.

I should think, Mr. Speaker, that without in any sense entering into any discussion it would be sufficient for me to direct attention to the record itself, to the statement from which I read, and suggest to the right hon. gentleman that having assumed what he did he should now do as he did the other day, not endeavour to justify his position which is incorrect and unsound, but to say frankly that he built up his case at London upon a statement which is unwarranted by the evidence and untrue in fact. I suggest to him that would be a proper course to pursue in the matter. I think that summarizes the position in a nutshell, and I cannot yet believe that the right hon. gentleman would have taken the course he did take unless there had been some confusion of fact or failure to recall just what he had said at London. I have not taken up the time of the house to read at length his London speech and indicate the argument he made up from that false premise. I made up my mind when I read that report that I would do nothing until this house met, or ask anybody else to make any statement so that those who last year heard the speech from the right hon. gentleman with respect to Beauharnois would be able to recall, or would be in a position to look at Hansard and ascertain, what was then said, to place it in contrast with what was said at London and to realize the extent to which his memory had failed to respond to the demands made upon it or, in the alternative, to conclude that he had made the statement deliberately, knowing it to be untrue.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I would ask that hon. members of this house give the same attention to what I have to say as they have given to the remarks of my right hon. friend the Prime Minister (Mr. Bennett).

At the outset my right hon. friend referred to the statement he made at the time of adjournment on Friday last to the effect that owing to requests of opposition members bills had not been proceeded with that day. I intimated yesterday that I had not in fact discovered wherein my right hon. friend had

made any previous explanations on that point, as the record disclosed he said he had, or where any member of the opposition had requested that bills should stand that afternoon. My right hon. friend now says that he has since discovered that the opposition did make a request, and he says—to come to the point immediately—that it was the late Minister of Justice (Mr. Lapointe) who asked the present Minister of Justice to let a bill stand. The late Minister of Justice was seated beside me in the afternoon as the house was going through the various bills. The bills on the order paper in the name of the Minister of Justice were passed over, every one of them. The late Minister of Justice said to me, "If on Tuesday next a bill having to do with the Quebec judges should be called, would you kindly ask that it stand, as I shall be away that afternoon, and I am interested in it." I said to Mr. Lapointe, that he had better cross over and make his own arrangements with the present Minister of Justice (Mr. Guthrie) who was in the house. Following my suggestion, the hon. member for Quebec east crossed the floor of the house, had a conversation with the Minister of Justice, came back and told me that if that particular bill were called on Tuesday afternoon it would not be proceeded with. Those are the facts, Mr. Speaker. The postponement had no reference to any measure that was before the house on Friday, because as I have said the ex-Minister of Justice was here hoping that those bills would be called last Friday afternoon so that they might be out of the way before he left for Quebec. Those are the facts and I leave it to hon. members of the house to judge for themselves the truth of the matter referred to.

In regard to the other matter to which my right hon. friend has just referred, namely what was said at London, may I first of all, read to the house the statement I was dealing with at London with respect to campaign funds. It was in reference to what the right hon. Prime Minister had said in this house at the last session of parliament, as set forth in the fourth volume of Hansard for July 31, 1931, at page 4399. After referring to the evidence taken before the select committee on the Beauharnois inquiry the Prime Minister is reported as follows:

> All that appears there—and it is correct—is that I did decline to have anything to do with contributions from the Beauharnois people, so far as my party was concerned. And it is not a matter for which any great credit is to be accorded to me. I never have claimed such credit. I merely took the view any man should take, that as the matter had been raised in parliament, and I had said that I thought a judicial investigation should be held, if I succeeded to power I was bound to provide that investigation. How could I do that if I had taken benefactions from them for the purpose of preventing my taking proper action? That is the question.

The point which I was making at London was that the motive of my right hon. friend in—I will not use the expression "returning contributions," I will say a further word on that later, but let me put it accurately now—in refusing to accept contributions—

Mr. BENNETT: Thanks.

Mr. MACKENZIE KING: —was not one of the public interest but was, as therein stated by himself namely, that he expected if returned to power to have an investigation, and in the circumstances he felt it would not be wise for him to take any contributions.

May I direct the attention of hon. members to the statement my right hon. friend made—

> All that appears there—and it is correct—is that I did decline to have anything to do with contributions. . . .

He does not say "with offers of contributions" but he does say "I did decline to have anything to do with contributions from the Beauharnois people," and adds "so far as my party was concerned."—not "so far as I was concerned, alone," not so far as the Conservative fund, narrowly described, is concerned, but so far as my party was concerned. Those are his words. He said, "I did decline to have anything to do with contributions from the Beauharnois people, so far as my party was concerned." I certainly did not do my right hon. friend an injustice, but, rather, gave him credit for much more than I should have given him credit for. I assumed that his statement that no contributions to the Conservative fund, so far as his party was concerned, had been countenanced by himself, meant that where contributions had been made to the party fund they had been returned. I naturally gave credit to my right hon. friend for a full return when he said, as he stated in other words the other day in the house, that not a "damned cent" had been accepted, that he meant that his party had not received a cent from the Beauharnois people. What I should have said, I am quite free to admit at the moment, is that the Prime Minister had allowed $10,000 to be accepted by General McCuaig in Montreal, a contribution made to the Conservative party, a contribution made—in the terms of Mr. Sweezey who made it—to the Conservative organization and to what he understood

was the Conservative fund, and that that was not returned; but that the Prime Minister had refused to allow to be accepted an additional contribution of $200,000 for the reason that was mentioned. If my right hon. friend derives any solace from the fact that I did not confine my remarks simply to one phase, namely, to his refusing to accept only something, and gave him credit for having returned everything, when I should have said that he had not returned the $10,000 and knew that the $10,000 had not been returned, when he said that he had not accepted a cent from Beauharnois or had not permitted his party to accept anything—he may get what solace he likes from that source.

Right Hon. R. B. BENNETT (Prime Minister): The question, Mr. Speaker, now becomes one of very acute privilege in view of the observations made by the right hon. gentleman. At page 122 of the proceedings Mr. White put this question to Mr. Sweezey:

Q. And then who else if anybody?

To which Mr. Sweezey answered:

A. Well, still speaking of federal campaign funds, I do not recall of any specific—oh, yes, I contributed to General McCuaig, who, I understood, was the collector for the Conservative campaign fund in Montreal.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: The right hon. gentleman at London referred to the general campaign fund and said that money had been accepted and returned. I am not talking of the different funds, I am talking of the facts. I say further I knew nothing of General McCuaig's receipt of that contribution from Beauharnois, or anything about Beauharnois contributions to any fund, until after this matter came up here. That is the fact, as can be established by General McCuaig. There will be opportunity in another place to have this matter disposed of finally.

Let us go a step further—I said, and the right hon. gentleman still slips away from the question—

Some hon. MEMBERS: Oh, oh.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: I said that at London he charged me with having accepted $200,000 from Beauharnois through General McRae, and that at my instance it was directed to be returned.

Mr. MACKENZIE KING: Will my right hon. friend read from my speech in London where I made any mention of $200,000? My right hon. friend did not do that when he read from my speech; he read those words in a communication from Mr. Sweezey which statement is not correct. I made no such statement at London with reference to $200,000. My right hon. friend has my London speech in his hand, and I ask him to read it to the house.

Mr. BENNETT: To show how the right hon. gentleman is now, as we say in law, hanging himself—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: —I will read from page 4385 of last year's Hansard what the right hon. gentleman said in his speech on the Beauharnois report:

The following statement is made in the report, as appears on page 634 of votes and proceedings. I read this to bring out the difference between my hon. friend and myself in the way in which I think it should be understood. The report reads:

"There was also a suggestion with reference to a proposed contribution to the Conservative federal campaign fund through its organizer, General McRae. This, however, was not made. Asked if the reason for its not having been made was that Mr. Bennett would not accept it, Mr. Sweezey in his reply said 'I do not know that but I presume that may be so.'"

The evidence upon which that statement in the report is based will be found at page 823. The following are questions asked of Mr. Sweezey:

"Q. Was there any proposal indicating a contribution to the federal campaign fund through its organizer, General McRae?—A. Yes, a proposal came to me at one time to make a contribution.

"Q. Of how much?—A. Of $200,000.

"Q. Was it made?—A. No.

"Q. Why?—A. I do not know what happened.

"Q. I understand that Mr. Bennett would not accept it?"

Those are the words read into the record of the proceedings of this chamber by the right hon. gentleman himself on the 30th day of July last. In the face of that knowledge this same gentleman goes up to London and makes a statement to the people of Ontario and to the people of Canada that a contribution was made to the general fund and at my instance returned. I called him to account for having made that misstatement, and this house and the country have heard his endeavour to slide out of it.

Mr. MACKENZIE KING: Mr. Speaker, I will ask the same privilege as has been accorded to the Prime Minister in replying to this matter of privilege. So that there may be no mistake as to what I said in London, I ask the house to listen to what I did say; I will read the entire text of my speech in this particular. It is in these words:

The next point to note is that contributions were made by those associated with Beauharnois

to both political parties, to the Conservative party and members of the party in the federal field, as well as to the party or members of the party in Ontario and Quebec, and that the return of the contribution made to the general fund of the Conservative party was on grounds of party expediency and not of public policy.

When the general elections came on, Mr. Sweezey made a contribution to the campaign funds of both the Liberal and Conservative parties. Later the contribution given to the treasurer of the Conservative party was returned,—

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: Allow me to continue:

—he, according to Mr. Sweezey's statement of what he had been told, having had instructions from Mr. Bennett to return the contribution. Now what was Mr. Bennett's reason for directing the return of the amount contributed? Was it that contributions would not be accepted from corporations or persons associated with corporations which might be seeking favours from governments? Was it that the Beauharnois company might be coming to whatever government might be in office after the elections —possibly Mr. Bennett's own—for wider rights and powers, and that it was therefore better not to accept a contribution? Perhaps the answer can best be given by Mr. Bennett himself.

Speaking in the House of Commons on July 31 he said that by his previous utterances in parliament he was committed to a judicial investigation into the affairs of the Beauharnois company, that if he were returned to power he was bound to provide that investigation. What does this mean? It means simply that had a contribution been accepted that fact would have been disclosed. It would have been shown in the investigation which Mr. Bennett said he was bound to provide, which, by the way, he did not provide as he said he would by a judicial inquiry, but by a committee composed mostly of members of his own party in parliament, that the Conservative party had, equally with their opponents, received contributions to their campaign funds from Mr. Sweezey. How differently the whole matter would look if upon investigation it were shown that the Liberal party was the only party to receive contributions from this source. Or even more, if it could be shown in addition that he, Mr. Bennett, had actually refused to allow the acceptance of any contribution from that source. If it could only be shown that the Liberals had received a contribution and that Mr. Bennett had caused to be returned the contribution his own organizer had accepted,—

Mr. BENNETT: Do you hear that?

Mr. MACKENZIE KING: I will continue:

—that would be not only a black eye for the Liberal party, but he, Mr. Bennett, would stand forth in shining armour as the one knight of the table round who had made war upon the dragons of greed and corruption which lay in the path of purity in the political life of Canada.

Far be it from me to deny to the present Prime Minister any such lofty motive, or to thwart him in any such heroic task. I would like the country to know that we had such a man in our midst. To this end, perhaps Mr. Bennett will tell us the amount of his own contributions to the party funds, whether campaign funds were solicited or accepted by his organizer-in-chief from other corporations or interests, and whether they were ordered by him to be returned. The refusal of one contribution in a campaign for fear of exposure is scarcely a sufficient title to knightly preferment in the order of political chivalry. I am anxious that our Prime Minister shall lose no honour to which he is entitled. Mr. Bennett's party is making very much of this act on the part of its leader, while I am being chastised and condemned for not having had full knowledge of all contributions that were being made to the campaign funds of the party, and not having acted as Mr. Bennett did with respect to any contribution from sources connected with Beauharnois. We are being told by the Conservative press that Mr. Bennett apparently took the trouble to find out who were contributing and offering to contribute to his party, and was particular about them. "Premier Bennett" it is said, "has been the exception among party leaders in turning the spotlight on the collection bag."

All that I ask of Mr. Bennett is, if the role he has chosen for himself is the one his party would have us believe it is, that he play it to the full. I ask him to come along with me and let us complete the job, by searching out, as respects the last three general elections, those who have made contributions to political parties. Let us show the public which the corporations were, what the interests were, who the individuals were that made contributions to the campaign funds of political parties, and what were the amounts of their contributions. Then the public will be in a position not only to judge between us, as to rights and wrongs of the respective political parties we have the honour to lead, but, what is of even much greater importance, they will be in a better position to know what is required in the way of remedying a situation with respect to campaign funds which has presented its problems to political parties at every election held in Canada since there was a dominion parliament.

That is the entire statement I made at London.

May I now come to the question as to whether I was justified in believing that moneys had been paid into the Conservative fund.

Mr. BENNETT: That is not it. The charge is that moneys were paid into the general fund.

Mr. MACKENZIE KING: I am not going to quibble over the use of the words "general fund" or "Conservative fund"; I am going to take the meaning of the words as they were understood by those who made the contribution. Whether that particular contribution of $10,000 was made in Montreal or in Ottawa is not significant in the mind of anyone in this country except those who are trying to conceal the fact that the contribution

was made to Conservative funds. Whether I was justified in believing that the contribution made by Beauharnois to the Conservative party was made to the Conservative general fund I will leave to the house to judge from the following extracts which appear in the journals of the house. I quote from volume 69 of the Journals of the House of Commons, 1931, appendix No. 5, page 822. Mr. Sweezey was being examined by counsel, Mr. White:

Q. And then who else, if anybody?

This was with reference to contributions to the federal funds; that was the phase of the matter with which the committee was dealing at the time these questions were asked, and the right hon. Prime Minister had that information before him when he made his statement later in the house.

Q. And then who else, if anybody?
A. Well, still speaking of federal campaign funds, I do not recall of any specific,—oh, yes, I contributed to General McQuaig, who I understood was the collector for the Conservative campaign fund in Montreal.
Q. How much?
A. $10,000.
Q. Anybody else?

Then Mr. Lennox, who was a Conservative member of the committee, said:

You did not treat us very generously.

As I said last night the word "us" certainly means the federal Conservative party, and the $10,000 was a contribution to the funds of the Conservative party. Later I find the following:

By Mr. Lennox:
Q. Have you told us of all the federal contributions?
A. Yes, sir.

As I have said; that was in reference to federal contributions. Then Mr. Griffith was called and these are the questions that were put to him:

By Mr. Lennox:
Q. I am speaking of the federal Conservative party. Were there any contributions made by the company to the Conservative party at the last election, or at any other time?
A. There was a total, I think, of $25,000 which was given, as Mr. Sweezey has testified, to the Conservative organization.
The Chairman: No; he said to friends whom he had helped before, and he named one, Mr. Leslie Bell.
The witness: That is right. In our mind, I may say, they were regarded as a contribution to the Conservative organization.
By Hon. Mr. Mackenzie:
Q. Was not there anybody else outside of Mr. Bell?
A. General Eric McQuaig and Mr. Cartier.

General Eric McCuaig was acting for the Conservative party, to receive funds which he was transmitting to General McRae, or was distributing among members of the party.

Mr. BENNETT: There is no evidence of that. This is another instance of my right hon. friend not sticking to the record.

Mr. MACKENZIE KING: Then are we to assume that General McCuaig was taking the money for himself. Now, Mr. Speaker, so that this thing may be put right once and for all, let me give the facts exactly as I now understand them in the light of the explanation which has been made by the Prime Minister. I will use the words I used at London, as nearly as possible, saying what I would have said if I had then possessed the information my right hon. friend has since brought forward, because certainly when my right hon. friend said, "I declined to have anything to do with contributions from the Beauharnois, as far as my party was concerned," I was under the impression that he was making it plain that if there had been contributions to the party to any extent those contributions certainly had been returned so that he was not under any obligation in any way. Let me make it clear; following the words of my London address, the position is this:

"Contributions were made by those associated with Beauharnois to both political parties, to the Conservative party and members of the party in the federal field, as well as to the party or members of the party in Ontario and Quebec, and the contribution made by Beauharnois to the fund of the Conservative party in Montreal, $10,000, was not returned, though the Prime Minister refused a further contribution, on the grounds—" I will not go into that; I have already stated the grounds.

Then: "When the general elections came on Mr. Sweezey made a contribution to the campaign funds of both the Liberal and Conservative parties. Later the contribution given to a treasurer of the Conservative party was not returned, but the contribution of a further amount of $200,000 which had been asked for was not made by Mr. Sweezey, he having understood that Mr. Bennett had given instructions that no contribution should be accepted. What was Mr. Bennett's reason for not permitting the acceptance of the further contribution? Was it that contributions would not be accepted from corporations or persons associated with corporations which might be seeking favours from governments?" and so on, as it appears in the London speech.

These are the facts, Mr. Speaker, in regard to that matter. I have no desire to take up the time of the house with differences between

the Prime Minister and myself. During the years I was Prime Minister, when matters of relatively small import, and particularly those personal to myself, came up, I adopted the plan of quietly interviewing my opponent with regard to those matters so that the house might be spared the trouble of having to consider them. I would suggest to my right hon. friend that as he is Prime Minister at present he is the one who must take the initiative in matters of this kind. If he desires my cooperation in the work of this house, and if he follows the course in public life that is followed in private life, I shall be only too happy to cooperate with him to the best of my ability. But I will say, that as a member of parliament, I will claim the same rights in this House of Commons as in private life, I would claim in dealing with individuals.

Mr. BENNETT: The right hon. gentleman stopped at a very convenient place. At page 822 of the proceedings of the committee Mr. Sweezey was under examination, and he stated that these were personal contributions to General McCuaig and Mr. Bell. These were his words:

Q. Then who else, if anybody?
A. I do not recall anybody at the moment. As I pointed out before—I would like to add this, that those were personal contributions and they did not in any way come out of the company's $30,000,000 of financing.
Q. Which were?
A. I mean those contributions I have just spoken of.
Q. All of them?
A. They were personal contributions.
Q. Or are you speaking of the contributions to Mr. Bell and General McQuaig only?
A. Well, these are my own personal accounts. Now, some of these may be reported by Mr. Griffith; there is a little bit of confusion in my mind; but whatever difference there is as between what Mr. Griffith may report and I report is comparatively small, and I am not quite clear on which side some of these small amounts sit. What I want to say is, that all these contributions, like the contributions already referred to, made by certain members of the syndicate, came from friends entirely outside of the company. For instance, when I paid that money I paid for it with money of my own, which I had or acquired from friends.

Mr. POULIOT: May I ask a question?

Mr. BENNETT: I think not; this is a question of privilege. I have just read the conclusion of Mr. Sweezey's evidence, and I come back to this: Presumably this house heard the speech made by the right hon. gentleman last year, and presumably hon. members read his speech delivered at London. In the first he read from the evidence and therefore knew that no money had been paid or returned. In the second he deliberately charged that a contribution had been made to the general fund and returned; $200,000 was the sum mentioned in the report. That is admittedly untrue and I ventured in this house to point out this falsity and say that one of two things must follow. The right hon. gentleman was either reckless and recreant to his duty in making the statement or he knew it to be false when he made it. I have proved the latter by proving that he had the information before him and read it in this chamber last year. Later, when the right hon. gentleman rose in his place and said, "I assure you that I did not do it knowingly," I accepted his statement. I will leave it to those who may read Hansard, and read that explanation, to determine whether or not there is that frank, unequivocal, fair meeting of a difficulty when confronted with it, involving as it does a serious misstatement of fact, or anything but an effort to try to vindicate his own position at the expense of those who are his opponents.

I have only one more word to say and it is this. The right hon. gentleman has spoken of meeting in private and making observations that would clear up seeming difficulties. But it was in London on the broadcast that that statement was made, and it is in the House of Commons, on the floor of parliament, that I meet it. I know of no other place in which it could be met unless I held another meeting to deny it. I pursued the only course that could be pursued in view of that improper, incorrect and untrue statement, which I regret very much was made, because it enabled the right hon. gentleman to draw a conclusion which he could not draw unless he made that improper and incorrect statement.

That is the question of privilege I have raised here to-day. It is a privilege that touches, in my judgment, very acutely the position which I think any public man should have in mind; and if there be any doubt about this, then as I have said I trust an ample opportunity will be afforded in another place to clear it up once for all and leave no doubt—that no such contribution was made to the general funds of the party which I had the honour then to lead and of which I am now the head. The contributions made by Mr. Sweezey to General McCuaig and Mr. Bell were, as he says, personal contributions which he made from funds that did not come out of the Beauharnois $30,000,000. I merely leave it at that. I regret very much that such heat has been shown with respect to this matter. What I desired to say I have said strongly. There is no reason why,

because the conduct of party chiefs drags the leader of a party with his party into the valley of humiliation, he should not be willing to leave others without endeavouring to drag them in too.

Mr. MACKENZIE KING: The Prime Minister (Mr. Bennett) has referred to the Journals of the House with regard to a statement made by Mr. Sweezey to the effect that the contributions which he made to Mr. Bell and to General McCuaig were personal contributions and not from the funds of the corporation. He did not read to the house similar statements made by Mr. Sweezey in reference to the contributions made to Senator Raymond and Senator Haydon. Mr. Sweezey was careful to say—and the part to which my right hon. friend has made reference will show—that he was speaking of contributions generally and not merely—

Mr. BENNETT: That is not so; he was dealing with these contributions.

Mr. MACKENZIE KING: Well, it will be found that the remarks that were read by my right hon. friend himself to-day had reference to contributions as a whole, as made to both parties. But certainly the Prime Minister should have made it clear that the contributions which were made to Liberal senators were, with equal emphasis, stated by Mr. Sweezey to have been made from his funds personally and in the same way as he had made them to General McCuaig.

Now I am not going to try to follow my right hon. friend in his determination to have the last word; I know he is incapable of a gracious act and I will not follow him further.

Some hon. MEMBERS: Shame.

Some hon. MEMBERS: Order.

Mr. POULIOT: I wish to ask the leader of my party—

Some hon. MEMBERS: Order.

Mr. POULIOT: —a question which—

Some hon. MEMBERS: Order.

Mr. POULIOT: —the leader of the government has refused to answer. My question is this—

Mr. SPEAKER: Order.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member is not in order in putting a question to the leader of the opposition. The rule is quite clear.

Mr. POULIOT: I am asking my leader to answer a question—

[Mr. Bennett.]

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The hon. member may not ask the question.

Mr. REID: Before the orders of the day are called, Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. POULIOT: Mr. Speaker, I want to ask a question—

Mr. SPEAKER: The hon. member is out of order.

Mr. BELL (St. Antoine): Mr. Speaker—

Mr. SPEAKER: The hon. member for New Westminster (Mr. Reid) has the floor.

UNEMPLOYMENT RELIEF

FINANCIAL DIFFICULTIES OF MUNICIPALITIES IN BRITISH COLUMBIA

On the orders of the day:

Mr. THOMAS REID (New Westminster): Before the orders of the day are called, I should like to direct a question to the right hon. Prime Minister (Mr. Bennett). In view of the information given to the house on Wednesday last, that the sum of $2,525,000 had been sent to the province of British Columbia in advance payment for unemployment relief purposes, will the Prime Minister consider the advisability of appointing a royal commission to inquire into the matter in British Columbia so as to find out why employment under the Unemployment and Farm Relief Act of 1931 is not being proceeded with by that province, and to find out why the municipalities are experiencing great difficulty and untoward delay in obtaining financial assistance agreed upon by the dominion, such assistance having been sent by the dominion to that province. And further—

Mr. SPEAKER: Is the hon. member directing a question to the Prime Minister?

Mr. REID: It is a direct question.

Mr. SPEAKER: This is not the time to make a speech on the subject.

Mr. REID: And further, if the moneys so sent have been used for purposes other than that for which they have been sent, where have such moneys been so used?

Mr. SPEAKER: Order. This is not the time for the making of general speeches. I would quote to the house from Bourinot in this regard:

When the orders of the day are called by the Speaker and before they are read by the clerk assistant, it is the practice sanctioned by usage but not by any positive rule, for members to make personal explanations or ask questions of the government, in reference to an inaccurate report of their speeches in the official records, or in the newspapers; or in denial of certain charges made against them in the public prints; or in reference to certain remarks which had been misunderstood on a previous occasion, and which they had not before had an opportunity of explaining; or in respect to delay in obtaining returns or to the incompleteness of certain returns brought down under the order of the house; or relative to the state of public business, or other matters of public interest. But these remarks should be brief as they are only tolerated, there being no question before the Chair when they are made. . . .

May says, at page 285:

The indulgence of a personal explanation should be granted with caution; for, unless discreetly used, it is apt to lead to irregular debates.

I trust that hon. members will bear these authorities in mind.

Mr. DUFF: The hon. member for New Westminster (Mr. Reid) was set a very bad example by previous speakers.

EXPENDITURE IN GLOUCESTER COUNTY, N.B.

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, last Friday sessional paper No. 122 was laid on the table in response to a motion made by myself. My motion asked for a copy of the report of J. B. Carter, representative of the Department of Labour, in connection with the investigation made by him of complaints relating to the expenditure on unemployment relief work on roads and bridges in the county of Gloucester, as well as a copy of any evidence on which such report was made. The sessional paper does not contain the papers I have asked for; the only report produced by Mr. Carter is one which refers to work carried on in the province of New Brunswick by the provincial government and does not cover, as he states himself, any unemployment relief work. I asked for his report on the projects which he investigated in Gloucester county carried on as unemployment relief work, and I have not received it. Would the minister be good enough to call the attention of Mr. Carter to this matter in order that I may obtain his report on the East and South Bathurst roads, the roads at Mizzenette, Blue Cove and in the parish of Beresford. Mr. Carter investigated complaints made in this connection and I understand he has made a report.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I understand that the hon. member made a complaint about the method or manner of expending moneys in certain places in the province of New Brunswick, and that as a result of that complaint Mr. Carter was sent down to investigate. When he arrived in New Brunswick he found that the work complained about was provincial work with which we were not concerned. This is my recollection of the matter, but I will inquire further and endeavour to give more detailed information.

Mr. VENIOT: If I am not out of order I would direct the attention of the Minister of Labour (Mr. Gordon) to the fact that Mr Carter mentions the detailed statement made by myself. If, as he says, the work which he investigated does not come under unemployment relief, why did he investigate?

Mr. GORDON: Because of the complaints made by the hon. member.

Mr. VENIOT: I made no complaints in connection with that work.

Mr. GORDON: Someone did.

Mr. GUTHRIE: This is all out of order.

Mr. VENIOT: Surely I am entitled to put myself right in this matter. Mr. Carter has stated that his report is based on a newspaper item and not on any complaints made to the department. Why should he investigate a newspaper item when he had before him a detailed statement covering two pages of foolscap?

INQUIRY AS TO FURTHER LEGISLATION

On the orders of the day:

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, will the right hon. the Prime Minister (Mr. Bennett) advise the house if it is the intention of the government to bring in a new relief measure before the expiration of the present act?

Right Hon. R. B. BENNETT (Prime Minister): The matter is under consideration.

PRIVILEGE—MR. BELL (ST. ANTOINE)

On the orders of the day:

Mr. LESLIE G. BELL (St. Antoine): It was my intention, Mr. Speaker, to bring up to-day the matter which has received considerable attention this afternoon, particularly regarding myself. The hon. member for East Hamilton (Mr. Mitchell) mentioned, when dealing with the Beauharnois scandal, as he termed it, that Leslie Bell, Montreal, Con-

servative member, had received a special contribution of $6,000 from Beauharnois; at least it was intimated that it was from the Beauharnois corporation. Let me state explicitly to the house at the outset that personally I have not received, directly or indirectly, from the Beauharnois corporation, one single cent. The contributions which I received in the campaigns of 1925, 1926 and 1930 have been personal contributions from Mr. R. O Sweezey, whom I have known since 1909, a period of twenty years.

Some hon. MEMBERS: Oh, oh.

Mr. BELL (St. Antoine): It is all right for hon. members opposite to laugh about this matter but since it has taken on such a serious aspect let us be serious. The cheque which I received was signed by Mr. Sweezey personally. Mr. Sweezey, as hon. gentlemen must know, is the president not only of Beauharnois but perhaps of a dozen other companies. How can anyone except the person who receives the contribution, judge whether it is given by the contributor personally?

Mr. DUFF: We did not object to it.

Mr. BELL (St. Antoine): The hon. member for East Hamilton insinuated that I received a contribution of $6,000 from Beauharnois.

Mr. DUFF: You started this thing, we did not.

An hon. MEMBER: We are sorry the hon. member did not get more.

Mr. BELL (St. Antoine): I am satisfied, if the house is clear on that point, that this was a personal contribution from Mr. Sweezey. This was published in the report which I, as a member of parliament, am supposed to make. It is also abundantly clear from the evidence which the Prime Minister (Mr. Bennett) has read this afternoon that this was a personal contribution and I think the hon. member for East Hamilton should correct his statement as published.

RADIO BROADCASTING

SPECIAL COMMITTEE TO STUDY PROBLEM OF CANADIAN SYSTEM

On the orders of the day:

Rgiht Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, for some time I have been advised that the house has been waiting for a statement with respect to the radio decision given a few days ago, and I will therefore make a brief statement.

Since January 18, 1931, the question of the constitutional authority to control radio broadcasting has been before the courts and no effective parliamentary action has been possible pending the determination of the question. The judgment of the privy council, delivered on February 9, decides that the control of aeronautics rests with the Dominion parliament and not with the provincial legislatures. This government, therefore, is now free to take action leading to the establishment of such a scheme of radio broadcasting as may be deemed advisable in the national interests.

It must be agreed that the present system of radio broadcasting is unsatisfactory. Canadians have the right to a system of broadcasting from Canadian sources equal in all respects to that of any other country. Such a scheme can be established only after the most thorough inquiry and upon a program which will take several years to carry into effect. The enormous benefits of an adequate scheme of radio broadcasting controlled and operated by Canadians is abundantly plain. Properly employed, the radio can be made a most effective instrument in nation building, with an educational value difficult to estimate. Only this morning I received a communication from Doctor Fox, president of the Western university and of the Association of University Presidents indicating that in May next they propose to discuss the educational value of the radio.

The government has before it the report of the Aird commission which contains very helpful information upon many phases of the radio situation. It is proposed to institute further inquiry in the light of present conditions into other phases of the situation, and in particular into the possibilities of a scheme which will ensure unexcelled radio reception from Canadian stations. The agency through which such a scheme can most satisfactorily be operated and controlled also must be determined by a committee of the house which will be required to prepare a scheme of radio broadcasting. For this purpose it is proposed to set up a special committee of this house to deal with the situation. The terms of reference of the committee will be broad and may be phrased as follows:

(1) To advise and recommend a complete technical scheme of radio broadcasting for Canada, so designed as to ensure from Canadian sources as complete and satisfactory a service as the present development of radio science will permit.

(2) To investigate and report upon the most satisfactory agency for carrying out such a scheme.

The committee will afford representatives of private interests and advocates of public ownership the fullest opportunity to place before it their several views.

I need hardly say, Mr. Speaker, that it is not proposed to set up a large committee. It is hoped that among the members of the house there are those with sufficient general knowledge of the technical details of radio broadcasting to enable this committee to deal with the various problems with which it will be charged and to understand the technical evidence which will be presented. It is the intention to ask hon. gentlemen opposite to canvass their members for those most able to deal satisfactorily with this problem, and we will do the same. These problems will be referred to this committee which will decide, in the light of the evidence produced, the proper agency to be employed for broadcasting, whether it shall be publicly or privately owned. It is proposed that evidence may be submitted by memoranda from different bodies specifically interested, and so far as possible the widest latitude will be afforded to the communities generally to express their views with respect to this matter.

POLITICAL SUBSCRIPTIONS

On the orders of the day.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, would the right hon. the Prime Minister advise the house as to the amount of a political subscription which would change a venial sin into a mortal sin?

CIVIL SERVICE

STATUTORY INCREASES TO BE WITHHELD IN FISCAL YEAR 1932-1933

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): Will the statutory increases be paid to the civil service during the coming fiscal year?

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman was good enough to advise me that he proposed to make the inquiry this afternoon. The answer is no.

OLD AGE PENSIONS

INQUIRY AS TO TIME OF PAYMENT BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): The Minister of Labour (Mr. Gordon) in answering a question of mine the other day relative to the time when the old age pension grant would be made said that it would not be made until the necessary new arrangements had been executed with the provinces. That is simply an answer in form. I know that some of the provinces are anxiously looking forward to having the agreements drawn up, and I wonder if the minister could throw any light as to when the grant will be made, and why the delay.

Hon. W. A. GORDON (Minister of Labour): The form of the agreement and the regulations thereunder have been approved, and there should be no delay now in having the agreements with the provinces signed. I do not anticipate any.

REPRESENTATIVE IN CHINA

On the orders of the day:

Mr. THOMAS REID (New Westminster): In view of the conditions of war existing between China and Japan I would ask the Prime Minister if the government has taken under consideration the advisability of appointing a distinct and separate ambassador to China in order that the government will be represented there.

Mr. BENNETT: The answer is no.

CRIMINAL CODE AMENDMENT

TRIALS BEFORE STIPENDIARY MAGISTRATES IN MANITOBA AND SASKATCHEWAN

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 7, to amend the criminal code.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CONVEYANCE OF PROHIBITED ARTICLES BY FREIGHT, EXPRESS OR SHIP

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 11, to amend the criminal code.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

JUVENILE DELINQUENTS ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 8, to amend the Juvenile Delinquents Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CITY OF OTTAWA AGREEMENT

Hon. H. A. STEWART (Minister of Public Works) moved the second reading of Bill No. 12, to authorize an agreement between His Majesty the King and the corporation of the city of Ottawa.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Hanson (York-Sunbury) in the chair.

On section 1—Agreement with city of Ottawa extended for one year.

Mr. SPEAKMAN: I assume that this measure simply extends the present agreement in exactly the same form as it appeared last year.

Mr. STEWART (Leeds): The hon. gentleman is quite correct. It does not in any way change the status quo, if I may so describe it, and permits payment for the current year on the same basis as that adopted for some years past.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF PUBLIC WORKS

The house in committee of supply.

Public Buildings—Ontario: Dominion public buildings—improvements and repairs, $125,000.
Hamilton — public building — renovation of heating plant, $9,500.
London armouries — government's share of cost of local improvements, $960.
London—tractor for postal purposes, $1,700.
New Liskeard—public building—under contract, $9,000.
Parry Sound—public building—under contract, $49,000.
Penetanguishene—public building—under contract, $10,000.
Perth — public building — under contract, $47,000.
Toronto — custom house — under contract, $60,000.
Toronto—payment of instalment on purchase of armoury—under contract, $29,500.
Toronto — postal station "A" — mechanical equipment and improvements—under contract, $20,000.
Windsor—public building—under construction, $500,000.—Total, $861,660.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Chairman, I presume that at this point I may make an observation concerning the public works estimates generally. They indicate that in comparison with the total of last year there has been a cut amounting to about $9,000,000, in all.

Hon. H. A. STEWART (Minister of Public Works): Approximately that.

[Mr. Guthrie.]

Mr. MACKENZIE KING: It is important that the house and country should understand that, while that deduction appears here, it is very largely, if not more than, offset by the amount of public expenditures made on public works under the Unemployment Relief Act. For example, under the relief act of 1930 some $14,000,000 has been spent, and of course the largest part of the $70,000,000 contracted for between the dominion, the provinces and the municipalities has been spent on public works, and the commitments under the relief act for 1931 show equally large expenditures to be made on public works. I hope as we go along that the minister will indicate where, here and there, out of the public relief moneys, expenditures have been made for work being done in the different provinces. We would then have a better idea as to the total expenditures from the federal treasury on public works. If he is in a position to do that, I am sure hon. members will find such information very helpful.

Mr. STEWART (Leeds): Replying to my right hon. friend, I can say only that during the year 1930 there was no direct appropriation for works or expenditures under the Public Works department, and any expenditures he has in mind were made in cooperation with the provinces. For the current year the appropriation, in round figures, was approximately $2,500,000, but I have not the details before me. Of that amount we have expended, or expect to expend before the first of March, in round figures, between $1,500,000 and $2,000,000.

Mr. GARDINER: Is that for the dominion as a whole?

Mr. STEWART (Leeds): Yes, all the expenditures that are made under the direct control of the Department of Public Works, for which a return giving details will be tendered to the house.

Mr. GARDINER: Does that include amounts of money spent by the Department of Labour, or under the direction of that department? Are those expenditures only for the Department of Public Works?

Mr. STEWART (Leeds): The hon. gentleman is quite correct; those are expenditures entirely under the control of the Department of Public Works for which we are directly responsible.

Mr. GARDINER: Is it your intention, Mr. Chairman, to call the items as a whole or deal with them separately?

Mr. MACKENZIE KING: In my opinion they should be dealt with separately.

Mr. GARDINER: Are we dealing with the first section of item No. 115, or the whole item?

The CHAIRMAN (Mr. Hanson, York-Sunbury): I have called the item as a whole, but we can deal with each individual section if hon. members so desire.

Mr. MACKENZIE KING: I think that would be the better course to pursue.

The CHAIRMAN: Is it the desire of the committee that each item be called separately?

Mr. MACKENZIE KING: The practice generally followed has been to allow considerable latitude on the discussion of the items as a whole. I do not see that there is any necessity to take up unnecessary time in discussions of individual items if we are permitted a full discussion on the general item. There ought to be an understanding, however, that very considerable latitude will be allowed for discussion on whole items, if that course be pursued.

The CHAIRMAN: That is fair.

Mr. STEWART (Leeds): And quite satisfactory to me.

Item agreed to.

Public Buildings—Alberta: Dominion public buildings—improvements and repairs, $15,000.
High River—public building—under contract, $7,000.

Mr. REID: Are the public buildings here mentioned under the direct control of the Department of Public Works, or are they included in expenditures under the Unemployment Relief Act?

Mr. STEWART (Leeds): These are all under the control of the Public Works department; they form no part of any unemployment relief.

Mr. SPEAKMAN: I have been requested by the board of trade of Red Deer to pass on to the minister a petition which has already been sent to the engineer of his department asking that some attention be given to the improvement of the federal public building in Red Deer so that it may be in keeping with the other buildings surrounding the public square, these other buildings and the square itself having been very much improved by the city recently. Undoubtedly this request will come before the minister in due course, and I take this opportunity of bringing it to his attention and asking that it be given favourable consideration.

Mr. STEWART (Leeds): I can assure my hon. friend that to the extent funds are available the matter will be given consideration and attention.

Item agreed to.

Public Buildings—British Columbia: Atlin public building—renovation of heating plant, $2,500.
Dominion public buildings—improvements and repairs, $45,000.
Esquimalt—repairs and improvements at R.C.N. barracks and H.M.C. dockyard, $10,000.
Kamloops public building—renovation of heating plant, $1,000.
Vancouver armoury—payment of instalment on purchase of armoury, $14,000.
Vancouver—public building, repairs to roof, $7,500.
Vancouver public building—to meet one year's interest at 5 per cent on mortgage of $400,000, $20,000.

Mr. REID: What is the purpose of the $45,000 vote for improvements and repairs?

Mr. STEWART (Leeds): This is the same amount as was available last year for making such improvements in and repairs to public buildings as may become necessary from time to time. The vote is not allocated to any particular building, or to any particular line of work.

Mr. GARDINER: What is the explanation of the vote for $20,000—to meet one year's interest at 5 per cent on mortgage of $400,000 on Vancouver public building?

Mr. STEWART (Leeds): That is the mortgage interest on a building known as the Winch building, which was purchased some years ago by the department.

Mr. NEILL: What fuel is used in the Atlin and Kamloops public buildings?

Mr. STEWART (Leeds): The fuel used is coal.

Mr. McINTOSH: Considering that the votes this year for public works in Manitoba, Saskatchewan, Alberta and British Columbia total approximately a quarter of a million, while the vote for Ontario is $861,000, I should like to know if the cut has been proportionate throughout these respective votes?

Mr. STEWART (Leeds): My hon. friend will notice that the public building at Windsor accounts for a large amount of the Ontario vote. I think the proportionate reductions are fair. They are based upon the actual requirements and are in accord with the practice followed in previous years.

Mr. McINTOSH: I was wondering whether the cut in the public works estimates for the western provinces and for Ontario was in proportion. The aggregate of the votes for the four western provinces is quite small, and as they are in the developing part of the dominion it is important that their public building requirements should be looked after.

Mr. STEWART (Leeds): All that has been given consideration.

Item agreed to.

Generally—experimental farms—replacements, repairs and improvements, $22,500.
Flags for dominion public buildings, $2,500.
Military buildings — repairs and fittings, $25,000.
Military hospitals—repairs, improvements and alterations, $60,000.
Public buildings—generally, $35,000.
Ottawa departmental buildings, fittings, etc., $50,000.
Ottawa—payment of final instalment on purchase of building for government workshops, $10,550.
Ottawa—government's share of cost of local improvements, $18,250.

Mr. BRADETTE: Does the item of $22,500, for experimental farms, replacements, repairs and improvements, include an appropriation for replacing the buildings destroyed last fall at the Cascade experimental station?

Mr. STEWART (Leeds): It is to provide for repairs and improvements at the central experimental farm.

Mr. BRADETTE: I hope that under this item it is possible for the hon. minister to advise me if it is the intention of the government to replace the buildings at the Cascade experimental farm which were destroyed last fall.

Mr. STEWART (Leeds): I am of opinion that it would be taken care of in the Agriculture department estimates rather than in those of this department.

Sir EUGENE FISET: In regard to the two items of military buildings and military hospitals, has the Department of Public Works taken over the repairs of these buildings from the Department of National Defence?

Mr. STEWART (Leeds): No, the same policy followed for years by my predecessor is still being followed.

Sir EUGENE FISET: Is there also a vote in the National Defence estimates in conjunction with work of this kind, or is it wholly taken care of by the hon. minister's department?

[Mr. H. A. Stewart.]

Mr. STEWART (Leeds): The work is not all done by the Public Works department; armouries and drill halls are cared for by the Department of National Defence.

Mr. BOUCHARD: Will the minister kindly inform the house how he can consistently maintain the "Canada First" policy and at the same time reduce by half the appropriation for flags for dominion public buildings?

Mr. STEWART (Leeds): We think that for the present year the supply of flags on hand will be ample to enable us to keep the old flag flying.

Mr. McINTOSH: I presume the minister is referring to the empire flag, not to the Canadian flag, nor to the "Canada First" flag?

Mr. STEWART (Leeds): I am referring to the good old Union Jack, which I am sure will be acceptable to my hon. friend.

Mr. McINTOSH: That is satisfactory.

Item agreed to.

Public Buildings—Nova Scotia: Canso public building—improvements and repairs, $6,000.
Halifax—repairs to buildings and wharfs at R.C.N. barracks and H.M.C. dockyards, $25,000.
Inverness public building—extension of sewer, $2,000.
New Glasgow public building—addition—under contract, $9,000.
Sydney Mines public building—improvements and repairs, $5,000.—Total, $47,000.

Mr. MacDONALD (Cape Breton South): Before this item carries, there are one or two observations I should like to direct to the Minister of Public Works. I think these estimates gave us all a bit of a shock, and that is particularly so in my case because, owing to my efforts when the previous government was in power, a vote was put through for a public building in the town of New Waterford. Last year the amount was revoted but not spent, and I had hoped that at least it would be in the estimates this year even if the government did not intend to spend it. May I hope it will be in the supplementaries?

Mr. STEWART (Leeds): I can only say to my hon. friend that we had quite a number of buildings in the same position last year. As an old member of the house he knows that these buildings are paid for from revenue and not out of capital, so when the revenues shrink we generally contract our program to keep pace as far as possible. If I had thought my hon. friend would be so easily satisfied, with having the amount in the estimates without having the work done, possibly I might have put it in. However

his request, together with others I have received since these rather limited estimates were brought down, will be filed and considered very carefully.

Item agreed to.

Public Buildings — Quebec: Beebe — building for immigration and customs purposes, $16,000.
Dominion public buildings—improvements and repairs, $120,000.
Grosse Isle quarantine station—improvements and repairs, $2,500.
Huntingdon—public building—under contract, $11,000.
Montreal armoury—payment of instalment on purchase of armoury, $15,140.
Montreal—Craig street drill hall—renewal of roof, $8,000.
Montreal—postal terminal building, $500,000.
Montreal — Stephens building — equipment — under contract, $7,500.
Quebec Citadel—improvements and maintenance, $15,000.
Ste. Anne de Bellevue—public building—under contract, $9,000.
Trout River—building for immigration and customs purposes, $26,000.
Westmount — armoury — payment of instalment on purchase of armoury, $13,000.—Total, $743,140.

Mr. MERCIER (St. Henri): There is an item in this estimate covering the renewal of the roof of the Craig street drill hall. Is that to be a complete new roof, or is that for the repair of the present roof? This is a very large building and I do not see how you could put on a new roof for $8,000.

Mr. STEWART (Leeds): No, this is only for the necessary repairs and renewals. The specifications are not prepared as yet; this is only an estimate of what will be required.

Mr. MERCIER (St. Henri): Have you had a complaint that the roof is leaking. I pass there every day and see the roof, and it seems to be in good condition.

Mr. STEWART (Leeds): If it is not leaking we will not repair it.

Mr. MERCIER (St. Henri): Will the work be done by tender or by the department?

Mr. STEWART (Leeds): We will follow the rule and call for tenders.

Mr. MERCIER (Laurier-Outremont): What is the public building for Huntingdon?

Mr. STEWART (Leeds): A post office building.

Mr. MERCIER (Laurier-Outremont): Did Mayor Houde of Montreal make a request for the construction of this post office?

Mr. STEWART (Leeds): I am not aware of it. Probably he has made many requests, but he has not asked me for it.

Mr. MERCIER (Laurier-Outremont): Is that the same post office the Liberal government intended to build two or three years ago?

Mr. STEWART (Leeds): My hon. friends have not honoured me with their confidence as to their intentions in the past.

Mr. HOWARD: In connection with the public building at Beebe, in the county of Stanstead, I should like to know if the work has commenced, if the site has been purchased, or if anything has been done.

Mr. STEWART (Leeds): No.

Mr. HOWARD: Nothing at all?

Mr. STEWART (Leeds): No.

Mr. HOWARD: And does the same thing apply in Huntingdon?

Mr. STEWART (Leeds): The building is under contract and pretty well under way.

Mr. HOWARD: I am interested in that district and I should like to congratulate the minister on providing for these two public buildings, the one in Beebe in the county of Stanstead, represented by my good friend John Hackett, and the other in Huntingdon, represented by Doctor Moore.

Sir EUGENE FISET: Since the minister seems to be so well disposed towards members on this side of the house, I wonder if he would give some consideration to the promise made by my opponent during the last election that a post office would be constructed at Mont Joli?

Mr. STEWART (Leeds): Do I understand that my hon. friend advocates the construction of the building?

Sir EUGENE FISET: Yes.

Mr. STEWART (Leeds): Then I shall consider it on its merits.

Mr. SPEAKMAN: I notice an item of $15,000 included for maintenance and improvements to the Quebec citadel. This is a continuing item, $17,000 having been voted last year. What are the improvements to be made? Has this to do with the maintenance of the old walls or does it cover improvements to the more modern part, the Governor General's quarters?

Mr. STEWART (Leeds): It is the regular annual charge for the upkeep of the Governor General's quarters.

Mr. SPEAKMAN: Not for the upkeep of the old walls?

Mr. STEWART (Leeds): No.

Mr. MERCIER (Laurier-Outremont): We in Montreal are very much interested in the postal terminal, and I should like to know what this $500,000 included here is to be used for.

Mr. STEWART (Leeds): As my hon. friend probably knows, proceedings were taken by the late government for the expropriation of the site for this building, and the matter is now before the exchequer court. This amount will be used in part payment, at least, of the compensation that may be awarded for that site.

Mr. MERCIER (St. Henri): About how much will that building cost?

Mr. STEWART (Leeds): This amount probably will not be sufficient to pay for the land. I should say the building will cost about $2,000,000; my recollection is $1,900,000.

Sir EUGENE FISET: Would the minister tell us where Trout river is?

Mr. STEWART (Leeds): It is somewhere on the boundary between Canada and the United States in the constituency of Chateauguay-Huntingdon.

Mr. MERCIER (St. Henri): Is there a building at Trout river used for customs purposes now?

Mr. STEWART (Leeds): This amount is to provide for the purchase of a site and the construction of a building at this point for immigration and customs purposes. It is being pressed for very strongly by the Department of National Revenue as being necessary to enable them to take care of the increasing tourist traffic at this point.

Mr. MERCIER (St. Henri): But actually there is a very fine building there now?

Mr. STEWART (Leeds): We rent a building, which has been found unsuitable and inadequate for our requirements.

Mr. HOWARD: I am heartily in agreement with that policy. I travel back and forth across the line and I know that it makes quite an impression on tourist traffic to have respectable custom houses at the ports of entry. Up until lately the accommodation all along the boundary has been terrible. I congratulate those interested on bringing about this amelioration.

Item agreed to.

[Mr. Speakman.]

Ottawa—National Research Council laboratories and equipment, $415,000.

Mr. MACKENZIE KING: Will this sum be sufficient to complete the construction of the laboratories? Can my hon. friend tell us when the administration expects the building to be opened?

Mr. STEWART (Leeds): It is fully expected that this appropriation will be sufficient to complete the building and to equip it, and it is believed that the building will be opened some time in July, about the first part of the month.

Mr. McGIBBON: What has been accomplished in that building during the last year? I have always looked on that as one of the greatest organizations in the dominion and the one capable of the most good.

Mr. STEWART (Leeds): This department is responsible only for the construction and equipment of the building; its control and the activities carried on in the laboratories are under the Department of Trade and Commerce and the National Research Council. I do not know what their program is but I have great faith in the institution and I am sure it will prove of wonderful advantage to Canada in the future.

Mr. MACKENZIE KING: The grounds around the building are in pretty bad shape and I have frequently thought during the winter that if my hon. friend had been trying to help the unemployed they might have been put to work getting some of this ground into shape. Even now there may be an opportunity for unemployed to work there.

Mr. STEWART (Leeds): The matter has given us some concern in the department. We have entered into a contract for the filling material which is being placed but which is now more or less frozen. I can assure my hon. friend that at the earliest possible moment men will be put to work levelling it and we hope to have the grounds present an attractive appearance as early in the year as we can.

Item agreed to.

Harbours and rivers—Nova Scotia, $430,000.

Mr. JOHNSTONE: Is the item of $3,000 for Bay St. Lawrence merely for the breakwater extension?

Mr. STEWART (Leeds): I am sorry I have not the information at hand; I have sent for it. I believe, however, it is for what it says, Bay St. Lawrence breakwater extension.

Mr. JOHNSTONE: There is no item for Dingwall?

Mr. STEWART (Leeds): No.

Item agreed to.

Harbours and rivers — New Brunswick, $254,300.

Mr. VENIOT: Is there anything in the estimates that will permit the minister to carry on dredging at Tracadie harbour this year?

Mr. STEWART (Leeds): We have a general vote from which we can probably do some work, although possibly we cannot carry on at that point as extensively as we have done in the past.

Item agreed to.

Harbours and rivers—Quebec, Rimouski river, wharf improvements, $2,800.

Sir EUGENE FISET: Is this for the breakwater or the wharf itself?

Mr. STEWART (Leeds): This is for the breakwater and to improve accommodation for the turning of trucks on the wharf.

Sir EUGENE FISET: Has the work which was undertaken last year at Father Point been completed?

Mr. STEWART (Leeds): Yes.

Sir EUGENE FISET: Has that part of the wharf which was carried away by the tide been repaired under this vote or under a special contract?

Mr. STEWART (Leeds): It is under a separate contract.

Sir EUGENE FISET: Has that also been completed?

Mr. STEWART (Leeds): Yes.

Sir EUGENE FISET: Has the dredging, so far as the harbour is concerned, been completed?

Mr. STEWART (Leeds): Yes.

Sir EUGENE FISET: The only item this year for Rimouski is $2,800 for the breakwater.

Mr. STEWART (Leeds): Out of the general vote it may be possible to make some needed repairs.

Sir EUGENE FISET: Have any other requests been received by the Conservative organization in Rimouski over and above this special request?

Mr. STEWART (Leeds): I can safely say yes.

Sir EUGENE FISET: That is all I wanted to know.

Mr. SPEAKMAN: I notice that there is a list of what are called essential undertakings, a number of which are revotes and a good many new items. Are these new undertakings which are to be commenced this year as a result of a survey which has been made since this government came into power? The minister will notice there are a number of votes which are not accompanied with comparative votes for previous years, and they would appear to be new undertakings.

Mr. STEWART (Leeds): These projects have been before the department, some of them for years. We are endeavouring to overtake them as quickly as we can.

Mr. BOUCHARD: The wharf at Riviere Ouelle was damaged last year—I am unable to state whether the damage is the result of the provincial elections or of a storm—and I am sorry to say that no provision has been made for its repair. Perhaps a change in foremen may have been responsible for the accident, because it is the first of its kind which has ever happened. There would seem to be something abnormal in connection with this wharf, and I wish the minister would inquire into the matter.

Mr. STEWART (Leeds): There is nothing abnormal in wharves in this part of the country being destroyed by storms. The damage to this particular wharf occurred in December and it has not been possible to have it repaired. It may be possible to take care of it out of the general vote.

Mr. SPEAKMAN: Apropos of what I said in connection with these new items, I assure the hon. minister that I was not referring to a political survey but rather to an engineering survey.

Item agreed to.

Harbours and Rivers—Ontario: under contract—Byng inlet—dredging, $6,000.
Collingwood—harbour improvements, $30,000.
Goderich—harbour improvements, $24,000.
Haileybury—breakwater, $45,000.
Key harbour—dredging, $40,000.
Kingston—dredging Little Cataraqui bay, $24,500.
Kingston (Little Cataraqui bay) breakwater, $73,000.
Kingston—wharf reconstruction, $15,000.
Michipicoten—dredging, $44,000.
Moose Factory—to assist in construction of wharf, $15,000.
Parry Sound—wharf reconstruction, $65,000.
Rockport—wharf—to complete, $3,500.

Silver creek and Castor river—balance of contribution towards dredging, the provincial government having contributed a like amount—revote from 1930-31, $2,500.

Essential undertakings—Blind river—dredging, $20,000.

Leamington—harbour improvements, $75,000.

Midland—harbour improvements, $40,000.

Oshawa—harbour improvements, $12,500.

Penetanguishene—dredging, $9,300.

Port Hope—harbour improvements, $21,400.

Saugeen river—harbour improvements, $5,100.

Sault Ste. Marie—harbour improvements, $20,000.

Harbours and rivers generally for maintenance of services; no new works to be undertaken, $200,000.—Total, $790,800.

Mr. HEENAN: No doubt the hon. minister has received an application from the town council and the board of trade of Kenora in connection with the construction of a wharf at Norman, Ontario. The increased activities in mining in this part of the country have made a wharf at this point absolutely necessary, but I fail to see the item. It would cost only about $8,000, and I was wondering if the minister would not give consideration to this matter when bringing down the supplementary estimates.

Mr. STEWART (Leeds): I assure my hon. friend this matter will be given consideration, particularly as it is not a large expenditure.

Mr. McMILLAN (Huron): What was the expenditure last year on the maintenance of the wharf at Bayfield?

Mr. STEWART (Leeds): The hon. member made a previous request for this information and it is going through the mail to-day. I understand the expenditure was approximately $300 or $400.

Mr. GRAY: Last year the minister was good enough to include in the estimates a sum for the completion of a warehouse on the public wharf at Sarnia. During the fall of 1931 representations were made to the minister that this work should be proceeded with as a part of the unemployment relief. The minister will remember that he called for tenders and I am informed that those tenders were within the estimates. Why was not the contract awarded for this work?

Mr. STEWART (Leeds): This work was not proceeded with under the Unemployment Relief Act because of the position taken by the right hon. the leader of the opposition, that anything contained in the regular estimates must be carried on in that way. The hon. member has stated that tenders were called for and that those received were within the estimates. That is so, and had the revenue permitted there is no reason whatever why this work should not have been completed. I was not able to convince the council that it should be undertaken.

Mr. GRAY: In view of the representations which must have been made to the minister by the steamship companies, and the fact that we have a fine public wharf with all facilities, will he not endeavour to have an amount included to give at least temporary warehouse accommodation? I do not ask for an amount as large as that voted last year, but I urge upon the minister the necessity of action before the shipping season opens in order that this wharf may be utilized to the fullest. Will the minister undertake to investigate this matter and endeavour to grant some temporary relief until the conditions warrant a greater expenditure?

Mr. STEWART (Leeds): I have been deeply impressed with the representations made by my hon. friend with respect to the need of additional accommodation at Sarnia. The circumstances certainly warrant the expenditure of some money and I shall endeavour to meet his wishes. Similar conditions exist at Windsor where wharf improvements and the construction of a warehouse were under contemplation but were not proceeded with because of the reasons already given.

Mr. SANDERSON: Is the item covering a breakwater at Haileybury an entirely new one?

Mr. STEWART (Leeds): It is new in this sense; the work was commenced under the Unemployment Relief Act and this amount is required for completion.

Mr. SANDERSON: What was the original amount to be expended?

Mr. STEWART (Leeds): I think the wharf cost approximately $25,000.

Mr. SANDERSON: That would make a total expenditure of about $70,000?

Mr. STEWART (Leeds): About $67,000.

Mr. SANDERSON: In what constituency is this work being carried on?

Mr. STEWART (Leeds): The constituency of the hon. Minister of Labour (Mr. Gordon).

Mr. DUFF: What is the necessity for that work at Haileybury?

Mr. STEWART (Leeds): This is to afford transportation accommodation into the mining district up there, which is developing very rapidly. This accommodation is very much needed.

Mr. DUFF: Transportation from where?

Mr. STEWART (Leeds): From the older parts of Ontario.

Mr. BEAUBIEN: Falling revenue does not apply, apparently, when it is a question of expenditure in a minister's constituency.

Mr. STEWART (Leeds): I would not say that.

Mr. SANDERSON: Is this work at Haileybury considered of national importance, or is the work being done purely to give relief to the unemployed?

Mr. STEWART (Leeds): The work was started as an unemployment relief measure and is being completed by this appropriation.

Mr. SANDERSON: About how many hands are employed on the work?

Mr. STEWART (Leeds): I am sorry I cannot give that information because I have not the particulars as to the unemployment relief, but I am going to let some items stand and I shall be pleased to give my hon. friend that information later.

Mr. SANDERSON: Is the work being done by tender and contract?

Mr. STEWART (Leeds): Up to the present this work is being carried on, as is most of our unemployment relief work, by day labour.

Mr. SANDERSON: None of it is by tender at all?

Mr. STEWART (Leeds): None that has been done. I cannot say how we shall carry on this work.

Mr. McINTOSH: I notice under essential undertakings Saugeen river harbour improvements. Where is this work?

Mr. STEWART (Leeds): It is at the mouth of the Saugeen river, to give harbour protection to the fishermen.

Mr. McINTOSH: In what constituency?

Mr. STEWART (Leeds): In North Bruce, represented by the Hon. Mr. Malcolm.

Mr. HEENAN: With respect to the Haileybury vote, do I understand the minister to say that this work was first started to provide employment on a fifty-fifty basis with the province?

Mr. STEWART (Leeds): No, it is being done entirely under this department.

Mr. HEENAN: I am very glad that the federal government have seen fit to start some work on their own account somewhere in northern Ontario, because you can look all through the estimates last year and find very little work that was initiated or proceeded with in northern Ontario by the federal government. If the minister will recall my words when his estimates were up last year he will see the importance of the federal government looking after purely federal affairs. We have in these estimates a curtailment of expenditure on public works of over $43,000,000 as compared with last year.

Mr. STEWART (Leeds): Not on public works alone. That is the total curtailment. There is a reduction of about $9,000,000 on purely Dominion public works.

Mr. HEENAN: I should have said the $43,000,000 was the total curtailment, and it is necessitated chiefly by the fact that the federal government had to assist the provinces. In other words, the federal government is contributing to the province on the one hand and curtailing public works expenditure on the other hand. That is not wholeheartedly giving out work to provide employment. I appreciate, of course, that it is a good thing to contribute to the provinces during this depression, but when the Liberals were in power we started to provide federal public works with federal money and left the provinces to follow suit and spend whatever money they could themselves. Because of the fact that we have had to assist the provinces we are now faced with this curtailment in the estimates of $43,000,000. I rose to say that I am glad the federal government have initiated some public work on their own account in northern Ontario for the purpose of relieving unemployment.

Mr. SANDERSON: With reference to the work at Haileybury, will this $45,000 complete the undertaking?

Mr. STEWART (Leeds): Yes.

Mr. DUFF: Will tenders be called for the balance of this work?

Mr. STEWART (Leeds): That has not yet been decided.

Mr. DUFF: I understand that under the statute in connection with any work involving an expenditure of over $5,000 tenders must be called for, and I was therefore rather surprised to hear the minister say in connection with work that has already been done that tenders were not called for. It seems to me it is absolutely necessary when the work involves expenditure of $5,000 or over that tenders be called for in every case and the law be complied with, whether it is in this department or any other.

Mr. STEWART (Leeds): Under the Unemployment Relief Act there is no such provision or limitation. In fact, the very foundation of the appropriation under that act was that it was to be administered in the way best calculated to relieve unemployment locally, and we find that the contract way is not the best way for that purpose. But generally speaking my hon. friend is quite right regarding the provision of the Public Works Act, and we have followed it strictly. As my hon. friend will recall, however, there is a provision in the act that where the officers of the department certify that the work can be done more advantageously in the public interest by day labour than by contract, it may be done in that way.

Sir EUGENE FISET: Not if it is over $5,000.

Mr. STEWART (Leeds): Oh yes.

Sir EUGENE FISET: No.

Mr. SANDERSON: What representations were made and by whom for this work to be done at Haileybury? Was it petitioned for locally?

Mr. STEWART (Leeds): The representation was made, I do not recall by whom, that there was unemployment in that area and that this work would grant a substantial measure of relief.

Mr. SANDERSON: May I suggest that it may have been a case of one colleague simply conferring with another colleague for the benefit of his constituency?

Mr. STEWART (Leeds): I would always welcome representations that are in the public interest from any colleague or from my hon. friend.

Mr. SANDERSON: I am very glad to hear that.

Mr. POULIOT: We must give credit to the minister for that.

Mr. BEAUBIEN: Is this the only work that is being undertaken solely by the federal government to relieve unemployment in Canada? I thought that most of the work that was done to relieve unemployment was done by the provinces with the federal government contributing its share. In this case the whole contribution is from the federal treasury. Has that been done in any other instance?

Mr. STEWART (Leeds): Perhaps my hon. friend was not in at the outset when I made my explanation that following the passing of the act the Public Works department submitted a program of work to be carried on in the different provinces entirely by the Public Works department. The total of that was $2,500,000, allocated among the provinces in different amounts. About $1,500,000 has been expended up to the present time in the carrying out of these works, which number approximately four or five hundred—buildings, harbour works, and other works undertaken wherever it was thought that it would substantially help to relieve unemployment in that area. As I have already said, the full returns of the expenditure on these works will be brought down in the near future.

Mr. BEAUBIEN: Was the money provided out of the votes for the Department of Public Works last year or out of the unemployment relief appropriation under the act passed last year?

Mr. STEWART (Leeds): It is not in the estimates at all. It is provided out of the unemployment relief appropriation. It is supplementary to the estimates.

Mr. DUFF: Do I understand from the minister that in the ordinary course of business in his department the law allowed him, on the advice of his officials, to do work by day's work instead of by tender when the amount exceeded $5,000, or was he referring only to works under the Unemployment Relief Act?

Mr. STEWART (Leeds): I referred first to the Unemployment Relief Act. I do say, however, that the act still permits, on the recommendation of responsible officials, where because of the nature of the work it is difficult to ascertain the condition of a structure—as in the reconstruction of a wharf where it is difficult to tell the extent of the damage and practically impossible to procure accurate specification—the undertaking of works of that kind by day labour, even though they exceed $5,000. In the department, however, we prefer to follow the practice of asking for tenders, and do so in every case where it is at all possible.

Mr. VALLANCE: I should like to follow up the question asked by the hon. member for South Perth (Mr. Sanderson) regarding the Haileybury breakwater. Did I understand the minister to say that this was being built as a relief measure?

Mr. STEWART (Leeds): It was started as that.

Mr. VALLANCE: And is this vote to supplement the moneys expended under the relief act?

Mr. STEWART (Leeds): This will complete the work which was undertaken as an unemployment relief measure. As the act expires on March 1, we provide this vote so that we may be able to carry on and complete the work.

Mr. VALLANCE: I understood from the minister that a considerable amount of the moneys voted for unemployment relief is still unspent. Why could not such moneys be appropriated to cover expenditures in connection with that work?

Mr. STEWART (Leeds): Because the unemployment relief measure expires on March 1 and we cannot make further expenditures without authority from parliament.

Mr. VALLANCE: A large undertaking has been started in the city of Saskatoon, and I have not been able to find any vote of a like nature to take care of that work. I refer to the bridge crossing the Saskatchewan river. How does the minister propose to deal with expenditures in connection with that bridge? Certainly there is no provision in the estimates to deal with it.

Mr. STEWART (Leeds): There is no undertaking in the province of Saskatchewan such as my hon. friend has referred to, under the auspices of the Public Works department. The work referred to by him must be carried on jointly by the dominion and the province.

Mr. VALLANCE: Is this entirely a dominion affair?

Mr. STEWART (Leeds): Yes.

Mr. HEENAN: The discussion which has taken place leads to another point. Inasmuch as the Unemployment Relief Act will expire on March 1, and inasmuch as this $45,000 is to be used at Haileybury to complete the work now under way up there, may I ask what the minister purposes to do with respect to promoting works to help the unemployed in the various districts of northern Ontario? Can he say that any unemployment relief measure will be brought down before March 1 to take the place of the one about to expire? Otherwise the only people I know who will be working in northern Ontario will be the people around Haileybury. Of course I appreciate that fact, and admire the Minister of Labour (Mr. Gordon) for having work done in his own constituency; I congratulate also the government for acceding to his wishes in the matter. Had I been in his place I should have tried to do the same thing for my own riding. I am not in that position, however, and as a member from northern Ontario I should like to know if the Minister of Labour, and the government of which he is a part, intend to do anything for the unemployed in other constituencies of northern Ontario, in view of the fact that the Unemployment Relief Act expires on March 1 and no public works have been provided for in that northern district, with the exception of those in Haileybury.

Mr. STEWART (Leeds): What will be done is a matter of policy, announcement of which must come either from the Minister of Labour or from the Prime Minister. I am not in a position to state what the policy will be, but it is under consideration.

Mr. POULIOT: I have noticed that the Minister of Public Works is one of the cabinet ministers most familiar with the affairs of his own department. When I make that statement I refer only to what happened in my own constituency, and am not attempting to take part in the discussion of what occurred at Haileybury.

Last year expenditures were made for public works from the unemployment relief fund, so that people who had no work to do were given employment without any consideration of party affiliations. Such action was surely right, because in times of stress all people in need should be helped. I notice now that the appropriations for the Department of Public Works have been considerably reduced, and I am wondering whether the moneys expended by that department will be given only to those of one party affiliation, and if people who belong to other parties—Liberal, Labour or any others—will have any work to do under the present scheme. I am wondering if the foreman on public works will have to follow the strict patronage rules followed in times of prosperity. I ask my good friend the Minister of Public Works if he will be kind enough to throw a little light on this point.

Mr. STEWART (Leeds): I can say only that we will follow the usual custom of asking for tenders for public works, and on that score the acquaintances of my hon. friend will have just as good a chance as any other body of people.

Mr. POULIOT: I am not speaking for myself, but for the people in need.

Mr. HEENAN: Will the minister tell us what wages are being paid on the work at Haileybury, and whether or not the eight hour day is being enforced?

Mr. STEWART (Leeds): I cannot give the exact schedule of wages, but they have been fixed by the Department of Labour and we are following their schedule.

Mr. HEENAN: The Department of Labour might set a scale of wages which, I have no doubt, would be correct, but surely the minister should know the wages being paid on works undertaken by his own department.

Mr. STEWART (Leeds): I shall be pleased to get the information asked for by my hon. friend, and give it to him.

Item agreed to.

Harbours and Rivers—Manitoba: essential undertaking — Kississing river — improvements, $4,500.

Harbours and rivers generally for maintenance of services; no new works to be undertaken, $50,000.

Mr. POULIOT: Will all these works be let by tender, and will the foreman receive instructions to employ only those in distress?

Mr. STEWART (Leeds): I cannot say they will all be given by tender, but certainly the larger ones will.

Mr. POULIOT: Over what amount are tenders asked for?

Mr. STEWART (Leeds): On any work involving an expenditure of over $5,000 the act contemplates that, save in exceptional cases, there will be tenders. We have often asked for tenders where amounts have been lower than $5,000, if the work could be better carried out by so doing.

Item agreed to.

Saskatchewan and Alberta—harbours and rivers generally for maintenance of services; no new works to be undertaken, $15,000.

Mr. VALLANCE: I suppose, Mr. Chairman, that this would be an opportune time to put a particular question to the minister and to the government. Representations have been made to the government from a portion of the constituency of the member for Rosetown (Mr. Loucks), regarding the possibilities of the government giving consideration to the construction of a bridge across the Saskatchewan river at Outlook. Rosetown lies immediately southeast of my seat. Through that seat runs the Saskatchewan river. From the town of Outlook and district similar representations have been made to the government, and I think, also to the Minister of Agriculture, who is the minister from that province. I would ask the hon. minister or any other member of the government if he can say publicly to the people of Saskatchewan whether it is the intention of the government to build this bridge. I know that the minister will probably tell me that this is a provincial public work; but bridges are being built in other parts of Saskatchewan that we think are not as vitally important to the great masses of the people of the province as is this bridge. All the people of my constituency travelling that way naturally have to cross on the ferry, and the accommodation it provides is simply awful. If the minister has not the information, I should like some other member of the government to tell the people in general, not the followers of the Tory party, what is to be hoped for in this regard.

Mr. STEWART (Leeds): Where the proposed bridge is wholly within a province it is not usual for the dominion to make a contribution towards its erection; we do in some cases contribute to interprovincial and international bridges. I have not the facts before me in connection with this particular proposal, but, in any event the matter should be taken up in the first instance by the provincial authorities, and if they can make out a proper case for contribution by the federal government, it certainly will be considered. As to the other bridges in Saskatchewan now under construction, to which my hon. friend refers, I presume they are being built under the Unemployment Relief Act, in which case there is a joint contribution purely for the relief of unemployment.

Mr. VALLANCE: Have any representations been made to build a bridge on the North Saskatchewan river at Outlook under the unemployment relief measure, the same as has been done at Saskatoon?

Mr. STEWART (Leeds): Those representations would first go to the province, and if the province approved of the work it would send those representations on to the federal labour department for approval under the Unemployment Relief Act.

Mr. VALLANCE: Last year it was stated by the Prime Minister that immediately after the session each member, irrespective of where he sat in the house, would be asked to make suggestions to the government regarding relief measures. I do not doubt each member suggested to the government what in his opinion was necessary. I feel quite sure that the government must have been pressed, not only by the member for Rosetown, but

by other members whose constituents would use that bridge, to undertake its construction, but so far the matter has received no consideration. Why did not this proposed bridge receive the same consideration as was accorded to other similar proposals? I will be quite frank in saying that no recommendation that I made received any consideration.

Mr. STEWART (Leeds): Recommendations for purely dominion works came to the Public Works department; other representations came to the Minister of Labour on the written invitation sent to each member to suggest works which he thought might be undertaken to relieve unemployment. I do not know about the particular bridge that my hon. friend has in mind, because any recommendation with respect to it did not come to the Public Works department.

Mr. LOUCKS: As Outlook is in my constituency I may say for the benefit of my hon. friend that I have had some correspondence with reference to the proposed bridge. I think my hon. friend is aware that this is a matter for the provincial government to deal with, and I am corresponding with the Minister of Highways in Saskatchewan with reference to it. I am glad to say he is giving the proposal his consideration at the present time. I might add that the bridge was recommended.

Mr. McINTOSH: With respect to what the minister has said in connection with the proposed bridge at Outlook, it comes to my mind that I recommended that another important bridge be built. I regret to say that the project has not yet been undertaken, and I do not know when it will be. As the hon. member for South Battleford (Mr. Vallance) has said, the Prime Minister stated in the house last session that hon. members after they went back to their ridings would be asked to make suggestions with regard to necessary public works that would help to a solution of the unemployment problem. In due course I received such a letter. I took up with the members in the provincial house the question of building a very important bridge at Ceepee over the North Saskatchewan river. This is one of the most pressing public necessities in the province. As a result of that conference I made a recommendation to the Labour department at Ottawa, but the recommendation was turned down, although the proposal for a bridge at Saskatoon was approved by the government. I do not find fault with the building of the bridge that is now under construction at Saskatoon, but I would impress upon the house that the bridge that I asked for had behind it the solid public opinion of my riding. Naturally the people of my riding want to know why the Saskatoon bridge was undertaken at a cost of about $1,000,000, while the proposed bridge at Ceepee, which is so urgently needed was turned down.

Mr. STEWART (Leeds): When the report on unemployment relief is brought down I would suggest that my hon. friend put his question to the hon. Minister of Labour (Mr. Gordon). The proposal to build the bridge in question did not come before my department, and therefore I am not in a position to give any information in relation to it.

Mr. VALLANCE: Are there any items in the public works estimates to-day that were recommended by any member of parliament? For instance, I noticed the member for Sherbrooke (Mr. Howard) drew the attention of the minister to the fact that the member for Stanstead (Mr. Hackett) has got a substantial appropriation, as has also the member for Chateauguay-Huntingdon (Mr. Moore). Were those public works recommended at the time the invitation was sent out by the Minister of Labour, or were they under the control of the Public Works department? Are there any items in the public works appropriations that we have considered to-day that were suggested to the department following the invitation sent out by the Prime Minister through the Minister of Labour?

Mr. STEWART (Leeds): The works to which my hon. friend refers are not new to the department; some of the recommendations to which he has referred were made years ago. The customs accommodation at the border in Stanstead was asked for by the Department of National Revenue, and they have been pressing for it for several years.

Mr. VALLANCE: They are not suggested by the members, then, as relief measures?

Mr. STEWART (Leeds): No.

Mr. MacMILLAN (Saskatoon): I want to say just a word before this passes. While it is true that the government is contributing to the cost of a bridge at Saskatoon, the city is contributing a very large percentage of the cost of that undertaking. We are giving $360,000 towards the cost of that structure, and it is very important indeed that it be completed. The bridge to which my hon. friend referred would carry more traffic than this bridge, but he knows as well as I do

that the province of Saskatchewan is not in a position financially to build that bridge, even with a contribution from this government. The cost of the Saskatoon bridge is split three ways, with the province contributing only $140,000.

Mr. GERSHAW: The minister said a few moments ago that where a bridge was built across a river on the boundary between two provinces the dominion sometimes contributed. I should like to ask if the province of Alberta or the province of Saskatchewan has made representations with regard to a bridge across the South Saskatchewan river at a point called Empress. This is on a very important highway, and there is a ferry in operation at the present time which is unsuited to the needs of those travellers. If a bridge were built it would be a great help to those in need of relief in that district. I should like to know first if representations have been made and, in case the government would consider giving a contribution, what proportion of the cost that contribution would cover?

Mr. STEWART (Leeds): I can only say that no representations have been made by the provinces since this government came into office. I do not know whether any were made before that time, but the impression of the chief engineer and the deputy is that no representations have been made by the province. The contribution is a matter of agreement; sometimes it is one-third and sometimes a smaller amount.

Mr. GERSHAW: Have representations been made to the Department of Labour?

Mr. STEWART (Leeds): I would not be able to speak about that.

Mr. McINTOSH: A part of the argument of the hon. member for Saskatoon, in connection with the Ceepee bridge to which I referred, was that the province of Saskatchewan, under its present government, is not in a position to put up the necessary money, in conjunction with the dominion government, to have this structure built. If that is so, and the provincial government cannot put up a dollar towards the cost of that bridge, why not make it a special improvement measure sponsored by the dominion government in order to aid unemployment in that part of the province?

Mr. BEAUBIEN: When I received that letter from the Department of Labour asking me to suggest to the government what I thought should be done by way of public improvements in order to aid unemployment, I went to a great deal of trouble in going around my riding to get that information. I prepared the best report I thought could be prepared under the circumstances, and now I should like to ask the minister to get that report and keep it in the archives of the Department of Public Works, so that when times get better, or when world conditions are more stable, as the speech from the throne says, they may receive first consideration.

Mr. VALLANCE: In view of the statement made by the hon. member for Saskatoon, I should like to direct a further question to the government. If the province of Saskatchewan is in such a financial position that it is not able to put up its share of the cost of that bridge, how does the government propose to take care of the unemployment situation in that province from now on?

The CHAIRMAN (Mr. Hanson, York-Sunbury): I would point out to the committee that we are getting very far away from the item under discussion.

Mr. VALLANCE: No, we are not.

The CHAIRMAN (Mr. Hanson York-Sunbury): I think we are; that is the ruling of the chair. We are discussing harbours and rivers.

Mr. McKENZIE (Assiniboia): Would the minister tell us what services are covered by this item?

Mr. STEWART (Leeds): This money is used to keep the wharves in repair, perhaps to do some little dredging, and to keep in efficient operation the services which are being rendered the public.

Mr. McKENZIE (Assiniboia): It does not include the payment of the men on ferries, or anything like that?

Mr. STEWART (Leeds): No.

Mr. VALLANCE: Would the minister tell us where the harbours are in the province of Saskatchewan?

Mr. STEWART (Leeds): That is a term we use in case there happen to be any.

Mr. VALLANCE: We have an item here of $15,000 for the maintenance of harbours and rivers in Saskatchewan and Alberta. I should like to know where the harbours are. I know where some of the rivers are; I have been suggesting some ways of spending a portion of this amount in the rivers and over the rivers, but the minister does not agree with me. So I would like to know where the harbours are.

Mr. McINTOSH: I asked the minister what I thought was a legitimate question. It was this: Would it not have been as justifiable to build the bridge at Ceepee as it was to spend $80,000 at Haileybury, in the constituency of the Minister of Labour?

Mr. STEWART (Leeds): I am sorry I cannot answer that question, because I have not the facts before me.

Mr. POULIOT: Perhaps the desk-mate of the minister, the Minister of Marine, could tell us where the harbours are.

Mr. GARLAND (Bow River): I should like to ask the minister how much of this amount will be spent in providing a very necessary breakwater on the Red Deer river at Drumheller.

Mr. STEWART (Leeds): I do not think you would get much of a breakwater for $15,000. This is the amount we had last year, and it is used for ordinary repairs. There are no new undertakings under this item; we could not apply any portion of it to a new undertaking.

Mr. GARLAND (Bow River): I have a great admiration for the minister, and I hope that will stand me in good stead when he comes to make up the supplementary estimates. I assure him definitely, as I have already assured Mr. Hereford of the Department of Labour, that this work on the river bank is absolutely needed if the property of the city of Drumheller is to be protected from floods which occur every spring. I hope the minister will look into this matter and make the necessary provision in the supplementary estimates this year.

Mr. VALLANCE: I might make one other observation. I see this amount is divided between Alberta and Saskatchewan, and I am even more disappointed. The item being so small and the territory so large, surely the minister can tell us where the harbours are and how he proposes to spend the money.

Mr. MACKENZIE KING: In the constituency of Prince Albert, in Prince Albert park, there are extensive harbours and there are also rivers. The Minister of the Interior (Mr. Murphy) is present and he will bear me out that the navigation from that locality is most important. It is the route out to Hudson bay from the northern part of Saskatchewan. The amount, I think, is wholly inadequate.

Mr. SPEAKMAN: I can tell the hon. gentleman who asked the minister a question which he could not answer that in one part of Alberta, the part I have the honour to represent, we not only have navigable waters but we actually have wharves and breakwaters as well. If he doubts my word he can ask the Prime Minister of Canada, who comes from that province and who will tell him that he and I spent a very happy day on Silver lake opening a wharf which was also a breakwater.

Mr. VALLANCE: If the leader of the government also comes from this territory it seems to me the amount of this vote is an insult both to the leader of the opposition and to the government.

Mr. HOWARD: Before we leave this department, I understand that a contract was let for the Moncton public building but I do not see anything in the estimates. Does the minister know what stage this matter has reached?

Mr. STEWART (Leeds): It is not correct to say that a contract was let. We called for tenders but did not proceed with the work.

Mr. HOWARD: You are not putting anything in the estimates for it.

Mr. STEWART (Leeds): No; it is going the way of the others.

Mr. ILSLEY: When item 122 was under discussion I happened to be called out of the chamber. What provision is being made for the completion of the work at Hantsport, Nova Scotia? There was a vote last year of $10,000 and an additional vote under the Unemployment Relief Act of $4,000 or $5,000, and only a small part of the money has been spent. The work is not finished; it has just begun and I cannot find any provision in these estimates for its completion.

Mr. STEWART (Leeds): The wharf itself has been finished but the railway siding requires some additional work. That is to be arranged through the railway commission, and unless we succeed in getting it completed out of the unemployment relief vote before the first of March we shall have to consider whether some provision should be made in the supplementary estimates.

Mr. ILSLEY: The total cost of the work was to be about $15,000 and only about $4,500 has been spent. Are these figures correct?

Mr. STEWART (Leeds): A considerably larger sum than that has been spent out of the unemployment relief vote. The work is finished except for the siding.

Item agreed to.

TRADE AND COMMERCE

Civil government—salaries, $554,310; contingencies, $40,000.

Mr. MACKENZIE KING: I do not rise at the moment to take exception to the calling of an item in Trade and Commerce, but I just wish to direct the attention of the minister to the fact that we understand why he is so suddenly passing from Public Works to Trade and Commerce. No doubt there will be an equally sudden transition from Trade and Commerce to Justice to-night,—

Mr. STEVENS: Not necessarily.

Mr. MACKENZIE KING: —the object being to get as many departments into the arena for future discussion as possible. I see no reason to take exception to this but I want the minister to know that we understand what he is doing.

Mr. STEVENS: I suspect so.

Mr. VENIOT: Can the minister give the details of the reduction?

Hon. H. H. STEVENS (Minister of Trade and Commerce): It is due to a reduction in the number of employees. In some instances we are not replacing where vacancies have occurred, and as far as possible we are curtailing expenditures.

Mr. VENIOT: I understand that the object of the government is to reduce expenditures wherever they are controllable. Contingencies are controllable; why is there no reduction there?

Mr. STEVENS: We are keeping that down as low as possible. No department knows precisely what may arise. The expenditures for the last few years have been: 1928, $29,899.15; 1929, $33,810.94; 1930, $39,351.06; 1931-32, $17,136.46. We purpose keeping these expenditures down.

Mr. VENIOT: Until last year it had never reached $40,000.

Mr. STEVENS: Not last year, the year before.

Mr. VENIOT: What has brought it up to $40,000 now?

Mr. STEVENS: That has been the amount voted for some time.

Mr. VENIOT: My objection is that it is a controllable expenditure; the minister will admit that. If you are bringing about a practical retrenchment why not retrench where expenditures are controllable? We should cut down the controllable expenditures rather than the salaries of civil servants.

[Mr. H. A. Stewart.]

Mr. STEVENS: I have already given the explanation. No one can anticipate precisely what will be spent under contingencies. I can give the details of expenditures in years gone by but I cannot give it for the current year. It is quite possible there may be some unforeseen demand on this vote. We are asking for the usual vote but we promise that as far as possible we will keep it down, and this is evidenced by the actual expenditures of the current year.

Mr. VENIOT: That does not satisfy me, because there must be a method of meeting unforeseen expenditures. If the government is so anxious to curtail expenditures why not begin at this point? If you voted $30,000 this year and found towards the end of the fiscal year that something unforeseen had arisen there would be a way of meeting that expenditure. Why not make a reduction now and take your chances?

Mr. VALLANCE: Does the item for salaries include travelling expenses of the grain commission?

Mr. STEVENS: No.

Mr. VALLANCE: Is it under contingencies?

Mr. STEVENS: The grain commission vote is separate.

Mr. POULIOT: I am sorry to disagree with my hon. friend from Gloucester. I think we should congratulate the Minister of Trade and Commerce upon his decision not to reduce contingencies.

Mr. EULER: An item of $3,420 for chief, census of manufactures, which was voted last year, is cut out entirely this year. Does that mean that the service is discontinued?

Mr. STEVENS: There will be some variations in the department and the one referred to is probably a movement in the staff requested by the chief statistician.

Mr. EULER: Will the census of manufactures throughout the country still be continued?

Mr. STEVENS: That has been carried on.

Mr. MERCIER (St. Henri): The details are shown on page 99. An item of $12,000 is allowed for clerical assistance and $14,000 for printing and stationery. What is covered by the latter amount.

Mr. STEVENS: That is to cover unusual printing which does not come under the general vote. There is a possibility this year

that the department will be called upon to do considerable work in connection with the Imperial economic conference and we may have to call upon this vote.

Mr. EULER: What is the nature of the work carried on in connection with the census of manufactures? Are the manufacturers asked to make returns at specific intervals as to the amount and nature of their manufactures?

Mr. STEVENS: I have received many letters during the past year highly commending the work being carried on by this particular branch. Questionnaires or forms are sent out to the various industries; the information received is segregated by the department and distributed to those interested or to those who may request it.

Mr. EULER: Does the minister find that the manufacturers respond readily and completely to these questionnaires?

Mr. STEVENS: I have been surprised during the past year to note not only the willingness with which they respond but the praise which they give to the efforts of the bureau in compiling this information.

Mr. EULER: Do they respond in all cases?

Mr. STEVENS: Not in all cases; occasionally we find someone who demurs.

Mr. VENIOT: In the details of the contingencies which appear on page 99, I note that $3,000 was allowed last year for telegrams and telephones, while the vote for this year shows an increase of $500.

Mr. STEVENS: My department has asked for the allocation of $3,500 for telegrams and telephones. The department has considerable cabling to do keeping in touch with the trade commissioners in all parts of the world.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

DEPARTMENT OF TRADE AND COMMERCE

The house in committee of supply, Mr. Stirling in the chair.

Trade and Commerce — salaries, $554,310; contingencies, $40,000.

Mr. MACKENZIE KING: Are there any statutory increases?

Mr. STEVENS: No.

Mr. MACKENZIE KING: I notice in looking through the details that there are a number of increases. Evidently they are not statutory. Perhaps my hon. friend could tell us on what basis they are made.

Mr. STEVENS: There were a few readjustments within the staff during the year. I cannot say exactly from memory what they were, but there were not many.

Mr. MACKENZIE KING: I assume that it is quite proper that these changes should be made, but what strikes one in looking at the list is that certain individuals have received an increase while the great majority have not. For example, the secretary of the commercial intelligence service has been increased, also the chief of the mining, metallurgical and chemical division. There has been an increase also with respect to statisticians. One head translator has been increased, also a sound projectionist and a publicity agent; one or two principal clerks, a senior photographer, the secretary to the executive, one draftsman, a stenographer and some other photographer have been increased. There has also been an increase for the electricity and gas laboratory assistant, for an assistant photographer, for some stenographer, messengers and office boys. These may not be a very large number, but they would seem to constitute a favoured few and I wish the minister would indicate on what special grounds all these individuals have received increases while the rest of the staff have been left just where they were.

Mr. STEVENS: There were a few reclassifications, purely departmental and without design, I might say to the right hon. gentleman, within the department during the year. I presume I could give an explanation in each individual case if the right hon. gentleman desires that.

Mr. VENIOT: Have these increases been approved by the Civil Service Commission?

Mr. STEVENS: Yes, in every case.

Mr. DUFF: Why has the deputy minister's salary been decreased from $10,000 to $8,000?

Mr. STEVENS: There was a change in the deputy head during the year and the new deputy comes in at the minimum rate.

Mr. MACKENZIE KING: I notice an item under contingencies for printing and stationery. May I ask whether any of that is for the printing of the creed the minister published last year?

Mr. STEVENS: Constantly we are receiving requests for copies of the creed, and I am very sorry that parliament has not been asked to vote an additional sum for that purpose.

Mr. MACKENZIE KING: May I ask if any part of this amount is to be used for propaganda purposes in connection either with the Canada First or the Empire First movements?

Mr. STEVENS: I can assure my right hon. friend that there will be no propaganda.

Mr. MACKENZIE KING: There will be nothing in the nature of advertising paid for by the department relating to Canada first, or made-in-Canada goods, or the like?

Mr. STEVENS: Speaking for myself, and I think I can speak for my colleagues as well, we are strongly in favour of every effort that will promote Canada's interests industrially and in every other way. What I assume the right hon. gentleman is referring to is whether there will be carried on any advertising campaign of a general character under this vote. I think I can assure him that there will not be, not because we are opposed to such a publicity campaign, but we are curbing our expenditure to the limit this year and have not in contemplation such a campaign.

Mr. MACKENZIE KING: I may say to my hon. friend that all parties in this house are as much interested in promoting Canada's interests as are the members of the government. My hon. friend knows to what I refer, and that is the use of public moneys for political propaganda purposes, furthering the trade policies of the government in office. The Canada First campaign was a purely political campaign, and public moneys were used for that purpose in connection with the publication of the illuminated creed and in connection with advertisements inserted in innumerable papers. We do not want to have that story repeated in terms of Empire First while the economic conference is on, or before or after the conference, with hon. friends opposite seeking to make political headway by that method. I take it from the minister that none of the moneys from this vote will be used for purposes of the kind.

Mr. VALLANCE: Might I ask the minister if the object of advertising the Canada first policy and printing the creed have been worthy of such expenditures. Is the minister in a position to assure the house that the results have been satisfactory?

Mr. STEVENS: Quite, quite.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: If they have been worth while, can the minister tell us why the administration is throwing over its old doctrine of Canada first and adopting the new doctrine of empire first?

Mr. STEVENS: Did I understand my right hon. friend to refer to a decrease in the expenditures? In that regard, as I said a moment ago, we are merely economizing to the limit. We believe that to best serve the country we must as far as possible reduce expenditures.

Mr. JACOBS: And I suppose the least useful is cut off first.

Mr. CASGRAIN: I see under the heading of contingencies an amount of $12,000 for clerical assistance, a sum over and above all the salaries paid to the various officials in the department. I should like to have the details of this amount.

Mr. STEVENS: That is an item which has been voted for many years. Part of it is spent in respect of clerical staff in the minister's office, and part of it is for clerical assistance where, under emergent conditions, extra help is required temporarily. In recent years the expenditures have been as follows:

Year	Expenditure
1928-29..	$ 9,583 84
1929-30..	10,088 76
1930-31..	13,716 22

For the current year expenditures up to the present time have been about $9,000. Hon. members must bear in mind, however, that the year has not yet expired.

Mr. CASGRAIN: Are those amounts paid to persons employed by the department who were appointed by the Civil Service Commission? If not, how were they chosen?

Mr. STEVENS: Some of them, of course, were chosen by the Civil Service Commission. However there are a few appointees as my hon. friend no doubt knows, within the right of the minister; I refer particularly to a private secretary or an assistant private secretary.

Mr. VALLANCE: I should like to ask a question, and if it indicates that I am labouring under a misapprehension I hope the minister will correct me. I find an expenditure for a "sound projectionist," and note that the salary of this official has been increased. I am wondering if the term "projectionist" should not be "protectionist"?

Mr. STEVENS: The sound projectionist is connected with the moving picture branch of

the department. Strange to say in these days the motion picture bureau must use a sound projector, and of course a person is required for its manipulation.

Mr. DONNELLY: Some of these salaries are reduced; on the other hand some seem to be increased. For instance, the following officials are to receive increased remuneration: chief of the mining, metallurgical and chemical division; head translator; sound projectionist; senior photographer; secretary to the executive; draftsman; electricity and gas laboratory assistant, and library assistant. Why have these salaries been increased? Do the increases arise through seniority, or what is the reason?

Mr. STEVENS: I have already explained the reason. There are a few—comparatively few—increases in the department due to a reclassification by the Civil Service Commission during the past year.

Mr. MACKENZIE (Vancouver): What are the duties of the publicity agent?

Mr. STEVENS: Mr. Chisholm, the publicity agent, was appointed some years ago. His duty is to direct the publicity of the department. Perhaps one of his most valuable services is the dissemination of ordinary news to which the public is entitled, emanating very largely from the researches of the Bureau of Statistics.

Mr. HEENAN: Has the minister any idea what effects the reduction of 10 per cent in civil servants salaries will have, and has he estimated how Canadian industries will be affected if every other employer of labour in Canada follows the lead set by the federal government and reduces salaries and wages? How and to what extent will industries in Canada be affected?

Mr. STEVENS: I certainly have no information sufficient to satisfy the sweeping inquiry of my hon. friend. Due to general economic conditions there have been decreases in salaries and wages throughout the country. We do not think that a reduction of 10 per cent in civil service salaries for this year is an unfair contribution to the balancing of the country's budget, and to assistance to the country in meeting this period of depression. Our contention, however, is of course open to argument and discussion. Whether or not a general decrease in wages throughout the country will reflect itself in a decrease in activity is a debatable point. This country, however, in common with all other countries is faced with imminent problems and we are endeavouring to meet them in a manner we think most fair and equitable to all under the circumstances. I do not think I can add more than what I have said to the general query of my hon. friend.

Mr. HEENAN: Evidently the minister has not estimated what effect the reduction of 10 per cent in salaries and wages will have upon the country as a whole. Although the minister claims the authorship of the creed urging Canadians to purchase in Canada and to make Canada prosperous, the government of which he is a member now undertakes to take 10 per cent of the people's earnings from them so that they will be able to purchase 10 per cent less in Canada. The government, above all employees of labour, should set an example by maintaining the standard of wages and salaries.

Mr. MACKENZIE (Vancouver): Does the item "editor, grade 1" refer to the editor of the Commercial Intelligence Journal?

Mr. STEVENS: Yes.

Mr. CHEVRIER: If I ask a number of questions I hope I may be pardoned because, sitting in this privileged corner of the house I have been deprived of the benefit of hearing the discussion carried on in these academic terms. I should like to ask the minister whether in relation to his department the cut of 10 per cent as set out on page 98 of the estimates is final?

Mr. STEVENS: I am afraid I have not clearly understood my hon. friend's reference to the cut as "final." What does he mean?

Mr. CHEVRIER: Is the cut of 10 per cent to be considered a horizontal cut applying to the salaries of all employees and at the rate of 10 per cent, or is it to be graded?

Mr. STEVENS: I think I can say definitely the final understanding is that there should be, as my hon. friend describes it, a horizontal cut of 10 per cent. I may add one further observation, because I apprehend it will be in the mind of my hon. friend: there does arise the question of contribution, and so forth, to the retirement fund. The whole matter is under the consideration of the government and a pronouncement in regard to it will be made in due course by the Prime Minister.

Mr. WOODSWORTH: Is it right, Mr. Chairman, that we should pass these items involving decreases when the general principle has not been stated by the government? I think the government should have presented a bill with regard to the 10 per cent cut and

then we would have had a chance to discuss the question; otherwise we have to take it up on each individual item. If it is to be understood that in passing these items we are sanctioning the proposed cut, I think some of us will have something to say at this stage.

Mr. STEVENS: There is no question so far as the government is concerned that the estimates show precisely what it is proposed to do, that is, to make a 10 per cent cut. It will be noticed that at the bottom of each total appear the words "less 10 per cent" in regard to each department. There will be no restriction regarding discussion of the whole question when later on the necessary legislation is introduced.

Mr. WOODSWORTH: But are we not definitely fixing the salaries of these particullar men now?

Mr. MACKENZIE KING: Certainly.

Mr. STEVENS: Not quite. Of course my hon. friend fully understands that these estimates after they have been adopted by this committee must pass through the usual procedure of legislation; but undoubtedly so far as committee of the whole is concerned, passing each item means adoption of the resolution covering it.

Mr. HEAPS: How will the bill be introduced?

Mr. STEVENS: There will be the ordinary supply bill. Maybe special legislation will be required to cover certain features, but as to that I am not able to make any pronouncement at the moment. Unquestionably the main supply bill must cover the subject.

Mr. HEAPS: Of course, the supply bill covers all the estimates; but if the salary reductions are made in the estimates, those reductions do not need to be implemented by a bill.

Mr. STEVENS: All we do by passing the estimates is to supply the money necessary to pay these salaries, and if we supply the money, less 10 per cent, obviously that is all that can be paid. Whatever is necessary to regularize that in regard to the statutory feature will be dealt with later.

Mr. MACKENZIE KING: The point raised is a very important one. As the estimates stand, the committee is being invited to vote, for salaries of the trade and commerce department, a total of $554,310. As a matter of fact, if the salaries were to be what they are at present, plus the increases that are being made for the purposes of readjustment, as the minister says, we would be asked to vote $615,900. I would suggest to the minister —this is done by way of trying to meet the difficulty—that he amend his estimates by moving to strike out for the present the words "less 10 per cent" and the figure that appears thereafter, and let us vote the estimates as they stand, up to the amount of $615,900. That will be voting for each individual or group of individuals the sum set out opposite the classification in the detailed statement. I must say that when I looked at the estimates last night I took it that the 10 per cent reduction was inserted as a guide to the house of what the total ultimate expenditure would be. Until the house has decided that it is going to cut down the salaries by 10 per cent, I think the minister had better adopt the course I have suggested or take up some other part of the estimates.

Mr. STEVENS: Certainly, if the house desires to prolong the discussion on this particular resolution I would ask that it stand. But the facts are very clear. We are voting now the supply necessary to pay the salaries for this year at the regular rates, less 10 per cent; that is precisely what we are doing. Of course, if the right hon. gentleman and others object to the adoption of this resolution, we can let it stand and proceed with other items.

Mr. WOODSWORTH: Hear, hear.

Mr. MACKENZIE KING: My point is that the minister at the moment assumes that every hon. member on his side of the house is going to agree with the government, and that no matter what discussion there may be on the floor of the house the 10 per cent cut will go through. I hope the house has enough independence for a sufficient number of its members to assert their own minds in a matter of this kind, regardless of what the government may say in advance.

Mr. CHAPLIN: Like they did when you were here.

Mr. MACKENZIE KING: I always sought to get the view of the house, and I took good care not to move in advance into a position which I was not perfectly sure the house was going to take. I certainly think until this house has decided that the salary of every person, irrespective of the particular grade he may be in or what he may be receiving, is to be cut 10 per cent, we had better not vote any estimates on the basis of a horizontal ten per cent reduction.

Mr. FACTOR: So far as this cut of 10 per cent is concerned, Mr. Chairman, I do not think the members on this side of the house are prepared to vote such a reduction in a salary, say, of $1,380. The general principle of the 10 per cent reduction should be considered first before we are asked to vote a 10 per cent reduction in all salaries ranging from $8,000 down to $1,380. I think the item should stand until the general principle has been discussed.

Mr. DUFF: It seems to me before deciding the matter the government should take into consideration that there is a contract between the officials of this department and the government—a feature, of course, that applies to the officials of all other departments of the service. The officials accepted those positions on the distinct understanding that they were to get a certain rate of salary, and it seems to me that before we vote to make a reduction of 10 per cent in salaries the people interested should be consulted and their views placed before the government.

Mr. VALLANCE: I would conclude from the statement of the minister that the matter has been discussed by the government and its supporters, and that the latter are in favour of this procedure, that is, the 10 per cent cut is to go through in spite of anything the opposition may say.

Mr. CHEVRIER: I must repeat that I have not had the benefit of this discussion; in this corner of the chamber I cannot hear anything that is going on. So far as I am concerned I would rather that the whole matter be left over so that those who are primarily concerned should be given the opportunity of themselves making to the proper authorities in their own way the representations which they may deem expedient. I believe that under our democratic system of government those who are to be mulct to this extent should have an opportunity of presenting their case to the proper authorities. If it is the consensus of opinion that we should proceed with this matter I am quite prepared to do so, but I would rather have the discussion stand over until those who have representations to make can bring them before those to whom they should be made.

Mr. STEVENS: I have no desire to interfere with the most extensive discussion of the subject, and if any hon. gentleman feels that to pass this estimate to-night would be unduly committing the opposition to the principle, I would ask that the item stand, Mr. Chairman, and we can proceed with other items in my estimates.

Item stands.

The Hemp Bounties Act, 1923, administration of, $500.

Mr. SANDERSON: This is the same amount as was voted last year. I wish the minister would tell the committee just how that bounty worked out last year, the amounts that were paid, and who were the recipients.

Mr. STEVENS: This is a small item for travelling expenses and incidentals in connection with the administration of the Hemp Bounties Act. The bounty paid during the calendar year 1931 was $2,189.95.

Mr. SANDERSON: Paid to whom?

Mr. STEVENS: The only claimant for 1930 was the Manitoba Cordage Company.

Mr. BEAUBIEN: How much did they get?

Mr. STEVENS: They got $3,167.44.

Mr. DONNELLY: How was this paid, by the hundredweight?

Mr. STEVENS: Last year the rate was seven-eighths of a cent per pound.

Mr. SANDERSON: I think this matter of bounties does not work in the right way. As I understand it, the manufacturer is paid the bounty instead of the grower. Is it correct that there is no bounty paid to the grower?

Mr. STEVENS: There is nothing paid to the grower.

Mr. SANDERSON: I could understand that it might be of some use to the agricultural sections if a bounty were paid for the growing of hemp, but when you pay it to the manufacturer it simply means a bonus to the manufacturer from which no one else gets any benefit. I think this is a time when such an item should be struck out. I would not reduce it by ten per cent; I would reduce it by one hundred per cent.

Mr. STEVENS: I must confess that I am inclined to agree with my hon. friend, but I find that we are bound by the act which was passed in 1923, and which expires in 1933. We are simply carrying out the provisions of the statute. I should like my hon. friend to note that the ratio of the bounty drops year by year. In 1926, the first year it was paid, the bounty was 1½ cents. Then it be-

came 1⅜, 1¼, 1⅛, 1; last year it was seven-eighths and for the current year it will be three-quarters of a cent. In 1933 it will be ½ cent, and then the statute will expire and the bounty will cease.

Mr. SANDERSON: It makes no difference to me, as a member of this house, that the act was passed under a Liberal government. At the time I was convinced that it was wrong.

Mr. CHAPLIN: You did not say so.

Mr. SANDERSON: You do not know whether I said so or not. Sometimes my hon. friend from Lincoln has a long memory, and sometimes his memory is short. I am still convinced, Mr. Chairman, that it would be a good thing to wipe out this bounty completely, and I am inclined to think the minister agrees with me. This parliament, and especially this government, is all powerful. The matter of a mere act should not embarrass a government such as we have in power now, so I will move that this item be struck out.

Mr. STEVENS: Before my hon. friend secures a seconder for that motion I should like to indicate to him that this is contractual. We may not agree with all that was done previously or all that is being done at present by statute, but where a contract has been entered into, the country is duty bound to carry it out. Unquestionably certain industries were induced to carry on the work of manufacturing this hemp by reason of the bounty, and it would not be fair or equitable for parliament to pass an act authorizing the payment of a bounty for a period of ten years, secure the establishment of an industry under that act, and then, at some period during the existence of the bounty cancel it. Certainly parliament can do as it likes; but I submit to my hon. friend that the gesture he now makes is not one that will carry the judgment of the house, whatever may be his or my opinion with regard to the payment of bounties of this character.

Mr. DONNELLY: Is this bounty paid on the hemp before it is retted or after? Do we keep a man in the factory to weigh it or do we take the word of the manufacturer? How is the amount of hemp brought in estimated?

Mr. STEVENS: The act is administered under a contract, which I have before me. For the moment I speak subject to correction because I have not the exact details in my mind, but I believe payment is made on the hemp which enters into the manufacture of whatever is being manufactured by the concern, presumably after retting. I say I speak subject to correction, but I am quite certain that is right. The hemp that goes into the manufacture of the finished product is the hemp that carries the bounty.

Mr. BEAUBIEN: Does the minister think that if the $21,000 paid to this industry were cut off now the effect would be to put the industry out of business?

Mr. STEVENS: I would not say that, but it would be a violation of a contract between the country and the concern.

Mr. STEWART (Edmonton): Is the manufacture of hemp on the increase in Manitoba? Has this bounty helped the industry?

Mr. STEVENS: From the information before me I would say there is a substantial increase in Manitoba. In 1926 there was none. In 1927 the output was 162,004 pounds; 1928, 631,388; 1929, 632,654; 1930, 316,744; 1931, 250,280 pounds.

Mr. YOUNG: This hemp is all grown in Manitoba?

Mr. STEVENS: Yes.

Mr. YOUNG: And I suppose the acreage devoted to that prior to this act was devoted to something else?

Mr. STEVENS: I have no doubt of that, even if it was only prairie grass. I was very much interested some years ago in visiting one of the farms producing hemp. It was not a ministerial visit; I went there as a private member. I was told by those who were growing the hemp that one of the advantages from its production was its usefulness in cleaning up land that had been fouled by sow thistle and other noxious weeds. Hemp has an excellent effect in that respect. I understand that it is usually sown on land that has lost its chief virtue as wheat-growing land, but I speak with reservation on that point.

Mr. SANDERSON: The minister is not quite right when he says that all the hemp is grown in Manitoba; there is some in Ontario.

Mr. STEVENS: I did not say that.

Mr. SANDERSON: I beg the minister's pardon; I thought he did.

Mr. STEVENS: I was asked what hemp was grown in Manitoba and I answered that question.

Mr. SANDERSON: Hemp is grown in Ontario also.

Mr. MOTHERWELL: I have much pleasure in supporting this vote, and not alone because the previous government introduced it.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: I do not know where the applause comes in. Anyhow, I have always endeavoured consistently to support what was right even on the part of this government. I have not that opportunity very often and I always embrace it when I have it. It was found during the war that owing to the great difficulty in securing raw material for binder twine we were in danger on the prairies of not having sufficient twine for our crops. Around Portage la Prairie the farmers conceived the idea of growing their own raw material—hemp—and this was strongly supported by the then member for Portage la Prairie, now leader of the Senate. When the government that preceded this came into power we took up the question where our predecessors had left off, with the result that this bounty was introduced for the first time. It applies to parts of Quebec and Ontario and to the western provinces, and the object was primarily to encourage the growing of raw material that goes into binder twine. In a country that had attained the importance we had of being the greatest exporter of hard wheat in the world, it was logical to aspire to the manufacture of binder twine with which to bind our crops, and that was the major purpose of this small bounty. It did not succeed as far as we had hoped, because the bounty was small; nevertheless something has been done. I have no qualms of conscience in supporting the minister in this small vote.

The CHAIRMAN (Mr. Stirling): Shall the item carry?

Mr. SANDERSON: No; I move that the item be struck out.

Mr. CASGRAIN: I second the motion.

The CHAIRMAN (Mr. Stirling): The hon. member cannot move to strike out the item. He has his recourse in voting against it.

Mr. DUFF: He can move to reduce it.

Mr. SANDERSON: I move that it be reduced to $1.

Amendment negatived.

Mr. DONNELLY: Before the item carries—

The CHAIRMAN (Mr. Stirling): The item was carried.

Mr. DONNELLY: I did not hear that the motion was carried.

The CHAIRMAN (Mr. Stirling): The item was pronounced carried.

Mr. MACKENZIE KING: The motion was that the item be reduced to $1. That motion was lost but there was not a subsequent motion put that the item be carried.

The CHAIRMAN: I had just asked the question, "Shall the item carry?"

Mr. MACKENZIE KING: I did not hear it.

Mr. DUFF: Even when items have been declared carried, the custom in the past has been to allow an hon. member who wished to speak to go on.

Mr. DONNELLY: I want to ask the minister this question. This bounty applies only to home-grown hemp, does it not?

Mr. STEVENS: Yes.

Mr. DONNELLY: Is there any way of checking up on the amount of home grown hemp that goes into the manufacture of binder twine used in the different factories?

Mr. STEVENS: An official of the government checks every pound, not at the moment of weighing it but through the records, books and so forth of the company. He checks every pound that goes into the manufacture of goods.

Mr. VALLANCE: Can the minister say how much binder twine is made from Canadian hemp?

Mr. STEVENS: I have not those figures.

Mr. VALLANCE: It is not made.

Item agreed to.

An act to place Canadian coal used in the manufacture of iron or steel on a basis of equality with imported coal, administration of, $1,000.

Mr. RALSTON: I wish to call the minister's attention to an item which appeared in the Gazette of February 13, in which the Shipping World, a trade magazine in England, was quoted with regard to a suggested exchange of trade between Great Britain and Canada whereby timber would be exchanged for coal. The item closes with this statement:

Timber importers and coal exporters can open negotiations through the Canadian government's representatives at London for placing a contract for wood and securing an undertaking from Canada to purchase an increased quantity of anthracite and bituminous coal.

Has the minister heard anything of these representations, or have any representations been made either to his department or to his representative in London?

Mr. STEVENS: No.

Mr. RALSTON: The matter of the taking of British coal has come up frequently in the past and I presume it will be referred to frequently in the future. I desire at this moment to reiterate the stand I have always taken, that before British coal is admitted every possible effort should be made to use Canadian coal.

Mr. STEVENS: I quite agree with that statement.

Mr. RALSTON: We should not consider that we have done everything when we take British coal instead of American coal; every effort should be made to replace American with Canadian coal. I am particularly fearful of this item when I notice that it suggests the taking not only of British anthracite but of British bituminous coal, and I hope the minister will give appropriate consideration to this matter.

Mr. STEVENS: My hon. friend's anxiety for the stimulation of the use of Canadian coal is heartily reciprocated by myself and by the government. Everything has been done and will be done to stimulate the use of Canadian coal. As far as I know there are no grounds, either officially or semi-officially, for the statement which has appeared in the press. We have no hesitancy in saying that we have encouraged the importation of British anthracite to replace American anthracite, but no steps have been taken, as far as I know with regard to the importation of bituminous coal.

Mr. STEWART (Edmonton): Has the operation of this act tended to increase the use of Canadian coal?

Mr. STEVENS: I cannot answer that question offhand. However, I can say that every possible effort has been made to increase the use of Canadian coal. During the past year or two the consumption of coal has fallen and I would imagine that the data would show a decrease over that period.

Mr. YOUNG: What would it cost per ton to put Canadian coal on a basis of equality with American coal, say, at Hamilton, Ontario?

Mr. STEVENS: I have not that information immediately before me.

Mr. YOUNG: Could the minister give the committee an approximate figure?

Mr. STEVENS: To indulge in speculation of that kind would not be helpful. I should like to be accurate, and I regret that I have not the precise figures before me.

Mr. REID: How is this vote being disbursed to put Canadian coal used in the manufacture of iron and steel on a basis of equality with imported coal?

Mr. STEVENS: This vote covers the incidentals in connection with the administration of the act.

Mr. SPENCER: Is any coal being brought in from Germany?

Mr. STEVENS: I have no recollection of any being brought in from Germany.

Mr. RALSTON: In connection with the question asked by the hon. member for West Edmonton (Mr. Stewart) as to the amount of coal covered by the administration of this act—

Mr. STEVENS: I can give that information, but that was not the question.

Mr. STEWART (Edmonton): I asked if there had been an increase.

Mr. RALSTON: Has the minister the amounts paid in bounties, and the tonnages? I believe there was a change in the bounty.

Mr. STEVENS: I do not believe there was a change. I have the figures for two years, which are as follows:

	Tonnage	Rate	Amount
1930-31	273,148	at 49½ cents per ton	$135,209 23
1931-32	125,798	at 49½ cents per ton	62,269 98

Mr. RALSTON: As I understand it the act has been in force only two years.

Mr. YOUNG: I think the committee should know what this equalization process is costing at the different points in Canada where there are large steel plants, as at Sydney, Hamilton and Sault Ste. Marie. It may be possible that there would be discrimination against certain plants, and I suggest that this item should stand until my question is answered.

Mr. STEVENS: The only tonnage on which bounty has been paid is that which I have indicated, and that was paid to the Dominion Iron and Steel Company.

Item agreed to.

British and foreign news service, $32,000.

Mr. DUFF: Will the minister explain this item?

Mr. EULER: I note this item shows no decrease over last year. I was one of many objectors last year to this item. At that time it was claimed that full value was not being received for the money spent, and I am still of that opinion. I believe the reason given last year was that this was a contractual obligation; is that still the case?

Mr. STEVENS: Yes.

Mr. EULER: I hope that when the contract expires it will not be renewed; how long has it to run?

Mr. HANSON (York-Sunbury): I add my protest to that of the hon. gentleman who has just taken his seat. I recall on one occasion when the late Mr. Robb was Minister of Trade and Commerce that he withdrew this item but subsequently it had to be reinserted because it was a matter of contract. I do not think this country should be tied up over any long period with a contract of this character as I do not believe we are getting value for the money spent.

Mr. STEVENS: This contract was entered into on March 31, 1930; it was to run three years, so that it will expire on April 1, 1933.

Mr. CASGRAIN: Cut it off.

Mr. CANTLEY: At a time when we are cutting all services I submit that this contract ought to be revised, if not cancelled altogether.

Item agreed to.

Electricity and gas inspection service, $211,000.

Mr. VENIOT: Does this include salaries?

Mr. STEVENS: Yes.

Mr. VENIOT: Why does not the 10 per cent cut appear there?

Mr. STEVENS: There is a cut there.

Mr. VENIOT: Where does it appear? At the bottom of the details of all the other departments appear the words "less 10 per cent." But that does not appear here. It is not following out the practice that has been adopted with respect to the other items. There is nothing here to indicate that there is to be a cut in salaries. There is a cut in the amount of the vote, but it may be for anything else but salaries. Let us have the details of the vote.

Mr. STEVENS: There will be a cut in the salaries just the same as in connection with the other items.

Mr. VENIOT: Why is it not mentioned? The amount last year was $236,000, and this year it is $211,000. Let us have the details.

Mr. STEVENS: The reduction will consist of a 10 per cent reduction in salaries. The estimate for salaries this year is $202,250, and there will be a cut of 10 per cent in that.

Mr. VENIOT: What I would like to know is why it does not say at the bottom of the page "less 10 per cent." That is done in all the other cases, and I am a little suspicious about it. It is not carrying out the same practice throughout.

Mr. STEVENS: My hon. friend need have no suspicions about it. The communication at the foot of the civil government list is merely an indication of the cut, but it will be observed that these votes include other things besides salaries.

Mr. VALLANCE: If this item includes salaries, why cannot we allow it to stand the same as we did the others until the principle of the reduction has been adopted?

Mr. STEVENS: My hon. friend will understand that in practically every item that has been passed this afternoon there was a certain amount for salaries for the outside service.

Mr. MACKENZIE KING: This afternoon we were dealing with the estimates of the Public Works department and I do not think they had any reference to salaries. There was no civil government vote for public works. The minister has rather surprised the house in the statement he has made to-night. If all these estimates have been made up on the basis of a 10 per cent reduction in salaries before this house has approved of the principle of a 10 per cent reduction, it simply means to all intents and purposes the disappearance of parliament and government by the ministry at its will. That is the significance of it. I do not believe it would be possible to have a more glaring example of the complete indifference of a ministry to the House of Commons than we have in these estimates as printed. Parliament is presented with a statement in bound form of the moneys that will be required to carry on the business of the country and these estimates are given in figures which assume and take for granted, before parliament has been asked to express its opinion at all on the matter, that there is to be a horizontal 10 per cent reduction

in salaries in the public service of Canada, regardless of length of service of those affected, regardless of their grade, and regardless of whether the salaries are very large, whether they are medium or very small. We should not allow another item of these estimates to pass, Mr. Chairman, until this house has settled the question whether there is to be a reduction in salaries, and if so, to what extent the salaries are to be reduced. Otherwise we are simply abandoning the House of Commons as an instrument of control over public expenditure which is its primary function. We are leaving it entirely to the ministry to do what it pleases with regard to public moneys to be paid out for salaries in the public service regardless altogether of its own following, to say nothing of the House of Commons as a whole. That is a principle far too important to allow to pass unrecognized. I would ask the minister not to proceed with further items which involve reductions in salaries until it has been determined whether a reduction in salary is to be made, and if so, to what extent. If the minister attempts to do so, it will be our obligation on this side to see that the salaries of the public service are protected by the House of Commons as a whole before it is permitted to the ministry to decide for the house what is to be done with regard to them.

Mr. STEVENS: I think the right hon. gentleman has done neither the house nor the government justice in his remarks. The Prime Minister came before parliament some days before the estimates were presented, and publicly stated that it was the intention of the government to place before parliament estimates which would contain a 10 per cent reduction in the salaries of the civil service as well, of course, as other reductions. In a perfectly constitutional manner the government presents the estimates to parliament. There is nothing here that seeks to delude the house in any way, shape or form. The house is told very frankly what these estimates contain. We are here prepared to explain any matter in connection with these estimates that is brought before the house. My right hon. friend says that we are depriving parliament of its functions. We are doing precisely the opposite. We bring to parliament the estimates, and no other power could bring the estimates before parliament—they could not reach parliament unless they reached it in this way—and we tell parliament precisely what we propose to do. It is within the power of the house to reject the estimates and reject the government; there is no question about that. The government is now before the house with its proposals, and we invite the house to give them consideration and to adopt them. There is no justification either in the actions of the government or in the procedure followed to support the right hon. gentleman in the statements that he has made.

The question whether salaries shall be voted at the rate decided upon is now before the committee and we invite discussion and consideration of that matter—the widest possible discussion. I may add that in these estimates, as in nearly all our estimates, there is bound to be a certain amount of salary included in many items. The civil list, of course, is a different matter, being a separate salary list for the civil service in Ottawa. But frequently in the case of estimates for the Public Works department a certain amount of the item is made up of salaries for engineers, clerks of works, and so forth, provided out of these votes. The estimate before us for electricity and gas inspection service provides for service throughout Canada, and we are prepared to give all information desired in regard to it. Throughout the list we are providing for salaries as well as other expenditures, and we are not quarrelling with hon. gentlemen opposite; we are happy to hear their views and invite the fullest discussion. I do however resent the suggestion of the right hon. gentleman that we are acting in the slightest degree unconstitutionally or improperly.

Mr. MACKENZIE KING: There has been no decision by this House of Commons to reduce salaries. True, the Prime Minister said that was the intention of the government, and that the government was going to reduce salaries by the amount of 10 per cent. Before he can have his way, however, he is obliged by the constitution to come to this House of Commons and get from it authority for his actions.

Mr. STEVENS: Well, we are here now.

Mr. MACKENZIE KING: And that authority has not been given.

Mr. STEVENS: We are asking for it.

Mr. MACKENZIE KING: If you are asking for it in this way, you are not asking properly.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: No, this is not the way to ask for it. If there is to be a 10 per cent all-around reduction, the proper way to proceed is to pass a resolution in this house to the effect that in its opinion the

salaries of the civil servants should be reduced 10 per cent. The hon. member for Muskoka-Ontario (Mr. McGibbon), or some other hon. member—I am not sure just who it was—had a motion on the order paper which, in so many words, took exception to the government's policy of a straight 10 per cent cut. The motion was to the effect that there should be a graded reduction in salaries.

An hon. MEMBER: That motion has been withdrawn.

Mr. MACKENZIE KING: I hear someone say the motion was withdrawn. It was on the order paper however, after the Prime Minister had made his statement that there was to be a 10 per cent reduction. When I looked at the motion I felt that to all intents and purposes it constituted a want of confidence motion in the administration because it set out a policy entirely different from and to my mind infinitely more sane than the policy outlined by the Prime Minister. This House of Commons has not yet decided upon any policy in connection with a reduction of salaries, and until one is decided upon the ministry is not justified in asking this House of Commons, by implication, to enact legislation which, after a full discussion here, may not be enacted at all.

The Prime Minister, and the ministry as a whole—if, as they do, my hon. friends the ministers of Trade and Commerce (Mr. Stevens) and Justice (Mr. Guthrie) support him—have acted, it seems to me, in a very arbitrary manner towards the public service in respect to the 10 per cent reduction. The public servants have asked to be given an opportunity to present their case through representatives, a method of procedure which in this day and generation is eminently proper. Surely civil servants, who are to have their livelihood affected at a time when throughout the country there is general hardship, should be entitled to some hearing before this arbitrary cut is made. It appears however that the Prime Minister has stated they are not to be heard. A question was asked as to whether or not there might be a committee of parliament to consider the matter, and if I remember rightly the answer of the prime minister was "No"; that is all there was to it. I think we had better discover whether or not parliament has disappeared entirely and whether or not this country is being run by the will of a single individual surrounded by ministers who support him in anything and everything he does, regardless of how successful or unsuccessful they may be.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Well, is that not a fact?

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: I wish some member of the ministry would tell us one measure in connection with which he has opposed the Prime Minister.

Mr. STEVENS: That is just nonsense.

Mr. MACKENZIE KING: As I say, the time has come when the country should find out whether, apart from this little ministerial group, those who are assembled here as members, whether they sit on one side of the house, or the other, are entitled to have their voices heard in the shaping of policies and in carrying on the work of the government, generally.

I do not think I am expressing myself too strongly when I say that the form in which the estimates have been presented constitutes an insult to the membership of this house. The ministry have presented to parliament estimates in a form which takes for granted that regardless of whom a majority of hon. members may represent in this parliament they will without any discussion agree to the will and wish of the ministry.

Mr. MACKENZIE (Vancouver): May I recall the actual words used by the Prime Minister when he made his announcement to parliament concerning the reduction in salaries. I quote from Hansard the following:

> We have concluded that we will ask this parliament to pass a statute to reduce by 10 per cent the indemnities alike of the Senate and of the Commons, and of the compensation paid to ministers and to every branch of the public service.

In my opinion that was a proper procedure, so far as policy was concerned. To-night however they place estimates before us in which 10 per cent reductions have already been made without the pledge given by the Prime Minister being carried out. We are, in other words, asked to vote upon estimates and to allow the 10 per cent decrease without having the opportunity of agreeing or disagreeing with the pledge given by the Prime Minister himself when, the other day, he announced the policy to parliament.

Mr. STEWART (Edmonton): We have been told that legislation would be introduced providing for a 10 per cent reduction all along the line. I can understand that. We may be voting for a 10 per cent reduction in salaries of the outside service. To-night the minister is asking us to vote these estimates containing the reduction of 10 per cent.

do not know what the intention of the government is; we have not been taken into their confidence. I was assuming that the 10 per cent reduction was merely for the year 1932, but it is possible that the outside service will be placed in a position which legislation will not cure, and in that way the reduction may remain permanent so far as the outside service is concerned. If I am not right I should like the minister to make a statement.

Mr. RHODES: I feel that some observations of my right hon. friend the leader of the opposition cannot go unchallenged. I do not purpose to enter into the discussion as to whether a reduction of 10 per cent or any reduction is right or wrong. I leave the merits of the question aside for the moment, and direct my remarks to the constitutional phases of the matter elucidated by my right hon. friend. He has said that the house ought to have proceeded by resolution. As a matter of fact he knows the procedure of this house and knows also that a resolution would mean nothing. Under the rules it would not be competent for hon. members to deal with a resolution involving an expenditure of money except to the extent of giving an expression of opinion. My right hon. friend knows furthermore that were it not for the action of the government in bringing down these estimates the civil servants would not receive one cent of salary. That is a fact. He has said that in bringing down the estimates the government is insulting parliament. If that be so let me say to him that he and his government insulted parliament every year they were in office, because we are pursuing the same method he pursued. There is no other way by which in a British parliament a money vote can be submitted to the house except through the government, and then only upon message of His Excellency the Governor General. In bringing these estimates before the house we have acted properly and have followed the strict constitutional method; there is no other course open to us. My hon. friend from Vancouver Centre (Mr. Mackenzie) suggests that an opportunity should be given to vote upon the question as to whether there ought or ought not to be a reduction of the salaries of the civil service. He has his opportunity now.

Mr. VENIOT: When the Prime Minister promised to bring down a bill?

Mr. RHODES: There will have to be a supplementary bill dealing with certain phases, I have no doubt; for instance, the question of statutory increases this year and of the incidence of the superannuation fund having regard to this 10 per cent reduction. But that does not alter the circumstance that the only method whereby money can be voted for salaries is by a supply bill, precisely in the same manner in which we are doing it now, and precisely as my right hon. friend did it, and precisely as any succeeding government will have to do it unless the constitutional practice that has obtained since we have enjoyed British parliamentary institutions is departed from.

Mr. VENIOT: Can the hon. minister give any instance where a government brought down a supply bill of this nature reducing salaries?

Mr. RHODES: There has not been a year since the establishment of our parliamentary institutions when there has not been submitted by the government of the day estimates involving in some cases decreases and in other cases increases. In other words, the arbitrament as to whether there should be an increase or a decrease rests with the government upon the recommendation of His Excellency the Governor General, and then it remains for parliament to deal with the bill. In that respect we are following precisely the same procedure as did my right hon. friend and as has been followed in all British parliaments. As a matter of fact the procedure must be followed under our constitution.

Mr. MACKENZIE KING: I agree with my hon. friend that the only way to have supply voted is to present estimates to the house and have the house pass on them. That is not what I was complaining of. I did not say it was any insult to the house to bring down estimates and present them. What I did say was this: to present your estimates in a form which assumes that the house is going to carry out a particular policy before that policy has been approved by resolution or in any other way, is equivalent to saying that the members of the house are so many automatons, that they are going to act just as the Prime Minister wishes them to act.

Mr. RHODES: Mr. Chairman, with the permission of my right hon. friend, I should like to ask him a question: will he name one instance during the whole tenure of his government, or during the whole history of the parliament of Canada, where the government of the day has asked for a resolution of the house with respect to the procedure it should follow on a money vote submitted to parliament by way of estimates.

Mr. MACKENZIE KING: But this is something broader than the question of a mere money vote for salaries; it is the important question of policy as to whether the public service of Canada shall at this time be required to accept, regardless of the grade in which the individual may be, and all other considerations, a 10 per cent reduction in salary. Now the Prime Minister, as has been pointed out by the hon. member for Vancouver Centre, did state at the opening of the house that the question would be settled by a statute. There was a definite pledge made. No notice has been given of any bill for the purpose, nor has there been introduced into this house any motion which would permit discussion of the broad question of policy. When I spoke of a resolution I had in mind something of the character which appeared on the order paper whereby it was declared to be the policy of this house that there should be a reduction. The only resolution to which I have referred spoke of a graded reduction. If the ministry introduced a resolution that there should be a 10 per cent reduction in the salaries of the public service this year, and the house had passed upon the resolution, it would be perfectly proper procedure to bring in estimates based upon the 10 per cent reduction. But no such resolution has been passed, no bill has been passed. We now discover that not only in this instance where it is obvious salaries are being cut 10 per cent regardless of grade, but that there are concealed throughout these estimates from beginning to close cuts in the public service of which we had no knowledge whatever. The Minister of Trade and Commerce said that this afternoon we reduced a large number of salaries in the public service. I venture to say that there is not an hon. gentleman outside of himself and possibly other members of the ministry who had the slightest conception that we were doing anything of the kind. I venture to say that outside the ministers there is not an hon. member on the other side of the house or on this side who had any idea while we were voting supply for public buildings, that at the same time we were cutting down the salaries of persons in different parts of the country by 10 per cent. That is not a correct procedure, but that apparently is what we have done, according to the minister. If that is what we are now doing, I say let us stop it and regularize our procedure at once. I am not in any sense trying to embarrass the government, nor am I anxious to be overcritical. And while I am speaking, I wish to withdraw what I said a moment ago of the other members of the ministry. I spoke hastily when I stated that I feared none of them had given the Prime Minister as much of their advice as they should have. Perhaps I should have said their advice is not as much heeded as it should be.

Mr. GORDON: You would be surprised.

Mr. MACKENZIE KING: But I do wish to make it very clear that this dominion is beginning to be resentful of its legislation being formed so exclusively according to the whim and the will and the caprice of the Prime Minister, and that the time has come now for those in parliament who believe in parliament as an institution and in the rights of the people's representatives to have some say in policy, some say in legislation and some say in matters of administration to stand up for those fundamental rights.

Mr. RHODES: Mr. Chairman, if the Minister of Trade and Commerce will forgive me for taking a moment or two of his time—I would suggest that my right hon. friend did not answer the question I submitted to him.

Mr. MACKENZIE KING: What question?

Mr. RHODES: I put the question to him as to whether he could point to an instance either during the lifetime of his own government or that of any other government since confederation where the ministry had submitted a resolution to the house to take its sense as to what it ought to do with respect to a money vote, the responsibility for the bringing down of which rested entirely with itself. That is the question I submitted to my right hon. friend.

Mr. MACKENZIE KING: I would answer the question by saying that I think never since confederation has a ministry cut civil service salaries by 10 per cent. Let me add that I believe he will find that in any case where a ministry has attempted to take a course which was radical or exceptional, it has proceeded by statute or by a resolution governing the situation.

Mr. RHODES: Mr. Chairman, so far as the principle is concerned, and so far as the constitutional practice is concerned, it matters not whether the estimate be reduced or increased, the responsibility in each case rests entirely upon the government of the day. That is the practice and has always been so. But my right hon. friend spoke of taking an expression of opinion of the house. If he was as keen to pursue the course he suggests as he is keen to make some capital against the min-

istry—and with respect to that I find no fault whatsoever—the opportunity was open to him this very day, because when we moved to go into committee of supply it was competent for my right hon. friend to have moved an amendment to the motion raising the whole question of the reduction of salaries by 10 per cent and debating it to his heart's content.

Mr. VENIOT: On a bill.

Mr. RHODES: On a motion to go into supply it is competent to debate anything; there is absolutely no limit imposed on the opposition in that respect. So I say my right hon. friend has let go one opportunity. But there will be opportunities on other occasions when we move to go into committee of supply, and my right hon friend can then take the sense of the house in precisely the same manner as if discussing a substantive motion.

There is one other word I might say before my right hon. friend rises, and it is this: My right hon. friend has referred to the arbitrary methods of the right hon. Prime Minister and to his exercising his will and caprice upon his colleagues and upon the house and so forth. Let me say to my right hon. friend that he is taking entirely too much upon himself in assuming anything of the kind. My right hon. friend knows what ministerial responsibility means; he understands what the cohesiveness of the ministry is, and I say to him that the colleagues of the Prime Minister stand behind him one hundred per cent. When the Prime Minister speaks he speaks for the ministry as a whole, and we are very proud to have him for our spokesman.

Mr. MACKENZIE KING: Whatever may be the views of my hon. friend and his colleagues in regard to constitutional questions they are evidently as one on the old maxim, "United we stand; divided we fall." They are going to stand as long as they can, I have no doubt.

My hon friend has just said I might have taken the opportunity before going into supply to move a motion of want of confidence in the government. If I had done that I believe he would have been about the first to say that I need not have resorted to that extreme method. I purposely avoided anything of the kind so that hon. gentlemen opposite, who feel that the civil servants in their own constituencies and the civil service of Canada generally, should not be treated in the manner in which they are being treated at present, by the decision of the government, would have a chance to voice their views and opinions without being told by the minister that in so doing they were voting against their own party. I did not purpose to move on going into supply any want of confidence motion to enable the government in that way to get out of its difficulties. I think the government is entitled to give its own supporters as well as the opposition a hearing on this question.

My right hon. friend says I could do it to-morrow. In view of what he has said I am not going to wait until to-morrow; I am going to do it now. We will stay right with this matter as long as hon. gentlemen opposite try to put through these votes in this way.

Mr. POULIOT: This discussion reminds me of a means taken during the war to divert the thoughts of soldiers on leave from the realities of the conflict. In the Paris restaurants they began inventing new dances—the fox trot, the hesitation waltz, and finally the Wilson dance, which consisted of one step forward, one step backward and one step aside. Last year the government increased the salaries of the ministers by $2,000, though they called it a special allowance instead of an increase in salary. I know the leader of the opposition was included, but he has the rank of a minister, and in any case the suggestion came not from him but from the government. In those times of stress, when the unemployed were becoming more and more numerous, each cabinet minister received an additional $2,000 a year. That was done in view of the decrease that was to come this year. Last year hon. gentlemen opposite, who had figures showing that unemployment was continually increasing, said, "We must have foresight," but that was the only way they showed that foresight. They had foresight for their own interests; they increased their salaries by $2,000. They had that in view; they saw these hard times ahead, and that was the reason for the increase, made under the guise of a special allowance, in order to induce the people to think the prices of cars were still very high. You can buy a new Ford car for about $500, and you can buy four street car tickets for 25 cents. Any man can attend to his parliamentary duties on six street car tickets a day, and that would not amount to much. For $100 a year any member of parliament or any cabinet minister can provide himself with the local transportation necessary to enable him to attend to all his duties. He can go to his office in the morning, go home for lunch, come back for the afternoon session, go home for dinner, come back for the evening session, and then go home to rest peacefully.

Last year the salary of a minister, including the indemnity, was $14,000. This year it is still

$14,000, plus a special allowance of $2,000, which, if my arithmetic is correct, makes $16,000. If we take 10 per cent from that, he is still left with $400 more than he received last year. Members of the house lose 10 per cent of their indemnity, or $400, and in this way we pay for the increase received by the cabinet ministers. I do not complain about the cut, but I think everything should be fair and that we should be all on the same footing. I should be on the same footing as a civil servant whose salary is reduced, and the ministers should be on the same footing as myself. They have larger salaries; that is only fair, but I am strongly against that special allowance. I am ready to accept a cut in my indemnity provided the government understands that throughout the country there is a general feeling of indignation because the special allowance remains while all salaries are cut.

That is not the only point I wish to make. In the estimates for 1930 very few increases were made, while last year there were increases amounting to thousands of dollars. Look at the estimates of last year and the estimates of 1930. There were discriminatory exceptions, and those discriminations should disappear before any cut is made. Everyone should be on the same basis, the Tories and the Grits, the poor and the rich. Then no one can complain; but if those who receive the most still get more than others and are left untouched by the cut, there will be a strong feeling of indignation throughout this country from ocean to ocean. People will ask, "Where is the fairness of a government which serves itself and does not give the poor labourers a chance?"

Mr. RALSTON: I should like to ask the minister whether or not there has been any recommendation from the Civil Service Commission covering the 10 per cent reduction which is suggested by this and other items?

Mr. STEVENS: Speaking for my own department, I should say no.

Mr. RALSTON: Has there been any order in council passed reducing the salaries and the classification referred to in this item?

Mr. STEVENS: So far as I know there has not been any such order in council.

Mr. RALSTON: Then, Mr. Chairman, the situation is this: We have the government taking no action whatever up to the present to change the salaries of the civil servants. Salaries of civil servants are fixed by statute, as I understand it, first as provided in the Civil Service Act, and secondly on a recommendation of the Civil Service Commission approved by the governor in council. When the Civil Service Act was passed it provided that the civil service, so far as practicable, should be "classified and compensated in accordance with the classification of such service dated October 10, 1919, signed by the commission and confirmed by chapter 10 of the statutes of 1919, second session, with any amendments or additions thereto thereafter made." Then any new classifications and any new rates of compensation were governed by section 12, which provided that from time to time, as might be necessary, "the commission should recommend rates of compensation for new classes that might be established, or might propose changes in the rates of compensation for existing classes."

The answer of the minister is that, notwithstanding the fact that there is a statute which says these civil servants shall be paid in accordance with the classification of 1919, notwithstanding the promise of the Prime Minister that a statute would be brought down in order to make a change and reduce salaries by 10 per cent; notwithstanding that the Civil Service Commission have themselves made recommendations and fixed the rate for each classification, and notwithstanding that these are the rates in force to-night throughout the Dominion of Canada, no action has been taken by the government, no action has been taken by the Civil Service Commission. These are the salaries to which the civil servants of the country are entitled at the present time; yet the government proposes to put upon parliament, in this left-handed manner, the onus of cutting these salaries by voting 10 per cent less than the amount required to fulfil the obligation which exists in pursuance of these statutes and orders in council. In other words, they are just putting the cart before the horse. If they want to take the responsibility of reducing salaries let them do as the Prime Minister suggested—bring in a statute to change the Civil Service Act, which prescribes that civil servants shall receive the salary provided by the classification of 1919. If they want to change this, in view of that statute, let them pass an order in council accordingly and get the recommendation of the Civil Service Commission, if they can, and then come to this house and say: The salary of this particular civil servant is so much and we want the money to pay it. In that way we can have an opportunity of discussing the principle. But at the present time the onus is put on the house, in a clandestine vote, to cut down salaries, to make it possible for the government to say to the civil service, "We

are sorry we cannot pay you because the house has not voted the money," notwithstanding the fact that they are not taking the responsibility for changing the salary rate as provided by the act.

The Minister of Finance (Mr. Rhodes) who is not in his seat at the moment, suggested that if this house realized anything about the matter it would know that unless the government brought down these estimates the civil service could not get a cent. Well, no one will listen to such a threat. The civil service understands that it is not likely the government will hold up this vote or their pay because there is some discussion of a 10 per cent reduction. That is no answer to our contention that the government should first give an opportunity to discuss the principle in reference to the general cut. That is quite beside the question. The question is not a constitutional question as to whether a money vote can be submitted to the house in any other way than through the government. The question is a plain one whether you can change a statute by simply refusing to vote supply to the full amount which the statute requires, instead of the government going at it man fashion, reducing salaries, and coming to parliament with the statement, "That is all the salary we will pay and that is all the money we ask you to vote." The procedure is absolutely wrong in the face of the Civil Service Act and of the practice that has been followed. The government are employing these public servants and they are the ones to take the responsibility for bringing into the house a statute regarding the salaries so that it may be discussed and then asking for the vote that is necessary to pay them.

Mr. STEVENS: My hon. friend (Mr. Ralston) says that we are putting the cart before the horse; I submit that in his remarks he has placed himself in precisely that position. The resolution before the committee at the present time asks for the provision of a certain sum of money for the electricity and gas inspection service of the dominion. In presenting this vote to the committee I am simply asking the committee to vote that sum of money for that particular service. Incidentally I was asked whether it was the intention of the government, in the payment of the staff comprehended in this service, to reduce salaries to the extent of 10 per cent. I replied that in harmony with the announcement made by the Prime Minister some days ago it was so intended. Now the question whether or not the whole civil service should be reduced 10 per cent in their salaries is not immediately before the committee. If my hon. friends choose in connection with this vote to combat the principle, very well; I am not objecting to that. But I do submit to hon. gentlemen opposite that what we are doing at the moment is presenting an estimate of the cost of running this particular department, this particular branch, for the year 1932-33.

As regards the alleged clandestine nature of this presentation, my hon. friend is neither fair nor accurate. The Prime Minister, as I have already intimated, stated plainly in his place as leader of the government that it was the intention of the government to present to the house the necessary legislation, whatever that might be, to give effect to the cut of 10 per cent. Unquestionably there will have to be certain legislation. So far as this resolution is concerned, it will be followed by the customary supply bill. This resolution, providing for supply for this particular branch of the public service, will be followed by a government bill in its proper course. In addition to that, regarding such things as statutory increases, retirement contributions, and the degree to which the Civil Service Act is interfered with, all these matters will be taken care of in the legislation referred to by the Prime Minister.

Mr. RALSTON: That is not what the Prime Minister said. He was not talking about superannuation and matters incidental to the Civil Service Act. He said:

> . . . a statute to reduce by ten per cent the indemnities alike of the Senate and of the Commons, and of the compensation paid to ministers and to every branch of the public service.

That has nothing to do with superannuation.

Mr. STEVENS: It includes all that.

Some hon. MEMBERS: Oh, no.

Mr. STEVENS: Absolutely; there is no question about it. Whatever is necessary—those are the words I used a moment ago. Whatever is necessary to give effect to that decision will be brought down in the form of legislation. Now, if no estimates are to be granted until the question of the civil service cut referred to by the Prime Minister, the reduction in the cost of public service, is fully debated, then we shall simply have to address ourselves to the situation. We are inviting consideration of a special vote for a special purpose. There is nothing underhand about it, and it was not worthy of my hon. friend to suggest that.

Mr. RALSTON: I did not.

Mr. STEVENS: Yes, you did.

Mr. RALSTON: Lefthanded, I said.

Mr. STEVENS: The hon. member used the words clandestine and lefthanded; if there were other ways of describing it he would no doubt have used them. The announcement of the Prime Minister was a perfectly frank one and it has been before parliament for over a week. These estimates were laid on the table yesterday, and printed on the face of the estimates is the intimation, following the announcement of the Prime Minister, of what it was proposed to do. We moved the house into supply to-day, and notwithstanding what the leader of the opposition (Mr. Mackenzie King) said a moment ago about not wishing to take the opportunity, the fact is that we moved ourselves into supply to-day with these estimates before the house, full notice being given of just what the intention of the government was in the matter. I am not blaming the opposition for allowing the opportunity to pass, but it was there. The whole question could have been raised. I invite the consideration of the resolution now before the committee. This sum of $211,000 covers the gas and electricity inspection service of the Dominion of Canada.

Mr. BEAUBIEN: And which contains a ten per cent reduction.

Mr. STEVENS: The question which was asked me an hour ago was as to whether or not there were salaries included in this vote and if so, would they be cut ten per cent. I replied that in harmony with the policy adopted they, in common with all other salaries, would be cut.

Mr. VENIOT: The ten per cent cut was there.

Mr. MACKENZIE KING: The hon. minister has just stated that the hon. member for Shelburne-Yarmouth (Mr. Ralston) was incorrect when he stated that the ministry, in pursuing the course it was, was putting the cart before the horse. Immediately following that statement he made reference to the fact that in order to put this 10 per cent reduction into effect there would have to be an amendment to certain statutes. If my hon. friend will look at page 15 of the estimates, he will find under the heading of "Legislation" items covering the salary of the Speaker of the Senate, indemnity to senators, salary of the Speaker of the House of Commons, salary of the deputy speaker and indemnity to members, including additional indemnity to the Leader of the Opposition; all these items are preceded by an asterisk, and the explanatory note opposite the asterisk at the foot of the page is that these reductions will be authorized by legislation. What does that mean? That means that the government now is telling us and the country that not only with regard to this House of Commons, but with regard to the Senate, everything is settled and decided finally, that there might just as well not be a second chamber as far as the settling of the question of the indemnities of its members is concerned or the salary of its Speaker. In so far as the indemnity of members of that chamber and the indemnity of members of the House of Commons is concerned, everything is settled already before any hon. member has had a chance to say a word with regard to his own indemnity. If that is not putting the cart before the horse, I do not know what is.

Mr. STEVENS: That is not the correct way to put it.

Mr. MACKENZIE KING: It is the correct way. I ask my hon. friend: who can say these reductions will be authorized by legislation until they are authorized? I say that the instant a ministry asserts that anything will be done by legislation before His Excellency the Governor General has put his signature to a bill passed by both houses, that ministry is usurping the powers of parliament. Yet that is what appears in a document laid by the present ministry on the table of this house. We have here the declaration that in so far as His Excellency the Governor General is concerned, in so far as the Senate is concerned, in so far as the House of Commons is concerned, not one of these three branches of parliament count for anything with respect to what is to be done in regard to this 10 per cent reduction. A more glaring example of the usurpation by implication of the rights of parliament by a ministry has never been presented before.

Mr. STEVENS: A more glaring example of persistence in refusing to recognize cold facts has never been exhibited. The right hon. gentleman says that we are defying parliament,—

Mr. MACKENZIE KING: Ignoring parliament.

Mr. STEVENS: —that we are disregarding the Senate and disregarding the rights of His Excellency the Governor General. The resolution before the committee at this moment is but a forerunner of a statute which

will not be law until it passes this house, passes the Senate and is signed by His Excellency the Governor General. That which is now resting in the hands of the chairman is simply a resolution offered to parliament to be passed before any statute can be enacted.

The right hon. gentleman is merely seeking to inflame public opinion and to turn the minds of the public against this government. The right hon. gentleman is indulging in the cheapest kind of claptrap. He knows that to cut salaries is an unpopular move at any time; he knows that that is not a pleasant thing for any government to do and he thinks he can appeal to the civil service because their interests in this instance have been immediately touched. However, I have greater confidence in the civil service; I feel that they will respond more readily to the appeal made the other day by the right hon. the Prime Minister when he said that among other efforts being made by the government to balance the budget in the coming fiscal year was an appeal to the civil service that they should forego for this year the statutory increase and submit to a reduction of their salaries. That was the appeal made the other day by the right hon. the Prime Minister; that is the appeal which this government confidently makes to the civil service of Canada. The right hon. gentleman has but one object in making the statements he has, that of trying to annoy and embarrass the government. I venture this statement, that his interest in the civil service, as far as this cut in salary is concerned, has not caused him one moment of sleeplessness; his one desire and object is to stir up a spirit of resentment against the government. All this talk and nonsense about the unconstitutionality of this and that and the statement that we are flaunting the Senate and disregarding His Excellency is the merest piffle. I repeat that what we have done is to present to this house a resolution as has been done from time immemorial; we are asking the house to consider a resolution for the granting of certain sums of supply for specific purposes, and we state frankly what those purposes are. This resolution will be followed by a statute which will not not be effective until it has been passed by both branches of parliament and signed by His Excellency the Governor General.

Mr. MACKENZIE KING: I am quite prepared to make every allowance for my hon. friend's excited frame of mind, but I would point out that I am speaking of something much larger and more important than the civil service salary cut, I am speaking of the rights of this House of Commons, the rights of the Senate and the rights of parliament as a whole with respect to all legislation.

An hon. MEMBER: Another constitutional question.

Mr. MACKENZIE KING: If hon. gentlemen opposite are going to be so rude as not to permit me to have a hearing, they might just as well take the floor themselves because I am not anxious to pursue this matter any further. I have been doing so as much in their own interest as in the interest of hon. members on this side. Hon. gentlemen opposite will find out very shortly just where they stand on some of these questions.

An hon. MEMBER: Do not worry.

Mr. GOTT: We are going to be here a long time.

Mr. MACKENZIE KING: The minister has said that the government has come forward in a perfectly straightforward manner, and, so to speak, has put all its cards on the table. What was done when the announcement was sent out with respect to these estimates? Look at the press of Canada and what do we see featured in the headlines? It is stated that as a result of these estimates presented to parliament there has been a saving to the country of something like $43,000,000.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite applaud that sentiment as the country has applauded it, but do they believe the country understood that that saving included a 10 per cent cut in the salaries of the public service?

Mr. STEVENS: Certainly.

Mr. MACKENZIE KING: The minister says "certainly."

Mr. STEVENS: It was stated the other day.

Mr. MACKENZIE KING: I do not believe one person in a hundred assumed that for one moment—

Mr. STEVENS: Everybody knew it.

Mr. MACKENZIE KING: —that the total reduction in the estimates included this 10 per cent cut which was to go into effect after some statute had been passed by this parliament. It was an effort to make the reduction

which the government is seeking to effect appear very much larger than it actually is. That is what it was so far as the government's presentation of the matter is concerned.

Mr. STEVENS: Absolute nonsense.

Mr. MACKENZIE KING: It is the truth.

Mr. STEVENS: Utter nonsense.

Mr. MACKENZIE KING: If the minister has got into such a petulant frame of mind that he cannot permit others to have the same hearing as was accorded to himself, he must take the consequences. I repeat to the minister that at the present time he is endeavouring to have this house commit itself to a flat all round reduction in the salaries of the civil service regardless altogether, as I have said, of the grade, tenure of service and everything else pertaining to the position of the civil servants. We are not prepared to meet him in any action of that kind.

With regard to the cut in salaries, may I say that personally I would have been prepared to support the government to a certain extent so far as taking something off the higher salaries for a period of time is concerned. I would have been quite prepared to support the government in that. But I would not have been prepared to go right down the line in applying a 10 per cent cut, regardless of the grade or remuneration of employees, in fixing the amount to be taken from them. Far from seeking to make any capital out of the matter, I have simply been endeavouring to see that justice is done, so far as it is possible still to have justice done to those who have not yet been heard in regard to what affects the means of their livelihood.

Mr. CHEVRIER: With what has been said by speakers on this side with reference to the manner in which this vote is now before the house I fully agree. I thought that we had reached a point about an hour ago when after asking a question of the hon. minister it had been agreed that this matter would stand over in order to afford an opportunity to those primarily concerned with the proposed reduction in civil service salaries to interview the proper authorities and express their views for the purpose of obtaining some satisfaction. I had understood that that was the understanding. I would like to know now from the minister whether that is so or not. If not I am quite prepared to go ahead with my remarks.

Mr. STEVENS: My hon. friend made no such presentation that I heard. The point raised in connection with vote No. 29 for civil government salaries was whether or not that vote should be discussed before the general question of a salary reduction was discussed in the house, and I said that so far as I was concerned I was quite prepared to let that vote stand until the question had been discussed, and the vote did stand.

Mr. CHEVRIER: Do I understand then that there is no hope that the parties primarily concerned may themselves, not through any other medium, but by themselves, in any way appeal to the government in an endeavour to obtain some redress? Am I to understand that the door is closed in their face, that they are without the right of appeal?

Mr. STEVENS: No. The hon. gentleman is not stating the case fairly at all. As far as I am concerned I shall never refuse to receive any representatives of the civil service —never; and my hon. friend has no right or foundation for insinuating that any such refusal was made.

Mr. CHEVRIER: I made no such insinuation. The minister has no right to make the statement that I have insinuated anything. I did not. I want to ask the question now, whether on the behalf of the government the minister will say that those primarily concerned will be heard. If the minister will say that those primarily concerned will be heard before the final step is taken, I am quite prepared to take my seat now and leave the whole matter in the hands of the civil servants themselves. Will the minister give me the assurance that they will be heard?

Mr. STEVENS: I am not speaking for the whole government in regard to this vote. I am speaking for myself. The hon. gentleman should direct his question to the Prime Minister.

Mr. CHEVRIER: Then I direct my question to the hon. gentleman who is now leading the house. So that there may be no misunderstanding I ask the Minister of Justice, who I presume is now leading the house, whether he will say that an opportunity will be given to those primarily concerned to place their representations before the government in an endeavour to obtain some measure of what they think they ought to get in the way of redress.

Mr. GUTHRIE: I personally think that the request is a very reasonable one, and I know of no refusal. Certainly it has not been made by any civil servant in my department. If a request is made I shall be very glad to consider it.

Mr. CHEVRIER: I am not going to be satisfied with promises of the kind made before August, 1930. This is no time for election promises. I want a straight answer to my question whether the government will receive and hear a delegation from the people primarily concerned. It is not satisfactory to say that they probably will be heard. I ask the leader of the house now if he is prepared to say that the government will receive a delegation from the people primarily concerned and give them an opportunity to present their case. I have asked a straight question; I expect an answer, and I think under the rules of the house I am entitled to it.

Mr. GUTHRIE: My answer to the hon. member would be that the government is at all times prepared to hear any representations made to it by any responsible body of people.

Mr. CHEVRIER: Will the government, if a demand is made upon them by the civil servants themselves, if plans are made tomorrow or the day after to present their case to the government, receive a delegation from the civil servants with respect to this matter?

Mr. GUTHRIE: I would not as a member of the government be prepared to listen to demands. I said requests, and if a request is made by any responsible body of people to be heard in regard to any public matter, the government will hear them. If the civil servants of Canada want to be heard the government will hear them.

Mr. YOUNG: We are being asked to vote money to pay 90 per cent of the salaries of the civil servants. When at the end of the month they receive cheques for only 90 per cent of their salaries they will be able to argue that they are getting the reduced amount, not because their salaries have been decreased by 10 per cent, but because parliament has not voted any more money, and that the other 10 per cent will still be due to them until such time as a statute passes this parliament reducing their salaries. The government say they intend to introduce such a bill, and all we are asking is that we be given an opportunity to see the bill and discuss it before we pass these estimates. Surely that is not an unreasonable request.

Mr. GUTHRIE: I can tell my hon. friend what will be in the bill. It will merely legalize whatever we do in the estimates. It will authorize the reduction of 10 per cent.

Mr. YOUNG: Perhaps it will. From what the minister has said we do not know exactly what the bill will contain. It might be that when the bill comes down we could agree with every clause in it. In any case, surely the government does not ask us to pledge ourselves to support a measure until we know what is in it. I think our request is reasonable. Tell us what you are going to do, and then if we arrive at a favourable decision we will be able to support the estimates.

Mr. GUTHRIE: I do not wish to interfere with the discussion any more than is absolutely necessary. If the manner in which these estimates have been presented to the committee has created inconvenience or embarrassment I agree that time should be taken to consider the whole question. I submit however that no embarrassment or inconvenience has been occasioned. This interesting document, this bluebook, sets forth the estimated amounts which the government purposes to expend in the ensuing year. Estimates embodied in a series of resolutions are brought down at every session of parliament. The resolutions come before a committee of the whole House of Commons and are passed or rejected. Now is the time to discuss them. If we pass them here, however, we do not by any means effect a final disposition; our action is not conclusive. Before they are incorporated into a bill, they have to be read a first time, and if hon. members wish to discuss, modify or reject them they are afforded an opportunity. Upon second reading the same opportunity is open to hon. members in any quarter of the house. Then there has to be concurrence, following which they have to be incorporated in a bill the terms of which must not conflict with any other act of parliament. If there is conflict it must be made clear that the bill which we have passed is the predominant measure and that there is nothing repugnant or inconsistent in it. That may be declared in the supply bill or in the act passed by this house and by the Senate of Canada.

Speaking to this question a few days ago the Prime Minister stated very definitely that legislation would be introduced to meet whatever emergency there may be. I can see myself that there may be a necessity to amend the Senate and House of Commons Act. There may be necessity for several amendments and the overriding of the Civil Service Act as has occurred time and again in connection with estimates presented in this house. Every year hon. members know we override the Civil Service Act, notwithstanding anything in it, and the supply bill when it becomes law supersedes it. Procedure which

has been followed for the last ten or twenty years may be followed this year so far as the Civil Service Act is concerned.

If hon. members are prejudiced or inconvenienced in any way I should like to have them so state. The question of the uniform 10 per cent reduction can be discussed now, if hon. members so desire, or it may be brought up any day upon going into committee of supply, when a full discussion may take place and the sense of the house may be taken. There may be further discussion when any of these resolutions are brought up for first or second reading or for concurrence. In short, innumerable opportunities will be offered for discussion. If now is the most convenient time, let us do it now; if some other time would be more convenient, let us postpone our discussion until that time. It is unfair to say however, that the government, by its manner of proceeding, has sought any advantage. Here are the estimates, page after page of them, which will have to be confirmed by legislation. These reductions will have to be confirmed by legislation. Hon. members may criticize them now or when the legislation is brought in. The time is immaterial, except to the extent that it is a matter of convenience; that is the only question which now arises.

Mr. STEWART (Edmonton): I did not receive an answer to my former question.

Mr. STEVENS: What was that?

Mr. STEWART (Edmonton): The civil government vote as set out in these estimates provides the same sums for each individual as they were drawing last year. Then, there is a footnote providing for a 10 per cent reduction on the total, which leaves the salary of that class intact, subject only to the legislation which will be passed, and the length of time the legislation will enforce the reduction. That aspect of the matter provides no difficulty, but I do find difficulty in the procedure by which the government through a vote of the committee seeks to validate a straight 10 per cent reduction of the salaries of the civil servants affected by these votes in connection with which there is no footnote.

Mr. GUTHRIE: This is only provisional validation.

Mr. STEWART (Edmonton): I wish to consider carefully whether or not I am prepared to vote for a 10 per cent reduction in salaries of $1,000 or $1,100. If I acquiesce in this I am agreeing to a cut in that very salary which will be contained in the vote before this committee. I am not putting myself in that position with regard to civil government, but I take that stand with respect to the votes now under discussion and votes by which civil servants are paid out of a general expenditure such as that being asked for in item 288. I hope I have made myself clear. If I am correct, the government can avoid some embarrassment. By providing for the full salaries as they do under the items of civil government, they would obviate the difficulty, and we would be subjected to the legislation which is to be considered later in the form of a bill.

Mr. STEVENS: I may be able to satisfy my hon. friend on that point. As a matter of fact in this particular resolution there is no specific mention of a cut of 10 per cent in civil servants' salaries.

Mr. STEWART (Edmonton): Oh, I understood there was.

Mr. STEVENS: No, there is not. But when I was asked whether it was the intention of the government that a cut of 10 per cent should apply to such employees as are paid out of this vote, I replied that it was. If this vote of $211,000 is passed to-night, assuming that no legislation is passed and nothing in addition to this is done, it provides for the payment of the salaries current to-day.

Mr. VENIOT: That is not what I understood. I asked the minister to give details, and he said the cut included the $211,000.

Mr. STEVENS: The item as a whole is reduced by $37,600, which includes all that is in the item. To be fair and frank about the matter I stated that it was the intention to cut salaries 10 per cent, and I would not have been fair to the house had I intimated anything else.

Mr. BEAUBIEN: That makes it so.

Mr. STEVENS: No, speaking technically it does not make it so. Unless there is some other statute passed the salaries would remain the same.

Mr. MACKENZIE KING: I think the minister has overlooked the fact that we are discussing item 29.

Mr. STEVENS: Oh no, we are not talking about that; we are discussing item 288.

Mr. VENIOT: In order to settle the matter will the minister give us the details of the reductions in this item.

Mr. STEVENS: The item is made up of several factors. Estimates for salaries are $202,050.

Mr. STEWART (Edmonton): What were the salaries last year?

Mr. STEVENS: $194,535. Travelling expenses of the director, assistant director, inspectors and other officers amount to $35,000; purchase of equipment, $6,000; general contingencies $5,550, making a total of $248,600.

Mr. BEAUBIEN: What is the amount for salaries?

Mr. STEVENS: $202,050. From that has been deducted the flat sum of $37,600, in anticipation of the reduction to which we have referred.

Mr. VENIOT: That is right.

Mr. STEVENS: There is nothing inherent in the resolution which cuts the salaries. I was perfectly frank with the committee, I told them what the intention was as to making this reduction. Undoubtedly we intend that the reduction shall apply.

Mr. EULER: Mr. Chairman, I do not propose to delay the work of the committee, or speak about the so-called constitutional aspects of the question. My purpose in rising is merely to make a suggestion that seems to be the most reasonable and logical course of procedure in the matter. The question of this 10 per cent reduction is a very important one, and I think members of the house, as well as members of the civil service, would like some opportunity of considering it, and, perhaps on the part of the latter, of making some representations to the ministry thereon. That is one reason why possibly there might be a little delay before we finally settle the question. While I might be inclined to favour in the interests of economy—which I think is needed—some sort of reduction, I think the percentage should be graded in relation to salary—that a man receiving, say, $1,200 cannot be expected to stand a cut of 10 per cent, or perhaps even 5 per cent, as well as can a man getting a salary of $4,000 or $5,000. I mention that to emphasize the importance of giving the question further consideration. Although I am quite sure that my hon. friend the minister, who is usually very reasonable, did not anticipate to-night that the question of the principle involved in the 10 per cent cut would be discussed on his estimates, yet I submit, despite what he said, that if we accept some of these items as well as the totals, we are in effect recognizing the principle of the 10 per cent horizontal cut.

Mr. STEVENS: Not necessarily.

Mr. EULER: I think I am correct in that. Not only that, but if we accept it in some of these single items in which reductions of salary are involved, we are recognizing the principle generally. Later on when we come to other departments there will be again discussions along the same lines. I think the suggestion made is a good one, that if the minister and his colleagues would let their estimates go through without involving any 10 per cent cut at all, any individual items involving the cut being allowed to stand until such time as the bill which the Prime Minister has promised is introduced, then the whole question could be threshed out at one time, instead of the discussion being scattered over the estimates of each department. I make the suggestion with a view to saving time, and having the question settled in one general, full dress debate, if I may so describe it, instead of having it recur on every estimate.

Mr. STEVENS: May I point out to the hon. gentleman that such a course is not now practicable. These are estimates of the requirements of expenditure for the public service during the coming year. When the treasury board and the government as a whole finally formulated these estimates they took into consideration the reductions, the total amounting, as the right hon. leader of the opposition has said, to some $40,000,000. Included in those reductions was the anticipated reduction of 10 per cent in the salary. Now, then, the whole of the estimates are based upon that expectation, and they are presented to parliament accordingly. The only way in which we could now make a change would be to introduce by resolution an additional estimate covering the amounts that are left out of the present estimates affecting the salaries of the civil service. In other words, it would require a supplementary estimate. I would suggest to my hon. friend so far as the resolution that is now before us is concerned—and the same argument will apply to many others—that its adoption does not in itself affect the salary of anyone. But when I am asked: Is it the intention of the government out of the vote to pay the same salary as that paid last year? I am bound to say: No, what the government intends to do is to make a cut, subject of course to parliament approving of such a procedure. The adoption of this resolution, I repeat, does not make a cut in anybody's salary at all.

Mr. EULER: We accept the principle of it.

Mr. STEVENS: The adoption of the resolution certainly does not accept the principle in the face of the discussion we have had. Everybody now knows there is a sharp cleavage of opinion regarding that principle.

Mr. RALSTON: It means the ministry will not have enough money except to pay reduced salaries.

Mr. STEVENS: We would have to cut out travelling expenses for instance. Let me make it quite clear that the adoption of this resolution would not in any way affect the salary of a single person; we have enough money in the vote to pay the salaries of those employed on administration of gas and electricity.

Mr. EULER: With 10 per cent off.

Mr. STEVENS: With 10 per cent on. If parliament does not by statute approve of what the Prime Minister has announced, then the only way in which proper effect could be given to these estimates as they are would be to bring in supplementary estimates to make up whatever reductions are contained in these estimates, because otherwise so far as this vote is concerned other parts of the service would be short of funds.

Mr. EULER: Could it not be corrected by passing the estimates under the old salary schedule, without the statutory increases, and then let the Prime Minister bring in his bill to provide for the 10 per cent cut?

Mr. STEVENS: I have already tried to make clear that so far as this resolution is concerned its acceptance does not affect anybody's salary.

Mr. EULER: But it is going to put them on that basis.

Mr. STEVENS: The appropriation for salaries, travelling expenses, purchase of equipment and contingencies would raise the vote to what we think is necessary. To run the whole branch would mean a supplementary estimate. We could not run it on this vote.

Mr. STEWART (Edmonton): To pay the same salaries as last year?

Mr. STEVENS: Yes, to carry out the whole thing.

Mr. MACKENZIE KING: Having regard to what the minister has just said about it not being practicable to meet this involved situation in the way suggested, and having regard also to what the Minister of Justice (Mr. Guthrie) stated a moment ago, might I now ask the ministry if the shortest as well as the proper course would not be to bring in at once the bill which the Prime Minister has promised authorizing the 10 per cent reduction? The Minister of Justice said the bill would be a short one—that he could tell us at once what it would be; it would be in two clauses.

Mr. GUTHRIE: No, I said it would validate whatever it was necessary to validate.

Mr. MACKENZIE KING: As I understood it there would be two main provisions, one, to use his exact words, to legalize what we do in the estimates, and the other to authorize the 10 per cent reduction. Those phrases are enlightening as well as interesting. "To legalize what we do in the estimates"—in other words, it is recognized that certain things we are being asked to do will later have to be legalized. I do not think we ought to be asked to do anything in the interim which is not strictly legal.

Mr. GUTHRIE: The estimates state that.

Mr. MACKENZIE KING: Whether or not it is so stated, I do not think it is the correct way for parliament to proceed. In time of war many things were done which were illegal. They were legalized later in time of peace, when parliament was asked to pass measures to that effect, but there is no need to resort to war measures in times of peace, and at a time like this, I think we would do well to make a special effort to hold to the constitutional method of procedure. Why should not the government bring in that bill immediately? It will be short, and will provide an immediate means of settling this question.

The Minister of Justice suggested again what the Minister of Finance suggested a while ago, that the opposition might bring in a motion on going into supply and have the matter discussed at that time. I made it clear a short time ago that we did not intend to proceed in that way, for the reason that any motion brought forward on going into supply would be construed by the ministry as a want of confidence motion and, as such, would offer to the followers of the ministry an excuse for not asserting their point of view in regard to this matter. We do not intend to afford them that means of escape.

The simplest way is for the ministry to introduce at once the bill authorizing the ten per cent reduction. Let us discuss that bill and when it is passed, if it is passed, the ministry will have authority to do what they are now proposing to do in the estimates. If

it is not passed, or if it is modified, the estimates will have to be altered in accordance with the will of parliament. That would be the quickest way and, I think, the only regular way of proceeding.

Mr. CHEVRIER: I had some rather extensive remarks to make on this subject. As the house has rightly assumed I am opposed to these cuts, but in view of the remarks of the Minister of Justice I will defer my statement until a later date. I suppose I shall have an opportunity on some of the other items. I am doing this because of the statement of the Minister of Justice, who at present is leading the house, that no requests have been received by the government for an opportunity for associations of civil servants to present their point of view. I desire to afford an opportunity to those vitally concerned in this matter to consider whether or not they desire to be heard by the government and to decide whether they will ask to be heard. When these items come up, if that opportunity has not been afforded them after they have asked for it, I will avail myself of the opportunity of saying what I desire to say in this regard.

Mr. SPEAKMAN: I do not propose to enter into a constitutional debate at this hour of the night. So far as I am concerned I believe the Minister of Finance, speaking for the government, stated the fact when he said they had proceeded in the constitutional manner, the manner which has been established as the regular procedure year by year. But it was also stated by the Minister of Justice that his object was to provide the most convenient method of disposing of this question, the method following the line of common sense and creating the least disturbance to the house.

I would suggest as a matter of convenience, Mr. Chairman, and in order to save as much time as possible, that we should decide upon this principle first. The principle of the cut is an unusual one, and while we are following ordinary rules of procedure at present we must admit that this is not a usual situation. Every item is predicated upon this 10 per cent cut, and we cannot discuss any item without also discussing this question, upon which obviously there is some difference of opinion as to the extent of the cut and as to the question of a graduated reduction in the lower salaries.

It does seem to me that it would save a great deal of time and avoid perhaps a hundred disjointed and sectional debates if we could decide first upon the principle upon which these items are predicated and then, in the light of that discussion, consider the estimates with some degree of intelligence and coolness. The Minister of Finance stated that it would be a matter of some difficulty to provide a method by which this might be done, and he said this was the only method. I think he was not doing justice to the ingenuity, if not the wisdom, of the government itself. I am under the impression that if the government is desirous of ascertaining the opinion of the house upon this matter, and doing it before we enter upon the discussion of these items affected by the 10 per cent cut, it could be done very well either by adopting the suggestion of the right hon. leader of the opposition and introducing at once the bill which is to legalize the whole matter, or by way of a resolution asking the house for a free expression of opinion as to the principle upon which all the estimates are based, before the estimates themselves are considered item by item. I think that would be the fairest method, and in the end it would not only save time but also would save a great many tempers which had better be kept for some more useful purpose.

Mr. BEAUBIEN: There is one point I should like the minister to clear up. The Prime Minister stated that the 10 per cent reduction would apply to all civil servants except the judges, who he said were in a somewhat different position. Hundreds of thousands of dollars are required to pay our judges, who get fair salaries and receive pensions and so on. If I vote in favour of a resolution which cuts by 10 per cent the salary of a civil servant receiving $1,000 or $1,200, and then speak and vote against the bill if it does not include the judges, in what position would that leave me?

Mr. STEVENS: In adopting this resolution my hon. friend is not voting for a cut in the salary of any employee. As I said on two or three previous occasions to-night, the amount provided here is in expectation of a cut, but by the act of voting this resolution no cut is made, and no cut can be made without further action or further measures.

Mr. SPEAKMAN: But the item is predicated upon the cut.

Mr. STEVENS: Quite so; I have stated to the committee that the provision of the amount is predicated upon the expectation that there will be a cut.

Mr. VALLANCE: The Minister of Trade and Commerce has said quite often that by adopting these estimates we are not admitting the principle of a 10 per cent cut. Early

in the evening he decided to allow the civil government estimates to stand because they had to do entirely with salaries. Looking through all the estimates I find the words "less 10 per cent" more frequently than I find anything else. If this discussion had not taken place I could imagine what the Prime Minister would have said when he presented his bill. He would have said, "Why, you admitted the principle when you passed the estimates that have gone through committee." I could hear him say that, and deny us the right even to discuss the question because we admitted the 10 per cent reduction in salaries in connection with some of the public works estimates this afternoon, as the minister has said. Following the suggestion of my leader, I think we had better discuss the subject, and the government would be well advised to do so right now.

Mr. HEENAN: I think the minister himself is now convinced that he has approached this question in the wrong way. Hon. gentlemen sitting to your left, Mr. Chairman, went about the country a couple of years ago and told about the prosperous times they were going to usher in, but they are not standing up now for the working man; instead they are reducing salaries. The minister will agree that those of us who oppose this reduction in salaries and wages will have to scrutinize every item. We shall have to ascertain certain things before we can tell just what we are voting. We shall have to ask how many employees are affected under every item, how many years of service they have put in, how many of them are denied statutory increases, whether some are being affected to the extent of 10 or 15 per cent, and so on. I submit that this is an occasion on which the Minister of Labour ought to be in his place to suggest a board of conciliation and investigation into the question. But there is one thing I want to ask the minister and the leader of the government. It is quite evident to me that the senior member for Ottawa has not the full purport of the answers given both by the Minister of Justice and by the minister in charge of the estimates. In effect, he asked whether time would be given for the representatives of the civil service as a whole to make their representations to the government before the reduction went into force. The Minister of Trade and Commerce said that he would never close his door to any in his department. Is that an answer to the senior member for Ottawa? The Minister of Justice also tried to evade that particular question. Where, I ask, is the national council of the civil service which was established in 1929? When we passed an order in council establishing the civil service council it was for the purpose of enabling them to discuss with the government precisely such questions as the one now before us. We provided in the estimates to bring representatives of the civil service from all over Canada, and this government has ignored that provision entirely. So that there is no civil service council in this country to-day, or else it is entirely ignored. What would you say of a private employer of labour who would attempt a reduction of from 10 to 15 per cent in the wages of his employees—because that is what it amounts to in many instances—without giving the representatives of the working men an opportunity of discussing the question with him? Yet that is what this government is doing. It is no wonder the Minister of Trade and Commerce rose with some heat a little while ago. I remember how solicitous he was, when on this side of the house, for the poor underpaid civil servants, charging the present leader of the opposition with an attempt to stir up heat and discontent in the country. One of the gentlemen who went through the country in July, 1930, stirring up strife and trouble everywhere made a laughing stock of the old age pensions legislation, misrepresenting the whole thing. Indeed, the party supporting him organized unemployed gangs throughout the country and put white labels upon them so that they would give an inkling to the people of how many unemployed there were in the country. They got them to attend meetings and cheer government candidates. Now the hon. gentleman gets up and tells the leader of the opposition that he is trying to stir up trouble, and when anyone tries to make a sensible suggestion—

Some hon. MEMBERS: Oh, oh.

Mr. HEENAN: —he sits snarling. Hon. gentlemen laugh; no one will suppose that those on the other side are competent to judge what is a sensible suggestion. When a sensible suggestion is offered to the other side or to the minister he snarls in his seat and yells, "nonsense." I should say, judging by the number of times that he has emitted that word "nonsense," he is not the best judge of what is sense. What I want to know is this: Is this government going to reduce the salaries of civil servants in Canada without giving the representatives of these people, men, women and girls, an opportunity to present their views? That is what I want to know. Personally I am prepared to stay here until the snow flies next year rather than pass these estimates under these conditions.

Mr. DUFF: The Minister of Trade and Commerce made the statement at least two or three times that if the committee passed this vote of $211,000 and if afterwards, when the government brought down legislation providing for the reduction of 10 per cent, that legislation was not endorsed by the house, it would not affect the salaries included in this vote. The minister was asked to give the details of this $211,000, and Hansard tomorrow morning will show that he itemized the different amounts necessary to make the total of this vote, less $37,600. In other words, the minister's total for the different detailed items, if I remember correctly, was $247,000, or $248,000, which included, in addition to the $202,000 in salaries, certain other items. Now the minister comes along and says that if this legislation does not pass when it is introduced it will not affect the salaries included in this item. But he told us that in this $211,000 we are voting there are certain other amounts. Surely that $37,600 of a reduction means something, and the other items outside of salaries which we vote now in this item cannot be touched to pay salaries if the legislation is not passed. I would ask the minister for a detailed account of that $37,600, and I have no hesitation in saying before he replies that part of that $37,600 is the 10 per cent deduction from the $240,000 odd.

Mr. STEVENS: My hon. friend perhaps forgot or did not hear me say that unquestionably, if such legislation as I have intimated were not passed in statutory form, making the cut of 10 per cent, it would be necessary for us to bring in a supplementary to make up the difference. What I was trying to impress upon the committee was this. I do not say for one moment that this vote provides for the present range of salaries and all other requirements of the branch. What I did say was that by the passing of this resolution you were not cutting salaries. I told the committee at the very outset on introducing the vote that it was intended that the vote should be sufficient, with the cut in salary. I made that statement frankly and clearly. We are providing in this vote for a certain sum of money which contemplates the cut of 10 per cent in salary. There is no question that by the passing of the resolution we do not actually make the cut.

Mr. DUFF: I cannot understand the hon. minister's argument, because when we asked for an itemized statement he told us that this vote included other items besides salaries.

Mr. STEVENS: Surely.

[Mr. Heenan.]

Mr. DUFF: The minister agrees. He then comes along and tells the committee that if the legislation to implement the cut does not pass the salaries will not be affected, that he will ask for an extra vote in the supplementary estimates. The minister forgets that he is asking the committee not only to pass this item of $202,000 for salaries, less $37,600, but also to pass several other items which go to make up that total. For instance, at the end of March not only will the salaries have to be paid but one-twelfth of the other amounts will have to be paid. Does the minister mean to say that he is going to pay the salaries and leave unpaid the other amounts should this committee defeat this item? The minister is not on solid ground. It is plain to everyone that the salaries included in this item will be reduced to the tune of 10 per cent.

Mr. VENIOT: The Auditor General would not permit the conversion of one amount to the benefit of another.

Mr. STEVENS: My hon. friend must understand that before this vote becomes effective, which will not be until the end of March, the necessary legislation will have been introduced and passed.

Mr. DUFF: My hon. friend said in his argument that it might not pass.

Mr. STEVENS: No, I did not.

Mr. DUFF: If it should not pass.

Mr. STEVENS: If it should not pass. It has been stated by the Prime Minister and was stated to-night by my hon. friend the Minister of Justice that unquestionably it is contemplated that legislation will be introduced. We recognize the objection of hon. gentlemen opposite to dealing with these votes until that legislation has been disposed of. That is a position which they are entitled to take and we do not quarrel with it. But what we have tried to do is to explain to the committee the precise grounds upon which these estimates have been prepared. They state clearly and frankly what should be and should not be provided for, and they have been offered to the house in that way. What has occurred in connection with this vote will occur in connection with many others. Perhaps I could pick out one or two votes in which no salaries are involved, but there would not be very many. These estimates have been prepared in contemplation of the cut in salaries, and it is intended that legislation supplementing that intention or, as the Minister of Justice has said, making provision to legalize the cut, will be introduced.

Mr. DUFF: Were the officials who come under this vote appointed by the Civil Service Commission?

Mr. STEVENS: There may be some who commenced their duties before the Civil Service Act was passed.

Mr. DUFF: They have been blanketed in since?

Mr. STEVENS: Yes.

Mr. GUTHRIE: Whatever may be the view of others, I do not think the evening has been wasted. I believe that the suggestions made by the leader of the opposition (Mr. Mackenzie King) and by the hon. member for Red Deer (Mr. Speakman) are worthy of consideration. If a discussion of the 10 per cent cut is to take place on every item, the debate would be interminable. The only object of the government has been to meet the convenience of the house, not to prejudice the position of any hon. member who is entitled to express his views and record his vote as he sees fit.

Mr. STEVENS: I move that the committee rise, report progress and ask leave to sit again.

Mr. POULIOT: I agree with what the minister has said, but I would point out that it was the Minister of Finance who said that this matter must be discussed right now.

Item stands.

Progress reported.

On motion of Mr. Guthrie the house adjourned at 10.58 p.m.

Wednesday, February 17, 1932

The house met at three o'clock.

CHARGES BY HON. G. N. GORDON

MEMBERS TO COMPOSE SPECIAL COMMITTEE OF INVESTIGATION

Hon. HUGH GUTHRIE (Minister of Justice) moved:

That Messrs. Geary, Gagnon, Bowman, Cantley, Duff, Howard, and Speakman be named as the committee in respect of the motion adopted on the 6th day of February, 1932, to investigate certain statements made by the Honourable George N. Gordon as more fully set out in the said motion.

Motion agreed to.

ADMIRALTY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 15, to amend the Admiralty Act.

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This bill is introduced to establish the rules in regard to the Admiralty Act in Canada. Since the passage of the act at Westminster last December by the Imperial parliament it has become possible to pass this measure. The rules are being framed by the judges of the exchequer court and are to be subjected to the approval of the governor general in council and published in the Gazette.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WALKER'S CUTTING, QUE. MAIL CONTRACT

Mr. GIROUARD:

1. Were tenders called for mail contract rural route No. 1, Walker's Cutting, in the county of Arthabaska, Quebec?
2. If so, was the contract granted?
3. If granted, to whom?
4. Who was the lowest tenderer?

Mr. SAUVE:

1. Yes.
2. Yes.
3. Joseph Poirier.
4. Joseph Poirier and Theodore Savoie, both equal at $228 per annum.

L. J. A. TANGUAY

Mr. BOULANGER:

1. Was Mr. L. J. A. Tanguay, of Beauport, charged by Oscar L. Boulanger, M.P., of having taken an active part in politics in the county of Bellechasse at the last provincial election?
2. Was the said Mr. Tanguay charged by Mr. Boulanger with dealing with political patronage at Quebec?
3. Is said Mr. Tanguay still in the employment of the government?
4. Will the government carry out an inquiry in connection with the charges made by Mr. Boulanger against Mr. Tanguay?

Mr. GUTHRIE:

1 and 2. No information in department of Justice.

3. Yes.

4. Answered by 1 and 2.

ASSOCIATION OF MAIL CLERKS

Mr. ROBERGE:

1. Is there an association of mail clerks?
2. If so, who is their president?
3. Who is their secretary?
4. Is Mr. Garfield MacKinnon the secretary?
5. Is Mr. MacKinnon authorized to take up subscriptions?
6. For how many years has Mr. MacKinnon been secretary?

Mr. SAUVE:

1 to 6. It is presumed that this question refers to the Canadian Mail Contractors' Association. It is understood that Mr. Joseph P. Everett of Blenheim, Ontario, is president and Mr. Garfield MacKinnon of Guelph, Ontario, is secretary-treasurer but the government has no official information in regard to this association.

BELLA COOLA CENSUS ENUMERATOR

Mr. HANSON (Skeena):

1. How much was Edward Albert Wheeler census enumerator at Bella Coola, British Columbia, in 1931, paid per day?
2. How many days was he employed?
3. Did he use a car and if so, how many days?
4. How much per day was he paid for the use of the car?
5. How many persons did the said Edward Albert Wheeler enumerate in Bella Coola?
6. Is he a British subject and, if so, when was he naturalized?
7. If not naturalized, where in Canada was he born?
8. Were the parents British subjects, before he was 21 years of age?

Mr. STEVENS:

1. Not paid on per diem basis.
2. Answered by number 1.
3. No information.
4. Answered by number 3.
5. The area enumerated by Edward Albert Wheeler was designated as "the watershed of North Bentinck Arm and Bella Coola river east to the juncture of the Bella Coola and Kahylskt rivers," in which the population was 658.
6. Yes.
7. Born in Essex county, Ontario.
8. Yes.

NEW BRUNSWICK DEBT GUARANTEE

Mr. VENIOT:

1. Did the federal government, during the years 1931 or 1932, give any guarantee to any bank or committee of bankers of the debt due them by the province of New Brunswick?
2. If so, what was the amount and what was the guarantee given?

Mr. RHODES:

1 and 2. No.

UNEMPLOYMENT RELIEF, NEW BRUNSWICK

Mr. VENIOT:

1. When were projects to aid unemployment in New Brunswick for the year 1931 submitted to the federal government for approval, and what projects were so approved?
2. What amount was allocated to the province of New Brunswick for unemployment relief works up to March 31, 1931, and how much for the fiscal year ending March 31, 1932?
3. What projects were approved for year ending March 31, 1932, and what were the dates of approval?

Mr. GORDON:

1. Statement attached hereto.
2. Under the Unemployment Relief Act, 1930, the sum of $500,000 was allocated to the province of New Brunswick for unemployment relief works. Under the Unemployment and Farm Relief Act, 1931, the sum of $750,000 was allocated to the province of New Brunswick for unemployment relief works.
3. Statement attached hereto.

The Following Projects were Approved under the Unemployment Relief Act, 1930, approval dates as stated.

Municipal Works

Sub-agreement No.	Description of Work	Date of approval	Dominion proportion
			$
32	Bathurst town—paving Station Hill and streets	Feb. 23/31	2,500 00
26	Campbelltown—quarrying and crushing stone for building and maintaining streets also building crib wharf	Feb. 11/31	2,903 53
35	Chatham town—construct water and sewerage extensions, repair roads, sidewalks	Mar. 11/31	2,500 00
31	Edmundston town—construction of permanent tarvia pavement on St. Francis St., blasting, grading streets, riprapping and ditching	Nov. 13/30	3,000 00
30	Fredericton city—construction of sewers, concrete sidewalks, extension of water main	Feb. 16/31	4,497 16
36	Grand Falls town—completing water system and constructing permanent streets	Jan. 31/31	1,000 00
37	Hartland town—Water mains, extension to water system, repair to reservoir, sewerage system	Mar. 10/31	2,000 00
44	Lancaster Highway Board—installing water and sewer pipes	Mar. 28/31	5,000 00
40	Marysville town—reconstruction of main trunk road—(widening, eliminating a dangerous curve and gravelling)	Mar. 20/31	500 00
43	Milltown town—water system, cement sidewalks, sewer	Mar. 27/31	1,000 00
33	Moncton city—construction of curb and gutter	Feb. 25/31	5,000 00
34	Newcastle town—storm sewer, sanitary sewer, concrete sidewalks	Mar. 9/31	2,500 00

Municipal Works—Continued

Sub-agreement No.	Description of work	Date of approval	Dominion proportion
			$ cts.
41	Shediac town—construction of reservoir	Mar. 26/31	750 00
27	Simonds highway board—St. John—drilling, blasting and excavating rock for grading purposes	Feb. 9/31	2,500 00
42	Sunny Brae town—construction of sewer	Mar. 26/31	750 00
29	Sussex town—crushing rock and surfacing streets, concrete sidewalks	Feb. 16/31	2,000 00
22	St. John city—construction of New Brunswick Museum	Feb. 2/31	75,000 00
24	St. John city—improvements to Millidge ave. cutting away rock to provide drainage to Kennebecasis river	Jan. 27/31	4,692 08
25	St. John city—cutting down rock on city road to extend sidewalks	Feb. 3/31	991 28
28	St. Leonard town—hauling and piling gravel for repairing sidewalks and streets, hauling stones for building street, drainage and ditching streets	Feb. 16/31	997 43
39	Woodstock town—construction of sewers, concrete floor in fire station, road work (rock crushing)	Mar. 1/31	2,500 00
45	Westmorland county—build extension to and general repairs to parish hall at Baie Verte	June 1/31	150 00

Provincial works

23	Reduction in stumpage duties	Feb. 2/31	45,864 24

Provincial highways

1	Albert	Jan. 23/31	10,000 00
1-B	Albert—additional	Mar. 25/31	2,147 11
2	Carleton	Jan. 23/31	17,696 08
4	Charlotte	Jan. 23/31	20,000 00
4-B	Charlotte—additional	Mar. 25/31	1,909 54
5	Gloucester	Jan. 23/31	20,000 00
5-B	Gloucester—additional	Mar. 25/31	1,730 90
6	Kent	Jan. 23/31	16,000 00
6-B	Kent—additional	Mar. 25/31	1,905 64
7	Kings	Jan. 23/31	15,330 00
7-B	Kings—additional	Mar. 25/31	1,519 08
9	Madawaska	Jan. 23/31	14,006 90
11	Northumberland	Jan. 23/31	44,000 00
11-B	Northumberland—additional	Mar. 25/31	6,399 40
12	Queens	Jan. 23/31	10,000 00
12-B	Queens—additional	Mar. 25/31	5,174 16
13	Restigouche	Jan. 23/31	20,000 00
13-B	Restigouche—additional	Mar. 25/31	4,430 94
14	Saint John	Jan. 23/31	8,800 00
14-B	Saint John—additional	Mar. 25/31	2,930 78
15	Sunbury	Jan. 23/31	14,000 00
15-B	Sunbury—additional	Mar. 25/31	5,813 56
16	Victoria	Jan. 23/31	12,000 00
16-B	Victoria—additional	Mar. 25/31	2,574 94
18	Westmorland	Jan. 23/31	22,000 00
18-B	Westmorland—additional	Mar. 25/31	1,058 51
20	York	Jan. 23/31	24,400 00
20-B	York—additional	Mar. 25/31	1,934 34

Trans-Canada Highway

Reconstruction and repairs to roads and bridges on the Trans-Canada highway in the following counties:—

3	Carleton	Jan. 23/31	5,147 56
8	Kings	Jan. 23/31	3,959 85
10	Madawaska	Jan. 23/31	5,218 73
14-A	Saint John	Jan. 23/31	692 83
17	Victoria	Jan. 23/31	1,781 32
19	Westmorland	Jan. 23/31	2,293 66
21	York	Jan. 23/31	4,538 82

The following projects were approved under the Unemployment and Farm Relief Act, 1931, approval dates as stated

Municipal works

Schedule No.	Description of work	Date of approval	Dominion proportion
			$ cts.
29	Town of Sunny Brae—sewerage system	Nov. 26/31	1,750 00
30	Town of Chatham—water and sewerage systems	" 26/31	15,000 00
31	City of Fredericton—roads, sidewalks, sewers, etc	" 26/31	7,500 00
32	Town of Devon—roads, sidewalks, sewers, etc	" 26/31	1,500 00
33	Moncton—streets	" 26/31	15,000 00
34	Town of Sussex—paving roads, sidewalks, parks	" 26/31	1,500 00
35	Bathurst—paving streets	" 26/31	7,500 00
36	Town of Woodstock—bldg. repairs, streets, sidewalks	" 26/31	3,750 00
37	Edmundston—paving streets and sidewalks	" 26/31	3,750 00
38	Campbellton—water and sewer systems, streets, crib wharf, etc	" 26/31	6,250 00
39	Town of St. Leonard—hauling gravel for street repairs; repairs to town water system; sewer drains	" 26/31	750 00
40	Town of Newcastle—pavements, sewers, sidewalks	" 26/31	15,000 00
41	Milltown—const. of road, paving	" 26/31	1,750 00
42	Saint Stephen—streets and sidewalks	" 26/31	2,500 00
43	City and county of St. John—erection of north wing on St. John Municipal Home	" 26/31	1,250 00
44	Simonds highway board—sewers and sidewalks	" 26/31	2,500 00
45	Lancaster highway board—sidewalks, highways and sewers	" 26/31	3,750 00
46	Town of Sackville—paving, water service and storm sewers	" 26/31	3,750 00
47	City of Saint John—roads	" 26/31	15,000 00
49	Village of Rothesay—grading and gravelling trunk road	" 26/31	625 00
50	Town of Marysville—sidewalks and repairs to streets	" 26/31	1,500 00
48	Town of Dalhousie—paving trunk road	" 26/31	5,000 00
51	Town of Grand Falls—gravelling and grading roads	Feb. 2/32	525 00

Provincial works

10	Loss of stumpage due to reduction in stumpage rates re lumber cut and scaled	Nov. 26/31	60,000 00
11	Clearing land	" 26/31	30,000 00
12	Transmission Line—Restigouche and Gloucester counties	Dec. 12/31	27,522 50
13	Transmission Line—Fredericton—Kingsclear—Fredericton—Oromocto	" 12/31	28,700 00

Provincial Highways

14	Albert—various road and bridge projects	Nov. 26/31	12,000 00
15	Carleton—various road and bridge projects	" 26/31	28,000 00
16	Charlotte—various road and bridge projects	" 26/31	30,400 00
17	Gloucester—various road and bridge projects	" 26/31	25,600 00
18	Kent—various road and bridge projects	" 26/31	20,000 00
19	Kings—various road and bridge projects	" 26/31	28,000 00
20	Madawaska—various road and bridge projects	" 26/31	16,000 00
21	Northumberland—various road and bridge projects	" 26/31	60,000 00
22	Queens—various road and bridge projects	" 26/31	20,000 00
23	Restigouche—various road and bridge projects	" 26/31	26,400 00
24	St. John—various road and bridge projects	" 26/31	16,000 00
25	Sunbury—Richibucto Rd. and other road and bridge projects	" 26/31	16,000 00
26	Victoria—various road and bridge projects	" 26/31	19,470 00
27	Westmorland—various road and bridge projects	" 26/31	28,000 00
28	York—Greer Creek bridge; the Nashwaak road and various other road and bridge projects	" 26/31	66,200 00

Trans-Canada Highway

1	Madawaska—grading and gravelling road from St. Leonard to Grand Falls, etc	" 26/31	6,000 00
2	Victoria—various small road jobs	" 26/31	2,500 00
3	Carleton—Bull creek bridge and various smaller jobs	" 26/31	10,000 00
4	York—Kieley creek bridge and various smaller jobs	" 26/31	5,000 00
5	Sunbury—various small road jobs	" 26/31	500 00
6	Queens—various small road jobs	" 26/31	1,000 00
7	Kings—Hampton steel bridge; Alma House bridge; various grading and gravelling jobs	" 26/31	21,500 00
8	Saint John—Rothesay road and grading at Grand Bay	" 26/31	7,500 00
9	Westmorland—raising road across marsh at Memramcook and various small road jobs	" 26/31	20,000 00

*CANADIAN FARM LOAN BOARD EMPLOYEES

Mr. SPENCER:

1. What were the names and addresses of the lawyers in the various provinces of Canada who were employed professionally by the Canadian Farm Loan Board during June, 1930?
2. Have any changes been made since that date, if so, in what way?
3. If so, what was the reason for the change in each case?

Mr. RHODES: With respect to question No. 9 on the order paper I find that under the terms and regulations of the act the Farm Loan Board has full control of the appointment and dismissal of its employees. They take the ground which has been sustained I believe since the commencement of the act, that the answer to the question of my hon. friend is not one which ought properly to be submitted to parliament. I am advised, however, by the director of the board that there is no objection to furnishing information to any hon. member who may desire it. I would suggest therefore that the question be dropped and that the hon. member who has asked it would communicate with the Farm Loan Board and I am sure in that case he will receive the information he seeks.

Mr. SPEAKER: Question dropped.

*PURCHASE OF LABRADOR

Mr. BENNETT: Before we proceed with the next order of business may I say that the hon. member for Laurier-Outremont (Mr. Mercier) allowed his question to stand the other day upon my giving a verbal answer and promising I would produce copies of letters which passed between the government of Newfoundland and the government of Canada with respect to Labrador. I now produce those letters.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BELLA COOLA POST OFFICE

Mr. HANSON (Skeena):

1. What was the revenue of the post office at Bella Coola, British Columbia, for the years 1929-30-31?
2. How much rental is paid per month for this office?
3. How much rental is paid per month for the telegraph booth at Bella Coola?
4. To whom is the rent paid in each instance?

UNEMPLOYMENT RELIEF ACT EXPENDITURES—SHELBURNE-YARMOUTH

Mr. RALSTON:

1. What federal public works in Shelburne-Yarmouth were constructed or undertaken by the government to be paid for out of the money voted last session under the moneys authorized to be expended under the Unemployment Relief Act of the last session?
2. What amounts were authorized in respect of each work?
3. What are the names of the foremen employed in respect of each work?
4. On whose recommendation was the selection made of men to be given employment in connection with each of these respective works?
5. What was the approximate expenditure actually incurred in respect of each of such works?
6. Are any such works as yet unfinished, if so, which of such works?
7. On whose recommendation did the government decide on the authorization of each of the works referred to?

MOTION FOR PAPERS

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. STEWART (Leeds): Mr. Speaker, the Unemployment and Farm Relief Act provides that within fifteen days after the first of March a return must be tabled containing the information for which my hon. friend asks. I suggest he allow the matter to remain.

Mr. RALSTON: While the Unemployment Relief Act provides for a return I do not think it provides for the details asked for in my motion. I suggest to my hon. friend the Minister of Public Works that matters would be expedited if the information asked could be furnished. I do not think what I have requested would be very voluminous.

Mr. BENNETT: Yes, it is voluminous, and it would take a long time to prepare it.

Mr. STEWART (Leeds): If my hon. friend would allow me to amplify my statement I might say that in undertaking the work in the province of Nova Scotia as in other provinces, an effort was made to adopt a program which would relieve unemployment to the greatest possible extent. In that province we have before us 150 undertakings. To comply with my hon. friend's request would involve the copying of practically 150 files. I speak with regard to this and succeeding motions. Those motions would involve copying probably 500 pay lists. If there is any particular work my hon. friend has in mind or upon which he desires information I suggest he limit his motion to those works. The work involved in his motions would materially increase the staff of the department and involve a great deal of work.

Mr. RALSTON: I suggest to my hon. friend that if the house will permit me to

refer to the matter at a later time and if my hon. friend will bring down now the details of two items mentioned in each of the resolutions, namely the amount authorized and the amount expended, and will permit the resolutions to stand on the order paper I will consider further whether I have to ask the house to proceed with the resolutions themselves.

Mr. STEWART (Leeds): That is quite satisfactory and I adopt my hon. friend's suggestion.

Mr. SPEAKER: Does that apply to the next two resolutions?

Mr. RALSTON: Yes, so far as I am concerned the same understanding applies to the next two.

Mr. STEWART (Leeds): Yes.

Mr. SPEAKER: Motions Nos. 1, 2 and 3 for papers moved by Mr. Ralston will stand on terms agreed upon.

UNOPPOSED MOTIONS FOR PAPERS

CLIFTON MAIL ROUTE

Mr. DUFF (for Mr. Veniot):

For a copy of all correspondence, reports and other documents relating to the awarding of a contract for mail route R.R. No. 1, Clifton, Gloucester county, New Brunswick.

LOURDES POSTMASTER, DISMISSAL

Mr. ROBERGE:

For a copy of all documents in connection with the dismissal of Mr. Joseph Mailhot as postmaster of Lourdes, county of Megantic, and the appointment of his successor; also a copy of the evidence in connection with the inquiry which was held.

HOURS OF LABOUR

OBLIGATIONS AND CONVENTIONS ARISING OUT OF PEACE TREATY

Hon. PETER HEENAN (Kenora-Rainy River) moved:

Whereas, the Dominion of Canada is a signatory to the articles of peace of the treaties of Versailles, thereby subscribing to the principle of a maximum working day of eight hours. Therefore be it resolved that this house is of opinion that the government of Canada should take appropriate steps to ensure, throughout Canada, the fulfilment of our treaty obligations and conventions arising out of the Peace treaty, relating to hours of work.

He said: Mr. Speaker, I had the honour of introducing this motion at the last session of parliament, and if hon. members will refer to Hansard they will not find any remarks of mine in relation thereto which are of a partisan character. I did not try to excuse the government of which I was a member, neither did I try to blame my hon. friends on the opposite side for any delay. I simply asked that the government should take appropriate steps to try to get the eight-hour day observed all over Canada. After considerable discussion the government, through the Minister of Justice (Mr. Guthrie), accepted the resolution in these words:

As I view this motion in the form in which it is moved, I see no objection whatever to its adoption.

That is, the government very cordially accepted the resolution. Unfortunately, however, some hon. members wished to discuss the matter further, the motion was talked out, and thus the parliament of Canada was deprived of the opportunity of putting its stamp of approval thereon.

Now, in view of the attitude of the government last session, I am assuming that they have not changed their minds, and therefore I do not see any necessity to present any extended argument on this occasion. The motion reads:

Whereas, the Dominion of Canada is a signatory to the articles of peace of the treaties of Versailles, thereby subscribing to the principle of a maximum working day of eight hours; therefore be it resolved that this house is of the opinion that the government of Canada should take appropriate steps to ensure, throughout Canada, the fulfilment of our treaty obligations and conventions arising out of the Peace treaty, relating to hours of work.

Briefly, this is a statement of the situation. In 1919 the treaty of Versailles was signed by the then Prime Minister of Canada, Sir Robert Borden, on behalf of the government of Canada. That treaty contained article 13, known as the labour section. Arising out of the treaty an international conference was held in Washington in October, 1919, when the principle of the eight-hour day was reaffirmed and recommended to the countries which were signatories to the Peace treaty. When the adoption of the principle of the eight-hour day came before this house the question of jurisdiction arose, some contending that as Sir Robert Borden had signed the Peace treaty on behalf of the government of Canada, the federal government should take the necessary steps to bring about the observance of the eight-hour day throughout the dominion by appropriate legislation; while others took the view that under the British North America Act this would be usurping the jurisdiction of the provinces. In 1925 the government of Canada submitted the question to the Supreme Court of Canada and the court decided in effect that the parliament

of Canada had jurisdiction over its own employees, but that the provinces had jurisdiction with respect to hours of work.

In 1930, in order to carry out our treaty obligations, an order in council was passed, P.C. 670, putting all federal government employees who were working in excess of eight hours on an eight-hour day basis. On May 30 of the same year legislation was enacted, now known as chapter 20-21 of George V, placing all employees on government contracts or working at day labour on government work on the eight-hour day basis.

My position in the matter is simply this, Mr. Speaker. I submit that the federal parliament having taken the mote out of its own eye, the federal government is now in a better position to approach the provincial governments with a view to having them enact legislation to carry out our treaty obligations. It will be seen, therefore, that this resolution simply calls upon the government of Canada to take appropriate steps to ensure throughout Canada the fulfilment of our treaty obligations with respect to hours of work. And I have no fear but that this house will unanimously adopt the resolution.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, this resolution may be divided into two parts. The first part recites that the Dominion of Canada is a signatory to the articles of peace of the treaties of Versailles, thereby subscribing to the principle of a maximum working day of eight hours; the second part asks this house to express the opinion that the government of Canada should take appropriate steps to ensure the fulfilment of our treaty obligations and conventions arising out of the peace treaty relating to hours of work.

Although I represent an agricultural riding, yet I think this resolution is of sufficient importance to claim my attention. Naturally the larger part of the population of the riding of North Battleford are engaged in agriculture, but all the varied activities of our national life are also engaged in, for besides lumbering, dairying, stock raising, and fishing, we have a certain amount of industrial development.

I think the historical background of this resolution is important. Prior to 1900 there was international action to a certain extent in connection with the protection of labour standards throughout the world. That action was taken on more than one occasion, and finally a certain number of nations came together in connection with the regulation and legalization of labour problems and labour conditions. Subsequently, Switzerland took the lead in dealing with this question, and as a result the International Association for Labour Legislation was organized, in 1900, with headquarters at Basle, Switzerland. Later, another international convention was arranged in Switzerland and action was taken in connection with the use of white phosphorus in the manufacture of matches, and still later another international convention was held in Italy, when further action was taken. So from 1900 to 1919, when the Peace treaty was signed, we may say that international action was gradually being taken throughout the world in connection with the problems of labour.

When the Peace treaty was being negotiated in 1919 it was only natural that international action should receive a great stimulus. As a result a commission on labour legislation was appointed to which was committed the important work of drawing up legislation which would affect labour throughout the world in connection with this Peace treaty. The recommendations of that commission dealt with such important labour questions as the establishment of a maximum working day and working week; the regulation of labour supplies throughout the world; the prevention of unemployment; the provision of an adequate living wage; the protection of the worker against sickness, disease and injury arising out of employment; the protection of children, and the protection of the interests of workers when living in a country other than their own.

These questions, together with the organization of vocational and technical education, constituted certain landmarks in respect of the consideration of labour problems generally. That commission drew up Article XIII of the Peace treaty, which is the foundation for the resolution before the house to-day, with regard to which the ex-Minister of Labour (Mr. Heenan) has just spoken.

Article XIII recommends the adoption of an eight-hour day or a forty-eight-hour week as the standard to be aimed at where it has not been already attained. So far as this resolution is concerned, I understand that it deals with government undertakings or public works sponsored by the Dominion government, and the hon. member for Kenora-Rainy River (Mr. Heenan) has dealt with the question of the right of the Dominion government to take action.

In conclusion, all I would say is that I think the time has arrived when the industrial workers of Canada ought to have the support not only of the Prime Minister but of every member of this government, and that support can be best shown by the government of the

day taking action to call an interprovincial conference, at which will be represented the government of Canada, the governments of the provinces, all labour interests and the interests of employers, at which the question of jurisdiction could be discussed and probably overcome, so that throughout Canada, from one ocean to another, from one industrial area to another, from one province to another, the request contained in this resolution will be complied with.

Hon. HUGH GUTHRIE (Minister of Justice): Last session, Mr. Speaker, the hon. member for Kenora-Rainy River (Mr. Heenan) brought forward a motion in terms similar to the motion he has just moved in this house, and in the few remarks I made at that time I said that in my opinion there was no objection to the house accepting the motion as drawn. I am still of the same opinion. The motion merely asks that it be resolved that this house is of the opinion that the government of Canada should take appropriate steps to ensure throughout Canada the fulfilment of our treaty obligations and conventions arising out of the peace treaty relating to hours of work.

The gist of the motion is that the government should take appropriate steps. As the motion was not carried during the last session of the house there were no steps to be taken, as a result of it. In fact the only steps that suggest themselves to my mind at the moment are those which were taken by the preceding government on four or five occasions, when the question was brought to the attention of the various provincial governments with the idea of enlisting their sympathies and having them pass the necessary provincial legislation to bring into force the provisions of the treaty of Versailles with respect to labour.

In my judgment this parliament has done about all it can do in respect of that treaty. The hon. member for Kenora-Rainy River has given a brief résumé of some of the steps which have been taken by this parliament to bring our national labour service into conformity with the requirements of that treaty, but fortunately or unfortunately the dominion powers are limited by our constitutional act; there are some matters which do not lie within our legislative jurisdiction and in connection with which we have no right whatever to legislate. One of these matters is the question of hours of labour, which is largely a provincial matter, and the most this government can do in regard to the general subject is to bring that question directly to the attention of the various provincial governments and request them to cooperate.

This has been done time and time again. It was not done directly after last session because the motion was not adopted by the house last session, but if this present motion is adopted the government will take steps without delay definitely to draw this matter to the attention of the various provincial governments. I remember that last session, in discussing either this or another kindred subject, I expressed the opinion that the time had come when a provincial conference should be summoned to meet at Ottawa. The House of Commons sat until after August first of last year, and immediately thereafter I was summoned to attend an important meeting at Geneva, from which I did not return until about November first.

Following my return I had an opportunity of discussing the question of a provincial conference with members of the governments of several of the provinces. I remember discussing it with the members of the governments of New Brunswick, Nova Scotia, Ontario, Saskatchewan and, I think also, British Columbia. There was a general idea among them all that a conference should be held, but there was also a feeling which was very general that last autumn or this winter would not be the best time to hold such a conference. Conditions throughout Canada and throughout the world had become acute and it was felt that until they had become more settled the conference should not be called. Therefore I did not pursue the matter further. But I still am of the opinion that a conference between the dominion and the provinces should be called as soon as conditions warrant such a conference being satisfactorily held. It is not only in regard to this question of the hours of labour that we desire to consult the provinces; there are many questions which more or less involve a dispute as to jurisdiction. These questions are not in a satisfactory condition now, and much good might be accomplished if a conference were held, and I trust that in the not-distant future a more satisfactory basis may be arrived at.

There is this further to be said in regard to Canada and the treaty of Versailles, and particularly with respect to the question of labour. While in Geneva last fall I had occasion to discuss the question with some of those who are better informed in regard to these matters than I am myself, and I was glad to learn that Canada was not lagging behind in regard to the provisions of that

treaty. We were well in the forefront. I do not think any nation in the world has carried out all the provisions of that treaty. Some have done so to a much greater extent than others, but Canada's position is a very happy one in that respect. We have gone a much greater distance than many other nations perhaps more important in one aspect than Canada, and I felt very proud of the work that this dominion had accomplished.

As I said at the opening of my remarks, I think the house might well adopt this resolution. If there is anything more that this government can do to bring the matter directly to the attention of the various provincial governments I should like to hear suggestions along that line. The government is entirely sympathetic and would like to aid the cause as much as possible.

Hon. CHARLES MARCIL (Bonaventure): The same conditions of labour do not exist in the country as in the cities. In my part of the country it has been the custom from time immemorial for workmen to put in ten hours a day. In the government works now the working day is only eight hours, and pay is given for that number of hours. In the unemployment relief works carried on by the provinces and the dominion, men are working eight hours a day and are paid for eight hours only. This represents a decrease in their wages. On the work in my constituency in which men are repairing the highway they are paid 25 cents an hour for eight hours a day and these men consider it a hardship. They have asked me as their representative to request that they be allowed to work ten hours a day, which would give them $2.50 a day. This is only a reasonable living wage. So that before we go much further this question should be looked into. If the men can be paid for ten hours a day while working only eight hours, so much the better; but if their wages are to be reduced in accordance with the number of hours they work, then I do not see much advantage in the change. That is the view of the people whom I have the honour to represent.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I could not catch distinctly what the last speaker (Mr. Marcil) said, but I believe it was to the effect that there was a danger, if the hours of labour were cut down to eight instead of ten, that it might mean a reduction in wages with consequent hardship. Arguments of that kind are always put forward in opposition to any reform being made. In normal circumstances, if the universal day were eight hours employers would sooner or later come through with the wages and give a living wage for an eight-hour day. I can quite understand that with the depression which exists at the present time there are in our midst certain employers who would take advantage of the large number of unemployed and force down wages if at all possible. It seems to me, however, that it would be comparatively easy for a government really sincere in the matter not only to put into force an eight-hour day but, more than that, to put into force a minimum wage act which would guarantee the workers a sufficient return for an eight-hour day to enable them to keep themselves and their families in decency.

I hope the house will adopt the suggestion of the Minister of Justice (Mr. Guthrie) and accept the resolution, though on his own statement the passing of the resolution will really mean very little. All that he suggests it could possibly mean would be an incentive to the government to refer the matter once more to the provinces. I regret that it should be necessary to have the matter brought up in this way in order that it might be referred to the provinces. It seems to me that if we had a Labour department worth its salt that department would see to it that such matters were kept continuously before the provinces.

Mr. GUTHRIE: There have been communications with the provinces in regard to this matter for five or six years.

Mr. WOODSWORTH: I know; but our department might have been a great deal more active. I suggest that if we continue to cut down the estimates of the Labour department we might as well abolish it altogether. There is a possibility of a Labour department taking itself seriously, but I do not think our Labour department has been given sufficient backing in the last few years to make its activities worth very much. The Minister of Justice said he thought that the provinces were of the opinion that a conference should not be called until conditions were more settled. I submit that it is because of the unsettled conditions that now prevail that the conference ought to be called at once. With unemployment as it is in almost every province in this dominion, it is highly desirable that the provinces should get together on a united program, and one thing that might be done is the reduction of hours. If there are hundreds of thousands of men absolutely unemployed and others working ten or more hours a day, I submit that it is only reason-

able to cut down the hours of those who are employed in order that a larger number of men might be given work. I should think, therefore, that the very fact that conditions are unsettled makes it all the more necessary to have a conference in the very near future.

The Minister of Justice referred to the fact that last year a motion passed this house calling for a dominion-provincial conference. I hope that conference will not be very much longer delayed. It is just a question how long the dominion can hold together if we permit an antiquated constitution to hamper us in carrying on our everyday affairs. We ought to have sufficient common sense to recognize the vast changes that have taken place in the last sixty years since confederation and make proper adjustments.

There is one other thing I have to say, and I have advanced this argument before in this house. I cannot for a moment concede the position taken by the Minister of Justice that the dominion has no responsibilities in matters of this kind because of our constitution. There is another way of looking at it and it is this. If the Dominion government has the right to sign a treaty it has the duty to see that the terms of the treaty are observed. Under certain powers granted to the dominion, including our relationship with foreign nations, we have certain very definite responsibilities and rights. After the great war Canada along with other nations signed the treaty of Versailles, and merely because we are a federal body, merely because our constitution makes it a bit difficult to effect the necessary arrangements, I do not believe we should do nothing. In other matters the difficulties have been overcome. For instance, in connection with the Live Stock and Live Stock Products Act, it was found possible to have the enabling legislation passed by the provinces. On many occasions the Dominion government has passed legislation and found the provinces quite willing to cooperate.

Certain provinces have expressed their willingness to put this eight-hour day on the statute book providing they are assured that the other provinces will do likewise. In other matters dominion legislation has been passed contingent on certain action being taken by the provinces, but nothing of that kind has been attempted in this instance. A few years ago it was urged that the granting of tariff favours to certain enterprises and industries should be contingent upon those industries adopting the eight-hour day; such action was within the competence of this government, but no action was taken. To my mind the real difficulty is not that of the constitution; this government along with other governments has not taken the matter seriously enough. As soon as that is done I am quite confident that ways and means can be found to give effect to the solemn obligation undertaken by the signing of the treaty of Versailles.

[Mr. Woodsworth.]

Mr. McINTOSH: Mr. Speaker, the hon. Minister of Justice (Mr. Guthrie) in his frank and I think sincere statement, has said that he intends to call a conference of the provinces to discuss this matter. Can he give the house the approximate date of this conference?

Mr. GUTHRIE: At the present moment, I cannot.

Mr. HEENAN: Mr. Speaker—

Mr. SPEAKER: If the hon. member speaks now it will close the debate.

Mr. STITT (Selkirk): I hope the hon. member will not blame me this time for talking out the resolution.

Mr. HEENAN: I am closing the debate and the hon. member will not be given an opportunity to talk it out this time. It seems to me the hon. member is smarting under some grievance. The hon. Minister of Justice (Mr. Guthrie), speaking on behalf of the government, has shown quite clearly that this resolution was not carried at the last session because of certain things which had occurred. The hon. member for Selkirk may have the consolation that he prevented the government from accepting this resolution, and yet he pretends to be a friend of labour.

Mr. STITT (Selkirk): I object to the statement of my hon. friend.

Mr. SPEAKER: Is the hon. member speaking on a question of privilege?

Mr. STITT (Selkirk): Yes, Mr. Speaker. The hon. member has stated that last year I obstructed this debate. This is the very statement in respect to which you called the hon. member to order yesterday, and he took it back. He now repeats it; he claims that I obstructed this resolution. Last year I spoke for ten minutes while my hon. friend read and spoke for hours at a time when the house was ready to adopt the resolution.

Mr. SPEAKER: The incident referred to was satisfactorily adjusted a few days ago. The hon. member for Kenora-Rainy River (Mr. Heenan) withdrew the inference he had made that the hon. member for Selkirk (Mr. Stitt) had wilfully obstructed the passage of the resolution. This is all a matter of record.

Mr. STITT (Selkirk): The hon. member has just repeated his statement that I obstructed the resolution.

Mr. SPEAKER: The hon. member for Kenora-Rainy-River took the right course, and I do not think the point raised by the hon. member for Selkirk is well taken.

Mr. HEENAN: Mr. Speaker, I cannot understand why the hon. member for Selkirk should appear to be smarting under such a terrible grievance. The result of his tactics last year was to block the passage of the resolution.

Some hon. MEMBERS: Order.

Mr. HEENAN: After the hon. member for Selkirk had spoken for some considerable time, I rose in my place and made the following statement, as appears on page 1730 of Hansard of 1931:

I was wondering if the hon. member heard the acting leader of the government say that he was willing the motion should carry. I would remind the hon. member that it is now just one minute to eleven o'clock.

The hon. member continued to speak, and at eleven o'clock Mr. Speaker made the following statement:

It being eleven o'clock the house will stand adjourned until to-morrow at three o'clock.

We need not discuss the matter further, until we are on the platform of my hon. friend during the next election.

Mr. STITT (Selkirk): The hon. member did not worry me much last year.

Mr. HEENAN: I appreciate the remarks of the Minister of Justice and I realize that it is an honour to have a resolution of this description passed in my name. I do not regard the remarks of the minister in the same light as does the hon. member for Winnipeg North Centre (Mr. Woodsworth). I understood the hon. minister to state that he would call a conference of the provinces and that he would ask them in the name of Canada to pass this legislation.

Mr. GUTHRIE: This would be only one of many questions to be brought before the conference.

Mr. HEENAN: I quite understand that, but I consider that this is one of the most important, as it is now before this house. I did not go into the details as to how the object sought could be accomplished, but there are many ways in which it could be done. If the provinces are not united it may be necessary for the government of Canada to take drastic measures to discipline some of the provinces. I recall moving a similar resolution in the Ontario legislature in 1924, and the premier asked that the resolution be carried with a slight amendment to the effect that it would come into force when the other provinces had enacted similar legislation. This was an easy way of disposing of the subject. I believe the province of Nova Scotia had been ready for some time to adopt this measure. When I was acting as Minister of Labour I discussed this matter with the representatives of many of the provinces and I found they were coming more and more to our way of thinking. I think the time is ripe to call a conference with the object of having this legislation adopted through the various provinces during the coming year.

As regards the statement of the hon. member for Bonaventure (Mr. Marcil) that some of the men in his constituency would like to work longer than eight hours a day in order to make more money, such a condition would be unnecessary if the provinces and the capitalists of this country would follow the lead given by the federal parliament when it put into operation the eight hour day for government employees; and we did not reduce their salaries one cent. Consequently there is no need for alarm so far as that is concerned.

In conclusion I would say I appreciate the honour of having the government accept this resolution.

Motion agreed to.

FARM RELIEF

ALLEGED DISCRIMINATION IN FEDERAL ASSISTANCE ON BUSHEL RATHER THAN ACREAGE BASIS

Mr. ROBERT McKENZIE (Assiniboia) moved:

Whereas the policy of extending federal assistance to western farmers on a bushel basis rather than on an acreage basis has worked out most unfairly and unjustly to the residents of those districts suffering from failure or near failure of crop,

And whereas a largely signed petition and memorandum has been presented to the government by the secretary of Saskatchewan Association of Rural Municipalities, praying for additional legislation to partially remedy the situation that exists,

Therefore be it resolved: that, in the opinion of this house the government should give immediate consideration to a more equitable and less discriminatory solution of this problem.

He said: Mr. Speaker, in moving the resolution which stands in my name on the order paper, I can say that to those of us who are conversant with the measure that was passed during the last days of the last session, an Act respecting Wheat, this resolution will be practically self-explanatory and will not re-

quire much further elucidation on my part. The resolution is really the result of the legislation that was passed last session. That measure, an Act respecting Wheat, provided:

1. The governor in council may authorize the payment, out of the consolidated revenue fund, of the sum of five cents for every bushel of wheat grown in the provinces of Alberta, Saskatchewan and Manitoba in the year 1931, and delivered to any licensed elevator in the western inspection division, commission merchant, track buyer or grain dealer, as defined by The Canada Grain Act.

It was provided that the act was to be administered through the machinery of the Board of Grain Commissioners, and it has been so administered during the past year. The payment as provided in the preamble of the act was thought advisable because of the emergency that existed in the prairie provinces and the distress that was felt by the farmers in those producing areas.

Those of us who come from the three wheat-producing provinces of the west did not have much faith in the act. We did not, it is true, rise in our places and criticize it, but there was more than one reason for that. We realized that in the southern parts of the provinces little or no benefit would accrue to our farmers from the provisions of the act, but at the same time we knew in the parts of the country where there was a crop it would be of no inconsiderable benefit to them. Therefore we did not criticize it. I might in passing mention another reason. I refer to page 3158 of Hansard of last year under date of June 29, 1931, where the Minister of Railways (Mr. Manion) is reported as saying:

I defy any hon. member on that side from the prairie provinces to rise in his place and disown or oppose this five cents per bushel assistance to the wheat farmers of the west.

I do not know just what was in the mind of the Minister of Railways when he said that. We know that when the resolution was first mooted the bonus was to be absorbed in the way of freight. Later on the bill was brought in, in the form in which it was subsequently passed. Whether the Minister of Railways or the government were desirous of withdrawing the resolution and then trying to lay the blame on members on this side of the house from the prairie provinces because we took up his challenge, I do not know, but probably he will make an explanation.

We have now had time to look back over the workings of this legislation. In some respects it has worked satisfactorily, and we are not going to criticize the act particularly at this stage. It has, as I said, been of a certain amount of benefit to the farmers in those parts of the prairies where they had a crop. It made the production of wheat less unprofitable, by the amount of the bonus, than it otherwise would have been. In other words, it has diminished, by the amount of the bonus, the loss that otherwise would have occurred to the farmers who were, shall I say, so unfortunate as to produce a crop—because under the conditions which prevailed it was not really fortunate for a farmer to have a crop last year.

I noticed in one of the weekly papers in the reading room a day or two ago, that a report had come out from the Board of Grain Commissioners in Winnipeg, stating that the bonus paid under the act to the farmers amounted to about $9,300,000. That is a very considerable sum of money, and no doubt it has been of considerable assistance to those parts of the country where they had a crop. But that is poor consolation to the farmers of a good portion of my constituency, and a greater portion of the southern part of the three prairie provinces where they got little or no benefit from the provisions of this act, especially when we remember that it is their money that is being paid out by way of bonus while they are receiving no benefit from it whatever. Many of them, I may say, seeded and reseeded their land, in some cases two or three times, and harvested no crop.

When I arrived home after the session of last year I realized more clearly than I did when I was in Ottawa that the provisions of this act would be of very little benefit to my constituency; that in fact the greater part of my constituency would receive no benefit whatever, although in some places where they had a ten or twelve bushel crop they would benefit to a certain extent. After my return home I received a letter from the Director of Unemployment Relief, as I believe all the other members did. After driving through the constituency and trying to ascertain what conditions actually were, I replied recommending certain improvements that I believed would be of benefit. In a rural constituency there is very little that one can recommend by way of buildings, but I did recommend some improvements in the matter of buildings and other activities in the towns and villages throughout the riding. Moreover, in this letter, of which I am going to read a portion, I stated what I thought was the greatest benefit that could accrue to our farming districts under the conditions then prevailing. The letter in part is as follows:

Now, I believe these are all worthy of careful consideration but I believe the greatest need in this part is some assistance to farmers who

are desirous of properly working their land and find it difficult to pay their running expenses such as repairs to machinery, blacksmith and grocery accounts. I find in driving through the country that farms which were formerly well farmed are being neglected and weeds and thistles are not being kept down and in some cases the summer-fallowing is not being done, mostly because they are not in a position to meet the expenses. I believe if some scheme were evolved whereby these accounts could be guaranteed, and, even in some cases a man might be provided to a farmer, that these will, in my opinion, do more good that almost any other form of relief which can be granted here for I am convinced that prosperity will not return to Canada until the farms again become productive and the produce of the farms bring a profitable return.

That was my recommendation to the director of unemployment relief in the letter I wrote to him in August last year. Any relief which was forthcoming from that direction should have come immediately, because the time for summer-fallowing was passing, and other summer work should have been done. However it seems that it was not considered necessary to do anything.

A good many recommendations were made to the effect that work be done on the roads, and that the farmers should go out with their teams and do a day's work here and there. I want to say to you, Mr. Speaker, and to the house that the better farmers in my constituency—and this statement applies to prairie farmers generally—do not desire to take four horses, go out on the road and spend eight hours to earn a few dollars. They have plenty of work to do on their own farms. The better farmers desire to stay at home and do their own work rather than go out and do a little road work.

I thought the bonus could have been better expended in my constituency by giving it to those who had no crop, to enable them to stay at home, do their own work and pay the expenses incurred in a proper manner and at the proper time. Seeing that there was nothing coming from the recommendation I made to the director of unemployment, and through him to the government, there was but one other solution to the problem, and that course was taken through the activities of rural municipal associations of the province of Saskatchewan. At a gathering which was held in one of the towns of my constituency, realizing that the administration of this act was working out very unfairly particularly to those farmers who had no crop, a resolution was passed asking the government to extend on an acreage basis the relief provided under the act to those who had no crop. The resolution proposed that the farmers be given one dollar per acre on the lands seeded in the spring of 1931, such moneys to be paid out of the general revenues of the country. I might draw attention to the fact that although a great many meetings were held, particularly throughout the southern part of the province of Saskatchewan, this problem was not at any time made a matter of political controversy. The welfare of the farmers was being promoted principally by the officials of the rural municipal associations. The speakers at the meetings which were held were officials of the rural municipal associations, and the other speakers consisted of one Liberal member of the Saskatchewan legislature, and one Conservative member from the said body. Those two men who sat on opposite sides of the local legislature, held meetings throughout the various parts of Saskatchewan, and through their efforts a resolution was drafted and sent to the government at Ottawa. I do not know what the attitude of the government was in regard to their suggestions. On one occasion I wrote to the Prime Minister; it happened that at that time he was away and I received no reply directly from him. I did however receive one from his secretary. We consider it is nothing more than fair that the people who are receiving as high as $2.80 per acre under the bonus which amount I am informed was paid in one instance, should not derive all the benefits, and that our farmers who in some cases seeded their land three times and received no crop should receive at least a dollar per acre. We consider our proposal is fair and reasonable, and for that reason I desire to move, seconded by Mr. Young of Weyburn.

That in the opinion of this house the government should give immediate consideration to a more equitable and less discriminatory solution of this problem.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, I am opposed to the principle of taking money out of the public treasury and giving it either to individuals or to corporations. I am opposed because such action is unsound in principle, and because when once that practice is started it is almost impossible to treat everybody alike. When the government has chosen to take that course however I suggest to them that the only thing to do is as nearly as possible to treat everybody alike.

Last year when the proposal to grant a bonus of 5 cents a bushel on all wheat grown in the western provinces was before the house, I attempted to point out to the government that the scheme was bound to work out inequitably, that those who had a large crop would receive a large bonus while those

who had no crop would receive no bonus but would have to help to pay the bonus to their more fortunate neighbours. The request for a bonus of one dollar per acre seeded last year has arisen as a direct result of the policy of paying 5 cents per bushel on all wheat grown in the western provinces. Those farmers in the dried-out districts are saying, "We are helping to pay the 5 cent per bushel bonus to all those in the north who have had good crops, whereas we are deriving nothing, and have had no crops." The farmers of the dried-out districts in southern Saskatchewan are to-day suffering more from the depression than any other class of people in Canada. Not only do they suffer, but they are in the unfortunate position of having reaped no harvests for one, two or in some cases three years. For the work they have done during that time they have received no wages. They are practically all on relief. In spite of the fact however that they are the chief sufferers and those who stand in greatest need of relief, they constitute the only class in the Dominion of Canada on relief to-day who are required to sign a note for everything they receive. Every other class receives relief as a gift, but the farmers in the dried-out areas, the chief sufferers, get nothing as a gift but must sign a note in blank and in advance for everything they have received or expect to receive. I have the note here; I will read it:

I, ..., the above named applicant hereby faithfully promise and agree to pay to The Saskatchewan Relief Commission on behalf of His Majesty the King in the right of the Dominion of Canada, on or before the first day of November, A.D. 1933, the full value of all relief now or subsequently obtained by me from The Saskatchewan Relief Commission at the values or prices stated by the said commission.

This form has to be signed and witnessed by every man when he makes application for relief. All the relief that he receives will be charged against that note at prices to be fixed by the commission.

An hon. MEMBER: Will any interest be charged?

Mr. YOUNG: I do not know. I asked the Prime Minister the other day if he intended to charge interest, but he could not answer me at the time. Probably he will let the house know later on.

Before coming to Ottawa I was summoned to a gathering of farmers, and the first question they asked me was "Where do you stand on this proposal of $1 an acre bonus?" I said, "Tell me exactly what you want: do you want $1 an acre in addition to the relief that you are now receiving, or do you want $1 an acre in lieu of the relief you are now receiving? If you want the $1 an acre cash in addition to all the relief you are receiving, do you think you will get it?" They said, no, they did not think they would. Then I said: "Do you want $1 an acre in lieu of the relief? If so, let us try and figure it out." We took the case of a farmer working a half-section of land last year; he would have probably 200 acres in crop; at $1 an acre the bonus he would receive would be $200. At present, if he is on full relief, he will be receiving from the relief commission food, fuel, feed for his stock, and he expects to receive seed for his land. Would that amount to more than $200 in the year? Yes, it would. They did not feel that they could accept $1 an acre in lieu of the relief; and they did not feel that they would be able to get that in addition to the relief. The matter was thoroughly discussed and finally they thought that this would be a fair proposal: Give us against our notes that you are holding and which we will have to pay, a credit equal to $1 an acre on all the acreage seeded last year, and we will be satisfied. I think hon. members will all agree that that is a very fair proposal on the part of the farmers. It was not submitted to the farmers all over the country. I am speaking of the farmers in one community who discussed the matter thoroughly in my presence, and that is what they agreed on. That, of course, would leave out some odd farmers throughout that dried-up district who had saved a surplus and were not on relief, although they have reaped no crop for the last two or three years. Perhaps in their particular case a grant would have to be made in cash; but for those farmers who are obtaining relief I think it is not unreasonable to ask the government to grant them credit equal to $1 an acre on their seeded acreage against the notes held by the relief commission.

Mr. A. M. CARMICHAEL (Kindersley): Mr. Speaker, the resolution now before the house says that the act passed last year has worked out most unfairly and unjustly. I rather agree with that statement. In fact I heard the opinion expressed in different parts of my own constituency that the act was a very good fulfilment of the Scripture: "Whosoever hath, to him shall be given; and whosoever hath not, from him shall be taken even that which he seemeth to have." It did seem to work most unfairly in the case of those farmers who had very little crop. So far as my own immediate district goes, we did have a fair crop of wheat and the five cents per bushel bonus worked fairly satisfactorily; but when I got into the southern part of my

constituency, not over fifty or sixty miles away, the farmers there and within a distance of one hundred and fifty or one hundred and sixty miles had practically nothing; in one large area down towards the Empress district they had an average of about two bushels an acre. Well, at five cents per bushel it will be seen that the bonus would amount to about ten cents an acre relief, which did not help them to any great extent.

As a result there has been a strong demand among the farmers for some different form of relief. That is expressed in the last part of this resolution, which asks for a more equitable and less discriminatory solution of this problem. I agree with that principle also. I have received a number of resolutions from farmers' organizations, and this one is typical of the many:

> Whereas the farmers in the dried out areas are not receiving any of the five cent bonus, and
>
> Whereas the seed wheat provided by the government will cost the said farmers five cents above market price,
>
> Be it resolved that we petition the government to grant one dollar per acre on all acreage seeded in 1931, less the bonus already paid.

The secretary adds:

> There was a large attendance at this meeting and the resolution was carried unanimously.

Now, this is not the first time that the proposal of $1 per acre bonus has been mooted in my own section of the province. I do not know whether my particular district can take credit for originating this thought or not, but I do know that back in December, 1930, a large representative meeting in the town of Kindersley, attended by between four and five hundred farmers and business men, discussed a resolution put forward by a farmers' local from north of Kindersley, asking for this very thing, namely, a bonus on the seeded acreage of crop, not only on wheat, but on flax, oats and barley as well. This meeting endorsed the idea as being fairer and more equitable than the five cent per bushel bonus. At the request of this same farmers' local I journeyed to Regina and interviewed our premier when he was there on December 30, 1930, in the hope that the government would see fit to adopt it. Well, the proposal was not adopted, and, as we know, the legislation that is now in effect was brought down and finally passed this house on August 3, 1931.

There are many advantages in that legislation. It placed between nine and ten million dollars in the hands of the farmers of the three prairie provinces. That is quite a help to the people of the west. The principle of giving a bonus may not be sound, but as the hon. member for Weyburn (Mr. Young) has stated, if special considerations are to be given to other industries, if they are to be kept from getting into the valley of humiliation because of government legislation, well, why should not the farming industry be similarly treated? So going on that basis, I would not raise any objection to the five cents per bushel being paid as it was paid. Many individual farmers were helped considerably through the payment of that five cent bonus. I know farmers in my own immediate district who on the average had 20, 25 and 30 bushels of wheat to the acre, and of course the bonus helped them. It helped, as was stated when the legislation was being considered, to give some relief for high freight rates and tariff adjustments; it also partly made up for loss on the production of crops. But the disadvantages have been named by those who preceded me in this debate. The chief disadvantage is that those farmers who have nothing are compelled to make up, in part, by way of taxation upon them, the ten million dollars or thereabouts which goes to the farmers through the five cent per bushel bonus. That is most unfair and it seems to me, Mr. Speaker, that no person can justify that inequitable application of the legislation of last year. In addition, there are many farmers who do not grow wheat; there are sections of the country not suited to the growing of wheat. Oats can be grown quite satisfactorily; other sections grow barley very well, while still others grow flax. Indeed, there are some types of soil where some of these other grains must be grown before wheat can be put in. In my own district the land first must be seeded with flax, or the likely result is no crop, because of a wire worm which works in the new land.

Looking at those different viewpoints the inequality of this legislation of last year will be seen, and I may add that considerable dissatisfaction was brought to my attention because of the way the legislation affected tenant farmers. There were cases in my own district where the owner of the land put up the seed, the feed, the necessary power either by way of horses or tractor and the implements necessary to till the soil. He owned the land, yet if the tenant happened to get a small share of the crop for his wages the tenant collected the five cent bonus on all the grain grown on that property. This led to a great deal of dissatisfaction; several cases were brought to my attention in this connection.

I can see considerable difficulty, Mr. Speaker, in applying the bonus of a dollar per acre to the crop of 1931, although of course if the government do not see any difficulties and are willing to apply it I will not object. But I do not see that there would be any insuperable difficulty to it being worked out for the crop of 1932. The legislation passed last year expires on July 31 of this year. Either that legislation will be dropped and nothing further will be done, or some other scheme will be worked out by the government. Personally I feel that in view of present conditions on the prairies it would be very helpful to agriculture if some scheme could be worked out by the government that would be fair and equitable, and for that reason I give my hearty support to this resolution.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, in presenting another side of the question under debate I hope hon. members will not take it that I am lacking in sympathy for the farmers of those districts affected by drought last year. During the recess I spent almost all my time in helping to the best of my ability the farmers from the dried-out areas who have moved into the bush district in my constituency. I know something of their problems; my heart goes out in sympathy to them, not only those who have moved to the north and are pioneering again there, but those left in the dried out districts. So I want to make it clear that while I am presenting an entirely different side of this question my sympathies are very much with the people of those districts.

The first part of the resolution reads:

> Whereas the policy of extending federal assistance to western farmers on a bushel basis rather than on an acreage basis has worked out most unfairly and unjustly to the residents of those districts suffering from failure or near failure of crop . . .

My contention, sir, is that this is not a correct or fair statement, and I hope I shall be able to convince at least some members of the house of that fact. With regard to the five cent bonus, I believe this is the first time any Canadian government has done such a thing for western farmers. There has been direct cash assistance from the federal treasury to aid the farmers of western Canada through their difficulties. Let us consider the farmer who had a crop. In my constituency, where there was a fairly good crop, the farmers were selling their wheat for about 30 cents a bushel at the elevator. After a man paid his threshing bill that meant he had left 23 or 24 cents, certainly not more than 25 cents net per bushel. Everyone knows that this return would not provide a living for the farmer, to say nothing about his ability to pay debts or anything else. Therefore the bonus came at an opportune time; as far as my district was concerned it was very acceptable and greatly appreciated by the great majority of the farmers.

Perhaps I misunderstood the Prime Minister (Mr. Bennett) when he introduced this measure last year, but I took his meaning to be that while this was not a permanent measure it was something that we could expect to be applied during the low price period. That being so, the application has not been so inequitable as might appear. I have lived in the north, in the bush districts, for twenty-five years. Year after year I recall our farmers envying the farmers in the prairie districts which have now been so affected by drought. Those were the districts where they were having abundant crops, big yields and fine qualities of grain; our farmers were the ones who were having the difficulties. In the natural order of things conditions might be reversed next year. If this five cent bonus is given for another year—and I believe that was the intention of the Prime Minister last year, whatever he thinks about it now—those southern districts may be the very ones having fine crops, and when they have crops in the south they have a far greater acreage than we have in the north. In my constituency the average farmer will have only half his land under cultivation; the balance will be bush, but in the southern country the whole farm is under cultivation, so naturally when there is a crop the production is very much greater. So it seems to me that the attacks on this measure are not quite fair.

When the legislation was brought in last year it was met with an onslaught from opposition members, particularly from the province of Quebec but also to some extent from Ontario and the maritime provinces. In his provincial campaign last year Premier Taschereau made this one of the main issues. So it seems to me that the least the government should expect is unanimity among the farmers of western Canada, for whose benefit the measure was brought down. The legislation should have met with the approbation and support of leaders of thought among western farmers generally.

I cannot say that there has been any agitation against this measure in Manitoba; if there has been I have not heard anything of it. But the policy was hardly announced before a movement was started in Saskatchewan against the five cent bonus and in favour

of the dollar per acre. It was claimed by some of the advocates of the latter policy that it is not in direct opposition to the five cent bonus, but the effect of this whole campaign has been to create dissension among the farmers and to develop a lack of appreciation of the measure passed last session.

What are the arguments in favour of this bonus of a dollar per acre, and against the bonus of five cents per bushel? It is urged that it goes only to the farmer who has a crop while the farmer who has no crop gets nothing. On the face of it that seems an unanswerable argument, but there is another and entirely different side to the question. The farmers in my constituency, most of whom have crops, are not getting any relief and yet the very crops they have are in most cases not paying expenses. But in the southern parts of the drought-stricken districts millions of dollars of federal as well as provincial money are being handed out in road work and direct relief. It may be true, as the hon. member for Weyburn (Mr. Young) has said, that the farmers are signing notes for the relief they get. I would not discuss that question very much until we are able to see how many of these notes will be paid. The great bulk of the farmers are destitute, and if we looked ahead ten years I would predict that the great majority of them will never be paid. I hope the notes will be paid; I hope the farmers will have crops that will enable them to pay these notes. But I know that the ordinary debts, mortgages, interest and so forth that are piling up against the farms in the south, in the dry districts, are so great that when the farmers do get some crops the money will be used in that direction, and I am afraid that the Saskatchewan Relief Commission will come in last when it comes to collecting the notes. So far as that angle of the question is concerned, therefore, I think it is scarcely worth consideration.

As regards my own district, we had on the whole a good crop, but there are farmers there who had no crop; and there are many other farmers again who, because of the nature of the soil, as well as frost and other local difficulties, are unable to grow wheat successfully, so that they are compelled to grow only oats and barley. These farmers get nothing from the bonus but I have heard no particular complaints from them. A few of them mildly suggested that the bonus should have been applied to oats and barley, but even these farmers appreciate the fact that something has been done for their brother farmers, and I do not know of one single instance, by meeting or in any other way, of any attack on the five cent bonus in my constituency. Of course, in these dry districts there are farmers who will have no crop and who will have to maintain themselves although they are not getting relief. It makes no difference, however, what measure you bring down, there is bound to be some inequality. It is utterly impossible to bring in any measure that will apply with absolute equity. The reasons brought forward by the hon. member for Weyburn supporting this, although he objects to the principle, are not very valid and sound, because there is inequality in any measure that is introduced. There is inequality even in free trade, which my hon. friend is so fond of putting forward. I do not, therefore, expect that even this five cent bonus will be found to apply with absolute equity.

So far as my constituency is concerned, the five cent bonus has been universally appreciated by both farmers and business men. May I assure the house that I am not discussing this question from any party angle, because in the province of Saskatchewan there were outstanding men among the Progressives, members of the legislature, Liberals and Conservatives, who got out and took part in the campaign; and a recent convention of the United Farmers of Alberta placed themselves on record as condemning the principle of the bonus. So that there is no party angle to the question. But in view of the difficulties which the government had in bringing down the measure, and in view of the attacks made upon the government in this house and in the country when they attempted to do something for the western farmers, I did expect something better from the leaders of thought among the western farmers themselves. I hope the government will not be influenced by this in their attitude towards the policy for the coming year. I hope they will bring it down as they did last year, but if they do not then the farmers have only their own leaders to blame for losing one of the efforts made to meet their difficulties.

Mr. W. J. LOUCKS (Rosetown): As a western farmer, I wish to endorse what the last speaker (Mr. Campbell) has said. I do not want to see anything done that will be detrimental to the farmers of western Canada, and I know well the situation that exists there. Certain things have been mentioned with reference to the distribution of the bonus, and I would refer to the remarks of the hon. member for Kindersley (Mr. Carmichael). I might say in that connection that the greater number of the landlords in my con-

stituency are professional men who have other means of livelihood besides farming, and if there is one thing above another which calls for comment it is the fact that this relief went to the actual farmer, whether tenant or not. As pointed out by the last speaker, with the price of wheat at 30 cents a bushel, when the farmer cuts that in half there is not much left. Most of the land in Saskatchewan is rented, and if the farmer had to divide the bonus with the landlord you can readily see that it would not be of much advantage to him.

In my constituency I found that there was great appreciation of the bonus on the part of the tenants, and many landlords have said that had it not been for the bonus they did not think that the tenants would have been able to carry on during the coming year. I wish to make it clear to the house why I did not endorse the petition when it was presented to me by those agitating for the dollar an acre. In view of the fact that a second relief measure was brought into the house at the last session, and realizing that a dollar an acre would not begin to cover the needs in the dried out areas, I felt that I could not endorse the petition.

The hon. member for Weyburn has referred to the signing of notes. In this regard, I agree with what has been said by my hon. friend across the way; I doubt whether very many of these notes will be paid. We trust that the farmers will be in a position to meet these notes, but if things continue as they are it is doubtful.

Mr. VALLANCE: Are you speaking for the government now?

Mr. LOUCKS: I am stating my own views to the house. The motion refers to the presentation by the representatives of the municipalities of a resolution asking for a dollar an acre. I take it that this applies to the whole province of Saskatchewan, and it means that they are asking for a bonus of a dollar an acre to cover the acreage of the province. I estimate, therefore, that the request is for $20,000,000, which would represent 20,000,000 acres. Now, considering that we have had relief in the bonus that has been paid, and in view of the fact that we are looking to the government for further relief which is estimated to be about $15,000,000 for seed this spring, I for one do not feel like asking the eastern members to subsidize us further to the extent of $20,000,000.

Let me assure members on both sides of the house of the cheerful spirit in which the farmers in my constituency received the relief that was given. They felt grateful to the representatives of the other provinces of the dominion for the generous way in which they had come forward and supported the relief measure upon which the farmers in Saskatchewan are so dependent. I can only convey the appreciation of some of the electors in my constituency for the relief granted. Hon. members showed that their hearts were in the right place when they granted this answer to the plea that something be done for the relief of the farmers of Saskatchewan. I have before me a letter which illustrates the working out of this relief. This letter is dated February 5, and is written by George E. Tracy, of Alsask, which is on the border of Saskatchewan and Alberta. It is addressed to the premier of Saskatchewan and reads as follows:

> I would like to take this opportunity also of congratulating you and your government on the splendid, fair and impartial way relief work has been carried out among the people of this province and this district in particular. During this past very cold weather thousands will bless you in their prayers that they have coal in their cellar and the necessities of life which could not have been supplied by the municipalities or local merchants. As head of the cooperative government you have refused to "play politics." In Saskatchewan in the hour of need you stepped into the breach in a truly great way and you have more supporters than a noisy opposition would lead you to believe.

That illustrates the appreciation felt in my own constituency. There has been no discrimination in the granting of this relief. I am informed that in the city of Regina similar notes had to be signed. I know that this spring it would be impossible for many in the province to carry on had not this relief been granted. But still further relief will be required in the way of seed. One dollar an acre would be only a drop in the bucket, if I might be permitted to use that term. The appreciation voiced by the hon. member for Kindersley (Mr. Carmichael) for the five cent bonus is echoed by the farmers in my constituency.

Those farmers in Saskatchewan who have not received any direct relief up to the present time will find it practically impossible to purchase seed this coming spring. Something in the neighbourhood of $15,000,000 will be needed. This government have been so generous that I cannot see my way clear to ask them to subsidize further the farmers to the extent of one dollar per acre.

Some hon. MEMBERS: No.

Mr. LOUCKS: That is what is being suggested. The resolution does not discriminate, it states merely that the representatives of the municipalities have asked for a bonus of

one dollar per acre. I do not see how we can come back to the government and ask for a further dollar per acre to be paid to those farmers who have already received the bonus of five cents per bushel.

Mr. YOUNG: No one is asking for that.

Mr. LOUCKS: This petition was forwarded to me and I replied that I would endorse it if I could be assured that they would be able to get by with a bonus of one dollar per acre in lieu of the relief already voted. I received no reply, but had one been forwarded to me I know it would have stated that that would be nothing at all in comparison with what some farmers would require. I think we would be well advised to continue with the present system of relief.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, the resolution now before the house rises out of the legislation passed at the last session granting the bonus of five cents per bushel on wheat delivered to the elevators. I had the privilege last year of travelling over most of Alberta and I can assure the government and the house that wherever there was a crop, the bonus of five cents per bushel was appreciated. Unfortunately, the crop was not well distributed; in the dry areas there was very little crop, while in the more prosperous areas the crop was quite heavy. Because of the weather conditions which had prevailed the difference in the yield was considerable. The five cent bonus would permit a farmer who had a crop averaging from 35 to 40 bushels per acre, grading not less than No. 2, to pay expenses. However, it must be remembered that that would be a very good crop. Should the crop be even larger than that the farmer was enabled to pay his taxes, and in some cases pay a little interest on his indebtedness. I understand that the average crop in the districts where there were crops was about 22 bushels per acre. Large portions of the province of Alberta were dried or hailed out, while in other portions the crop was quite heavy. In those districts where there was a crop at all the farmers expressed appreciation of the bonus because it helped them considerably. As I said before, large districts were dried out or hailed out and I would direct the attention of the house to the fact that the premium on hail insurance is so high at the present time that no farmer can afford to insure against hail.

Mr. BENNETT: It is hardly as bad as that.

Mr. GARDINER: The average premium runs from 15 to 20 per cent. These districts received no benefit from this bonus. The farmers in the dried out areas were not opposed to the payment of the bonus but they did think that in view of the fact that they had cultivated and summer-fallowed their land, gone to the extent of seeding and doing all work necessary, they were entitled to some consideration. It has been suggested that in order to be fair to the farmers in those districts which have been dried out or hailed out, a minimum bonus of one dollar per acre should be paid. If a man had a crop running only ten bushels per acre, he would receive a bonus amounting to 50 cents per acre, but these farmers feel that they are entitled to further consideration up to at least $1 per acre.

The relief measures being carried on in Alberta differ from what is being done in Saskatchewan. When speaking in the debate on the address in reply I mentioned that the relief measures being carried on in the dried out areas of Alberta were totally inadequate to meet the situation, and I still maintain that as a fact. The farmers of those areas, however, feel that if they receive at least a minimum of one dollar per acre they will be satisfied to try to carry on under the circumstances.

Some discussion has taken place with regard to the attitude of farmer leaders in different provinces in the west. Some criticism has been levelled by the hon. member for Mackenzie (Mr. Campbell) against those farmer leaders. I do not know where he gets his information. I can quite understand that inasmuch as in his particular district the farmers had a uniformly good crop, the people would be fairly well satisfied. My hon. friend ought to have an opportunity of visiting some of the dried-out areas in either Saskatchewan or Alberta and then he would probably be in a different frame of mind; that is, if he is capable of understanding the feelings of those people in those areas. I say that in all fairness because of the fact that one has to get into the environment where those conditions exist in order to understand how the people feel in those particular areas.

At the annual convention of the United Farmers of Alberta held in January of this year at Edmonton, a resolution was passed which dealt with this particular subject. I am going to place this resolution on Hansard primarily because there has been some press criticism which has not been altogether accurate and therefore not altogether fair. This resolution reads:

> Whereas, the five cent bonus on wheat was not intended as a means of increasing the production of wheat but solely as a relief measure to meet the present crisis facing the farmers of western Canada, and

Whereas, a very large proportion of our farmers are not benefiting by this payment through hail, drought, wind and other causes beyond their own control, and

Whereas, we have noted in the press statements by the Prime Minister of Canada that this omission would be taken care of, and

Whereas, the present relief schemes are inadequate as for obvious reasons they fail to meet the necessities of a great number of our farmers besides failing to make provision for the necessary finance to seed the crop of 1932;

Therefore be it resolved, that we ask the Dominion government, through our board of directors, to change the bonus payment to the effect that all grain growers be recompensed to a minimum of at least one dollar an acre seeded, so that all those who have received no bonus and all those who would not otherwise receive this amount should be treated fairly, and to those whose crop production exceeds this amount the bonus to be as it is at the present time.

That shows, I think very clearly, the state of mind in so far as the farmers of Alberta are concerned.

Mr. CAMPBELL: Was that resolution not rescinded? I am sure I read in the press that that was done.

Mr. GARDINER: No, this resolution was not rescinded. It was passed and it will be submitted to the government in due course as being one of the resolutions which were passed by the convention and which will be called to the attention of the government. This resolution shows conclusively that as regards those portions of the province of Alberta where they had good crops, even those farmers who were well satisfied with the bonus as it is at the present time, still feel that in the dried-out and hailed-out areas adequate provision has not been made to take care of the distress.

I merely wish to say again I hope the government will be able to give some attention to this matter. It is a serious question; as a matter of fact, in the dried-out areas the agricultural population to-day is up against what one might term a calamity, and so far as present indications go, the relief that is being handed out is inadequate even to take care of the bare necessities of life, let alone to place those farmers in a position next year to secure seed and to carry on their farming operations. Therefore I trust the government will realize that, as regards Alberta, farmers there who had a crop appreciate the bonus and those who are in distress on account of there being no crop, hope the government will give further consideration to their needs.

[Mr. Gardiner.]

Mr. CAMPBELL: May I ask the hon. member whether it is not a fact that the convention of the United Farmers of Alberta passed a resolution expressing approval of the bonus and later repudiated it?

Mr. GARDINIER: No; this resolution that I have read was passed by the United Farmers of Alberta in convention assembled. It has been sent down to the United Farmer members in the house and it will be presented to the government as one of the resolutions passed by that convention, anticipating and hoping the government will be able to take some action upon it when it is presented.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, before discussing the resolution in a general way, I should like to take this, my first opportunity of expressing to the government the appreciation of my constituents for its having passed the measure which gave the five cent subvention on wheat. While in my constituency there were very few farmers who shared in that, they generally approve and appreciate it from a realization of the fact that the government was endeavouring to do something to help the farmers. I was surprised to note that the mover of the resolution, the hon. member for Assiniboia (Mr. McKenzie), did not give some credit or commendation to the government for what it had done. I suppose it is hard for some hon. gentlemen opposite to give this government credit for anything, no matter what it has done.

Every hon. member knows the principle behind the passing of the act granting the five cent bonus. It was agreed upon early in the session; it was embodied in the budget brought down on the first day of June and therefore it must have been considered by the government before that, at a time when there was no suggestion or thought of a complete failure of crop in a great portion of the western provinces, and particularly Saskatchewan. The principle behind the five cent subvention was that of bonusing the product of an industry similar to that of bonusing the product of the mining industry by giving them a bonus per ton of coal on a basis of the mile haulage. It was a straight bonus to the product of an industry. I supported the principle as adopted by the government, and I believe I was the first member to suggest that some bonus of this kind should be granted, when on the 13th April, 1931, I made this suggestion to the house. When the measure was brought down, we realized we had secured something that

would prove to be of great benefit to the farmers of the west, for, as the hon. member for Mackenzie (Mr. Campbell) has stated, when before did any government of this dominion do such a splendid thing for the farmers of any part of Canada? As has already been stated, this subvention was earmarked so that it went directly into the hands of the producer. The house will remember some of the discussions that took place last year when the measure was being debated, and some of the objections that were taken to it. I think it was the hon. member for Melville (Mr. Motherwell) who suggested it was only a gesture to help out the railway companies, but it was so earmarked there was no doubt about that, and it went into the hands of the producers, direct. But, Mr. Speaker, owing to the climatic conditions prevailing in the west the people in the southern part of Saskatchewan have not to any extent shared in the $10,000,000 which has already been paid to the producers of the west. When the budget was under discussion last year some of us from the west, when it became evident about the middle of July that there was likely to be a complete crop failure throughout a considerable portion of the province of Saskatchewan, made the suggestion that there might be a change to an acreage basis. At that time, however, it was so evident that a calamity was imminent out there that the government considered the method they adopted to give relief would be more effective than that of placing relief on an acreage basis.

May I say, Mr. Speaker, that I was associated with the petition which was presented to the government, and the delegation which came to Ottawa. I played only a very small part in getting signers to that petition, and in fact attended only one meeting at which it was discussed. Right here and now, Mr. Speaker, may I take exception to the remark made by the hon. member for Assiniboia (Mr. McKenzie) to the effect that there was no playing of politics. At the one meeting I attended I had to take the platform and defend the attitude of the government, because the man who was speaking in favour of the dollar-per-acre bonus—the member for the constituency of Estevan in the legislature of Saskatchewan—was certainly making a political speech. I think however that a great many of the people out there realized the exact situation.

In the western provinces, particularly in Saskatchewan, we will be interested for many years in the production of wheat, and any action to encourage the farmers and assist them to stay on their lands will be a step in the right direction. Think what it would mean to the whole of Canada if for the next two years or so there was a normal crop in western Canada. It is quite possible if we have normal climatic conditions next year in the three prairie provinces, there should be a production for export of about 500,000,000 bushels of wheat. Furthermore, there might be 150,000,000 to 200,000,000 bushels of coarse grain. What would that mean in the matter of relief from the present condition? What would it mean with respect to a solution of our unemployment problem? In the province of Saskatchewan at the present time there are some 50,000 farmers receiving relief. If normal conditions prevailed, each of them would employ at least one extra man, and in that way we would take care of 50,000 men. From the standpoint of business for the railways, what would it mean? A crop yield of 500,000,000 bushels for export might easily mean an earning of between $50,000,000 and $60,000,000 for our railways. What about the increased purchasing power of our western people, who with a good crop could purchase from the producers in eastern Canada? The government is thoroughly familiar with the situation, and understands what it means to Canada to keep the west intact and the morale of the people at such a plane that they will carry on and produce to the limit. Undoubtedly the morale of the western farmers has been put to a very severe test during the last two or three years, but our flag is not at half mast and the people out there are prepared to carry on and do their best. They are facing the coming season with a spirit of confidence, optimism, courage and fortitude, and after the experience of the last three years I am sure they are prepared to go forward and do better. Certainly they will profit by their experience. There is no way in which a government could invest a few million dollars to better advantage than by assisting the farmers in some way either through a bonus or by whatever means may be adopted. I am sure these farmers in the dried-out area would be only too willing to have any bonus or further assistance that might be given by the government applied on the debt that they have shouldered in respect of the relief they have received. At least 90 per cent of the people intend to repay their debt; I know that most of these farmers would not accept the relief they are getting to-day without the desire to give something in return. They do not consider themselves paupers and are not accepting charity; they intend to pay.

I should like to tender on behalf of the farmers in the constituency I represent an expression of appreciation of the gift cars of fruits and vegetables which came from eastern Canada. Two hundred or more relief cars came to our assistance, some of them to my constituency. I want the house and the country to realize that those people in western Canada appreciate the splendid spirit which was shown, there is no doubt that the action of our friends in the east has done much to create a more friendly relationship between the two sections of our country.

I am willing to leave the matter with the government in the belief that they will do what they think best. No doubt some consideration of western problems is necessary. I believe the Prime Minister knows just as much as or more than any other hon. member in this house about western conditions. He realizes, as I fully realize, the important position the western provinces hold and the outstanding part they will play in bringing back to normal the state of Canadian economic conditions. We all realize the part the western provinces will play in balancing our trade and furnishing exports. With those thoughts in mind I am sure the Prime Minister wants and intends to do the right thing, and I am prepared to leave the matter with the government and to support whatever measures they may consider right and proper. I trust the great majority of the people of Canada, and in the west particularly, are prepared to leave the matter there.

Hon. members to your right, Mr. Speaker, all realize, and I believe hon. gentlemen opposite who speak their minds will admit, that Canada is indeed fortunate to-day in having such a man as our present Prime Minister at the head of affairs. I am willing to leave the matter there, merely suggesting to the member for Acadia (Mr. Gardiner) and to his Alberta friends that since they opposed the principle of government assistance by way of bonus, if any of their people prefer to give back any of this ten million dollars that they received probably the treasury would be only too pleased to accept it at the present time. As I said before, I am prepared to leave the matter to the due, right and proper consideration which I know the government will give to it.

Hon. W. R. MOTHERWELL (Melville): At the outset, Mr. Speaker, I wish to express appreciation of the fact that the Prime Minister (Mr. Bennett) and his colleagues are sufficiently disengaged to remain in the chamber while this matter is under discussion. When it came up last session I expressed the opinion that the Prime Minister was desirous of assisting two classes in the west who in his estimation required assistance, and it is because of my belief that he and his new Minister of Finance (Mr. Rhodes) still have an open mind that I am confident they will be prepared to consider any practical method that may be suggested to redress the discrimination between those farmers who had a crop and those who had none, incident to the measure of relief which they formulated last session. The Prime Minister's remarks on this question contained in his budget speech are so excellent that I do not think I can do better than read them to the house:

> First, provision should be made to assist those who have a crop, because they have considerable obligations, taxes, etc., which must be discharged. Other methods will be taken to deal with the situation of the provinces which are not in a position to assist those who with their reserves exhausted and their crops a failure for the third time are practically ruined. We therefore propose to provide that the freight rates shall be adjusted by this country absorbing five cents per bushel on all wheat that is exported of the crop of this year.

So the Prime Minister was reasonably well aware that there were two classes of people that he proposed to assist, and I think the whole house was ready to support him, namely, those farmers who had a large crop or any crop that they had to deliver but were losing money on every bushel produced; these were to be compensated by a straight cash bonus of five cents a bushel instead of what was called a pegged price. No complaint has been made with respect to that, so far as I know, since it was adjusted to apply to the farmer. But we did take exception to these words of the Prime Minister:

> We therefore propose to provide that the freight rates shall be adjusted by this country absorbing five cents per bushel on all wheat that is exported of the crop of this year.

We took the ground that you could not possibly get that five cents a bushel to the exporter back to the farmer. When a farmer is delivering his wheat at the initial elevator he does not know whether it is going to be exported or whether it will be consumed in Canada. It took us nearly two months to convince my right hon. friend that that was not a practical way of carrying out his own wishes. The hon. member for Qu'Appelle (Mr. Perley) suggested that I claimed that it was only a handout to the railways. It could not be anything of the kind, because the railways would get their freight rates no matter who paid it; but it was as first proposed a handout to the exporter, and could

not be anything else, because the exporter was the only man in the country who had the necessary documents to prove that the wheat was going to be exported. I think all men familiar with delivering wheat at initial elevators will endorse this statement. We criticized the proposal to bonus the exporter for about two months, and then the Prime Minister brought down a bill indicating that the bonus was to go straight to the farmer, based on delivery to certain initial elevators throughout the country, on which the Board of Grain Commissioners could keep correct tab. So I think the ministry ought to feel—and I am going to say it as smilingly as I know how—very appreciative of the opposition for putting them on the right track to get the benefit of the five cents bonus to the farmers, whom I believe at the time and still believe the government was desirous of assisting.

We have two classes of farmers, those who had good crops running up to as high as 40 and 50 bushels an acre, on which they would earn $2 an acre. We take no exception to that. We did not object that they were getting too much, but rather that the others with a very light or no crop were getting too little. In other words the farmers who needed assistance the least got the most; those who needed assistance the most got the least. Surely the government does not want to solve the problem on that basis. I know that they do not. All they are asking us to do, I expect, is to show them some practical way of adjusting and correcting that unjust condition, and I believe they are ready to accept such suggestions as I have already indicated.

There is another matter to which I wish to refer—the promissory notes which were given for the relief. As pointed out by the hon. member for Weyburn (Mr. Young) farmers in the distressed areas who have lost three consecutive crops are the only people we know of who have been asked to give a promissory note in return for the relief granted to them. Mark the difference, Mr. Speaker; men who have had abundance of crops and seed get relief running all the way from a few dollars up to a thousand dollars—a straight cash bonus. My hon. friend from Qu'Appelle should not complain that we are not boosting the government with respect to this matter. We are giving due publicity to the magnanimity of the government to those who need it least, for they are getting assistance, running up as high as eight hundred and in some cases a thousand dollars each. We are not complaining of that, but we are complaining of the ghastly contrast between that magnanimity to those who need relief least and the treatment of those who have very little or no crop. The latter on their application for relief have to sign a promissory note to repay this fall for the goods advanced.

Mr. YOUNG: No, 1933.

Mr. MOTHERWELL: Well, that will come around very soon. Imagine how many years it will take these distressed farmers to catch up on their obligations. The government is going to pile in on the second crop. That will be an invitation to everybody else who has prior claims, dating back perhaps several years, to go in and collect from their debtors until the latter's homes will be as bare as the palm of your hand. That in itself is a mistake, and if that or any similar part of the country is ever to get on its feet again, I would point out to the government that some different kind of treatment will have to be given to all such. The southwest part of Saskatchewan, three years ago was looked upon as one of the best wheat areas in the whole west. I know from 1901 on to 1908 and to some extent during 1909, that homestead settlement rushed over that territory like a prairie fire, and it was settled up almost overnight because of the magnificent crop that it produced. I believe that country will come back again, but the farmers there are destitute now, and I plead with the government to find some better way of helping them than by exacting a promissory note for the relief granted. They are the only people I know of that are so treated. Surely the government do not want to discriminate against those distressed farmers. The member for Weyburn has suggested a practical way of relieving their distress, and I submit that plan to the Prime Minister with some confidence. From the fact that he is listening to this debate I take it that he is ready to weigh any evidence on the question that we can bring before him.

Mr. BENNETT: Might I say to the hon. gentleman that the promissory notes were given at the request of the beneficiaries; that was what started it. They did not desire to take relief as charity and thought that some day their position would be improved, so they asked that the notes be given. That is the story as I have it from the commission.

Mr. MOTHERWELL: I can understand that, but will not those same farmers be satisfied if they are given a dollar an acre to be applied to their relief account? A man may have $300 of a relief account for food,

fuel, fodder and so on, and he may have two hundred acres of crop. This would give him $200 to be credited on his relief account, which the government would be some time in collecting in any other way. Those men do not want to feel that they are accepting charity; we appreciate that spirit in our people, but they will have the satisfaction of earning this money on an acreage basis and having it applied to their account. That would be quite satisfactory; it would be easy on the treasury; it would be meeting the wishes of those farmers who feel independent --and all honour to them—but I do not think they represent as large a number as those others who are so loaded with indebtedness, that they shrink from further debt when it is a question of relief. But this relief has been turned into a loan policy, the only case of the kind in Canada.

In order to meet the needs and wishes of all classes of the community let us give this bonus to the cropless on an acreage basis. This is the only year we could carry out that proposal, because this is the only year during the next ten years when we will have an accurate computation of the acreage. This has been obtained through the census; it is right there in black and white, taken at a time when it was not known that anything of this nature would be suggested, so the figures are probably as accurate as we could expect any such figures to be. There are many further claims we might still bring forward; this is really the minimum. There is still the injustice to the men who do not grow wheat at all. Some farmers grow oats because their land is adapted to it; some grow rye, some barley where others grow flax and yet get nothing by way of bonus.

Mr. BENNETT: I might tell my hon. friend something. Ever since this government has been in power, at every meeting of the treasury board there have been presented on an average from 50 to 100 recommendations, under the adjustment arrangement, by which the provinces and the dominion have had to cancel debts owing for sums of money advanced for seed grain, fodder and relief for which liens were registered. If I should put them on the table they would amount to many thousands, and this was done under the act passed some years ago, when my hon. friend was in power. I say that to him so that he may know just what has been the result of past dealings of that kind. I do not know what influence it might have upon his mind, but I want him to have the facts.

[Mr. Motherwell.]

Mr. MOTHERWELL: I am quite well aware of that. We are dealing with a country where there are intermittent droughts and good crops. When the crop is good it is marvellous, but when it is poor it is horrible, so what are you to do under these circumstances? There is a saying that you cannot take the breeks off a Highlander and that you cannot draw blood from a stone; in this case there is nothing to do but write off these debts, and large amounts have been written off. In the spring of 1915, when my hon. friends were in power, a vast amount of seed and fodder and so on was distributed to farmers in very much the same area, and it had a very beneficial result. At that time the cry was for greater and greater production; every possible acre was sown, and we had the largest crop yield in our history. If the government will follow the same policy this year we may possibly hope for the same result.

I do not think the remarks of my right hon. friend have very much to do with the case in point, though they may have some bearing on the question of collection. During the fall following the distribution of seed grain in 1915 the government sent out very active collectors, because they thought that was perhaps the only chance they would have of getting back what they had spent. As soon as the government collectors went around, collectors representing every private interest went abroad also, with the result that the farmer was in danger of being worse off than before. So I would implore the right hon. gentleman not to go after those poor but worthy farmers too soon after this disaster. Give them an opportunity of getting on their feet, so that they may carry on.

Let us not forget the other point. If my right hon. friend could chat for half an hour with the mover and seconder of the resolution and try to arrive at an equitable solution, I think a great deal could be accomplished. Something could be done for those men who had no crop, and if my invocation does not sway my right hon. friend on behalf of those farmers let me appeal to him on behalf of himself personally not to let the impression go abroad in the west that either he is careless with regard to the fate of these cropless farmers or he does not understand the question with which he is dealing.

Mr. BENNETT: The advances which have been made answer that observation. If my hon. friend knew just what this government has done in the last six months, and the load we have carried for the three prairie provinces, perhaps he would not be so glib.

Mr. MOTHERWELL: I know, but I am not going to answer my right hon. friend in the spirit in which he made his reply. I think if he knew the dissatisfaction, the discontent, and I was going to say the hate which has been aroused by the rank injustice of the present arrangement it might make him pause to think. I suppose I could let my right hon. friend go on blundering. Why did we not let the government go on with their proposal about the income tax last year? That was another blunder. Some say we should let them go on now but I have too much regard for my constituents to let the government keep on making these blunders. I would rather come to the rescue of my constituents, even though it helps my right hon. friend out of a hole. If the government insist on remaining just where they are on this question at least I will have done my best to set them aright once more.

Mr. D. M. KENNEDY (Peace River): I do not want to speak for any length of time, but I think I should say a few words on the question whether or not the United Farmers of Alberta were opposed to the five cent bonus on wheat. Before I come to that, however, I wish to refer to the terms of the resolution, and the proposal that the bonus be paid on an acreage basis. On the whole I believe it would be fairer if something of that kind could be worked out, but I would add this proviso, that only land in fit shape for putting in a crop should be considered, and that would be one of the difficulties in administering a plan of that kind.

I do not think I need argue that the five cent bonus on wheat was generally acceptable to the farmers of western Canada, because I have not heard of one farmer who turned it down. I think that should be answer enough to anyone who considers that the five cent bonus was not acceptable on grounds of principle or on any other grounds whatsoever. The hon. member for Acadia (Mr. Gardiner) read the resolution that was passed at the convention of the United Farmers of Alberta. That resolution reads:

> Therefore be it resolved, that we ask the Dominion government, through our board of directors, to change the bonus payment to the effect that all grain growers be recompensed to a minimum of at least one dollar an acre seeded, so that all those who have received no bonus and all those who would not otherwise receive this amount should be treated fairly, and to those whose crop production exceeds this amount the bonus to be as it is at the present time. . . .

A resolution was introduced at the convention after that. It came from my own constituency, but I do not think I am to blame for its having come to the convention. However, it came from Grande Prairie, and here it is:

> Whereas we appreciate the bonus on wheat by the Dominion government being a step in the right direction; and whereas there is no bonus on other agricultural products:
>
> Therefore be it resolved that we demand that the Dominion government bonus agricultural production and that the amount of bonus be in proportion to the benefits enjoyed by the manufacturers through the tariff.

Some of the delegates at the convention of the United Farmers of Alberta thought that we were going just a little too far in asking for that, and they voted it down, and some of the people who were behind this resolution thought that they were treated unfairly and requested a reconsideration of the first one passed, but they could not get that one reconsidered or rescinded. That explains the newspaper stories that have come to eastern Canada to the effect that the convention was opposed to the bonus on wheat.

I should like to point out to the Prime Minister (Mr. Bennett) and the Minister of Finance (Mr. Rhodes) that the average price received for wheat by the farmers in western Canada is around 38 or 40 cents. A lot of them sold their wheat for 30 cents a bushel last fall.

Mr. BENNETT: At the elevator?

Mr. KENNEDY (Peace River): At the elevator. Wheat went up to 50 cents or a little better, but a good many of them did not have sense enough to sell at that price. Possibly somewhere between 35 and 40 cents is the average price received for No. 1 northern but it is not all No. 1. Now that is not the cost of producing wheat; you cannot produce wheat for that. If, therefore, as I believe, the general economic conditions in Canada are largely determined by the volume of wheat purchasing power of the western farmers, it is necessary to continue, until the price of wheat rises, to bonus wheat considerably, and I hope that the government will seriously consider carrying on even though it may have considerable difficulty in doing so.

Mr. F. W. TURNBULL (Regina): I had not intended to take part in this debate had it not been for the statement by the hon. member for Weyburn (Mr. Young) that the only people in Canada who were asked to give notes in return for relief were the farmers of the west. That statement was corrected by the hon. member for Rosetown (Mr. Loucks), but I find it repeated with even greater

emphasis by the ex-Minister of Agriculture (Mr. Motherwell) in his address. The fact is that the citizens of my city are being asked to repay any moneys they get during this winter by way of relief.

An hon. MEMBER: Shame.

Mr. TURNBULL: It is not a shame, because the people of my own city are asking for it. They are not asking for charity. They are asking authorities to assist them temporarily over a period of strain, and those gentlemen who say shame do not know the people of the city of Regina, because those people wish to stand on their own feet. They who say shame represent those who are not ashamed to take money that is not coming to them.

As regards the giving of notes in Saskatchewan, I am strongly of the impression that those notes are not given as a result of pressure brought to bear upon the people either by the federal or by the provincial authorities. There are hundreds and thousands of men in Saskatchewan who have said that they would not take any money by way of relief but would starve first unless they got the opportunity of repaying the money advanced them. There are citizens of that type all through Saskatchewan and I am sorry that my hon. friends opposite, apparently, have not met more of them.

Mr. WOODSWORTH: May I ask whether the manufacturers helped out in this crisis are promising to give back afterwards the favours given them?

Mr. TURNBULL: I am not concerned at all with any of your friends the manufacturers. I am particularly concerned with my own people in Saskatchewan and I say that notes have been given by the farmers of that province largely because those farmers are used to standing as far as possible on their own feet and want to continue to do so. For that reason representations were made by many farmers to members of this house and of the government that they be allowed to repay the moneys advanced to them. There has appeared in the public press of the country within the last week, from those in charge of relief work in Saskatchewan, a report that already some of those who have received assistance in that province are making arrangements for the return of the money they have been given and are asking for statements of account so that they may begin their repayment. I know there are some who do not wish to sign notes. I had the privilege of addressing a meeting in the constituency of the hon. member for Melville (Mr. Motherwell) last fall, and at the close of the meeting one of the hon. gentleman's constituents came to me and asked whether the government was going to request the repayment of the money. I said I thought the Saskatchewan Relief Commission would, and he said, "If they are going to, I don't want it." I said, "Well, my friend, if that is the way you feel about it I shall be glad to see that you don't get it."

Mr. VALLANCE: Were you in a position to prevent him from getting relief?

Mr. TURNBULL: I used what influence I had to see that he did not get it without signing a note for it, and I did so on representations from a great many respectable citizens of Saskatchewan who did not wish to take relief without signing notes. The relief commission in Saskatchewan which is administering relief in the southern part of the province, in whose favour the notes are drawn, and whose recommendations are largely followed in the policy laid down in that province, is a non-political body including representatives of the farmers and of the Labour party. It is quite true that the majority are Conservatives, but it is equally true that those who represent the Liberal party and the farmers' party in that province are not, so far as the administration of relief is concerned, at variance with other members of the commission.

I think that possibly one of the troubles about the resolution brought before the house is the fact that the resolution itself recognizes the absolute impossibility of providing for all classes of people on an equitable basis, because neither the resolution itself nor those supporting it suggest any solution that would be absolutely equitable. It is quite true that the hon. member for Weyburn and the hon. member for Melville suggest that the men who have given promissory notes be given credit at some time or other for a certain amount of money on those notes. That does not apply to many people who did not ask for relief, to those who went out on their own scheme rather than apply to the government for relief. It is impossible to have an absolutely equitable system. If the representations of the Saskatchewan Rural Municipalities Association had been made in May or June of 1931 they might have been considered more favourably but, as I understand it, those resolutions were formally presented to the government in December, 1931, when the relief commission had been launched and when it was impossible to make the necessary changes.

The situation which has arisen to-day apparently arises from a confusion of ideas. The five cent bonus was applied for a certain purpose, and hon. members are complaining because it did not happen to fit another purpose. This bonus was to be a cure for a certain condition and because it did not cure a totally different condition, hon. members are complaining. The five cent bonus was granted to meet the complaint made by the farmers of western Canada and by hon. members opposite, among others, that agriculture in western Canada was losing money on every bushel of wheat produced. It was contended that the farmer was not able to raise wheat, not only at a profit but at a price to cover the cost of production. It was to meet that condition that the bonus of five cents was granted. It was a bonus on the production of wheat, not a bonus to those who did not produce, no matter whose fault it may have been.

Mr. LUCHKOVICH: Was not that measure in a sense a relief measure?

Mr. TURNBULL: In my judgment it was not a relief measure, it was a bonus to industry. It was no more a relief measure than was the bonus given a few years ago to the steel industry. That bonus was granted to enable them to produce steel at a price to compete in the markets of the world.

Mr. WOODSWORTH: Is not a bonus given under those circumstances a form of relief?

Mr. TURNBULL: Not the form of relief we are talking about. That is my judgment but the hon. member may have his own conviction. The bonus was granted to enable farmers to produce wheat at a price which would enable them to sell it in the markets of the world.

Another condition arose; a large number of farmers had no wheat, either because of crop failure or from the effects of hail or something of that kind.

Mr. McKENZIE (Assiniboia): Does the hon. member realize that the act was passed on August 3?

Mr. TURNBULL: I realize that.

Mr. McKENZIE (Assiniboia): The hon member said the condition arose later.

Mr. TURNBULL: Did I say "later"?

Mr. McKENZIE (Assiniboia): Yes.

Mr. TURNBULL: I do not think I did. As my hon. friend well knows, the budget which contained this provision was brought down on June 1. As I see it, that provision was not intended to apply to crop failures, whether or not it was known at that time such crop failures did exist; it was intended as a bonus on the production of wheat.

Mr. VALLANCE: At that time it was an export bonus.

Mr. TURNBULL: The interruption of my hon. friend has nothing whatever to do with the argument.

Mr. VALLANCE: Oh, yes, it has.

Mr. TURNBULL: Not a thing. Another condition arose in western Canada, a complete crop failure, in some districts extending back for two years and in others for three years. When this bonus was introduced the government said that this condition would have to be taken care of by other means, and it has been taken care of fairly well. The Saskatchewan Relief Commission has provided the things necessary to maintain these people and their cattle through the present winter. I do not know of one person in Saskatchewan who has starved, everyone who needed it has been supplied with fuel, food, clothing and shelter.

Mr. POWER: Do I understand that those who produced the wheat received a five cent bonus while those who unfortunately had none will be obliged to pay for the relief granted by way of bonus?

Mr. TURNBULL: Those who produced wheat received the bonus.

Mr. POWER: Those who did not, pay for the relief.

Mr. TURNBULL: Those who did not produce wheat did not receive the bonus.

Mr. POWER: But they paid for the relief—

Mr. TURNBULL: Not yet.

Mr. POWER: —by way of the bonus.

Mr. TURNBULL: At the request of a great many people in Saskatchewan, those who received relief were given the privilege of repayment. This had a deterrent effect upon some people—

Mr. POWER: The people who were worse off actually paid by means of the notes.

Mr. TURNBULL: —I am happy to say the number is few—who had the intention to hold out both hands for relief when, in fact, they did not need it. Other measures were taken to provide for those who did not have a crop. There were measures taken to supply

them with the necessities to carry on through the winter, and other measures were adopted to supply seed and feed for the spring and to grant the necessary assistance to put the crop in the ground. The suggestion has been made that those who buy this seed and feed will have to pay the five cent bonus. Wheat was quoted yesterday on the Winnipeg exchange at 66 cents per bushel, but I venture to say the farmer in Saskatchewan will receive his feed and seed for considerably less than 66 cents per bushel.

Two conditions existed; the bonus was applied to one and the relief was applied to the other. The policy of taking back notes may be right or wrong but I do not intend to argue that matter. All I am trying to point out is that it is not right to apply to one disease the cure for another. It may be said that the second cure was not the proper one, but I am not concerned with that; it can be argued at another time. It is owing to this confusion that the present resolution has been introduced.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, the constituency which I have the honour to represent adjoins the constituency of Acadia, and the description of the difficulties faced by the farmers in that constituency as given by the hon. member for Acadia (Mr. Gardiner) applies to the farmers in my constituency. During the last few months I attended a large number of gatherings of farmers, and at each a resolution was passed, usually unanimously, in favour of having the bonus paid in some other way or upon some other basis, the acreage basis being the one usually chosen. The farmers realized the difficulties in checking up, but felt that under present conditions the amount of money paid was not applied in such a way as to give the most relief.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, a notice of motion which stood in my name asked for the production of certain communications which had passed between the government and different organizations in the province of Saskatchewan. I mentioned this matter this afternoon to the Prime Minister (Mr. Bennett) and he said he would telephone immediately and endeavour to get these communications to me. Just this minute I am in receipt of one of the documents asked for, but I would like to have all the documents asked for in my motion, so that when this debate is resumed I will be able to deal more intelligently with this matter. At this time, I would like to have it called six o'clock. The Prime Minister very kindly told me he would get them and that if he was not able to get them, he would have the debate adjourned so that I might have an opportunity of discussing the matter. There are also some others who wish to speak.

At six o'clock the house adjourned without question put, pursuant to standing order.

Thursday, February 18, 1932

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

APPLICATIONS FOR PENSIONS BY MEMBERS OF PARLIAMENT

Mr. SPENCER:

How many members of the House of Commons have applied successfully to the Board of Pension Commissioners for a pension since June?

Dropped.

Mr. SPEAKER: Question No. 4 dropped.

ST. JOHN HARBOUR COMMISSION

Mr. VENIOT:

1. How much of the $10,000,000 loan to the St. John harbour commission was expended to date?
2. Is the St. John harbour commission asking for any further sum to be expended during the fiscal year 1932-33?

Mr. DURANLEAU:

1. To 31st January, 1932:

For reconstruction of facilities destroyed by fire last year..	$3,670,059
For other work..	998,142
Total..	$4,668,201

2. Yes.

CHINESE IMMIGRATION

Mr. REID:

1. Has any change been made in the regulations in regard to the time allowed Chinese who leave Canada and who wish to return?
2. If so, what change or changes were made?
3. Were any representations made requesting a change in regulations?
4. If so, for what reason or reasons were any such changes made?

Mr. GORDON:

1. Yes.
2. Section 23 of the Chinese Immigration Act, 1923, provides for the outward registration of persons of Chinese origin who intend to return to Canada, and Section 24 of the said act provides that such persons who reg-

ister outward shall be entitled to return within a period of two years of such registration. By order in council P.C. 3173, dated 29th December, 1931, the two year period was extended for an additional two years in the case of those registering outward between the dates of 1st January, 1930, and 31st December, 1932, both dates inclusive.

3. Yes.

4. To enable persons of Chinese origin now visiting in China to remain there until employment conditions improve, thus assisting to relieve the unemployment situation in Canada and to reduce the number of Chinese persons who would otherwise apply for relief.

POST OFFICE DEPARTMENT—REVENUE

Mr. VENIOT:

1. What revenue was received from April 1, 1931, to January 1, 1932, by the Post Office Department from: (a) postage stamps, post cards, etc.; (b) paid in cash on newspapers; (c) paid in cash on third class printed matter; (d) paid in cash on metered mail matter; (e) paid in cash on parcels?

2. What revenue was received from the above for the last nine months of the fiscal year ending March 31, 1930?

Mr. SAUVE:

1. April 1st, 1931, to December 31st, 1931. (a) $20,774,608.07; (b) $1,241,848.37; (c) $657,132.95; (d) $2,064,190.22; (e) $2,913,-619.70.

2. July 1st, 1929, to March 31st, 1930. (a) $20,864,150.21; (b) $1,263,307.61; (c) $971,-874.14; (d) $1,581,054.16; (e) $3,156,982.61.

QUESTION PASSED AS ORDER FOR RETURN

LOANS TO PROVINCES

Mr. MOTHERWELL:

1. To what provinces has the Dominion government made loans during the fiscal year ending March 31, next?

2. What is: (a) the aggregate amount of such loan or loans to each province; (b) the respective dates upon which they were made; (c) the dates upon which they become due; (d) the interest charged thereon; (e) the security taken therefor; (f) the purpose or purposes for which they were made; and (g) the source from which the Dominion Minister of Finance secured the necessary money to make such loans to the provinces?

UNEMPLOYMENT RELIEF

On the orders of the day:

Mr. E. J. GARLAND (Bow River): I should like to ask the administration whether it is their intention to renew the general program for relief work after March 31, when the present act, I understand, lapses.

Hon. HUGH GUTHRIE (Minister of Justice): All I can say in answer to my hon. friend at the present moment is that the matter is under consideration.

THE PUBLIC SERVICE

REPRESENTATIONS OF THE CIVIL SERVICE ASSOCIATION ON TEN PER CENT SALARY DEDUCTION

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): I should like, Mr. Speaker, to direct a question to the Prime Minister (Mr. Bennett). I notice he is not in his place, so I will put it to the Minister of Justice (Mr. Guthrie) who is now leading the house. In view of the debate that took place on Tuesday evening regarding the proposed 10 per cent cut, and of the statement of the Minister of Justice that a bill would be drafted dealing with the matter, will the Prime Minister accede to the request made to him some days ago by the Civil Service Association to allow a deputation to wait upon him to lay the case of the civil service before him; and will this deputation be received before the bill is actually drafted?

Hon. HUGH GUTHRIE (Minister of Justice): I may state that the government has in contemplation such a bill. I think it will be introduced within the next two or three days. But I may tell my hon. friend that if the civil service desires to place their views before the government they are entirely free to do so at as early a date as possible. It is the intention of the government in the very near future to introduce a bill.

REPORT OF BANK MERGER

On the orders of the day:

Mr. S. FACTOR (Toronto West Centre): Mr. Speaker, may I ask the Minister of Finance (Mr. Rhodes) whether he has received an application from one of our chartered banks for his consent to its absorption or merger with another bank, or have any representations been made to him with regard to the matter?

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I would prefer that the question be placed upon the order paper in the regular course.

ROYAL CANADIAN AIR FORCE

On the orders of the day:

Hon. W. D. EULER (North Waterloo): I should like, Mr. Speaker, to address a question

to the Minister of National Defence (Mr. Sutherland). I am sorry I had no opportunity to give him notice of it. I have a wire before me to the effect that eighty non-permanent officers, mostly married and returned men, are discharged from the air force with two weeks' pay. I need not give the remainder of the telegram. Is it the intention of the government to confine the remuneration of these men to two weeks pay?

Hon. D. M. SUTHERLAND (Minister of National Defence): I regret that I cannot give my hon. friend a specific answer at the moment. I will look into the matter and let him know during the day.

Mr. EULER: It seems very short notice.

GRIEVANCES OF VETERANS

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, last Friday I asked the Prime Minister or the Minister of Pensions and National Health (Mr. MacLaren) a question in regard to the appointment of a special committee of the House of Commons to deal with the grievances of veterans throughout Canada. The Prime Minister answered my question, but it was a noncommittal answer.

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I have nothing further to add at the present time.

FARM RELIEF

ALLEGED DISCRIMINATION IN FEDERAL ASSISTANCE ON BUSHEL RATHER THAN ACREAGE BASIS

The house resumed from Wednesday, February 17, consideration of the motion of Mr. McKenzie (Assiniboia):

Whereas the policy of extending federal assistance to western farmers on a bushel basis rather than on an acreage basis has worked out most unfairly and unjustly to the residents of those districts suffering from failure or near failure of crop,

And whereas a largely signed petition and memorandum has been presented to the government by the secretary of Saskatchewan Association of Rural Municipalities, praying for additional legislation to partially remedy the situation that exists,

Therefore be it resolved: that, in the opinion of this house the government should give immediate consideration to a more equitable and less discriminatory solution of this problem.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, in rising to address the house on the resolution presented by the member for Assiniboia (Mr. McKenzie) I should like at the outset to make a few comments on what was brought out in the debate yesterday. For once I find myself in agreement with the hon. member for Regina (Mr. Turnbull) on his interpretation of the legislation in question. It seems to me that there is a misunderstanding throughout the country as to its intent. The purpose of the legislation was to grant a bonus to the farmer on each bushel of wheat that he had grown. So the man who had no wheat certainly could not participate in this bonus. I was rather amazed by the statement made by the hon. member for Rosetown (Mr. Loucks). Yesterday he said:

I am stating my own views to the house. The motion refers to the presentation by the representatives of the municipalities of a resolution asking for a dollar an acre. I take it that this applies to the whole province of Saskatchewan;

Now, that is not the intention of the memorandum presented to the government. I hold in my hand a copy of that memorandum, and it states very definitely what the associated rural municipalities were seeking. With the indulgence of the house I should like to read the five requests:

1. That the Dominion government provide for a bonus in the drought areas on the seeded acreage—

Mark you, "in the drought areas."

—for the year 1931, the basis for payment to be one dollar per acre where the crop was a total failure, and where a partial crop has been harvested and the bonus of five cents per bushel has not resulted in the farmer receiving a bonus equal to one dollar per acre, that an additional bonus be paid so that a minimum of one dollar per acre may be established regardless of the yield per acre.

I hope my hon. friend from Rosetown will observe that statement.

Mr. LOUCKS: Did not the representatives of the municipalities ask for a dollar an acre, to be applied province wide? In other words, they did not stipulate the "dried out areas."

Mr. VALLANCE: I hold in my hand a copy of the memorandum presented to the government. The Prime Minister was kind enough yesterday to telephone the department and have this copy sent to me. Therefore, I must assume that it is an accurate copy of the presentation of the rural municipalities. Number 2 is this:

2. That the payment of this bonus be made at the earliest possible date in order that it may be utilized for the purpose of purchasing seed and feed for 1931 spring seeding purposes and for taking care of the human necessities for the winter months, thereby relieving the Saskatchewan Relief Commission of the necessity of advancing relief to those who from the one dollar per acre bonus would be enabled to take care of their own requirements.

3. That such payment be made only to the grower, and be subject to the same restrictions as to exemption from garnishee, assignment, etc. as is provided for under the regulations governing payment of the bonus under an act respecting wheat.

4. That the information necessary to enable the government to make such payment be secured through the offices of the various rural municipalities in the affected area.

5. That the parliament of the Dominion of Canada, at the next session, give careful consideration to the urgent necessity for an extension of the bonus system for the year 1932 and to the advisability of having the bonus paid on the acreage basis instead of on the bushel basis.

I will be quite frank, Mr. Speaker, in saying that this memorandum was the basis of this resolution, and it was because of the advances made by the rural municipalities, and because of the lack of interest, or at least the dearth of information given by the government to the public that we deemed it necessary to bring in the present motion.

The hon. member for Peace River (Mr. Kennedy) suggested that only land in fit shape for putting in a crop should be considered, and he thought that would be one of the difficulties in administering a plan of this kind. That has been taken care of in the memorandum, which states:

In connection with suggestion No. 4 we would suggest that each grower might submit to the secretary of the municipality in which he resides a sworn statement of his seeded acreage for the year, this statement to be reviewed by the council of the municipality and the relief officer of the Saskatchewan relief commission in their district, and that a certificate of their approval be endorsed on the application before payment is recommended.

So the objection raised by the hon. member for Peace River is met in that memorandum.

As a member coming from the northern part of Saskatchewan I wish to tell the government that as far as the northern parts of the provinces are concerned, they were indebted to the government and were grateful for what was done in this regard, but I believe, and it is also stated in the memorandum, that had the government adopted the suggestion of the rural municipalities it would not have cost a great deal more than the five cent per bushel bonus cost. It was pointed out very definitely yesterday, and it has not been denied, that the bonus was a straight gift to the farmer who had wheat. We are all agreed on that. It is true also that through the interpretation placed on the word "grower" by the grain commission, many of us felt that an injustice was done. When I make that statement I have in mind individuals in all three prairie provinces, and in fact I think probably in every province of Canada, who are operating their farms on a one-third crop lease. Under the interpretation placed on the word "grower" by the grain commission the owner of the land received no part of the bonus. I might cite my own case as an instance. I operate a farm; I own and control everything on that farm. I pay the taxes; I pay for all repairs; I own the equipment; I own the land, and all that the other fellow supplies is the labour. He did not receive five cents per bushel; he received 15 cents per bushel, though I got two-thirds of the crop for my share because of the investment I had in the farm. I am not kicking, but that is what happened, and that injustice, or apparent injustice, was brought about in many cases by that legislation.

Now I wish to turn to the farmer in the southern part of the province, from whom this petition comes. I would urge on the government with all the force at my command the absolute necessity, if we are to save that huge country from going down and out, of either adopting this policy or suggesting something that will be better for that part of the country. I have pointed out that the bonus was a straight gift to the farmer in the north. The individual in the south, who was not so favourably situated, had to fill out this paper before he could get any relief, and as the hon. member for Weyburn (Mr. Young) pointed out yesterday, after the farmer gave all this information and sold his birthright, as it were, he had to sign a note by means of which at some future date the government might collect this money.

Yesterday the suggestion was made that probably these men never would be asked to pay these notes. Probably it would not have been a good thing to broadcast that information, because undoubtedly the western farmer is like the average individual; probably he would have asked for more relief than otherwise might have been the case if he had to sign a note, but if it is the intention of the government not to press for the collection of these notes, I think now, when the financial year is about ended and we will have either to renew this policy or bring in a new one, the time is appropriate for the government to announce to those individuals affected that these notes will not be collected.

I might deal extensively with this memorandum, but I do not think it would do much good. Some days ago I asked for copies of all correspondence that had passed between the government and this organization, but so far I have not received those details. I should have liked them before making these remarks, because I would have been

glad to find there some reason for complimenting the government on the action they had taken or had promised to take with regard to this memorandum, but at the moment I am not in a position to say what has been done.

I would ask the indulgence of this house to have this memorandum placed on Hansard, so that each member may read and study it. Then when the government bring down whatever relief bill is to be brought down, we will be in a better position to discuss the question from the point of view of those most vitally interested.

The memorandum is as follows:

Re: Dollar Per Acre Bonus

Hon. R. B. Bennett, Premier of Canada, and Hon. Members of the Government of Canada:

The request we are making to the federal cabinet to-day is not alone for the farmers of Saskatchewan or for the people of that province, but is, we believe, for the Dominion of Canada as a whole and for the welfare of all our population. Few people appreciate that it is the great prairie sections of western Canada with their limited rainfall that has produced and will continue to produce that high protein content wheat which has made Canada famous and contributed largely to the prosperity of the whole dominion. It is also this territory that can compete with any country in the world in the growing of wheat both in low costs of production and in high quality product.

There is nothing radically wrong with western Canada or with the people who have settled in those provinces. Our present situation is the result of extreme and unusual climatic conditions for the past three years and the reduced prices which we have been compelled to accept for the produce which we have for sale and which we were forced to market at a time when the price did not meet the cost of production.

The position of the farmers in the drought area of Saskatchewan is reflected in the manner in which they have applied to municipal councils and to the relief commission for necessary relief. In 1929 only a very small percentage asked for assistance from their municipal council, and in many instances these applications were made by farmers who had suffered a severe crop loss the previous year due to hail or frost damage. In 1930, when the second crop failure occurred, the number asking for relief was greatly increased, while in 1931 we are informed that in some localities over ninety per cent of the residents have found it necessary to seek assistance. Relief to the value of over five million dollars was advanced by the rural municipalities in Saskatchewan up to the date on which the responsibility was taken over by the Saskatchewan relief commission. These advances consisted of food, fuel, clothing, fodder for live stock, gasoline and machinery repairs. The greater portion of the amounts borrowed from the banks by municipalities to enable them to grant these advances is guaranteed by the provincial government. It is a direct charge against the recipient and where he is the registered owner of the land which he operates, or where the consent of the registered owner has been secured, the amount of the relief advance is a direct charge against the land. Consequently these advances will require to be repaid at some future date. The experience of municipalities in previous years indicates that the greater proportion has been repaid.

An official of the Saskatchewan farm loan board is authority for the statement that about twenty per cent of the farmers of the province own their own land and are free from debt. He further states that another thirty-five per cent have no debts except a mortgage with the interest paid and principal reduced. Under ordinary economic conditions these people would not ask for relief from public bodies but would borrow money from loan companies, giving a first mortgage on their land as security for repayment or they would arrange for a temporary loan from the bank to tide them over the period of depression. This procedure is now almost impossible, as mortgage companies are not loaning money on this form of security and banks are consistently refusing loans to farmers, regardless of the financial position of the applicant, or the satisfactory manner in which his obligations to the bank have been retired in previous years. The funds of the municipalities are exhausted and the provincial government has gone as far as they can reasonably be expected to go in assisting their people. Consequently, the only assistance they can now secure is from the federal government through the agency of the relief commission. The value of relief extended in this form is expected to be repaid and the applicant signs an undertaking to that effect. No doubt the larger proportion of people will make an honest effort to pay these advances when conditions return to normal. There may be a small percentage of the residents who will secure goods from the commission and who will have little or no intention of repayment of the amount involved if that responsibility can be easily evaded. There are always a few of this class in every community, but it is not with them that we are chiefly concerned at the present time. Our interest is centred in those farmers who have been the backbone of the province, who have carried on through good years and bad, and who have made such a wonderful contribution to the building up of the great Dominion of Canada.

These people are now at the parting of the ways. Their problem is to consider whether or not further effort is worth while. Are they going to undertake the labour and expense of seeding another crop in the hope that conditions will improve and that they may regain their former position of being able to pay their debts and provide for their families the standard of living to which their labours would appear to entitle them? We submit that the morale of these people is in danger of being seriously impaired by the adversities through which they are passing, and it is the solemn duty of the government of this dominion to carefully consider the best means of assisting them at this time in order that they may retain their self-respect and be prepared to face the future with courage and determination, in order to overcome the obstacles now confronting them.

It is for this purpose that we appear before you to-day as representatives of the farmers of Saskatchewan, and respectfully request that the assistance now being given be further extended

in the form of a direct cash payment to compensate these farmers for a small portion of their very heavy losses. There has been a heavy loss on their part as represented in their labour, wear and tear on machinery, depreciation of capital involved, and taxes where the same have been paid or allowed to accumulate, all of which have been a dead loss to the farmer.

We wish at this time to extend our appreciation to the government for the assistance which has been given to Saskatchewan through the payment of a bonus of five cents per bushel on wheat as provided for in the act respecting wheat passed at the last session of parliament. This bonus is of material assistance to those farmers in the province who are fortunate enough to have a crop to market, although we are of the opinion that a bonus on the acreage basis would have been more acceptable to a greater number of people under present conditions. We realize at the same time that certain difficulties would arise in arranging for payment on this basis, but believe these difficulties were not insurmountable and that they could have been overcome. As an example of how the present bonus applies to producers of wheat in Saskatchewan we might cite an imaginary case of two brothers, one living in the Melfort district in the north, and one living in the district surrounding Avonlea in the south. We will assume that the brother living at Melfort had two hundred acres in crop on which he had an average yield of thirty bushels to the acre. He receives from the federal treasury by way of bonus the sum of three hundred dollars, in addition to having for sale approximately six thousand bushels of wheat. The other brother has cropped a similar acreage but has had no return by reason of a crop failure and is entitled to no bonus under the regulations as they exist at the present time. This is inequitable if the purpose of the said legislation is to foster and encourage the agricultural portion of our population to continue farming their land. If it is a question of assisting only one of these two parties we submit that the one party under the present arrangement has been assisted and the brother most entitled to encouragement and assistance receives nothing.

We are not losing sight of the fact that the payments now being made are a bonus on wheat production. In might be submitted that under ordinary circumstances and with the return of normal economic conditions both in Canada and in the world at large, no bonus is necessary to encourage the farming industry, that the necessity for such a bonus only arises in times of economic disturbance such as those through which we are passing and that the bonus was proposed to encourage and assist those whose whole earnings were invested in this particular undertaking. Such being the purpose of the act, we submit that it is not functioning towards that end—that farmers who should be encouraged and assisted at the present time, and those who during the past two or three years have, owing to conditions over which they had no control, operated at a loss, in many cases a very serious one. The remedy which we claim to have discovered is to be found in the proposition which we lay before the cabinet to-day.

The 1931 seeded wheat acreage of Saskatchewan is placed at 13,881,000 acres. Statistics of the provincial department of agriculture indicate that the average wheat yield for the past ten years' period in the province is 16½ bushels per acre. Under normal conditions we would have a probable wheat crop of 222,076,500 bushels and after deducting 21 million bushels to take care of our 1932 seed requirements, we would have an aggregate of approximately 200 million bushels for sale, and Saskatchewan farmers would have received from the five cent bonus an amount approximating $10,400,000. No doubt when the bonus question was first considered by the government, the finance department were aware that such an amount would be required for the purpose mentioned. As a result of climatic conditions we find that our yield has been greatly reduced and our present estimated wheat yield for 1931 is set at 101,000,000 bushels, so that after deducting seed requirements we have 80 million bushels for market, and four million dollars will be the amount paid under the five cent bonus. Or, in other words, the amount payable under the scheme will be $6,400,000 less than it would have been had crop conditions been normal.

It was the intention of parliament that it was in the national interest of Canada that assistance in the form of a cash bonus to western farmers should be granted, and it was stated in the debate on the bill that such assistance would have an admirable effect on the morale of the people and that it would greatly lessen the amount which the government would be called upon to contribute in the form of direct relief. We submit that any money which may be paid out in the form of a cash bonus per acre will relieve to almost an equal extent the direct relief contribution of the federal government in Saskatchewan. The bonus on the bushel basis has resulted in payments to those who in many instances do not require relief in that they have a crop to market and are not under the necessity of purchasing large supplies of fodder and seed grain, while those who have had a crop failure and most urgently need assistance have not received aid except in the form of relief roadwork and direct relief through advances of fodder, fuel, food, clothing, etc. all of which is expected to be repaid. It might further be pointed out that the roadwork program carried out resulted in a number of farmers leaving their homes for the purpose of working on roads to secure funds sufficient to take care of their families, while at the same time their farms suffered as a consequence through lack of cultivation, and additional labour would be entailed in preparing the land for seed in 1932, which will more than offset the amount which they have been able to earn from roadwork.

Believing that a measure of relief other than that at present provided for is desirable to enable the farmers in the drought area to continue in residence and operate their farms, we are requesting assistance from the federal government in the following manner.

1. That the dominion government provide for a bonus in the drought areas on the seeded acreage for the year 1931, the basis for payment to be one dollar per acre where the crop was a total failure, and where a partial crop has been harvested and the bonus of five cents per bushel has not resulted in the farmer receiving a bonus equal to one dollar per acre, that an additional bonus be paid so that a minimum of one dollar per acre may be established regardless of the yield per acre.

2. That the payment of this bonus be made at the earliest possible date in order that it may be utilized for the purpose of purchasing seed and feed for 1931 spring seeding purposes and for taking care of the human necessities for the winter months, thereby relieving the Saskatchewan relief commission of the necessity of advancing relief to those who from the one dollar per acre bonus would be enabled to take care of their own requirements.

3. That such payment be made only to the grower, and be subject to the same restrictions as to exemption from garnishee, assignment, etc., as is provided for under the regulations governing payment of the bonus under an act respecting wheat.

4. That the information necessary to enable the government to make such payment be secured through the offices of the various rural municipalities in the affected area.

5. That the parliament of the Dominion of Canada, at the next session, give careful consideration to the urgent necessity for an extension of the bonus system for the year 1932, and to the advisability of having the bonus paid on the acreage basis instead of on the bushel basis.

In connection with suggestion number four, we would suggest that each grower might submit to the secretary of the municipality in which he resides a sworn statement of his seeded acreage for the year, this statement to be reviewed by the council of the municipality and the relief officer of the Saskatchewan relief commission in their district, and that a certificate of their approval be endorsed on the application before payment is recommended. It might be pointed out that the greater portion of the municipalities in the area affected are under the operation of the Saskatchewan municipal hail insurance scheme, and the municipality has a record of the seeded acreage of all parcels of land which have not been withdrawn from the operations of the municipal hail insurance act. These acreages are authentic in that they were reported before June 10, and it is on the owner's statement of acreage in crop that the municipal hail rates are levied. Consequently it would not be to the farmer's advantage to report an acreage in excess of that actually sown. Further confirmation, if necessary, could be secured from the census returns. There would be no cost to the government in so far as the securing of information on this basis is concerned, as we have the assurance of municipal officials that they will take care of any necessary cash outlay for securing the required statistical information to enable payment to be made.

From the figures quoted it is evident that our wheat production in Saskatchewan this year is about forty-four per cent of normal, and if the same percentage applies to the acreage basis our proposal would call for payment of fifty-six per cent of 13,881,000 acres or a total outlay on the wheat acreage of $7,773,360. The total seeded acreage of other grains is as follows:

	Acres
Oats	4,660,000
Barley	1,459,000
Fall Rye	562,000
Spring Rye	107,000
Flax	458,000
Total coarse grain acreage	7,246,000

The percentage of loss of the coarse grains crop is not so great as wheat for the reason that seeding of same was later in the season and the rainfall during the latter part of July in some districts materially assisted growth. A reasonable estimate of the crop loss in coarse grains would be forty per cent, or approximately three million acres. This amount, added to our above estimate of the amount which would be payable in respect of the seeded wheat acreage gives a total of $10,773,360.

When our proposal was submitted to Honourable R. B. Bennett and Honourable Robert Weir at Regina in the month of August and was later refused by the premier, we undertook to secure an expression of opinion from the farmers of the province regarding the matter. For this purpose a series of meetings were held at various strategic points throughout the province at which the proposal was placed before the people for discussion and consideration. In every instance unanimous approval was given and we were strongly urged to again take the matter up with the federal cabinet and to press for reconsideration of their previous unfavourable decision. We further have in our office and present to you to-day resolutions and petitions from various public bodies throughout the province of Saskatchewan supporting our application. Approximately two hundred rural municipal councils have by resolution given their approval and the petitions submitted herewith contain the names of upwards of five thousand farmers. In addition, many resolutions have been received from individual ratepayers' meetings of the municipalities. Resolutions and petitions have also been received from various other organizations such as ratepayers' associations, cooperative trading associations, boards of trade, and councils of urban municipalities.

In presenting this request to the government we are confident that our application for a bonus on the acreage basis has the support of practically one hundred per cent of the people of the province of Saskatchewan, regardless of whether they are resident in the drought areas or not. Other areas of the province fortunate enough to have a crop to market this year also support our request. We therefore respectfully urge that this matter again be carefully considered by your cabinet, and assure you that a decision to grant our request would be most favourably received by the people of the province we represent.

Mr. E. J. GARLAND (Bow River): The greater part of the problem facing the government in connection with agriculture to-day is chiefly due, in my opinion, to the extraordinary decline in the prices of farm commodities as compared with those of manufactured and other products. The last report of the Bank of Nova Scotia clearly pointed out this fact, and it was also made evident in the report of a year ago. An examination of the statistics in this connection will indicate that prices of farm products have declined from 35 per cent to 40 per cent, and in some cases even more, while wholesale prices have declined from 20 per cent to 25 per cent at the most, and retail prices from 11 per cent to

15 per cent. Undoubtedly it was a recognition of this extraordinary disparity between the price level of agricultural commodities and that of the goods the farmers must buy that was an influence in inducing the administration a year ago to institute this so-called five cent bonus. The question was discussed in this house, and at that time some speakers on the government side described it as an alleviation by way of reduction in freight rates, that is, that it was supposed to pay a part of the cost of freight. Others said it was a measure of direct relief; others described it as a bonus, while many people throughout the country have looked upon it as a straight gift. It was also explained as compensation for the tariff, but no one with any sanity could ever regard a five cent bonus on wheat as a compensating adjustment for the tariff. There is no doubt in my mind on that point. It would require many times that amount per bushel, under present price levels, to recompense the farmers for the enormous costs in connection with tariff adjustments of this and previous years.

The point I want to make is that the government cannot solve the present problem of agricultural conditions by mere miserable bonuses or bounties. If applied on a sufficiently large scale to one branch of industry such a scheme might afford temporary relief, but that could be done only at the expense of the taxpayers of the whole country. This bonus in the long run falls on the backs of the taxpayers and comes ultimately out of those classes that are the least organized and the most unprotected in regard to their own price levels. We have no power over the price levels of our own commodities. It has been alleged that at one time we attempted to secure this by organization of the wheat pools, but no effort was made—and I have the word of every officer of the wheat pools—to try unnecessarily or unduly to increase the price level. The whole object of wheat pooling was to try to eliminate many of the intervening costs in the actual handling and marketing of grain and so to improve the position of the grain grower. But so long as the farmers of this country must depend on export markets for the principal bulk of their commodities, and so long as export market prices govern prices in this country, nothing in the way of bonuses is any answer to the problem facing us.

I have just received one or two letters in connection with this matter. It is true that in certain districts that had very large or reasonably large crops there was an expression of appreciation of this five cents a bushel cheque that came along. Undoubtedly it may have helped some of these men to pay their threshing bills. But the fact of the matter is that even with the bonus the price received by the farmer was far below the actual cost of production, and this gave no recognition whatever to general agricultural conditions. The result is that to-day agriculture as a whole is in a worse position than it was a year ago. I have a letter dated January 12, from Redland, Alberta, in which the following statement is made:

> I will cite the case of one farmer which will illustrate that of many others. This man threshed enough wheat for his spring seeding and has been compelled to sell this wheat in order to merely live through the winter. He said they had been going to bed at dark to save the price of kerosene. Of course there are other farmers who didn't thresh any wheat.
>
> Now I am aware that you understand this impossible situation as well as I. You see the man who sells his wheat is not permitted to get seed from the government even though he has nothing left. Surely this situation can be righted. Comparing him with the man who raised a bumper crop and received a bonus besides should be sufficient.
>
> Another matter freely discussed was the fact that people in this drought area are being pressed to the limit for collections by oil and machinery companies, and even the banks. The method of compounding interest by some of these collectors would make Shylock look like a philanthropist.

That last statement touches one crucial aspect of the problem in which undoubtedly the government could be of material assistance to us. I urge upon the administration the calling of a federal conference of all the mortgage companies, loan companies and banks in order to find out whether or not the private financial interests in Canada are willing to undertake to carry their share of this load of depression. It is utterly unfair to ask the primary producer, whether he be farmer or fisherman, to carry this gigantic load of increasing interest rates—not decreasing rates—in the face of existing conditions. I have another letter which comes from the acute drought district. And may I at this stage suggest to the government that we in Alberta feel that there has not been fair treatment of the drought area in that province as compared with the treatment meted out, poor though it may have been, to the farmers in Saskatchewan. Our province has not had any share of that 100 per cent relief granted by the federal government. An hon. gentleman suggests that we are not Tory enough. Well, I am rather proud of that; I hope we shall never be Tory enough in the minds of hon. gentlemen opposite. But I have this to say. In common with my hon. friend from Acadia (Mr. Gardiner) and my hon. friend from Medicine Hat

(Mr. Gershaw), I represent a constituency which is almost entirely within the drought area. Last year and the year before there were very small crops and very low prices, and this year we were almost completely wiped out. Practically the entire area is a total failure. These men have nothing to sell for which they will receive a profit, and how they will finance this year's operations, without any cash in their pockets, is a problem which they cannot solve. Now if agriculture is to be regarded in the future as the principal industry of this country, it is vitally necessary that this government should undertake a definite scheme now, and not later, to see that these men have, by some means or other, sufficient resources to secure the necessities for seeding and harvesting operations for this year. They have no resources whatever, but that is not because they have not gone into mixed farming. To the Minister of Agriculture (Mr. Weir) let me say that I have long held the view that those who attempted to explain conditions in western Canada by saying that we had no diversified farming but were putting all our eggs in one basket were speaking exceedingly stupidly or without a sufficient consideration of the facts. The fact is that per head of population we produce more diversified products in western Canada than are produced in any other part of the dominion. But what of it? Suppose we embraced wholeheartedly the suggestion of the Minister of Agriculture with regard to diversified farming.

Mr. WEIR (Melfort): Will the hon. member inform the house when I have ever made any statement with regard to diversified farming in western Canada, either in this house or anywhere else?

Mr. GARLAND (Bow River): I have not the statement at the moment but my impression was that the hon. gentleman has on many occasions advocated diversified farming.

Mr. WEIR (Melfort): At no time, as far as I am aware, have I ever advocated diversified farming as the cure-all for the ills of western Canada or of any other part of the country.

Mr. GARLAND (Bow River): I am glad to hear the minister say that, and I sincerely trust that the newspapers will interpret his statement correctly this time. He is quite right; it is not a cure-all and will not even modify conditions at the present time. The only effect of diversified farming at the present time is that the farmer may be able to live a little longer under this rotten system of injustice than he otherwise might. That is all; he can drag out a miserable existence on the products he is raising at a loss. Under date February 11, 1932, the following letter has come to hand:

> This district on the whole in 1931 did not thresh as many bushels of wheat as was sown, and the complete failure of oats, barley and rye forced a great number of farmers to drive a portion of their live stock great distances to irrigated districts and trade or exchange them, usually at a sacrifice, for feed to keep the remainder of their stock alive.
>
> The 1931 crop failure, following as it did the light crop and poor prices of 1929 and 1930 which reduced the farmer to a point financially where he had to put forth every effort to finance seeding of the 1931 crop, places him in a position where his hardships can hardly be exaggerated.

I know they cannot be.

> The prices of the farm produce at the present time are:
>
> Eggs: 10 cents per dozen.
> Butter: 8 cents per pound.
> Cattle: 2 cents per pound.
> Hogs: 2½ cents per pound.

With the price levels as given in this letter, and which I know prevail in the district spoken of in the southern part of my constituency, it is utterly hopeless for these unfortunate farmers to expect to carry on during this year. They have not been able to obtain a sufficient revenue from the small herds of stock or flocks of poultry to keep body and soul together, much less to buy the necessary clothing for themselves and their children.

Under these circumstances, I submit that an entirely new agricultural policy involving a change in other directions is also required. So long as this government continues, as have preceding governments, to press down upon the primary producer who is carrying the load of the development of industrialism, just so long will agriculture be placed under a handicap and sooner or later it will vanish. This government through the imposition of unfair customs duties has increased unnecessarily our difficulties; it has succeeded in pegging the prices of manufactured products while we have had to take what we can get in the foreign markets. So convinced of this fact was the annual convention of the United Farmers of Alberta, that this year it passed the following resolution:

> Whereas, the fiscal policy known as protection or a protective tariff which has been on trial in Canada for over fifty years since its inauguration in 1879, has belied every promise of its promoters, both then and since, and has utterly failed to promote the general well-being of the people of Canada and has developed instead a most pernicious maldistribution of our wealth, and is on this account immediately responsible for that disparity in market values as expressed in present day prices, which exists

between what the farmer sells and what he buys, which disparity is one of the principal causes of the present industrial debacle and the general economic depression;

Be it therefore resolved, that the time has come for an immediate all round reduction in our custom duties to the intent that within a period of not less than five years every feature and constituent of this barbaric economic superstition be eliminated from the fiscal policy of our country.

Mr. ARTHURS: Does the hon. gentleman endorse that?

An hon. MEMBER: Who wrote it?

Mr. GARLAND (Bow River): I am informed that it was written by a well known Presbyterian minister in the constituency of the hon. member for Peace River (Mr. Kennedy). In itself, it is a tribute not only to the intelligence but to the penmanship of the people of that constituency.

There are many other factors which affect agriculture, but at the present time the two principal ones are, first, the enormous load of debt and interest charges and, second, the unfair position in which agriculture is placed in relation to other producers of manufactured goods. Unless there is a modification downwards of our capital obligations plus an elimination if possible, or at least a considerable reduction in interest rates, I venture to predict that it will be difficult to bring about a recovery of agriculture in western Canada. This prediction may be pessimistic and gloomy, but it is the fact.

No new markets have been discovered to extend the sale of our products. Foreign markets are rapidly narrowing due to the stupid nationalism of certain European countries, in which stupidity we are now the supreme participator. How this country expects to continue to keep alive an industrial expansion which has been the result of available foreign markets by a policy of restriction, by continuing a stupid fiscal policy which does not operate, is beyond my understanding. Until this administration about faces with its fiscal policy and either by international agreement or by frank action on its own part attempts to break down the barriers between nations or to open up new markets for our products, there is but little hope for the future of agriculture in Canada.

I grant that the modification of our policy in regard to banking and credit and the creation of national control and planned distribution of our whole monetary machine will have a healthy and salutary effect upon the internal consumption of manufactured goods, but unfortunately agriculture is not in the same position. We must continue to sell abroad the great bulk of our commodities. Take wheat alone; in a normal year we can expect a crop of 450,000,000 to 500,000,000 bushels. Of that crop we sell abroad all but 150,000,000 bushels. It might be possible to increase internal consumption by 25,000,000 or 50,000,000 bushels, but that still leaves an enormous surplus to be shipped overseas and for which surplus we must take a price determined by international competition in the limited foreign markets available. Even a financial reform along the lines advocated by those of us in this corner of the house can have but little real effect upon market conditions. Unless this government undertakes a drastic alteration in its policy with regard to international trade it will be deliberately damning agriculture to a steady decline.

Mr. W. D. COWAN (Long Lake): Mr. Speaker, this debate seems to be an attempt to discover whether or not the farmers of western Canada are satisfied with the relief which has been granted, first, in the form of the five cent bonus on wheat grown last year, and, second, by means of the measures adopted to apply in those territories where the bonus was not paid. As I understand it, some $10,000,000 has been paid out to the farmers of western Canada through this bonus. I have yet to meet or hear of a farmer who refused to accept that five cent bonus. I never knew of a system to be put into force which gave greater satisfaction than this. No one has made any money out of the administration of this bonus; it is not a rich man's job at all. Hundreds of thousands of farmers have benefited, and I have yet to hear of a single instance where the money was misapplied, misappropriated or misdirected. The government is deserving of congratulation upon the business methods pursued in the handling of this bonus.

During the early part of last session this five cent bonus was discussed, by many Saskatchewan members and others. At that time none of us had any intimation of the calamity which was to occur because of the drought which affected many portions of the west. We were very glad to be granted this bonus and at that time it was understood that it would apply to the whole province of Saskatchewan. As far as the intentions of the government were concerned, there was no thought of discrimination. Later on a very large area covering some 200 municipalities become badly drought-stricken, and it was evident that the five cent bonus would not apply to them, because there was nothing on which that five cent bonus could be paid. What was to be done? Were we to ask the government or was the government to ask parlia-

ment to abandon the whole proposition because some 200 municipalities out of probably 1,000 would be unable to secure any benefits under this plan?

The only course for the government to pursue was to carry on along the lines already adopted. In spite of criticism we decided what we were going to do and we did it. Then, when this new drought condition arose, it became the duty of the government and of parliament to devise new methods to meet that new condition. That was done. It was decided that a relief commission should be appointed to administer relief affairs in those areas. That has been carried out. The hon. member for South Battleford (Mr. Vallance) has presented a new proposal, namely, that this dollar per acre scheme should be handled by two different bodies, by the municipalities and the relief commission. It is impossible for one and the same thing to be handled by two different bodies.

Mr. VALLANCE: My hon. friend must have misunderstood me. My whole argument was based on the memorandum presented to the government by the Rural Municipalities Associations, so I could not make any such statement as he suggests.

Mr. COWAN (Long Lake): But you wanted to get a finger in the pie and you tried to get it in. The man who suggested that, I do not care who he is, is a ranker Grit than you are, if you know what that is. You want two different bodies to handle one affair and that cannot be done successfully.

Mr. SPEAKER: I would ask the hon. member to address the chair.

Mr. COWAN (Long Lake): I can assure you, Mr. Speaker, I should have been addressing you at the time except that I was answering the hon. member's question.

You cannot have two different bodies handle the same affair, so the government was well advised when it instructed the commission to proceed to carry out the relief measures in those areas. The hon. member for Acadia (Mr. Gardiner) said that the relief measures were not adequate. That depends upon one's interpretation of the word "adequate." I might think I was well paid if I received $3,600 a year while some other member might think he was not. But there are occasions when one has to be satisfied. The people in those districts will be satisfied to be carried through this winter until springtime so that they can again get busy and restore things to their normal condition. Has the government carried out this policy?

[Mr. W. D. Cowan.]

An hon. MEMBER: No.

Mr. COWAN (Long Lake): My hon. friend thinks he knows more about the matter than I do. I say they have done it. To-day the relief commission is operating with entire satisfaction and I challenge any hon. gentleman opposite to correct that statement. Never before in the west has there been a business organization which has handled things better than this one has done. It is the cleanest administration I ever saw in my life. I see it working every day.

Mr. VALLANCE: Do you want to enter into a discussion of that?

Mr. COWAN (Long Lake): Yes.

Mr. VALLANCE: Then put a motion on the order paper so that we may have an opportunity. You are issuing a challenge.

Mr. COWAN (Long Lake): Address the chair. My hon. friend does not like me to address him directly. I do not wonder at it.

Mr. VALLANCE: The hon. member is absolutely right.

Mr. COWAN (Long Lake): The relief commission operating in those areas is the most complete relief organization I ever saw. They have disbursed millions of dollars. We must remember the extent of the country. There were more than 200 municipalities to be covered and a new organization had to be created. There were 250,000 people, who were scattered over hundreds of miles, thrown into a state of destitution and they had to be provided for. The facts had to be ascertained; men had to be appointed and committees had to be formed in those different areas. This took time and at the beginning hon. gentlemen had their opportunity, but they were not equal to their job. While this preliminary work was being done, the people were in a state of dismay; they did not know what was ahead of them; so far as they could see, nothing was being done. But the committee set to work and created their organization. First they laid down their plans, and then, having laid down their plans, they proceeded slowly, surely and in a most conservative way to carry them out.

Mr. VALLANCE: I rise to a point of order. What has this to do with the dollar-an-acre scheme?

Mr. SPEAKER: The hon. member for Long Lake is in order.

Mr. COWAN (Long Lake): When my hon. friends bring this up as a substitute for the plan that we now have, I do not wonder they

are in a quandary; they have no argument. Let them keep quiet and we shall finish the job.

I have described the situation as it is and, as I say, the operations of the relief commission have been carried out successfully. I think it is well the people should know this, because the money is coming out of the public treasury. It was decided that the outlying posts should be the first places covered in order that there would be no trouble in such areas should a blizzard suddenly come up and catch them unawares. After the outlying parts were covered, they gradually crept in and covered the areas closer in according to their drought-stricken condition.

This is the result. Three weeks ago a gentleman in Regina who travels constantly throughout southern Saskatchewan, who knows conditions there and who has no personal interest in the matter, said to me: "Cowan, if a single child had died of starvation in the province of Saskatchewan, wouldn't the Grits have raised a deuce of a holler?" There has not been a single death through starvation or neglect. The administration has been excellent. Not very long ago a big farmer accosted me in a village in my constituency. He said: "There is my farm; I have put $30,000 into that farm and it is not worth anything now to me. I have not a dollar and I cannot get one, but the relief commission is supplying me and my family with what I require and I am taking everything from them with thankfulness." That is the spirit in which the people out there are receiving the commission. They know that the commission is doing the best they can. I would also point this out to my hon. friends across the way. I know that they can never see a day ahead. The Liberals never can and never could. They want all the money spent right now.

There is one thing more we know, Mr. Speaker. We know that these people are being carried now. We know also that if we spend millions and millions now, they will all be wasted unless something else happens. These people must be provided with the means of carrying on their operations next summer. Seed has to be provided. With my hon. friends across the way knowing all that which is yet before us, staring us in the face, and it will cost at the very least $15,000,000, would they have us spend all our money now, and if so, where are the farmers going to get their seed? All these things have to be taken into consideration, and we have to reserve a sufficient amount in our treasuries to carry our people. But a year from now our hon. friends opposite will look back and will then admit that we, the Conservative party, have dealt with the people out there very generously and have done our work, and have done it mighty well.

Mr. W. A. BEYNON (Moose Jaw): I had not intended to speak on this resolution and would not have done so but for some of the remarks made on the other side of the house. The hon. member for South Battleford (Mr. Vallance) stated that there had been some inequity owing to the fact that the owners of the land who were perhaps getting two-thirds of the crop got none of the five cent a bushel bonus. That provision of the act I think was one of its wisest. The situation is simply this: In western Canada perhaps 75 per cent of the farms are mortgaged, and in a great many cases the original owner who mortgaged the land to a mortgage company is now operating the land on a lease from the mortgage company, and had it not been for the provision in the act that the actual producer of the grain shall get that five cent a bushel bonus a large part of the bonus would have gone to the mortgage companies.

Mr. VALLANCE: We argued that to the government last year.

Mr. BEYNON: Then why does the hon. gentleman try to show that there is inequity because the owner does not always get the bonus?

Mr. VALLANCE: If the hon. gentleman will read what I said, I think he will agree that he is wrong in the statement he is now making. I was not making any criticism, but I was placing before the house the standpoint that was placed before me.

Mr. BEYNON: But the hon. member gave his own case as an example.

Mr. VALLANCE: Yes, but I was not complaining in my own case.

Mr. BEYNON: Then why criticize at all?

Mr. VALLANCE: I was not criticizing at all.

Mr. BEYNON: Then why mention it at all? The hon. member for South Battleford also referred to the document that had to be signed before the people in south Saskatchewan could get relief. He waved this document before the house and said: This is what the man had to sign, virtually sign away his birthright before he could get relief. But he made no criticism of that document, and I do not think any member of this house can read it and say that the commission or the

government could have done anything less and protected the funds which this house voted to the government to carry on that work. There is no question in the document that should not be answered by a man who is seeking relief. There is no information asked for which the government should not have before granting relief. Why then wave this document before the house and say: This is what the man had to sign, practically sign away his birthright before he could get relief?

A good deal has also been made of the fact that these people had to sign notes for the return of the money before they could get relief. Let me say that as soon as this question of relief was mooted in the house I began to receive from the constituency of Moose Jaw telegrams urging me to represent to the government that some provision for repayment should be made. Otherwise the farmers of that community would not accept this relief at the hands of the government. That is the spirit of the people in that district, and that is why that provision was made in the act.

The hon. member for Bow River (Mr. Garland) made a statement which gave a very wrong impression to this house. His statement was to the effect that the province of Alberta had not received from this government the same consideration in respect to relief as had the province of Saskatchewan. He stated that Alberta had not received any of this 100 per cent relief. There are certain portions of Saskatchewan, the greater portion, in fact, which did not receive any of this 100 per cent relief. Saskatchewan received precisely the same consideration as the province of Alberta. One section of the province of Saskatchewan did receive 100 per cent relief from this government, and not from the local government.

Mr. GARLAND (Bow River): May I ask a question? Is there any portion of Alberta that received 100 per cent relief for agriculture?

Mr. BEYNON: I am just going to explain why they did not.

Mr. GARLAND (Bow River): That was all I said.

Mr. BEYNON: The hon. member said that they had not received fair treatment as compared with Saskatchewan.

Mr. GARLAND (Bow River): Exactly.

Mr. BEYNON: I am going to show how they received equal treatment. The basis of relief was this: Saskatchewan was divided into three parts. Part A comprised those portions of the province of Saskatchewan which had had three successive crop failures; part B, where there had been two successive crop failures, and part C, where there had been one crop failure. There was no part of the province of Alberta which had had three successive total crop failures, and only in that respect and for that reason was Alberta treated differently from the province of Saskatchewan. The basis was precisely the same in each province, but no part of the province of Alberta had suffered from three successive crop failures as had many parts of Saskatchewan.

Mr. GARLAND (Bow River): The hon. member is not well informed on Alberta. There are several districts there which have had three successive crop failures.

Mr. BEYNON: The relief was granted on the reports received from the province of Alberta, from the government of the province and from the municipalities of the province. Every effort was made to deal absolutely fairly with all parts of all three western provinces. The only difference that was made was that in Saskatchewan where there had been three successive crop failures 100 per cent relief was granted. I rose simply to correct those few points which have been raised on the other side of the house.

Miss AGNES MACPHAIL (Southeast Grey): I doubt very much, Mr. Speaker, if agriculture can tax itself into prosperity. Looking at the estimates we find that one of the big increases this year is an increase in interest of $30,000,000, which looks as if we could not tax ourselves into prosperity.

On general principle I am opposed to the idea of a bonus, but speaking for Ontario farmers, if the five cents a bushel bonus on wheat will keep the western wheat farmer growing wheat I think it would be worth while to the farmer of Ontario in order to keep the western farmer out of mixed farming, which is ruining the Ontario farmer. So looking at it from that point of view, not that it makes any difference because the government does what it likes, I suppose for the time being we had better support the bonus because if any more mixed farming products come upon the markets of Ontario from the west things are going to be even worse for the farmers of Ontario. I had never believed that mixed farming was the solution of western conditions. True, it would give the western farmer more to eat, since that is all he has at the moment, but it would also give him more lines on which he could lose money. Mixed farming suits Ontario, and if the prairie provinces go into mixed farming it will be very disastrous for

this province. So, speaking for my agricultural constituency, for the present I support the bonus on wheat. I do not believe in it, but it may for the time being keep the western wheat farmer running after the five cents and not encourage him to do the thing that we do not want him to do.

Mr. H. A. MULLINS (Marquette): It had not been my intention, Mr. Speaker, to participate in this debate, but when I hear so many hon. members on the other side making a political handle of the resolution I have to take a hand in it too. I represent a purely agricultural constituency in western Canada; it has not got a single smokestack in any part of it. When I am speaking of conditions in that constituency I do so from personal experience. My life has been forged on the anvil of experience, and not in a university as was my friend's from Bow River (Mr. Garland); I never had the opportunity of even scratching my back up against a college wall; but when it comes to practical experience on the prairies, probably I have had as much as any one of my hon. friends opposite.

To substantiate what I am going to say I want to read this little clipping which I cut from the Manitoba Free Press a few days ago:

Forty Years Ago To-day

H. A. Mullins, well known live stock exporter—

Some hon. MEMBERS: Hear, hear.

Mr. MULLINS: That is all right.

—had taken hold of the well known Binscarth stock farm at Binscarth, Manitoba.

That was forty years ago. For forty years I have been farming on the prairies of western Canada, and probably what I shall say will have some little weight to keep up the spirits of some of those whining Jerusalem demigods. I remember well in the old days on the prairies when produce was much cheaper than it is to-day. I remember coming to the city of Toronto with a trainload of hogs. I came under the pressure of that multimillionaire that my hon. friends opposite talk about and I sold the shipment for four cents a pound. What happened? The following year hogs were worth eight to eight and a half cents a pound. I say in an advisory way to the men on the prairies: don't go out of hog raising; don't listen to these whiners from the other side; and don't go out of live stock raising; keep in; the best opportunity in the world can be taken advantage of at the present time. Our friends opposite say that we on this side of the house did not do anything for the west last session. There are men in the constituency of Marquette who are offering thanks to the government for that five cent bonus. It helped them out. Then you will find another man with political leanings not favourable to this side who will say: "Oh, yes, the five cents was quite all right, but you didn't give Smith the five cents. Why didn't you"? I said, "How many bushels did you have"? He said, "I had four thousand bushels of wheat." I said: "Why didn't you divide up with Smith"? No, there was nothing doing along that line. He would not divide up with Smith, no; he took the two hundred dollar bonus that the government gave him, but because of his political leanings he had to whine about the five cents subvention in order to find fault with the government. If the angel Gabriel came down he would not satisfy some of the hon. gentlemen on the other side! That is a well known fact. But I do know some hon. members on that side who are big enough men to acknowledge that the five cent bonus was all right—but they don't say much about it.

Our friends opposite say that we on this side of the house did nothing for the west. Let me tell something for your information—and this is from personal experience, not from mere hearsay. I advise the western farmer to keep in the live stock industry. There is a twelve dollar rate out of Montreal to England. Did you from Bow River say anything about it? Why not? There is a $10.85 rate out of Montreal for stockers, and if it was not for the depreciation of the British pound sterling and their clamouring in Scotland—but I don't want to talk about the Celt, I want to deal with these wheat growers. They have been troublesome all the way down from the days of Cain and Abel. You know that men came to the prairies and wanted to make their wheat farming a steam plough proposition. They would not look at a hand plough, they would not look at a team of oxen.

Mr. VALLANCE: I have used a team of oxen many a time.

Mr. MULLINS: The member for South Battleford (Mr. Vallance) knows the situation very well, he has had experience, and if he is broadminded enough he will be prepared to give credit to this side of the house for the five cent subvention. They wanted a steam plough proposition, and they tore the bunch grass all to pieces until the land is of no use.

Mr. VALLANCE: Might I suggest to the member for Marquette that if we go into live stock we will not get the five cent bonus?

Miss MACPHAIL: Keep to wheat growing.

Mr. MULLINS: I ask my friends opposite to read Mr. John W. Dafoe's book on the Life and Times of Clifford Sifton. Sir Clifford Sifton was one of the cleverest men who sat in this house. He tells us that when they took from the rancher the land south of the main line of the Canadian Pacific Railway they were wrong. The member for Acadia (Mr. Gardiner) knows that. They are working now on the weaknesses of the poor farmers. I think of the Weyburn district in the early days. I think of the day when the horse I was riding went into the cracks and nearly turned somersaults two or three times on my way to Weyburn and Yellow Grass. Take the country south of the main line of the Canadian Pacific Railway all the way from Swift Current to Medicine Hat, where I used to ranch. The settlers came in. God help them. I felt sorry for them. I told them "You cannot grow wheat in this country." But they went at it and ruined the land. I say to the Prime Minister "If you would use good judgment, move the poor settlers from that country to the country north of the main line, to the Peace River country." You may work your politics on the weaknesses of the poor fellow who is suffering on the land south of the main line of the Canadian Pacific Railway, but you cannot get much support if you come up to Marquette where the farmers are all engaged in diversified farming. Yes, I should like to read this letter that I received to-day.

> We have great cause to thank kind Providence for the blessings we have received during the year. We had a fair crop of wheat, but oats and barley were poor. We have confidence in the country—we have prepared lots of good land for next year. We had to draw on what we had saved during the prosperous years,—

Now, get this:

> We had to draw on what we had saved during the prosperous years. It is hard times on a great number of farmers around here, they are so much in debt.

Some hon. MEMBERS: Hear, hear.

Mr. MULLINS: That is quite correct. If the gold were all around their feet they could not pick it up.

Mr. GARLAND (Bow River): Read the rest of the letter.

Mr. MULLINS: Why do you laugh at these conditions? I know the conditions of the farmers on the prairies; I motored all over my constituency to observe them. The gentleman who sat here representing Marquette, Mr. Glen, sent up a whine and got behind a lady to send a challenge. He did not challenge me; he got a lady to write me a letter asking for a debate on better policies for western Canada. I will not get any woman to write—I will stay right out in the open. I will not ask any woman to write a letter, at a time like this, challenging anyone to a debate on better policies for western Canada. Now I want to finish this letter, which states:

> They never will be able to redeem themselves.

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: They put in their crop on the stubble; they are too lazy to plough it. They grow a mass of weeds, so how can they redeem themselves? I ask hon. members, will they ever get out of trouble? We have sow thistle and weeds all over the country because of poor farming, and then hon. gentlemen opposite try to make capital of it for the sake of party politics. I do not care if I never sit in the House of Commons again, but I came here to represent agriculture and I am going to do it fairly in spite of the man who got a country newspaper to write an article saying I travelled over Marquette at the end of a leash.

I did travel over the constituency of Marquette, and while doing so I stopped in to see one of my best Liberal friends in the town of Hamiota, the town in which my hon. friend from Provencher (Mr. Beaubien) lived. He knows the man very well. I sat with him one day interviewing farmers and finding out their problems in order to come to this house prepared to tell hon. members of the difficulties confronting the western farmers at the present time. While I was sitting there a farmer drove up in his car and said: "I want ten gallons of gasoline." My friend said: "Go out and help yourself." In how many other places could that have happened? The farmer went out and filled his car, and later came in and sat down to discuss his problems with me. I found out the true situation in western Canada, and then one of the newspapers in that district published an article saying there were men in one town in my constituency who could get only $1 a load for wood, which they had to draw seven or eight miles, and wondered if I understood the situation. Why, I sat on the corner of the sleigh with the man who had the load of wood, and discussed the problem with him. I sat there with him for one hour. That is

the situation, and hon. gentlemen opposite want to make capital out of it for the sake of politics.

Now let me speak on the question of relief. I have men in my constituency, though not a great many of them, who need relief. Let me tell you that Marquette is in fair shape financially, and Marquette thanks the government for what it has done with the five cent subvention. The government has come to the help of the farmers in that constituency. I have a list of the works the government are carrying on at the present time. I was surprised when I saw that list; I had no idea that all this was going on. The government have been fair to the people in that constituency in helping public works, and they thank the government.

Before I sit down I want to say that we shipped three cars of produce from Marquette to this area in southern Saskatchewan, the country that is supposed to be in such bad shape. Those goods were loaded in Marquette by horses. Understand me; horses drew this produce to the cars when it was being loaded, but at the other end it was unloaded by motor trucks. That is one of the things that is wrong. We make too much of motor trucks and motor cars, we need to go back to horses, and go a little slower. Some hon. member on this side of the house said that in 1925 Saskatchewan had 90 per cent of the mules in Canada in that district.

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: I am referring to four-legged mules. If the farmers will go back to mules and horses they will be better off. There is too much gasoline being used; there are too many tractors. There is too much exploitation of the soil, with the farmers ripping the fibre out of it. I listened to the ex-Minister of Agriculture (Mr. Motherwell) say, "We must have more fibre in the soil." That is right, but you drove out the men who were putting fibre in the soil; you drove out the real money-making industry of live stock, and it gave way to the farmers.

I am sorry for the farmers to-day; my sympathy goes out to them. I know of the hardships through which the farmer is going at the present time, but you cannot expect to rob the top six inches of rich, fertile soil, and then grow anything but weeds. Any man who has had practical experience, who has stood behind the plough and worked on the prairie, knows the truth of what I am saying. I ask the hon. member for South Battleford if that is not a fact. The fibre has been taken out all the way from Moosejaw to the Rocky Mountains. The land never should have been taken away from the ranchers; the leases never should have been cancelled. If you read the book written by John Dafoe you will find that Hon. Clifford Sifton made that prediction thirty years ago, and I made the same statement on the floor of this house in 1925.

I have taken up quite some time, and in concluding I wish to place one or two further statements on Hansard. To the farmers of the west I say, "Keep in the live stock and do not listen to these grain growers. Do not be carried away with the idea of growing wheat alone. You cannot live by bread alone, and you cannot live by growing wheat alone. Keep in the live stock, because the day will come when the markets will be opened and you will be able to ship to the British market. Prices will go up. It may be hard just now; you may be suffering from low prices, but from my years of experience I tell you to stay with the hog industry and the cattle industry. Feed cattle. If you read the old Bible you will find that the very best men in those days were in the cattle business."

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: Is that not true? When Joseph was introducing his brethren to Pharaoh, did he not say, "These are men of flocks and herds"? I do not know what to call those gentlemen who are trading on the misfortune of the farmers, but I cannot sit here and see that sort of thing going on without a protest. Some of these gentlemen will not learn a lesson no matter how much you preach, but they are all wrong, and my advice to the people of western Canada is to go in for mixed farming. That is my advice; I impress upon them, not to get a professional man at the head of affairs. I do not want to say a word against my lawyer friends, but I say this: Do not get a professional man behind your endeavours but get a man whose life has been forged on the anvil of experience; otherwise your efforts will end in failure. I say that to the head of this government, to Mr. Beatty and to everyone else.

What about the cow scheme in Alberta? Let me ask hon. gentlemen who come from that province—What about the Duncan Marshall cow scheme which cost Alberta so much? In Saskatchewan you have the same condition, and in Manitoba, a lot of agricultural students directing affairs. What did they do in connection with the Winckler cow scheme? That enterprise cost Manitoba many dollars, and what happened? I suggest that hon.

gentlemen go to Quebec and study the old traditions there. In Quebec, when the old father was passing away, he gave to his daughter—

An hon. MEMBER: A cow.

Mr. MULLINS: Yes, an immortal cow that never died. If you followed the old traditions of that province you might get somewhere in western Canada, but you will do no good by going around the country and talking about the weakness of the poor grain grower in southern Saskatchewan and Alberta. I have here some verses that appeared in the Manitoba Free Press, and perhaps it might be well for me to read them. I asked the editor of that paper why he published an article like that. I told him that I had devoted the best part of my life to the improvement of live stock and farming generally in an endeavour to get away from exclusive grain growing, and I could not understand why he would write an article like this. This is what he wrote:

Now comes a new Moses, whose vision is strong,
To tell me the growing of wheat was all wrong.
That only in bacon, eggs, butter, or meat
Will I find the rich fortune I lost growing wheat.

Dear Colonel, pray pardon us if we refuse
To take your advice, but just do as we choose.
We prefer to grow wheat, even if we "go bust,"
Than be swineherds, or chore-boys, as you say we must.

Those are the kind of people who are ruining the country. For the forty years I have lived in that country, since the days of the buffalo, and after that experience I can assure the house that the best offering to-day is the good half-section in western Canada or the 200 acre farm in Ontario. To the mortgage companies, I say, "Keep your hands off the poor man." Some farmers have been inclined to be extravagant and have speculated in the stock market, and a number of them have gambled in grain. The result is that they are now in a very difficult position and some of them have given me stock certificates, which I have brought with me. They are not worth the paper they are written on. These unfortunate people have handed me these stock certificates and asked me to try to get them out of their trouble. Why do they find themselves in this position to-day? They have no credit reserve. I met one of my French Canadian friends and I asked him, "How are you getting on, Napoleon?" He said, "I am doing fine." I asked him how it was that so many people were not doing as well as he was. He replied: "A good father came here from Quebec and told me to get a reserve right away in '25, and I make a reserve and I have it right now." I say to the farmers of western Canada: Create a reserve now and when conditions improve you will be ready to face the next depression if a depression should ever come again. I can remember, Mr. Speaker, when as a boy I threw a bag of silver into my grandfather-in-law's buggy. He was buying cattle. At that time he was buying American silver for 50 cents on the dollar, and buying live stock with that silver. To-day our dollar has depreciated to such an extent that when we sell a shipment of cattle we receive, owing to the present rate of exchange, from $7 to $8 per head less than we did formerly. That, of course, is a very serious condition, but we have passed through worse times than we are now experiencing. In the years from 1890 to 1895 we experienced conditions that were far more serious, and it exasperates me to see men sitting back in silence and refusing to speak the truth as they know it. I do sympathize with the man that lives around Weyburn and Yellow Grass; as regard that steam plough proposition, I can only say I am sorry for them.

I do not want to take up the time of the house any longer, but I could not help speaking out on behalf of western Canada, the land I love and which I have lived in since the buffalo days. I have seen prosperous times there and I have no doubt that prosperity will return; and in order that this may come about I say to the people there: Create a reserve so that you will be able to meet bad times if ever they should come again.

Mr. H. E. SPENCER (Battle River): I rise to take but a small part in the discussion of this resolution. Before I refer to the resolution itself I feel I must say something in reply to the speech which we have just heard from the hon. member for Marquette (Mr. Mullins). It ill becomes him or any other member in this house to cast a slur as he did on the hon. member for Bow River (Mr. Garland) on the score of that hon. gentleman's having seen the inside of a university. The hon. member for Marquette makes a boast of the fact that he has never been inside a university but was brought up in the hard school of experience. I need not say that anyone can see that the hon. gentleman was never inside a university. I take exception also to his insinuation with reference to the hon. member for Southeast Grey (Miss

Macphail). I have not the slightest doubt that what both the hon. member for Bow River and the hon. member for Southeast Grey have said with regard to their constituencies is absolutely true. The hon. member for Bow River happens to come from a part of Alberta where probably the people are going through harder times than are being experienced in any other part of the province, and in what he stated to the house he was giving the absolute facts. I say, therefore, that it ill becomes any hon. member from any part of the country to doubt another member's word when giving his views with regard to the constituency he represents. The hon. member for Marquette boasts that he has been in that country for forty years, but he forgets that many of us have been there twenty-five and thirty years and have as great a right as he has to speak for western Canada. I have got rather tired now of hearing the hon. member professing to speak solely for the farmers of the west. The speech he has just delivered was filled with contradictions. He claims that conditions are so good in his particular constituency that the people there are well on the way to prosperity.

Mr. MULLINS: The hon. gentleman is making an incorrect statement, I said nothing of the kind. I stated that the people were not in a good position. The hon. member is making that statement for his own purposes.

Mr. SPENCER: I have no desire to misquote the hon. member, but I will throw back to him the remark he made to the hon. member who sits behind me, that he was making his speech for political purposes. We all know the condition which prevails in Manitoba. We do not blame this or any other government but state simply that the conditions in that province are as bad as prevail in any other western province.

Mr. MULLINS: I agree with the hon. member.

Mr. SPENCER: The hon. member did not say that.

Mr. MULLINS: I did say that.

Mr. SPENCER: The hon. member did not lay stress upon the actual facts. Will he contradict the statement that in certain parts of Manitoba the price of barley last year was so low that it was burned in furnaces for heating purposes?

Mr. MULLINS: What part of Manitoba does the hon. member allude to?

Mr. SPENCER: I obtained that information from the daily press.

Mr. MULLINS: They used no barley for fuel purposes in Marquette.

Mr. SPENCER: Marquette must be in a better position than the rest of Manitoba. The hon. member speaks of the grain farmer as though he has no right to exist, as though he should not go into that type of business. I would remind him that more people in western Canada are carrying on diversified farming than those confining themselves solely to grain. The farmers who carry on straight grain farming do so because it pays. The hon. Minister of Agriculture (Mr. Weir) will not publicly advocate mixed farming as a panacea for all our ills. The farmer has just as much gray matter in his head as has any other man.

Mr. MULLINS: Absolutely.

Mr. WEIR (Melfort): The question under discussion was diversified farming; do not confuse the so-called diversified and mixed farming with balanced farming.

Mr. SPENCER: I do not quite follow the hon. minister. Those farmers in the prairie provinces who can go in for diversified farming are doing so. No man in his senses will destroy his farm for the fun of it, and it ill behooves any hon. member to increase the misunderstanding which exists unfortunately between eastern and western Canada by furthering the belief that farms are being destroyed through carelessness. When one considers that hogs fetch from 2 1-2 to 3 cents per pound, that cattle bring half the price they did two years ago, that butter is as low as 15 to 17 cents per pound as it was when I left Alberta, that eggs were selling at from 8 to 10 cents per dozen in the middle of this winter, he will recognize that there is not very much in mixed farming. I have spent sufficient of my time in replying to the speech of the hon. member for Marquette (Mr. Mullins), but I felt I could not let his statements go unanswered as I considered he was very unfair, not only to hon. members on this side of the house but to the general farming communities of western Canada.

Statements have been made by hon. members who come from drought stricken areas. I happen to be fortunate enough to come from an area which was not stricken but which had an average crop of from 23 to 25 bushels per acre. However, certain areas were destroyed by hail, and it is in this connection that remarks apply directly to the resolution now before us. As everyone knows, grain this year

is being produced at a loss. Some farmers had their harvest ready to cut when they were visited by hail; they had gone to the expense of producing the crop and just before they put their binder in the field or just after they had started cutting the hail swept down upon them. These farmers were left in the position of having gone to all the expense of raising a crop and then having practically nothing to take off. Having had their crops destroyed, they could not take advantage of the five cent bonus granted last year. A petition signed by a large number of farmers in the hail-swept areas was sent to the Department of Agriculture requesting action similar to that mentioned in the resolution. There is no doubt that something should be done in cases where all the expenses have been incurred and the crop destroyed just at maturity either by hail or other causes. No farming community which at any time finds great difficulty in making both ends meet can withstand this added difficulty.

Taxes have been coming in very slowly the last few years, but still less will be collected this coming year in such hailed areas. I do not think it is necessary for me to go into the details of this situation as they have been covered very fully by the hon. members for Southeast Grey (Miss Macphail) and Bow River (Mr. Garland).

In reply to the contention put forward by the hon. member for Marquette and others that stockraising is the one thing which will bring prosperity to the farmers, I would state that I know of one association shipping cattle to Great Britain which has lost no less than $19,000 during the past few months because of the difference in exchange. Whenever the hon. member for Marquette rises to speak I always think of a certain type of man often referred to in western Canada, not a farmer but one who farms the farmer. I venture to state that if the hon. member is well off in this world's goods, and I believe he is, he has not been brought to that position because of what he actually made off the farm, but rather because of what he made off the farmer, possibly through selling large tracts of land to new Canadians. I mention this simply because it is time the condition of western Canada was recognized for what it is; Canada cannot afford to allow the great industry of agriculture to go down as it surely will do if something is not done to rectify the conditions under which we are living to-day.

Mr. MICHAEL LUCHKOVICH (Vegreville): Mr. Speaker, the hon. member for Marquette (Mr. Mullins) objected to this corner of the house because of the way they scratched their backs and howled; and out of the corner of his eye he looked at the hon. member for Bow River (Mr. Garland) and, I think, referred to him as the howling demagogue from Jerusalem. I understand the hon. member for Bow River was born in Dublin, Ireland, and if that be so, he is the first Irishman who ever came out of Jerusalem. I believe, however, the hon. member for Marquette arose in his place to deal with this matter in a humorous vein rather than in the vein that has been suggested by this resolution, which is a specific one dealing with a specific subject. Most of the hon. members who have spoken during the past hour and a half have spoken about everything but that which is contained in the resolution.

The resolution refers simply to those farmers who were hailed out or who, through some other act of God, were unable to secure any advantage out of this five cent bonus that was legislated here last year. I do not rise to discuss the principle of the bonus or to support that principle; what I do wish to speak of is the inequitable manner in which the farmers of the west have been treated with respect to this legislation. Yesterday I asked an hon. member who, I believe, is a very brilliant lawyer, the hon. member for Regina (Mr. Turnbull) what he thought about the bonus. He said that the bonus is nothing but a subvention to the farmer. I asked him whether he thought the bonus was a relief measure and he said that the bonus under no circumstances was legislated in this house as a relief measure. I cannot understand the difference between a bonus and a relief measure. If an industry in this country is in bad straits and needs help, the government gives it a bonus. Why give it a bonus if that industry is not in bad straits? On the same grounds if agriculture were not in bad straits, why should we legislate to give five cents for every bushel of wheat raised on the western prairies last year? In that respect I consider this five-cent piece was a relief measure to the farmers in the west. It was a relief measure to the extent that there was a great disparity between the price the farmer was getting for his products and the price he had to pay for other goods and services. It was an aid to the farmers of the west and in my estimation it certainly was a relief measure to aid those farmers who were not receiving an adequate price for their wheat.

The hon. gentleman referred to some hon. members as university graduates, or as men who scratched their backs on the walls of a university. If scratching one's back is necessary, I do not see any difference between

scratching one's back on a university, or a church or a hall, or on the gatepost of some farm.

I have under my hand a resolution which was passed in my own district and which reads:

Whereas, all the hailed-out farmers are in the poorest financial position of any other Canadian farmer; and

Whereas, we will ultimately have to pay to the dominion treasury our share of the bonus now paid per bushel of wheat; and

Whereas, the bonus does not relieve the farmer who was hailed out and went to nearly as much expense in growing a crop; and

Whereas, this bonus had incurred an added burden on such farmers in that they have to pay five cents extra for all feed and seed; and

Whereas, the purchasing power of said farmers has been reduced to worse than nothing by reason of said disaster; therefore be it

Resolved, that the federal government make arrangements to pay a bonus of one dollar per acre on the hailed-out acreage of wheat and that such acreage be determined from the 1931 census returns.

I repeat that the question is not so much on the principle of the bonus as on the application of it. If the hailed-out farmer is not going to receive any benefit from this five-cent piece, I should like to know what alternative there is for those farmers who have been hailed out? In my district, to the south of me, there is a stretch of territory about 100 miles long and ten miles wide that has been hailed out; in the north there is another stretch of territory 100 miles long and ten miles wide that has also been hailed out. The people in those areas are receiving absolutely no benefit from the legislation parliament passed last year. I do not think this is fair to those farmers who, through no fault of their own, have no crops to take to the elevator and therefore do not receive the five-cent piece for each bushel haled there. I believe, in lieu of this five-cent piece, in lieu of this aid, the people who have been hailed out are entitled to some alternative to the legislation which was passed last year.

Mr. V. C. PORTEOUS (North Grey): Mr. Speaker, I agree with the previous speaker, that much of the discussion has centred, not on the bonus but on other points that have arisen in the debate on the resolution which is at present before the house. The reason why last year legislation was enacted providing a bonus of five cents on wheat was that there were several complaints as to the price of wheat. I should like to direct the attention of the house to the fact that the price of wheat has materially increased in the last year, and I believe that average increase is in the neighbourhood of fifteen cents a bushel. I should like to point out also that during that period other agricultural products have decreased in price. Therefore if the wheat grower is to be bonused, other producers of agricultural products should also be bonused. We have heard complaints from northern Saskatchewan because they were not in relief districts; we have heard complaints from southern Saskatchewan because they did not receive a bonus, but so far as the debate has proceeded on this resolution, we have not heard complaints from the vast majority of the farmers in the rest of the dominion.

The question of relief has been spoken of in connection with this resolution. I am not in a position to comment upon that except that I believe that relief should be given in any area where there is no crop and where the farmer of necessity needs relief. As regards bonuses, I am not in favour of them, but if we are to bonus one branch of agriculture, we should bonus all branches of agriculture which are suffering just as much as the wheat grower. We should not single out the wheat grower and give him a bonus while the man who grows oats or other grain is not bonused. If the government is contemplating any further legislation in that regard the bonus should apply to all branches of agriculture and to all parts of the dominion.

Mr. W. G. WEIR (Macdonald): I am very sorry that the hon. member for Marquette (Mr. Mullins) has left the chamber. I hope he will avail himself of the first opportunity to make in his own constituency the same address that he made here this afternoon. Might I add that I am sure the opportunity will be afforded him almost any time at his convenience, and if there is any hiding to be done, I think it will be my hon. friend who will do it. In his discourse this afternoon he quite conveniently left out that part of his speech he usually makes where he takes around with him his cream can. I must confess that I cannot see that his speech had anything to do with the matter that is really under discussion this afternoon, namely, the application of the five cents a bushel bonus on wheat.

I listened yesterday to the very fine distinction made by the hon. member for Regina (Mr. Turnbull) with respect to the application of the five cents a bushel bonus on wheat and the giving of direct relief. If I understood him correctly, he placed the five cents a bushel bonus on one side, as applying to one particular need, and direct relief on the other, for another purpose. I have no objection whatever to that division. In fact, I think

that is exactly how it has worked out. So far as the farmers of my own constituency are concerned they were mighty glad to receive the five cents a bushel bonus cheque with the signature of the Prime Minister upon it—that is, those who got it. But the problem is in taking care of the class of farmers who had some crop on which they could receive some money by way of the five cents a bushel bonus, as contrasted with the class of farmers dependent on direct relief. I could name a large number of farmers in my constituency who this year did not thresh as much grain as they sowed last spring. I could name other farmers who got less than 1,000 bushels of all kinds of grain from a half-section of land. This class of farmers could not participate in the five cents a bushel bonus on wheat simply because they had to keep all their grain for feeding purposes; nor on the other hand can they claim that they had a complete crop failure. I doubt very much if a crop that yields 1,000 bushels from a half-section is of any benefit at all. It might just as well be regarded as a complete crop failure. At the present time I know of several farmers in my constituency who are hauling two year old wheat straw for feeding purposes a distance of eight to twelve miles. I am told that along a certain highway running about twenty-five miles, thirty dead horses can be seen from the road. The local veterinary tells me that he has never before had as many calls to attend sick horses as he has this winter; and he attributes the sickness to lack of feed.

Unfortunately, Mr. Speaker, we had an invasion of grasshoppers in our district last year. They covered quite a large area and did considerable damage. I am not sure that we really know how much damage they did to our grain. Whether or not these grasshoppers damaged our feed, such as we have, particularly roughage, to any great extent I do not know. The fact of the matter is that such feed as our district has does not seem to have substance, with the result that we are not getting results from the feeding it.

I have in mind also another district which previous to two years ago had really three successive crop failures, not from drought, not from drifting, but, as hon. members may be surprised to learn, from flooding. Here is the situation in that area. They had a fair crop last year and again this year, and on this year's crop they secured the five cents a bushel bonus, but having had two or three successive crop failures previous to that, and with the low price of grain prevailing, they are hardly in any better position than if they had had no crop at all this year. If these farmers had had a complete crop failure they would have been able to participate in direct relief, but as they had some crop, they must simply carry on as best they can, and I can assure you, Mr. Speaker, that they are not carrying on very well. The farmers I speak of are between the divisions which the hon. member for Regina has described. They had a little crop, so it cannot be said they had a complete crop failure, but they did not have sufficient crop on which they could sell any appreciable amount of grain from which they could get the benefit of the five cents a bushel bonus. They have no money, they cannot borrow any. The municipalities in which they live are not in a position to assist them, and are certainly unable to meet the situation. More than that, the provincial government is not in a position to materially assist them. The particular municipalities that I have in mind—and I hesitate to refer to this—a year ago only collected something over 50 per cent of their taxes, and last year only in the neighbourhood of 30 per cent. It is very easy to see therefore that they are quite unable to meet the situation.

I have been in touch with the Minister of Agriculture (Mr. Weir) on this matter, and I am satisfied that he realizes the situation that prevails. I know it is a very large problem, one with far-reaching effects, but I do want the house to appreciate the disadvantage suffered by the man who is in between the one who can qualify to receive some benefit from the five cents a bushel bonus and the man who has had a complete crop failure. He is in a very difficult position, and I know of my own knowledge that in many cases he is not able to carry on and put in a crop, let alone maintain his live stock until the grass grows, unless he receives some form of assistance. It is necessary to have feed shipped in from a distance, carload lots of hay and grain, and the freight charge increases the price about 30 per cent. Surely there is some opportunity for relief in that direction.

I hope before this debate closes the Minister of Agriculture or some member of the government will be able to tell the house of some policy which the government is prepared to adopt to relieve the situation which I have described. It is essential that something be done, and if we can look forward to some definite policy to meet the situation I for one will certainly give it my wholehearted support.

There is another matter in connection with the five cents a bushel bonus on wheat to which I might refer. We in the province of

Manitoba produce ordinarily about 50 per cent, roughly speaking, of the barley grown in western Canada. That is an important item with us. Barley is one of our main cash crops, yet we are not in a position to receive anything in the way of a bonus on barley when we come to ship it to other parts of Canada. We also find that the freight rate is such that we cannot ship it locally without being subjected to excessive freight costs. It is more to our advantage to ship it for export rather than for domestic use. That is the situation, and I think it is only fair to say, although I do not want to draw any distinction, this five cent per bushel bonus on wheat in reality acts more to the advantage of Saskatchewan and Alberta than it does to Manitoba.

Mr. Speaker, I think the federal assistance to our western farmers would have worked out much more equitably if it had been applied on the basis as suggested in this resolution, and for that reason I shall lend it my support.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I agree with what the member for Vegreville (Mr. Luchkovich) has said, that very much of this discussion has been entirely outside of the matters referred to in the resolution itself. It is not my intention at this time to enter into a discussion of the general situation that confronts agriculture. I hope that we shall have an opportunity of doing so before the close of the session.

So far as the five cent bonus is concerned, I do not think there was any particular need for members on the other side to come to the defence of the government in regard to it. It was not opposed by any member on this side of the house, and so far as those who received the bonus were concerned, I am certain they received it gladly. So far as I know the question was not discussed by any bodies of organized farmers in Manitoba. True, at the annual convention of the United Farmers of Manitoba we did make a very clear declaration that we did not accept the five cent bonus as a "compensating adjustment," as the Prime Minister (Mr. Bennett) referred to it a year ago, for certain other disabilities under which we labour. I tried to make that point clear in the house a year ago. We accepted the five cent bonus as an earnest of the willingness of the government to help the western farmers to bear the very serious losses that they had incurred during the last two or three years.

I do not think it was worth while making any fine distinctions—such, for instance, as the member for Regina (Mr. Turnbull) made —between the five cent bonus subvention to the growers of wheat and the relief measures that were necessitated in other parts of the province. I hope at some future time the Minister of Agriculture (Mr. Weir) will develop his argument and tell us what the distinction is between mixed farming, balanced farming and diversified farming. I shall listen with a good deal of interest when he expounds his views on the matter. Foolishly I had thought those were three different terms for the same thing. However, perhaps my mind is not capable of grasping those very fine distinctions.

I am sorry that the member for Marquette (Mr. Mullins) is not in the chamber, for I received a message from a friend of mine the other day that I should like to deliver to him in the hearing of the house.

I think we should turn our thoughts definitely to the resolution before the house. It seems to me that if we keep our minds fixed upon it we need not carry on the discussion at very great length. Undoubtedly the particular measures of relief that the government adopted last session have not worked out equitably. I do not think it needs any argument to prove that. There are farmers in the northern part of the prairie provinces who reaped large harvests, and they got their five cents per bushel bonus. It is not at all to the point for the member for Mackenzie (Mr. Campbell) to say that even that bonus did not put farming on a profitable basis. To carry out his argument logically, it would be better if the farmers had small crops instead of large. The district I represent is in the same condition as the district represented by the hon. member for Macdonald (Mr. Weir). It is an open question whether a crop that barely pays the cost of harvesting places the farmer in any better position than if he had a complete crop failure. I have seen crops hailed out, and the farmer in grave doubt as to whether it would pay the cost of harvesting. Everybody who has farmed and who has had experience of hail damage knows that. In very many cases when the farmer has harvested his hailed crop he has found he would have been very much better off had he not touched it at all. This is true of the situation that prevails in many sections of Manitoba—not a complete crop failure, but so close to it that the crop itself did not pay the cost of harvesting.

The situation that confronts us, as the member for Macdonald has pointed out, is that a very large number of farmers find themselves short of feed, their horses and cattle are dying,

and up to the present, wherever the fault lies, they have not been able to get any measure of relief. As a result in the coming spring many of those farmers will be unable to provide themselves with the necessary feed and seed in order to put in their crops. I visited the centre of my constituency a short time ago, and there met forty or fifty farmers at an afternoon meeting. They laid their case before me very fully. It is a comparatively small district, but they told me that they would need in the neighbourhood of twenty-five hundred bushels of wheat, oats and barley for seed, and about six thousand bushels of oats in order to feed their horses while they were putting in their crop. As has been pointed out, the municipalities are not in a position to give that assistance. Before I left for Ottawa I made it a point to get in contact with the secretaries of the municipalities, and I would judge that even the best of them had not up to the first of January been able to collect more than forty per cent of their taxes. One municipal secretary wrote to me that they had $75,000 of unpaid taxes on their books, and owed the schools $50,000. So it is no use looking to the municipalities to provide relief. Neither is it any use to look to the provincial governments, for they are now at their wit's end so far as finances are concerned. I fully realize that even the Dominion government could not borrow enough money to recoup the farmers for the losses they have sustained during the last two or three years. Still the Dominion government, more than any other governing body, is in a position to afford some measure of relief, and this is a situation we must face. It is true that it will be a measure of relief to the individual farmer, but it is also a great national question which this parliament should consider. As far as possible we should give such help as will ensure that the land which properly should be seeded in grain will be so seeded. At the moment it may seem that the raising of wheat is being carried on at a loss, nevertheless it is true and will continue to be true in the future that the wheat crop is the one thing above all others on which we must depend for the prosperity not only of the western farmer but of all lines of industry east and west, since the sale of the wheat crop in late years has been our one source of new wealth.

So, Mr. Speaker, I think I shall content myself at the moment with emphasizing these points and lending my support to the resolution which has been presented to the house, the effect of which I think is perfectly well understood. The giving of the five cent bonus has not worked out equitably with regard to all classes of agriculture, while the granting of relief on an acreage basis, though more difficult to administer, would work out in a more equitable way. I have no criticism to offer of the way in which the five cent bonus was administered; I do not object because the landlords were not able to get the advantage of that bonus. Indeed I think that was a very wise provision. The suggestion was made from this side of the house last year that care should be taken to see that none of that money went into the hands of the mortgage companies or banks; I think the hon. member for South Battleford (Mr. Vallance) particularly emphasized that point. It may be true—and in fact I know there were individual cases—that certain landlords should have received a part of the bonus, but to have carried out that plan would have meant the investigation of every individual lease, which in the very nature of things was impossible. So I freely admit that nothing else could have been done in that respect than was done.

That is all I desire to say at the moment, Mr. Speaker. At some future time I will avail myself of the opportunity to discuss in a more general way the conditions of agriculture and the means of affording relief.

Mr. J. L. BOWMAN (Dauphin): Mr. Speaker, until a moment ago I had not intended to say anything with respect to the resolution now before the house, but the concluding remarks of the two previous speakers seem to have indicated the attitude of the house with respect to this question. After all, the giving of this bonus is a matter of business administration, and if the house is to adopt a different method of giving assistance to the farmers of the west, that method must be based upon some scheme which can be administered by the government.

At the outset I must say that I am quite in accord with much that has been said by the hon. member for Macdonald (Mr. Weir) and the hon. member for Lisgar (Mr. Brown). I am quite free to admit that the five cent bonus is not perfect. The government did not expect that it would be a perfect measure of relief to the farmers of western Canada. When the bonus was put through it was felt that it would meet, as well as any other method which had been suggested, the need it was intended to meet.

I agree with the hon. member for Vegreville (Mr. Luchkovich), who said that the discussion this afternoon had taken in matters far beyond the scope of the resolution. But he went on to say that the resolution before

the house was specific in character, and with that statement I entirely disagree. I cannot imagine a more vague or indefinite resolution being submitted to any legislative body. There is absolutely no suggestion in the resolution as to how this particular bonus is to be substituted for the five cent bonus. The hon. member for Macdonald closed his remarks by suggesting that the Minister of Agriculture should see that something was done. The hon. member for Lisgar, in concluding his remarks, stated that such help should be given as would ensure that the land which should be seeded to grain next year would be seeded, and throughout the different speeches that have been made on this subject we find this vagueness which I should think would make the resolution unacceptable to the government of the day.

After all, if the government is to pay out a large sum of money it must be done on some definite and distinct basis. In the resolution there is no suggestion that the new bonus, subvention or measure of relief, whatever you call it, should be based on the wheat crop. It is left very indefinite; the bonus is to be given to those farmers suffering from failure or near failure of crop. I am quite in accord with what the hon. member for Lisgar said this afternoon, that it cost those who harvested their crop more than it would if they had never cut it but simply left it in the field.

How, I would ask, is the government to estimate the difference between failure and near failure? Again, if the government is to change its plan and adopt another method of bonusing, what particular sort of failure is to be taken into consideration? Is it intended to cover the farmer who has sown his land to wheat only, or is it to cover the farmer who has sown his land to oats and barley? In the province of Manitoba the barley crop is most important. For the past year it has not been a successful crop, and the farmers have suffered a great loss. Is this resolution intended to apply to such a farmer? I submit that if the resolution is passed, it will apply to him. More than that, it opens up this whole tremendous problem, so that the farmer, no matter what branch of the industry he may be in, will be coming along asking for relief.

An hon. MEMBER: Why not?

Mr. BOWMAN: That is quite proper, but mind you we are dealing with the 1931 crop. Take an individual farmer who has had a partial crop failure: How are you going to indicate what the percentage of his failure is? Or what portion of the dollar an acre or any other scheme which may be decided upon is that farmer to get? How are you going to figure it out at this late date? It seems to me that if the government adopted a scheme such as is here suggested it would cost millions of dollars to put it into operation, to get the necessary information, and to make payment on the basis of any scheme suggested by the resolution.

So far as Saskatchewan is concerned, I have nothing to say but this, that whatever relief may be given to the southern part of that province I am sure the rest of the dominion will be only too glad to pay its share. To any other part of western Canada which may have suffered from drought or hail large sums of money will have to be paid in direct relief. Large sums will have to be paid to provide seed, and it does seem to me that while the five cent bonus has not reached those farmers, nevertheless the direct relief which it will be necessary to pay will compensate, and in a great many cases more than compensate, for the five cents a bushel. I believe it was the hon. member for Weyburn (Mr. Young), who said, speaking of that area, that all the farmers in the district were on relief, and the figure he gave was 50,000 farmers. I understand it has been estimated that some six or seven million dollars will be required to provide seed. Perhaps I omitted, in the proper sequence of my remarks, to refer to the statement made by the hon. member for Peace River (Mr. Kennedy) that only land in fit shape for putting in crop should be considered. If we take that statement, how is the government at this date to decide, with respect to 1931, just what land in fit shape for crop is to be taken into consideration? I am sure that all hon. members on either side of the house representing rural western constituencies would be only too glad to get together and if possible devise some different bonus which would perhaps be made acceptable than the five cent bonus. Personally I should be glad to support anything of the kind, but up to the present time no better method has been suggested. The five cent bonus policy has been acted upon and at this late date I do not see that the government could adopt an entirely different policy, and one upon which no two members of the house seem to be agreed. The adoption of this resolution by the house would do nothing more than throw the matter open again; that is the only effect it would have.

There is absolutely nothing definite in the resolution. No definite proposition was suggested by the hon. member for Assiniboia

(Mr. McKenzie) when he made his speech. He filed a resolution which had been passed by one of the farmer parties in Saskatchewan, and in view of the fact that this immense problem would be thrown open once more, it seems to me an absolute impossibility for the government to adopt the scheme proposed if in fact one is suggested. For that reason and that reason only I cannot see my way clear to support the resolution, much as I should like to support any resolution which would deal more equitably with this question or with the problem of the western farmer.

Mr. ILSLEY: Is it the hon. gentleman's interpretation of the resolution that it refers only to the 1931 crop?

Mr. BOWMAN: Yes.

Mr. ILSLEY: I took it that it applied to the future.

Mr. BOWMAN: No. I was not clear on that point myself and I sent a note across to the hon. member for Assiniboia (Mr. McKenzie) who replied that it referred to the 1931 crop. Consequently my argument is along that line.

Mr. M. F. HEPBURN (West Elgin): As one opposed to the application of a bonus of any kind so far as it applies to basic production, I want to say a word or two before voting on this resolution. To-day we are suffering from world wide overproduction due to the application of just such policies as the one here proposed. As a matter of fact, I should like to vote for the abolition of the five cent bonus entirely. We are suffering from overproduction because of acts like this one which we are asked to pass upon. Some people will say we have underconsumption, but we have overproduction so far as the basic producer is concerned so long as he is not getting cost of production. Take any basic commodity and trace the history of its marketing for the last few years and you will find that the low price is attributable to interference by meddling politicians with the law of supply and demand.

Some time ago I spoke with regard to the abrogation of the New Zealand trade treaty and I referred to what was happening in connection with the sugar industry. There, I pointed out, was an industry which had the advantage of every possible protective tariff and bonus; but to-day the price of sugar is about 1⅜ cents per pound so far as the basic producer is concerned, and that is due to the application of an unsound economic policy. What is wrong with wheat to-day? What is the reason for this low commodity price? It is due—and I say this in all kindness—to the action of some of our western friends with respect to the western wheat pool. That pool was formed primarily for the purpose of maintaining an orderly system of marketing, but instead of that the whole pool went off on a tangent and endeavoured to take out more than it put in. It disregarded the law of supply and demand and bolstered up a false price for wheat. The price was maintained as long as the pool held the wheat off the market; but unfortunately for the pool, simultaneously across the line a similar effort was made to disregard the law of supply and demand, although by a different method. President Hoover, who made promises similar to those made by the right hon. the Prime Minister (Mr. Bennett) during his campaign, promised the wheat farmer a higher price for his commodity, and in an endeavour to fulfil his promise he permitted a large quantity of wheat to be kept off the market. The upshot was that between Canada and the United States we held something like four or five hundred million bushels of wheat which should have been put on the market in an orderly way, with the natural result that there was a world increase in the price of wheat. But the price was maintained only so long as we adhered to an uneconomic policy of holding marketable wheat off the open market. Other countries took advantage of the high price created by our action and sold their wheat. We held back and finally had to dump our wheat on the market, and this simply brought about chaos. It was our own fault entirely. With this condition of overproduction, does any reasonable man think that the solution is to bonus production and further aggravate the situation?

My hon. friend from North Grey (Mr. Porteous) mentioned the dairy farmer. In my district the dairy farmer gets 16 cents a pound for his butter, which is below cost of production. He is therefore as much entitled to a bonus out of the public treasury as the western wheat farmer, but I do not advocate any such unsound economic policy. If we have an overproduction in dairy produce, and obviously we have, the cure is not to stimulate production and thus probably aggravate the situation.

Let us look at the situation from another angle. Governments only have one source of revenue, they must tax from the pockets of the people. Admittedly we have an overproduction, but that condition is world wide and the struggle for markets is becoming fiercer. The countries which will be put out of competition in this process of elimination—we

must have a process of elimination to get back on sound economic ground—will be the countries with the highest cost of production. When we dip into the treasury to the extent of $11,000,000 or $12,000,000 and distribute that amount in an effort falsely to bolster up the production of a commodity with which the markets of the world are now glutted, we are doing an injury to the country as a whole and to the wheat producer in particular.

I do not know just how I can vote on this measure. I am sorry it emanates from this side of the house because I had hoped that we would get back once again to good, sound economic grounds. The meddling politicians who have interfered with the law of supply and demand have created this condition of chaos. I believe the only thing left for me to do is to vote against my hon. friend's motion, and, should the opportunity present itself, I intend to vote against the principle of granting a bonus to any basic commodity.

Mr. J. A. FRASER (Cariboo): Mr. Speaker, I desire to express a word of appreciation of the extension of the bonus on wheat to the Peace river block in British Columbia. I assure the house that the people in that district appreciate the payments which have been made to them. The crop there has been quite abundant, but because of the distance from export markets a substantial amount of the value must be paid in transportation charges, and the five cent bonus has been of considerable help. The people there have asked me to express to the government their appreciation of this bonus.

Mr. J. B. SWANSTON (Maple Creek): Mr. Speaker, the resolution under discussion reads in part as follows:

> Therefore be it resolved: that in the opinion of this house the government should give immediate consideration to a more equitable and less discriminatory solution of this problem.

The resolution does not suggest any new method of meeting the difficulty. Certain portions of the constituency of Maple Creek were able to produce small amounts of wheat, and naturally those farmers who were able to grow some wheat are very appreciative of the bonus. However, along with others, I was unfortunate enough not to be able to produce any wheat; therefore I received no benefit from the bonus. At the time the budget was brought down on June 1 we had no idea that there would be a crop failure. Later on in the session, when we found that a crop failure would occur, the western Conservative members interviewed the government to see if the bonus could be put on an acreage basis. We were told that there were difficulties which could not be surmounted and that it would have to continue as a five cent per bushel bonus.

With reference to the suggestion that a dollar per acre be paid, I know that the people in the territories which were dried out and where there was no crop will be quite willing to accept anything. If, after carrying the burden of relief and supplying seed for this year, the government can see its way clear to give us one dollar or more per acre, I am sure it will be greatly appreciated.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, in continuing for a brief time the debate on the resolution moved by the hon. member for Assiniboia (Mr. McKenzie) I intend to refer to the remarks of a number of the previous speakers.

I could not hear the remarks of the speaker who immediately preceded me, but I did hear, and with considerable satisfaction, the short speech of the hon. member for West Elgin (Mr. Hepburn). He stated that the wheat pools of the west interfered with the economic law of supply and demand. That is the usual argument against the wheat pools of western Canada; but as one who has given consistent support to these pools, both on the platform and in my own press, I feel it necessary to point out that the leading men in the pools, especially in Saskatchewan, state that as far as they were concerned they never held wheat off the market. When there was a market for wheat, they were on the market, and the one outstanding principle of the wheat pools is to keep the market from being flooded and thus placing the farmer in the position of receiving nothing of value for his wheat crop. The pools operate to regulate the market, not to interfere with the economic law of supply and demand. Although the wheat pool of Saskatchewan is still in difficulties, as far as the elevator end of it is concerned it will repay every dollar owed to the provincial treasury.

The hon. member for Dauphin (Mr. Bowman) has asked: why open up the question? That would seem to indicate fear on his part; he is afraid to open up the question in order to solve it. I do not think that is statesmanship. Statesmanship has very little fear in it; it generally has an objective, as far as the nation is concerned, and it goes forward to work out that objective. If this legislation is inequitable, if it is unfair and unjust, the government should come to the rescue and make it fair and just. There should

not be any dread about opening up this question; the man who dreads opening up a question or facing the serious problems of life does not amount to much. If that is the conclusion arrived at by hon. members of this house, that we will not touch this thing because we are afraid of it, then we really do not amount to much as law makers—we are scarcely fulfilling our duty as fearless representatives of the people.

May I say I listened with interest to the remarks of the hon. member for North Grey (Mr. Porteous), my native county. He said he did not believe in the bonus system, and neither do I. I believe that to be a false principle in government. But the reason we have bonuses and other such artificial adjustments is because of the national policy which is and has been supported by my hon. friend. Because of the restrictive, high protectionist policy of hon. members opposite, we have arrived at such a condition of affairs in this country that we have to tell the world that it is necessary to bolster up the dominion and the different provinces by bounties and bonuses, in order to hold the nation, Canada, together. We have to resort to subvention after subvention in order to try to unify Canada. That is the Canada first policy of hon. gentlemen opposite. The thing is preposterous; it is not a product of simple common sense. We shall get nowhere with that. The only thing to do is to lower the extreme tariffs of the world, modify the extremist tariff policy of Canada, get away from these bounties, bonuses and subventions, get down to hardtack, face the situation as we have it to-day in the dominion and rectify what has been done wrong.

The hon. member for Long Lake (Mr. Cowan) has given us a dissertation upon financing. He tells us that in Saskatchewan the financing of this relief measure is well done. Fancy a Conservative standing up to-day in the House of Commons and discussing financing! What is the situation? While the Liberals were in power for eight or nine years, they reduced the national debt by around $300,000,000 and cut down the national interest bill by $10,000,000 or $15,000,000. What have the Conservatives done in the last two years? They have put us back where we were ten years ago. They have gone into debt to the extent of over $300,000,000. That cannot be denied, because they have borrowed more than $300,000,000 in the last two years and have increased the interest bill of this country by millions of dollars. Yet we have the spectacle of an hon. member from Saskatchewan standing up and voicing financial defence of what is being done in that province in the way of relief. As regard this measure of relief in Saskatchewan, the general opinion is that it is political from A to Z.

Some hon. MEMBERS: No.

Mr. McINTOSH: Just a minute. I know my hon. friends opposite are trying to defend their policy in Saskatchewan because there is one Liberal on the relief commission, but the man, if he be a Liberal, who is on that relief commission, does not represent the Liberals of Saskatchewan; he represents the banks. That is all he does. Even if the government has one Liberal on that commission, that is no argument that everything is satisfactory about it. I believe, as regards the administration of relief in Saskatchewan, the commission to a large extent is really trying to do its best, but when you consider that every relief agent appointed by that commission has been appointed by an out-and-out Conservative, you can have an idea immediately how the outside work in the way of administering that relief in Saskatchewan is handled.

Mr. WEIR (Melfort): Does the hon. member suggest that every relief officer in Saskatchewan is a Conservative?

Mr. McINTOSH: I did not say that. What I said was that the man who appointed them was a Conservative. You can draw your own conclusions. It is not necessary to go into his history. If you need it, it may come at some future time.

Mr. BEYNON: It was the commission who appointed these men.

Mr. VALLANCE: The government lent him to the commission.

Mr. BEYNON: No. One of them I know was nominated by the Hon. J. G. Gardiner, ex-Premier of Saskatchewan.

Mr. McINTOSH: I notice my hon. friend does not know very much about the matter.

Mr. BEYNON: I know more than my hon. friend does.

Mr. McINTOSH: Well, if you do you have not given expression to it. Coming to the hon. member for Marquette (Mr. Mullins), he talked eloquently this afternoon about mixed farming or balanced farming, if you like to call it that. I am not in balanced farming, but I have worked on a farm. I earned on a farm money that helped to put me through school. My father was a farmer, a pioneer in eastern and western Canada. From both sides of the family I am of agricultural stock and I am not ashamed of it. So far as

defending the farmers and fighting their battles is concerned, it is not necessary to be a dirt farmer to be able to do that. A university man like the hon. member for Bow River (Mr. Garland), for instance, can defend the farmers just as well as if he never saw a farm. It is true he is a practical farmer too, and that does not do him any harm. But the hon. member for Marquette goes out of his way to put before the house practically the idea that it is unnecessary to have an education. There is the interpretation of Toryism at its worst. There is a representative conception of what the Tory party stands for—darkness, not light. When you get a man representing a western riding telling parliament and the people of Canada it is not necessary to have a college education, it is not necessary to have any education to defend the farmers—

Some hon. MEMBERS: No, no.

Some hon. MEMBERS: Oh, oh!

Mr. McINTOSH: Yes, I know hon. members laugh, but let them laugh at the man who made the statement. I am simply stating his argument; I am not making the statement; I am laughing at it. I always thought education was power; that education meant the development of mental power. It would appear that as yet the hon. member for Marquette does not understand that. If a man has not some mental power, how is he going to adjust himself to mixed farming, live stock raising, producing pigs, horses, mules, jack asses or anything else? It cannot be done. We shall have to leave it to the hon. member for Marquette to make a success of these various activities.

Perhaps I had better get down to saying something about the resolution. After the theatrical performance we have had from Long Lake and Marquette this afternoon on making the production of mules, asses, other live stock and so forth, attractive or profitable, it might be well to tell the house that so far as the constituency which I have the honour to represent is concerned, we grow wheat, we grow practically every other cereal product; we are in the live stock business; we are in dairying; we have lumbering and fishing and we have every requirement in the way of building up a district that is possessed by any other part of Canada.

Mr. BEAUBIEN: Do you produce any mules?

Mr. McINTOSH: Not yet. We are going to import the hon. member for Marquette to show us how.

May I say this: any setback to mixed farming in northern Saskatchewan or in northern Canada, east or west, came about at what time? The biggest setback that the production of live stock has ever had in this country was given in 1911 when hon. gentlemen defeated reciprocity. There is no question about that. That movement on the part of the Conservative party in Canada practically ruined or wiped out live stock raising in that part of Saskatchewan which I represent in the House of Commons. It is only now beginning to come back. We had the spectacle in 1930 of hon. members of the party opposite going to the country and giving a pledge that if returned to power they would support the live stock industry—the very thing which they destroyed in 1911. In North Battleford today we are organizing stock yards, and we are going to take care of our own production. We are going to return to the farmers every cent possible in connection with live stock production—that's diversified farming for you.

An hon. MEMBER: What about the resolution?

Mr. McINTOSH: I have been speaking on it indirectly dealing with hon. members across the floor. Coming now to the resolution—

Some hon. MEMBERS: Hear, hear.

Mr. McINTOSH: No, on second thought I do not think I will. I wish to refer to a statement or two made by my hon. friend from Regina (Mr. Turnbull). I always like to hear him. He and I work on the same committee of the house, and I was delighted to hear him speak yesterday. In trying to make out that the relief legislation was well rounded out, as it were, that it should apply to the northern part of the province but that it did not need to apply to the south, he went into the derivation of the word "relief", and his argument was that it would be all right to have the five cents a bushel bonus apply in the north and the government measure of relief apply in the south. That may be all right to a certain degree; I admit that, but I believe that if this resolution were worked out properly and the acreage bonus applied to all Saskatchewan, it would be very much better.

My hon. friend in carrying forward his argument said that there was a distinct difference between "assistance" and "relief." I was a little curious and I looked up the

etymology of the words. You know, Mr. Speaker, that words, like our hon. friends opposite, have a history. There is a certain evolution about them. They have a primitive meaning, which reminds me of the national policy of our friends opposite—it is very primitive. It does not appear to apply at all to civilization as we have it now. It is absolutely unworkable. It is too primitive, like some of the methods used to prolong its existence.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. McINTOSH: Mr. Speaker, by way of recapitulation of my remarks before recess, it is evident that the Liberal party would not pursue a policy of fear in dealing with a resolution of this kind. The Liberal party would broaden it out in order to build on it sound legislation. Fear is always dissociated from any policy of the Liberal party. It is a tradition of the Liberal party to deal with a problem courageously and go through with it to the end. Consequently the policy I am advocating is not a policy of fear, neither is it a policy to be applied to one branch of agriculture and not to another branch. The Conservative party are ready to apply the bonus or bounty principle to one branch of our industrial life, but they are afraid to apply it to the other. That to my mind is not sound policy; it is an unstable foundation upon which to build a great dominion. Since, this policy is applicable only to wheat growing and not to the other divisions of agriculture, perhaps, as I said before, it grows out of the national policy of my hon. friends opposite, and as such it is false and should not be supported.

An hon. MEMBER: Sure.

Mr. McINTOSH: As my hon. friend opposite says, "sure," obviously he shares my view that we cannot build up Canada into a great manufacturing and agricultural country by trying to bind all parts of the dominion together by bonuses and other similar means.

Moreover, if a policy is nothing but practical, what good is it? Why should we approach a question of this kind as an elephant or a buffalo might charge an express train, relying wholly on physical strength, and not attempting to bring to our aid logic and common sense? The approach to this problem should not be merely practical, we should combine practice and theory in the right proportions; in a word, our approach should be scientific. If we were to pursue the policy of the hon. member for Marquette (Mr. Mullins), a policy formulated outside of our universities or parliament, we would ignore all intellectuality and not get very far.

Mr. MULLINS: When I referred to education I had in mind a man with brains; I did not mean the man who has no brains, but has education. If the hon. gentleman wishes to take that to himself he can do so.

Mr. McINTOSH: I was not referring in a personal way to my hon. friend, but if it comes down to a discussion of not having any brains, I know he might be accepted as an authority on the question, so I shall not waste time discussing that with him. I am merely pointing out what the approach of the Liberal party would be to a question of this kind,—how it requires brains, not simply noise. Neither should this question be approached in the light of what an hon. member described this afternoon as the "sound financing of the Conservative party." He was telling us what the Conservatives had done for Canada in a financial way. I have read some history, and I find that since confederation all the Conservative party has done for the benefit of Canada financially speaking, over a period of beyond a quarter of a century, was to cut the national debt by $27,000,000. What is the history of the Liberal party in this respect? They put the nation on a sound financial basis, and then the nation went forward to victory in the sphere of home and foreign trade.

An hon. MEMBER: Beauharnois!

Mr. McINTOSH: Never mind blowing off steam about Beauharnois. A little order, please.

Mr. SPEAKER: Order.

Mr. McINTOSH: What is the financial record of the Conservative party in the province of Saskatchewan? They have been in power now for three years. When they came into office the debt of the province stood at $65,000,000; to-day it is $122,000,000. When the hon. Minister of Agriculture (Mr. Weir) interrupted this afternoon I did not mean to say that he was connected with anything in the province in any but an honourable way. I speak of a man as I find him, and I must say that anything I have taken up with the hon. minister he has always dealt with it in a very satisfactory manner.

When dealing with the argument of my hon. friend from Regina (Mr. Turnbull) before six o'clock I characterized it as being at best a

hairsplitting argument, in that he was trying to make out that there was a difference between the two terms "assistance" and "relief." During recess I have taken the trouble to look up the dictionary meaning of the word "assistance." Webster defines it as:

The act of assisting, help—

Some hon. MEMBERS: Oh, oh.

Mr. McINTOSH: Yes, that is the significance. But we will proceed. Other meanings are:

—help, aid, succour, support.

Murray's New English Dictionary gives this definition:

The action of helping or aiding in an undertaking or necessity; furtherance, succour, the help afforded, aid, support, relief.

Now, let us take the dictionary meaning of relief:

Relief: payment varying in value or kind, aid, help, assistance in money towards saving something.

In other words the term "assistance" means "relief;" and the term "relief" means "assistance." Now, things which are equal to the same thing are equal to one another; therefore the term assistance simply means relief; and the term relief simply means assistance. That is all there is to it. So there is no use wasting any more time about that.

I want to prove in another way that the term assistance means relief, and I propose to do so out of the mouth of the Prime Minister himself. When he introduced this measure on July 24, 1931, he advanced three arguments in support of it. The first argument was the low price of wheat; the next, this low price of wheat in relation to the cost of production up to that time; and the last argument was expressed in these words:

The third reason is the necessity of a measure of relief for western Canadian producers.

According to the statement made by the Prime Minister on the floor of this House of Commons, this bonus legislation was at best a relief measure. I want to make that plain in order that the people of western Canada may be put right in connection with it.

Now before concluding, let me say that we may divide the resolution into three parts. The first statement is that the legislation of last year was unjust and unfair. I do not think there is any doubt about that. The next point is that it was so unjust and so unfair that the Saskatchewan Association of Rural Municipalities took up that unfairness and unjustness and, as a result, petitioned the government. That association covers Saskatchewan from one end to the other; it represents the rural municipal life of the whole province, and consequently it means something. In that connection we say that since the legislation was unjust, unfair and inequitable, and since it did not appeal to the province of Saskatchewan or to western Canada the cabinet should come forward courageously and reshape this legislation into something that will have more appeal to the farmers of the prairie provinces.

In that connection may I say, Mr. Speaker, that I am only too glad to commend the Prime Minister and his cabinet for going as far as they have gone in this direction. I do not think it is sound, but there may be the argument of emergency in its favour. I know from where it comes; I know what is back of it, but in the present emergency in western Canada I would be the last to say that the farmers in my riding who received the five cents per bushel should not be thankful for it. But throughout my riding I made it plain that although many of the farmers in the constituency of North Battleford received five cents a bushel for the wheat they produced, in accepting that bonus they should be very careful not to allow the government or the Conservative party of Canada at the same time to sell them the principle of protection, because after all is said and done a five cent sop is not enough to sell agriculture in this country into protective bondage for all time.

Might I say further, Mr. Speaker, that in the riding of North Battleford the average wheat production would be perhaps 30 bushels to the acre which, at 5 cents a bushel, would mean $1.50 per acre. Therefore, as far as the constituency of North Battleford is concerned, I do not see that any great benefit will come from this proposed legislation. There are some parts of the riding down towards Saskatoon where the average production would be only from eight to ten bushels to the acre, and in those districts a limited number of farmers might receive 50 cents, 40 cents, or 25 cents more per acre. That would be helpful. Beyond that they would not benefit by this legislation at all. I am speaking for the rest of the province and for the farmers throughout western Canada. If the $1 per seeded acre bonus could be applied generally all over the west, the money paid in the areas where relief has been necessary could be applied on the amount spent for all such relief.

While I am on this point let me say that I think this note business is wrong. I do not know who initiated it, whether it was planned by the Prime Minister or by his cabinet, but

some person is responsible for it. They tell us legislation is initiated in the House of Commons, by the cabinet and sometimes in the office of the Prime Minister. Well, some person initiated this giving of a note in each case of relief, and what I fear in connection with it is that each of these notes may be held as a political club at election time. If that is the case that is enough for me; I would go out and fight my own party on a principle of that kind. Why take the note at all? There are thousands of merchants in Canada carrying accounts ranging from $100 to $1,000 without notes. They have trusted their customers and they are likely to get more money in that way than the government may ever receive through these notes. So I say these notes should be discontinued, and a policy adopted which will be more just to the farmers of western Canada.

In closing may I say, Mr. Speaker, that I support this resolution. I do not think it is sound from the point of view of my constituency, my province or this dominion, but I am supporting it because for the time being we cannot get rid of the national policy out of which it has grown. Therefore, in order to help the farmers in an emergency I am only too willing to stand in my place in parliament and say that if the government in its wisdom could go further and grant a bonus of $1 for every acre seeded, I believe in the long run we would be further ahead. I say this although I am opposed to the principle of the resolution, because I believe public money would not be wasted, as much of it is now, by so doing.

Let me make one further observation. Had the Liberal principle of unemployment insurance been adopted fifteen or twenty years ago in this country we could have had built up by now a sum of money sufficient to take care of our industrial workers for several years. We could have had millions of dollars in a fund of that kind, which would be available for individual unemployment relief purposes. The money we are spending to-day, in many ways uselessly, in trying to help the industrially unemployed, could be used in behalf of agriculture, for the benefit of those who have had no crops, those who are destitute and others who could be put on a better basis by spending national funds in a legitimate way to help them through a trying emergency until they would be able to care for themselves.

I will conclude, Mr. Speaker, by endorsing the resolution and hoping the house may take favourable action upon it.

[Mr. McIntosh.]

Mr. G. D. STANLEY (East Calgary): We have had a fairly wide discussion of the motion itself, as well as of almost every other subject which, directly or indirectly, could be related to the motion. As I understand it, this resolution has brought about a discussion on the granting of a bonus on the wheat raised in western Canada as opposed to the granting of a bonus, on an acreage basis, to those who may undertake to raise wheat. The question which naturally suggests itself is whether it is a wiser plan to extend the bonus to those who have produced wheat in western Canada or, on the other hand, to extend it to those who prepare acreage, actually producing or not producing wheat as the case may be.

The principle of the bonus, judging from the attitude of the mover of the resolution, is not condemned; it seems to be accepted as a good thing. When we come to the purpose of the government in regard to this matter, I take it that they propose to advance to the producers of wheat certain assistance, and they have some reasons for so doing. Turning to Hansard of 1931 I find at page 2171 the following announcements by the Prime Minister (Mr. Bennett):

> The third matter to which attention might be directed is that touching the movement of wheat. There has been a succession of bad harvests in some parts of western Canada, and during the last few weeks lack of moisture—I speak subject to correction, I hope—has caused a loss of this year's prospective crop in a great deal of that area. My advices by telephone were that very few days would determine the fate of a considerable portion of the crop. In some parts of the country this is the third crop failure and the reserves of the people are entirely exhausted. Two things must happen: First, provision should be made to assist those who have a crop, because they have considerable obligations, taxes, etc., which must be discharged. Other methods will be taken to deal with the situation of the provinces which are not in a position to assist those who with their reserves exhausted and their crops a failure for the third time are practically ruined.

I think the statement there sets out fairly that relief is to be given and the purpose of the government with respect to the matter.

Why did the government extend assistance to the wheat growers in western Canada, particularly to the prairie provinces? That I think is also explained in the statement made by the Prime Minister. Let us go back and consider the circumstances that obtained for many years leading up to the crop of last year. We know that the farmers of western Canada, as in no other part of the dominion, were encouraged to concentrate to a very considerable degree on the growing of wheat. They were so encour-

aged not only by governmental agencies and by their own organizations but also by transportation, financial and banking institutions, as well as by other organizations in the country. They all encouraged the farmer to concentrate on the growing of wheat in western Canada.

Now, coming to the situation that existed at the time this statement was made, the house will recall that wheat had gone down very rapidly. There was a crash and it meant that economic conditions in western Canada would be very serious indeed. As a result the government undertook to give a bonus upon the wheat which was to be produced. The hon. member for West Elgin (Mr. Hepburn) in the course of his speech made the statement that in a large measure the crash in the price of wheat was due to the attitude taken by the wheat pool of western Canada. That statement of course is not substantiated by the facts; indeed, it is ridiculous to those of us in western Canada who know something about the proceedings of the wheat pool. While I am not here to defend the actions of the wheat pool—they can take care of themselves—I must point out that they had very little to do with any change in the price of wheat or with the determination of the world price of grain on the British market. The fact is that we found ourselves in such a position that we simply had to take for our grain on the British market precisely what the rest of the world was taking. The amount of wheat held by the wheat pool in Canada, even granting that they purposely held as large a quantity as some people say that they held, did not have a great deal to do with the crash that came in the price of this commodity. We all know now what has happened during the many months that have succeeded. The world wide financial crash and the financial conditions which have obtained ever since were to a very considerable extent the factor which brought down the price of wheat and which has kept it down to the very low level it has since maintained. This I say in justification of the salesmanship of the organizations in western Canada and not in justification of the local attitude taken by the grain organization out in those provinces.

Coming to the justification of the bonus, I am not going to take up very much time discussing the principle of it. The fact is that we have long since passed the point in this country—and the same is true of any other civilized country in the world to-day—where we are left with much choice as to what we are going to do in regard to duties, subventions, bonuses and so forth. Free trade countries no longer exist. The restrictions of trade, if you want to put it that way, that are found necessary in the various countries of the world, exist largely as a matter of self defence, and we are in exactly the same position in western Canada. I can say, speaking as one who comes from the west and who has had very much to do with the farmers of western Canada, that it does not hurt my conscience one bit, and I am quite satisfied that it does not hurt the conscience of many a western farmer, to take the bonus which is given through this five cents a bushel on wheat. When, in common with all other countries, we are extending duties, subventions, bonuses and so forth, we are simply giving a portion of one of these forms of assistance to the farmers of the west by way of a five cent bonus on wheat. One justification for the five cent bonus has been given, and another justification for it has been intimated in the statement of the Prime Minister. Taxes have to be paid, business has to be carried on as usual, and municipal and provincial obligations have to be met. Who are going to meet them? Well, to a large extent out in our province they are going to be met by the farmers who have to pay their taxes. The farmer who produced the grain and who suffered from this drop in price will be the one who will meet this obligation, not the farmer who has had no crop for the past three seasons. If the province is to carry on, if the school districts are to be kept intact, if different municipal undertakings are to be carried out, these are the people who must meet the obligation. The help granted to them by the bonus of five cents per bushel has not made them plutocrats, although it has helped them out a little.

The suggestion has been made that the bonus should be paid on an acreage basis. In my opinion that would be impracticable. This government has no organization in the west whereby it could determine the number of acres upon which payment should be made. It would require an army of inspectors to offset the many attempts which would be made at deception. The administration of such legislation would be impossible with the present organization.

The payment of a bonus on a bushel basis is an altogether different proposition. As the hon. member for Regina (Mr. Turnbull) has pointed out, the bonus is one thing, but there is also the granting of relief in the broadest sense of the word. If relief is to be given by the different governments and municipalities, it would have to be upon an entirely different basis. It must be granted to those who need it, and that could not be done on

an acreage basis. To do that would not be to extend relief in the real acceptation of the term. It would be granting a bonus only to those engaged in the grain business, but there are others who should receive assistance according to their actual needs.

I agree with the argument made by hon. members on both sides of the house as to the need of relief in various parts of the western provinces. The southern part of Saskatchewan and certain parts of Alberta require relief on a rather extensive scale, but it should be granted without any relation to a bonus on the production of wheat.

The next question is as to how this relief should be granted, and here the matter of jurisdiction of the various governments comes in. As I understand it, it would be impossible for the federal government to undertake a relief program in a municipality in Alberta without consulting both the provincial and the municipal authorities. To grant relief on an acreage basis would necessitate a complete understanding as to the respective jurisdictions of the federal, provincial and municipal authorities.

The hon. members in the United Farmers of Alberta section of the house appear to me to be in one breath praising the government for having spent approximately $5,000,000, and in the next saying exactly the opposite. This they have done not only in this house but in the convention recently held. There seems to be a certain degree of duplicity in their actions, and one cannot help but think that when they utter their commendation they do so with their tongues in their cheeks. This is borne out by the fact that they were ready to pass a resolution which commends the government for what it has done, and then goes on to demand something else. I have no objection to the United Farmers of Alberta or any other organization demanding an extension of this bonus, but I want it distinctly understood that when the suggestion goes abroad that the farmers of Alberta are not grateful to the government which gave that assistance from the public treasury, those who make the suggestion are expressing a sentiment which does not exist among the rank and file of the farmers of that province. Nor do I feel that farmer representatives or even the United Farmers in their convention have the right to speak for the great bulk of the farmers of that province, particularly when they approach the subject with the attitude which has been manifested in their discussion of this question, notably in their discussion of it on the floor of their convention.

[Mr. Stanley.]

Just as was said yesterday by another hon. member in the discussion of this matter, I want the eastern representatives in this house to feel that the people of the west, and certainly the farmers of our province, are thankful for the assistance they have received. When we require more assistance by way of seed grain and of aid to those who are destitute, having regard to the financial condition of the government of our province, in all probability we shall have to come back to this government and parliament to ask for further assistance for the men and their families who are suffering. Without entering into the party politics of our province, I am sorry to say that what has occurred in our provincial legislature during the last two years makes it evident that we shall certainly have to look to the federal government to provide us with the funds to carry on the necessary work of our province. This being so, I want to be able to feel as a representative from that province that when we approach this parliament and this administration, they will realize that we are grateful for the assistance they are giving.

In conclusion, very often I think an entirely wrong interpretation of the conditions prevailing is given to the house and to the eastern part of Canada by our representatives from the west. The position of our farmers and of the residents of our cities, towns and villages is not as desperate as it is represented to be. That spirit of optimism, of determination, of courageousness that enabled them in years gone by to overcome the obstacles which presented themselves on every hand, still exists, and they are still going ahead. While we shall have to assist many farmers as well as many residents of our towns and cities, and continue to assist them for a time, there is that spirit of determination to make good which has always prevailed in the west. I bring it as a final word in this discussion, that while at times we may appear to criticize unduly, we still have left a spirit of thankfulness and optimism, and the courage to make good.

Mr. J. K. BLAIR (North Wellington): Mr. Speaker, I could not let this opportunity pass without registering my disapproval of the motion which is before the house. I cannot understand how the hon. member for Compton (Mr. Gobeil) could maintain that the farmers' organizations can approve of this. It seems to me it is against the principle of all farmers' organizations or any Liberal organization and is opposed to the principle of many Conservatives, that is the idea of subsidizing or bonusing anything that is not standing on

its own feet. So long as it is a matter of charity, we cannot disapprove of it when it is necessary, but to uphold some industry that cannot stand on its own feet is quite a different problem and has to be considered very seriously.

The farmers of Ontario have assisted and nobly assisted the western provinces. In the first place they assisted them to develop their natural resources, and when the time came, those natural resources were handed over to the western provinces to be controlled by them. If the western provinces have difficulties, then those difficulties should be looked after largely by the west, except in the case of extreme necessity when they cannot cope with the situation and then the federal government should be asked to assist. But we must realize that many Ontario farmers are also growing wheat and many of them have crop failures. A winter like the present one almost ensures a crop failure for the coming season. No one is subsidizing the Ontario farmers. I do not see why the farmers of Ontario, having assisted the people of the west in their early years, having given them all the natural resources which belonged to them, should be expected to subsidize those who are their competitors. The farmer of the west can grow grain much more easily than the Ontario farmer can; he can raise sheep much cheaper than the Ontario farmer can, and I do not see why the Ontario farmer should be asked to subsidize the farmer of the west. As a matter of charity it might be all right, but I object to the principle of subsidizing when the necessity for charity does not exist.

Mr. FRANK BOYES (East Middlesex): Mr. Speaker, I wish to make a few observations in connection with the resolution before the house. Last year when this matter was under discussion I heartily concurred in the action which was taken by the government. At that time I fully realized that the producers of wheat in the west had their difficulties. The price was low and surely some assistance was required. We from the most westerly part of eastern Canada felt it our duty, when any other portion of the dominion was in distress, to render assistance in order that the situation might be relieved. I heartily concurred in the granting of five cents a bushel on the wheat for the prairie provinces. I am more than surprised to-day to hear a number of hon. members opposite expressing themselves as they are. They are disagreeing with the principle that was adopted last year; they are saying that they wish it carried out in a different manner this year, and in fact a number of them have gone almost so far as to say that they disapprove of the five cent bonus. I am very glad to know that the speakers on this side of the house who come from the west express a different view. They know that the farmers of the west who are raising wheat have certainly been very thankful for the bonus of five cents a bushel.

I should like to express the view of one who comes from the western part of the province of Ontario, from the riding of East Middlesex. In western Ontario we do produce some wheat, but we also raise a great many other farm products. We are engaged to a great extent in the dairying business. We manufacture butter and produce milk for many purposes, the chief of which is the manufacture of cheese. We have not heard very much in this house regarding the manufacture of cheese, which is carried on to quite an extent in western Ontario, and more so in eastern Ontario, very nice revenue having until recently been received from this source. Last year when this five cents a bushel bonus was granted, the price of wheat was low, but to-day it is considerably higher. On the other hand, cheese was higher in price a year ago than it is to-day, and the same applies to other dairy products. As I say, we granted the bonus of five cents a bushel on wheat because wheat was low in price at that time and we wished to relieve the distress in the west. It is quite true that we did that and did it cheerfully. But for the coming year things do look somewhat different from last year. As I said before, I am very willing to help the west. We did so last year. We carried out the program which we had in mind. But so far as the coming year is concerned, a demand is arising from certain parts of the province of Ontario that other agricultural products besides wheat be bonused. My own view is this, that in view of the financial condition of the country to-day it is possibly a little away from the mark to expect that we may continue to do as was done last year, and hon. gentlemen opposite who are trying to increase the bonus by putting it on an acreage basis are possibly defeating their own ends by not favouring the scheme which the government put into effect last year. So far as I am concerned I feel that for the coming year, in order to give

satisfaction to our farmers in the east who are having their own troubles—the price of their cheese is depressed due to the fact that to a great extent it is exported to England where the depression is being felt, resulting in a lower price than we got before, for cheese as well as for other dairy products—we should discontinue the bonus on wheat.

Hon. ROBERT WEIR (Minister of Agriculture): I think the majority of the hon. members who have spoken have found themselves more or less at a loss due to the unfortunate circumstances that this resolution was not much more definitely worded. Had it been worded as definitely as it exists in the mind of the hon. member who moved the resolution, it would naturally have fallen into three parts. First, what was the intention of this five cent bonus? What elements went to make up the five cents? If it were granted as a solution of some particular problem, and if later another different problem arose, should the same remedy be applied, or should there be another solution of the new problem? Next, would it be compatible with the financial obligations resting upon the government to do what has been suggested by many of the speakers? I had not intended to take up more than five minutes in what I have to say on this resolution, but I think hon. members will agree that I am forced into the position of deviating to a certain extent from the resolution itself to reply to some of the statements that have been made. I shall however be as brief as possible, having regard to what I have suggested.

First, what led to this bonus of five cents a bushel on wheat? Speaking for myself, before entering this so-called realm of politics I found that many farmers in western Canada had followed very closely the policies of the different political parties in Canada and had come to the conclusion that in one respect the two major parties seemed to be at one, namely that they were both protectionist. Whether or not it was due to a more astute political leadership, I think the average person in the west will agree that there was created in western Canada a feeling on the part of a certain section of the public that the Conservatives were protectionist and that the Liberals were against protection, although, as I have stated, the majority of the people felt that both parties were protectionist. The result of this public opinion which had been created, whether wittingly or not for the purpose, was that there arose in the west a certain division of feeling, a certain resentment, against the so-called financial interests and the manufacturers, including the implement manufacturers, in the east. That was the regrettable thing in connection with this policy, presented as it was. When therefore I accepted the office I have been called upon to occupy I felt that whatever in my humble way I could do to break down that division that had been set up would be some slight contribution to this country of which we are all so proud. Accordingly I took the first available opportunity at the short session of discussing the problem with members on this side of the house, and particularly with some of the members of the United Farmers group from Alberta and Saskatchewan. They agreed with me that if it was possible, in addition to protection, to make some arrangement by which this division could be overcome, something would be accomplished.

There were many varying elements and circumstances to take into consideration. I think we all agree that the one class of agriculturist that receives less protection from the tariff than any other is the wheat farmer of the west, chiefly because the great preponderance of his production is forced into export. Therefore I set out to find in the most generous way I could what these straight wheat farmers did pay on account of the tariff for their machinery and equipment more than they would have had to pay had there been no tariff. I was very much surprised at the estimate I arrived at, because I must admit that I myself felt that the effects of the tariff were much more considerable than the conclusion to which I was forced to come.

I went with this proposition to my chief, the right hon. Prime Minister (Mr. Bennett). It appealed to him. The problem was: how to provide some compensating adjustment for this particular class of people. The matter was brought before the cabinet, and in the discussion that arose as to what could be done of a compensating nature, it was found to be so small per bushel that finally another item came up that is very near to those of us who are western farmers, and produce wheat—the price of wheat had sunk so low that the proportion of the freight to its price was much greater than it had been when prices were what we had been pleased to consider more normal. It was finally agreed that some assistance should be given in the nature of a bonus to help decrease the disadvantages proportionately to the price of wheat at that time. I think that this is as direct and clear a statement as I can give with reference to the five cent bonus. It was, as I have stated, for the

solution, to a certain extent, of more than one particular problem in western Canada.

At the conclusion of the session we found in western Canada a problem of a different nature—the greatest problem that has arisen in this country so far as agriculture is concerned—the calamity arising from the drought condition in the prairie provinces, particularly in Saskatchewan. It was decided that I should go to Saskatchewan on account of the nature of this difficulty, and devote a great part of my time in cooperation with the provincial government and with the farmers of that province to seeing what could be done for the alleviation of this calamity. I did so, with the result that since last session I have spent practically seven weeks in Saskatchewan with the exception of some short time in Alberta and Manitoba. The nature of the work was such, and the demand on one's time so great, that although I own a farm in the province I have been able to spend only two days on it since the election in 1930. So my time was devoted to this work, and to this work solely during those seven weeks.

What condition did I find in western Canada? I realize that it has not a direct bearing on the resolution, yet it has been referred to in so many different ways during this debate that I feel it is only fair to the house that having made a personal survey I should give in the simplest form some idea of what I found. There was an area of seventy-six municipalities that had practically no crop of any kind for three years. Hon. members in this house who have not been west and who have read certain misrepresentations in the eastern press, due to lack of correct information, and those who have heard from other sources various presentations of the case, will, I am sure, be surprised to realize —at least those who have thought that a great deal of that area should not have been devoted to farming—that most of the land in those seventy-six municipalities has produced more agricultural wealth per capita than perhaps any other area in this dominion. The farmers there never knew anything in the nature of a crop failure. Year after year until three years ago in the Regina plains between Regina and Moose Jaw and in the area south the land yielded 25, 30 and 35 bushels per acre of the best wheat produced in the west. Their farm homes were unexcelled anywhere. Not only that, but their live stock was of a very high quality. Many people have the idea that in that part of the country there are nothing but cayuses and scrub live stock, and on many farms no live stock at all. The best indication that I can give hon. members of the quality of that live stock is that the greatest percentage of the live stock from Saskatchewan that came year after year to compete with the best live stock from the different parts of this country and from the republic to the south carried off much more than their share of honours on the basis of numbers. The wheat production in that area alone for the fifteen years before the first crop failure averaged over 83,000,000 bushels. That will help the house, I hope, to realize the problem that we had to deal with. It was not a question of moving the people away after the successive good crops that they had had for so many years, but of holding them there and assisting them financially and otherwise as far as was in our power, until a cessation of the present difficulties. There was another area consisting of ninety-six municipalities in which there had been two practically complete crop failures; a third area of sixty-four municipalities in which there was a crop failure last year for the first time in the past three years. Practically two-thirds, if not more, of the cultivated land in this great province of Saskatchewan had been dealt this unprecedented staggering blow, and this was the problem we had to face.

Some of you, perhaps, within sound of my voice have been inclined to ask: If the farmers there have produced that great amount of wealth within ten years, then why was it not possible for them to withstand the difficulties in which they have found themselves? Let me say that the extent of the area is something like old eastern Ontario from Toronto to the Quebec border, but larger in extent, where for years we have had some of the thriftiest and most scientific farmers in the country. They have practised diversified, balanced farming with a skill perhaps unexcelled by any other people in this country. Yet how many of those farmers, if for three years in succession they did not have anything in the nature of a crop, not even sufficient to feed their live stock, and were therefore forced to dispose of it, except so much as would provide the very necessities of life, and with respect to which the government have to assist them—how many, I say, of those farmers could stand a blow like that without some help? The only way in which they could have done it was perhaps to have hoarded their wealth somewhere. But the average man, I think, in the east as well as in the west, after making a reasonable allowance for the future invested his money in stocks and other investments that even to the best financiers seemed absolutely sound but proved far otherwise.

That you may have a picture not only of the extent of this calamity but of the difficulty of handling the situation, may I say that there is in that area approximately 250,000 people. It is one thing to handle that number of people in a city, or in an area where they are closely placed together, but in that wide area, scattered away in their homesteads in isolated districts, and with the approach of winter in a climate like we have in western Canada, we had to be prepared to act before the danger of early winter came, and I can assure the house that only those who were charged with the responsibility of meeting that difficulty could fully appreciate its gravity. We felt that if ever there was a time when the question should be handled in a manner absolutely free from prejudice, this question should be handled in that way. Therefore it was decided that it should be handled absolutely free from political interference of any kind, and a relief commission was appointed. The personnel of that commission I shall describe to hon. members, and I will leave them to be the judges as to whether or not those gentlemen would be likely to be influenced by political partisanship.

We selected five commissioners, with Henry Black as chairman, after interviewing some of the most successful business and professional men in Regina and Moose Jaw. These men agreed to work without remuneration of any kind, without receiving even living expenses. One of them, when I approached him, asked how many hours he would have to work. We discussed the problem for a few moments and pictured those people who have had no money for three years, with practically no clothing and no reserve strength. They represented a problem that had to be met in a very short time, and my answer was that the members of the commission would be fortunate if they got off with the longest hours they ever had to work at anything else. Since then they have realized that even that estimate was very conservative.

So then we had three of the best business and professional men in Saskatchewan working day and night, without recompense of any kind except the satisfaction of doing a public service. Yet to-day the members of that relief commission were charged with carrying on this work for political reasons. I leave it to the judgment of this house if men who are giving their lives without payment, as these men are doing at present, are the type of men whom we associate with modern day politics. Personally I think not.

[Mr. R. Weir.]

We were also particularly fortunate in being able to secure the services of Mr. George Yuill, of the Royal Bank, whose services have been invaluable. Then it was felt that because perhaps the greatest sufferers from this calamity would be the women and children, it was essential that a woman should be placed on this commission. After going over the field of women whom we felt could give us the greatest service, it was decided that we could not do better than ask Mrs. Johnston, who happened to be president of the Saskatchewan branch of the United Farmers of Canada, to serve on the commission especially to give its members the benefit of her advice with regard to the women and children in that area. I doubt if any better selection could have been made, not only because of Mrs. Johnston's long contact with farm life and farm women in western Canada, but because of the fact that she had previously exemplified her great ideals in public service. I think we were particularly fortunate to secure the commission that was finally appointed.

I happened to be present when the appointment of the man to be in charge of the relief officers was discussed. This man was appointed by the relief commission. I remember that names were submitted, and after a discussion —in which I may say I took no part because I had never met the gentleman who was appointed before he came in—it was decided that at least he should be given a trial. I believe he was taken on for a month so that if his work was not satisfactory he could be relieved of his position. Care was also taken —great care, as far as I was concerned, in any advice I gave—in connection with the appointment of the relief officers in the various municipalities and sub-areas of the district. They were appointed by the week, at a weekly salary of $18, so that if their work was not satisfactory they could be immediately replaced.

I say again that great care was exercised in the selection of these relief officers.

Some hon. MEMBERS: Hear, hear.

Mr. WEIR (Melfort): Hon. gentlemen say " hear, hear". The impression given here this afternoon was that these appointments were purely political. I know very little about them, but I will say that one of the officers whom I appointed to give me first hand information with regard to the working out of the relief scheme said that the relief officer who seemed more anxious than any other to

cause difficulty in the carrying out of his work was a man who had been recommended by a gentleman who might be described as the leading Liberal in the province of Saskatchewan.

Mr. VALLANCE: I should like to ask the minister a question. I really expected the minister to do just what he has done now. Would he mind telling us—

Some hon. MEMBERS: Question.

Mr. VALLANCE: Have I permission to ask a question? I should like to ask the minister who appointed Mr. Kendal, the organizer, and on whose recommendation he was appointed, since the minister has dragged the political side into it.

Mr. WEIR (Melfort): So far as I am concerned I do not know whether or not the man appointed to select the relief officers was named Kendal. He was appointed by the relief commission, after discussion.

Mr. VALLANCE: Borrowed from the liquor commission, from the government.

Mr. WEIR (Melfort): I could not say; I did not remember his name, because that was the only time I heard his name under discussion. I want to follow this matter further; I do feel very strongly that you people in eastern Canada who have so generously contributed to the relief of our people should not be given a wrong picture of how that relief work is being administered, because it would only lead you to feel that the very praiseworthy efforts you have put forward have not been given their full value in the west. I doubt if any commission has ever had the record this commission will have when its work is completed. The latest figures show that out of every dollar expended for relief 96½ cents goes right into the hands of the people who receive the relief, and that it only cost 3½ cents out of every dollar for administration.

The insinuation has been made that this talk of mine would be of a political nature, therefore I feel duty bound to make one further remark. It was only natural, I suppose, for a farmer like myself, especially interested in the difficulties of the farmers, to want to stay there, to see the whole picture and keep in contact with these people. I could not do so. Demands were made upon me from different parts of the country; I had to come to Ottawa to join in cabinet meetings, and I felt that the only way I could get that picture, and be sure I was getting the right picture, would be by appointing three men whom I felt personally were thoroughly qualified to understand the farm problem, to advise farmers where necessary, and to give practical advice to the relief commission with regard to feed, care of animals and so on. Therefore I selected three men whose duty it was as expert farmers to keep in very close touch with this whole situation; to advise me personally if the relief commission was falling down in its work; to advise if there were any particular difficulties they thought should be dealt with immediately, and so on. I doubt if there could have been chosen in western Canada, and especially in the time available to us, three men better qualified.

Until the question of politics came up I did not know the political leanings of two of those three men. One of them is a personal friend of mine living near my own farm; I understand that in later years especially he has been a Progressive, and before that I believe he was a Liberal. Of the other two I understand one has been a life-long Liberal, and the other is a Progressive. Personally I do not understand how any normal person who appreciated as I did the calamity in the midst of which I stood could have done other than I did, and therefore I take no credit for it. I did not intend to touch on this question, but I have taken pains to make it clear, so that you in the east who contributed so generously may know that as far as was physically and humanly possible this work has been carried out so that every bit of assistance given has been used to the fullest extent in the relief of those who needed it.

We have divided Saskatchewan into three areas, and the only payment that we as a federal government have made has been in that seventy-six municipality area, the three crop failure area in which we felt we should bear the cost 100 per cent on food, clothing and fuel. In the ninety-six municipality area we have no agreement; in the sixty-four municipality area we have no agreement. After our meeting with the provincial government of Saskatchewan, and it was understood that we were giving 100 per cent relief to the seventy-six municipality area, the authorities in Alberta got in touch with me in Regina and represented that they had areas equally bad as those in Saskatchewan. I went to Edmonton and interviewed the Alberta government and it was decided—I felt it was the fairest thing to do—that we would use the services of the three federal seed inspectors in western Canada, one of them situated in Manitoba, one in Saskatchewan and another in Alberta, and that they should not work just in their own respective provinces but in groups so

that they would have a complete picture of the whole situation. It was considered advisable that they should work in cooperation with the Department of Agriculture of each provincial government and obtain from them the facts regarding those areas which it was felt were in the same situation as the Saskatchewan areas. They would get the average crop, the average yield per year each year for the last three years, in order to determine in which class they should come. They would also get the average collection of taxes, the average immediate indebtedness of each municipality, and with that picture before us we felt that we should then be in a position, when the matter had been fully dealt with, to give the fairest treatment possible to each of the three western provinces. I shall pursue this phase of the matter before dealing with the question that seems to arise naturally out of it because of the information that has been asked for by members both from Alberta and from Manitoba.

So far as I know, our treatment has been satisfactory in Alberta; the provinces have been treated equally. It is the duty of the provinces, if they cannot finance the problems that face them, to come to the federal government and present their case, indicating what they need financially, and it then becomes the duty of the federal government to decide whether or not the provinces will be given further financial assistance. No province has been given everything it has asked for; the demands have been carefully gone into. When I was last in Regina in January I was informed that there was a critical situation in the southwestern part of Manitoba. I got off the train in Brandon and drove ninety miles across the country in a car, in January, having arranged beforehand to meet the officials of those municipalities that felt they had not been cared for as they should have been. I made that journey in order to ascertain what their criticism was and to learn what suggestions they had to offer by way of remedy. In taking part in the discussion of the matter, both before and at the meeting, I came to the conclusion that there was some misunderstanding, to put it mildly, between the province of Manitoba and our government regarding the question as to how the matter was to be dealt with. My idea had always been that the provincial governments should receive from the federal government whatever money was absolutely necessary and be responsible for looking after their own people; but I realized that to leave the matter there, in a more or less theoretical state, would not get us anywhere. There were farmers who were in need and I made the only practical suggestion which I thought I could offer: I invited them to appoint two or three delegates and I agreed to take them with me to Winnipeg, there to meet the Minister of Municipal Affairs, the Premier of Manitoba, and also the Minister of Agriculture, to see whether, without further delay, or quibbling, or press notoriety, we could agree as to what action was necessary. I leave it to anyone here whether I could have taken more definite action or have done anything more practical. The whole question was fully and frankly discussed. Premier Bracken was not able to attend the meeting, and in order that no opportunity which could be taken advantage of might be lost, so far as I was concerned, of clearing up the matter, I went to see him at his own house before leaving to come east. All I can say regarding the difficulty in Manitoba is that the duty of the authorities there is to put their case before the government, indicating what money they require; and in the meantime I should hope that they would strain every effort to look after their own people with the money received.

One of the first problems I encountered when I went to Saskatchewan was this. There met me a delegation of farmers who had clear titles to their land. This is one of the points that came up for discussion this afternoon. I was surprised at the number of people in that district who had clear titles to land; yet they could not borrow money from either the mortgage companies or the banks. I asked the manager of the Saskatchewan farm loan board what percentage of the people in that area had clear titles to their land, and his estimate was 25 per cent, which was very much higher than I thought it would be. After discussion with these people as to the amount of money they thought they should borrow as a minimum to enable them to carry on, and realizing that new conditions were arising of which we had had no idea, and that the drain on finance was so much greater than we had ever contemplated, much as I wished to do it, and fair as their request seemed, I decided that I could not recommend to the federal government that we should loan money to the extent asked for even on those lands with clear titles. I do not think any demand could have been fairer than that which they made, had we considered it was possible for us to meet it. These men took this attitude: Surely with a clear title, with no encumbrance in the way of mortgages, we who have contributed so much to the country are not going to be reduced to the condition of receiving charity. That was their position and they insisted that

they be given the privilege of repaying. That was the first time that question came up. I will leave it to any hon. member of this house to say, had he been in my position at that time, with this problem immediately before him, whether he would have taken any other action than that which I took, namely, to recommend that these people be given permission to repay the assistance they received.

The question before us is this: What are we to do with people who have been hit as they have been hit in Saskatchewan? What are we to do that will be just to them in view of the whole picture as we have it? Outside of the seventy-six municipality area our obligations are in conjunction with those of the provincial government; and in the drought area in Alberta and Manitoba, as in Saskatchewan, the percentage that we bear, if we bear any percentage of the loss, has yet to be determined. We have before us all the information which we shall require. We have before us the information regarding the acreage seeded and also the indebtedness of each municipality, and we shall have to take into consideration the financial position of the provinces in determining what assistance will have to be given.

I omitted to mention one point in connection with this first visit of mine to the west. I was met by the reeves of the various municipalities, who waited upon me in delegation to present a case something like that set out in the petition. It is said that more consideration was given to those farmers who had crops than to those who had not, and that we should consider the giving of a bonus of one dollar per acre. I explained the whole proposition to these men and they seemed to be satisfied. They realized the problem we were facing; they knew that we had to make certain that every man, woman and child in that area should be clothed warmly enough to meet the winter, that fuel should be provided before the first blizzard came along, that potatoes should be in the cellars before the winter came on, as it does sometimes with very little warning. They realized that large sums of money would be required to provide feed for their stock, and that on top of that additional sums would be required—amounting to $5,000,000 in Saskatchewan alone—to seed the land this spring. Gasoline, fuel oil and so forth to the amount of $2,000,000 or $3,000,000 would be necessary to put in the crop.

There are many difficulties in the way of a bonus paid on an acreage basis. It is suggested that we are to pay one dollar per acre and to take into consideration the bonus of five cents per bushel paid on the wheat produced. That information will not be available until July 1 when this present bonus legislation runs out. If this bonus is to cover the cost of seeding, would it be equitable to pay to the man who has seeded his land three times without a crop the same amount received by the man who has missed only one crop? Even though a census be taken with the greatest care I think that those of us who are farmers will agree that it would not be very accurate. It has been the rage of late in western Canada to try to obtain all kinds of statistics, and I know in connection with my own farm that information has been given when I was absent which was not at all accurate. The best example of this is the attempt to collect information in connection with our program of restricted areas. Animals should be easy to count and yet it has been found that the number of cattle given in applications for restricted tubercular areas has sometimes been only half the actual number.

This is the greatest problem that agriculture has ever faced, and it must be met directly. As I see it, a final adjustment will be made towards the end of the present fiscal year. At that time the provinces will be in a position to give this government their true financial positions and state the commitments which they can undertake in the carrying on of this work. Serious consideration will be given to this problem; this government will do everything possible to give the most generous treatment. The farmers of western Canada have assurance in the treatment they have received up to the present time.

Mr. SPEAKMAN: The information which the minister has given to the house is of tremendous importance and I, for one, would have liked him to proceed further. I would like to see the house give the hon. minister its unanimous consent to complete his presentation.

Mr. THOMAS F. DONNELLY (Willow Bunch): Mr. Speaker, in rising to speak on this resolution, I am sure I express the view of all hon. members when I say that everyone regrets that it was necessary last year to pass a measure of relief for the farmers of western Canada; and we regret also that it is now necessary to refer to this matter again. The condition prevailing in western Canada, especially in my own constituency, is

calamitous. There has been no crop there for three years, yet the people still believe they will have a crop this year. Some of these people have lived in this district for the last twenty years; some went up into the northern part of the province to look over the country but they returned and are satisfied to stay in the south, believing that they will again have crops. The question of crops is not their greatest concern; they are wondering what price they will get, and how, with the prices as they are to-day, they are going to be able to pay their past debts as well as those which are to-day piling up on them because of the relief which they are receiving. That is the problem which faces the west. I have found that some of the sturdiest hearts and strongest wills are beginning to break down. Men are beginning to be discouraged; they wonder if they will ever get out from under this burden of debt.

Neither the government nor anyone else can be blamed for the climatic conditions, but it is another matter when we consider the general conditions which prevail. I would like to read what the hon. member for Regina (Mr. Turnbull) said, speaking last year on the address in reply. I am willing to accept the opinion he then expressed, as follows:

> After all, the question is not exactly what are conditions in western Canada but, to some extent, whose responsibility is it that conditions in the west are as they are.

He then laid the blame on the Liberal government. I suppose in view of the fact that conditions have been growing worse during the past two years, he will now shoulder this responsibility and place the blame upon the present government.

Relief may be divided into three classes. First, there is charity; and in this connection I desire to express the gratitude felt by those in the drought-stricken areas to the people from one end of Canada to the other for the wholehearted and magnificent manner in which they responded. Carload after carload of vegetables, fruit and clothing came into the districts affected and were distributed fairly and evenly. In my journeys from one part of the country to another I never heard a complaint; it was nothing but gratitude for the splendid response to the need of the people in those areas. It is a wonderful thing to see such a spirit shown to those in dire need.

The next item that we come to is this bonus of five cents a bushel. I quote from the words of the Prime Minister (Mr. Bennett) himself: Speaking on July 24 of last year, he is reported at page 4149 of Hansard as saying:

> The third reason is the necessity of a measure of relief for western Canadian producers.

I agree with him that it was a measure of relief handed out to the farmers of western Canada. I am sorry to say I must disagree with the hon. member for South Battleford (Mr. Vallance) and the hon. member for Regina (Mr. Turnbull) when they say this was not a measure of relief. The Prime Minister, on another occasion said, that this was not only a measure of relief but was being passed as a compensation for the payment of duties. As reported on page 3766 of Hansard of last year, he said:

> May I say to the hon. member for Macleod that for the first time in the history of the country an earnest effort has been made to make an adjustment between the farmer's production and what he may pay with respect to duties and tariffs. . . . The farmer is being given a compensating adjustment which more than meets the sum which on the average he will pay in duties with respect to motor cars or other items of this nature with respect to the tariff.

He says that it is a compensating adjustment for the tariff. The Minister of Agriculture (Mr. Weir) just a little while ago, referring to the tariff, said that in the west they considered both policies high tariff. We heard that for years and years, but at the present time in western Canada there is no doubt at all as to which is the high tariff policy.

Mr. WEIR (Melfort): Did I make the statement that they considered them both high tariff?

Mr. DONNELLY: Both protection.

Mr. WEIR (Melfort): My hon. friend is very much at fault.

Mr. DONNELLY: That there is very little difference between them. We had the hon. member for Mackenzie (Mr. Campbell) writing a letter saying to the people before the last election that there was no difference between the policies as regards high tariff. The farmers of western Canada know now who are the high tariff people. The Minister of Agriculture went on to say he had figured out how much extra the farmer would have to pay for machinery. When did he do that? Was it before he raised the tariff in the fall of 1930? If he did it before, there would not be very much extra, but if he did it after, I can tell him it would be a very large amount on our average importations. In western

Canada from year to year we have been importing from the east somewhere in the neighbourhood of $200,000,000 worth of manufactured goods, the average protection on which would be 25 per cent. In other words, there has been taken out of the pockets of the farmers of western Canada either directly or indirectly the sum of about $50,000,000 a year. We do not believe the bonus actually adjusts this, by any manner of means. It may be a small amount; it may be a bite.

As regards this bonus of five cents a bushel, we do not regret that the people in the north have got it. I have not heard anybody in the house object to the people in the north getting it; the only thing I am sorry for is that they did not get more. I am glad to see them get it. I wish we were getting it in the south too. The point is that we are not getting any, and it costs us five cents a bushel more when we go to buy seed wheat. We have no crop—none whatever; no grain, no grass, no feed of any kind for the chickens or pigs, and yet we have to pay five cents a bushel more for the wheat we buy from the people of the north.

An hon. MEMBER: Why?

Mr. DONNELLY: Because they are giving five cents more to the people of the north, and every farmer, realizing that if he sells his wheat through the ordinary channels he will get five cents a bushel more, will demand that much more if you are buying from him.

As regards the inequality of handling this five cents per bushel, one member said that he defied anybody to show where this had not been handled justly and fairly. Let me give an illustration. I know many men in the west who own their horses, machinery and seed and who rent their land. The renter gets one-third of the crop and the man who owns the land takes two-thirds because he pays the threshing bill, pays for the twine and does everything but the labour. In other words, the labourer gets one-third and the man who owns the land gets two-thirds. But when the wheat is hauled into the elevator, the man who owns the farm and who has to pay the taxes and pay for the twine and seed, gets no five cents a bushel. The man who rents the land gets fifteen cents a bushel for his share and the man who owns the land gets nothing. You may call that fair or just, but that is not justice as I understand it. That is the way it works out. It will not help the man in paying his mortgage or his taxes, and probably the next year the man who rented the land has gone to some other district.

Mr. BOYES: Does that not depend on the deal between the farmer and the man who works the land?

Mr. DONNELLY: Not unless the lease was made afterwards, because the lease is to give the man who owns the land two-thirds and the other man one-third. The Board of Grain Commissioners, who are administering this legislation, have decided that the man who rents the farm or does the actual labour gets all the bonus.

Let me come to the next point, the question of direct relief. In my constituency we are receiving direct relief. The Minister of Agriculture came out west and travelled through my constituency one day, then returning to Regina. Shortly after that we saw some reports in the press saying that the people of western Canada who were taking direct relief were too proud to take charity; that they wanted to pay for it. Everyone I saw out there said he did not want charity, but that he expected just what the Prime Minister promised when he spoke in Regina, and that is work. The Prime Minister had promised them work; he had said that those people wanted work and he was going to give them work, not charity. They expected work and they did not get it. But every dollar they got out there they signed a note for. If they get groceries or coal or anything else, they sign a note for it; they sign on the dotted line. I understand in many of the cities in both the east and the west, if a man is a bachelor and wants a lodging for the night or a meal, he does not sign any note; he does not sign on any dotted line. If any householder in Ottawa or some other eastern city is up against it financially for groceries or fuel, I do not believe he signs on any dotted line. The only people I know who are signing for everything they get are the western farmers. Why should it be so? The western farmer in the drought stricken area looks around and sees the unemployed in the cities in the east and other parts of Canada getting relief for nothing, people in the north getting a bonus of five cents a bushel and others getting $1.25 and $2 an acre. The result is the farmer needing relief is there with both hands out saying: If this relief is going for nothing, give me as much as I can get; I do not want to sign any note. He is willing to take just as much charity as the other fellow. They believed in the first place that they were going to be given work, but they did not get it. I remember hearing the hon. member for Regina (Mr. Turnbull) say in this house last year

that conditions were not so bad in western Canada, and when we from the west on this side of the house began to speak of the actual conditions out there the Prime Minister called us wailing Jeremiahs and so forth. He told us we had lots of money in the bank; but when the people in Regina found that other people were getting relief they asked for all the relief they could get. People in other parts of Canada got work, but in our section of the country we did not have any lakes to dig or islands to build or bridges to construct over a dry stream at a cost of hundreds of thousands of dollars, as they had in Regina; and we did not get any relief work. Speaking in the house last year on this very question of unemployment relief I urged that the work be started early enough, but they waited until the ground was frozen before they started it. I said at that time, get it going early, so that you can get a start on the work, but though the legislation was passed in August, they did not appoint the relief commission until the middle of October. By the time the commission got to work the ground was frozen up and there was nothing our people could do but take direct charity or starve during the winter.

There are other matters. I came down here last fall and saw the Minister of Agriculture. I said to him, "My constituency is all underlain with coal. The people out there must have coal. Send an engineer from here or Regina, let him locate a few veins of coal and then let the people out there go in and dig their own coal. What you are doing at the present time is getting coal from Estevan at $4.50 a ton or from Alberta at $7.50 a ton." I said that the minister should let the people dig their own coal right near home, as they could do if they had someone to tell them how to go about it. I told him that these people needed the work, that they would be better physically and mentally for having something to do. "Well," said the minister, "we have a grant of $20,000 for farmers' timber for the mines." Anybody who knows anything about conditions out there knows that this $20,000 for timbers for the mines is just a dream. The farmers do not timber their mines. They do not know anything about it anyway. It is a surface proposition and there is no timber needed at all. But the minister said that he would look into it, and he is still looking into it as far as I know. Fifteen or twenty farmers did go out with scrapers and ploughs and dig their own coal. That was the hardworking, thrifty farmer who wanted to get out of debt, not the ne'er-do-well; and some of these men got fifteen or twenty tons of coal for the winter. That was fine, but no sooner had they got the coal in than the secretary of the municipality received a letter asking who had been digging coal around there. He wrote back that he did not know anything about it, and then the government officials sent circulars throughout all that district accusing these people of digging coal. Some fellows who were weak-kneed and thought there was no harm in digging the coal anyway told them: "Yes, I dug so much coal." "Ah," they said, "we have caught you now. You owe us 25 cents a ton royalty." That is the way they were going to help the man who was trying to help himself—by charging him 25 cents a ton royalty; but the fellow who did not care how he got his coal and was willing to sign a note which he was not going to pay got his coal supplied by the government and it cost the government $4.50 to $7.50 a ton. Not only that, but the men who are digging that coal to merchandise it have to pay only 5 cents a ton royalty, while the farmer who was trying to help himself was charged 25 cents a ton royalty. Oh, this is a wonderful government with great executive ability! Is it a matter of surprise that the people in those areas are wondering what kind of government we have down here?

With regard to the officers who are handling this relief, the minister has told us how careful they were. They picked out three relief commissioners, he said, two men and a woman, and he contended that there was absolutely no politics in the matter. I do not know anything about these commissioners and their political faith, but I do know this, that the relief commissioners were mighty careful to see that the men they picked out were strong Tories, because in every town and every village that I know every one of them is a Tory heeler, nothing more nor less. Down in one of the little villages in my constituency we have five good Tories and over every little thing that is going to take place they go into a huddle just like a football team and discuss their next line of attack. These five are known as the Hungry Five. That is how much politics there is in it. The Hungry Five are always getting together to decide who is going to take the next bite. We know for certain that from one end of the country to the other there is politics, and nothing but politics, pure and simple, in this matter.

One thing that has been in the minds of westerners is the way in which this scheme has been dealt with. When the matter was before the house last session I spoke with reference to it and my remarks will be found at page 4431:

This relief work should be handled by non-partisan bodies. Let the municipal officers handle it, and in the local improvement districts, let it be handed over to the overseers.

This is the one thing that the people in my district cannot understand. For two years our municipal officers had been handling relief fairly and squarely, and everybody was satisfied. When this year our municipal officers offered to take charge of all the relief work for nothing, why was it necessary for the government to hire an officer in each municipality at a cost something in the neighbourhood of $75 a month, plus expenses amounting to about $200? We find these men, who as I have said, are nothing but partisans, taking the place of the municipal officers. It is my opinion and the opinion of everybody in the west that the cost of handling this relief would be much lower had it been left to our municipal officers.

Referring to the resolution, I find that the people in the southern districts are not getting any of this five cents a bushel. It is very strange to us that when the Minister of Agriculture saw conditions in the southern part of the province he did not come back and say: "The people in the south are too proud to take charity, and my people in the north are too proud to take charity. They do not want the five cents a bushel. They would rather take a dollar an acre on their land sown to wheat." What he practically said was: "My people will take all the charity they can get, and ask for more." Not only that, but almost $300,000 worth of relief work has been done right in the constituency of Melfort, where there has been a bountiful harvest running from 25 to 50 bushels an acre.

We believe that the amount of wheat grown on each quarter section is known to the grain commissioners, because they have the data before them, and we believe that the number of acres sowed in wheat can also be ascertained. Nothing remains, therefore, but the matter of adjustment. If the southern part of the province had been given a dollar an acre for all the land sown to wheat, very little relief would have been needed during the past year.

I do not wish to prolong the debate. I am supporting the resolution because I believe it will bring to all the farmers in western Canada a measure of relief on a fairer and a juster basis.

Mr. McKENZIE (Assiniboia): I might say, Mr. Speaker, that in introducing this resolution I made it very clear that so far as I am concerned and those who were responsible for the beginning of this "agitation", as some one called it, for a dollar an acre on the seeded acreage throughout the drought areas of the prairie provinces, it was not in any respect a political matter. I am sorry indeed that this resolution has been debated not only as a relief measure but as a political manoeuvre. It was not my intention to have politics enter into this proposal in any shape or form. We have a real problem in those dried-out areas. Our people are in earnest in regard to this matter, believing that they have a just cause which deserves the favourable consideration of this house. I think the relief measure could very well have been debated at some later date.

I was rather disappointed at the address of the Minister of Agriculture (Mr. Weir), because he talked of practically every other thing except getting right down to the basis of the resolution, and he resumed his seat without saying what consideration the government were going to give to it. He spent a good deal of time in explaining to the house just what led to the introduction of the legislation last session relating to a bonus on wheat. He stated that it was on his initiative that the bill was first mooted as a government measure, and that the relief was offered as a compensating adjustment on account of the incidence of the tariff on the farmers of western Canada. If it was intended as a compensating adjustment, why should not those farmers who did not reap any crop last year receive something in the way of compensation, as well as those who reaped a good crop? We are quite satisfied to give credit to the government for all that has been done in the way of relief, and we appreciate what has been done. We know they have had a big problem on their hands. One or two members on this side of the house opposed the application of a bonus under any consideration. I am not in favour of the bonus principle any more than they are, I do not think it is right. But if it is necessary to grant a bonus by way of compensation for the high tariff, then I say our farmers are entitled to such compensation as much as any other industry.

It is unfortunate that our farmers are compelled to sign notes for the relief granted to them. I do not think that the explanation given by the Minister of Agriculture will in any way satisfy the farmers who have been obliged to give those notes. Just because he met a few farmers in a fairly prosperous district in Manitoba who insisted on giving notes for the relief they received is no reason why all farmers should be obliged to sign notes.

Mr. WEIR (Melfort): I said in Saskatchewan.

Mr. McKENZIE (Assiniboia): I thought the minister said in Manitoba. In some parts of the country that may be so. I have not any reason to doubt his word. But if there were some farmers who wanted to sign notes, why was it necessary to compel all the other farmers to do so? Later on they could have paid back any money advanced without the necessity of signing notes at this time. If they are desirous of repaying the money they will do so in any case.

I leave the resolution in the judgment of the house.

Motion negatived on division.

CIVIL SERVICE COMMISSION

OUTSIDE APPOINTMENTS TO BE MADE ON RECOMMENDATION OF THE MINISTER

On the order to resume the adjourned debate on the motion of Mr. McGibbon:

That, in the opinion of this house, all outside appointments should be taken away from the Civil Service Commission and made upon the recommendation of the minister.

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, with the consent of the house I ask that this motion stand for the present in order that when the next order on the paper is proceeded with, I may, with the consent of the house, bring forward a resolution dealing with both these orders as I previously suggested in this debate.

Motion stands.

CIVIL SERVICE ACT AMENDMENT

EXCLUSION OF OUTSIDE SERVICE FROM OPERATION OF ACT

Mr. ONESIME GAGNON (Dorchester) moved the second reading of Bill No. 14, to amend the Civil Service Act.

Hon. C. H. CAHAN (Secretary of State): I have an amendment to propose to the house in connection with the second reading of this bill. I think it is well known to members of the house that throughout this capital city, and in fact throughout Canada, sinister reflections have been circulated concerning members of the Civil Service Commission which tend, if they are not answered, to discredit the competency, efficiency and reliability of that commission. The matter of appointments to the civil service, especially appointments to what is known as the outside service, also on several occasions has been under discussion in this chamber, but in such discussions neither members of the Civil Service Commission nor officials or employees of the civil service of Canada have been able to participate.

Therefore it has appeared advisable that members of the Civil Service Commission and representatives of the civil service of Canada should have an opportunity to be heard before this house should adopt the pending resolution moved by the hon. member for Muskoka-Ontario (Mr. McGibbon) and before second reading is given Bill No. 14, which second reading has been moved this evening by the hon. member for Dorchester (Mr. Gagnon).

It has seemed to me, as the nominal representative in this house of the Civil Service Commission, that such hearing could be best afforded by the appointment of a special committee of seven members of the house, representing all political parties in this house. It also has appeared advisable that the widest possible authority should be given such committee to inquire into and report generally upon the administration and operation of the Civil Service Act, with power to advise this house as such committee may deem advisable concerning the repeal or amendment of any of the existing provisions of the Civil Service Act, or the substitution therefor or addition thereto of other provisions which will tend to ensure the efficient administration of that act.

It is within the memory of older members of the house that a royal commission on the civil service was appointed in 1908 which made a very voluminous report. In 1919 a special committee of this house made an inquiry and report concerning the inside service. Subsequently, in 1923, a special committee of this house was appointed to inquire into and report upon the operation of the Civil Service Act, of which committee Hon. James Malcolm was chairman. This committee also made a very extensive inquiry and report. Again in 1924 a special committee of the Senate made an inquiry and report on the civil service. All these reports were printed and published, and I think are now available for the consideration of members of this house. Nevertheless, the committee which I am about to propose will necessarily undertake very onerous duties and responsibilities. Although I am to be a member of that committee, I certainly accept that duty with very great reluctance indeed.

With consent, I move, seconded by the Minister of Finance (Mr. Rhodes) that all the words in the motion be struck out and the following substituted therefor:

That Bill No. 14 be not now read a second time, but that it be resolved that the further consideration of said bill and of the motion standing on the order paper in the name of the hon. member for Muskoka-Ontario (Mr.

McGibbon) be deferred until after a report thereon is received from the special committee of the house which is hereinafter named; and

That the said bill and motion be referred to a special committee of this house, consisting of Messrs. Cahan, Chevrier, Laurin, Sterling, Stinson, Vallance and Woodsworth, with power to the said committee to inquire into and report upon the said bill and motion, and also with power to said committee to inquire into and report upon appointments to and the control and direction of the civil service of Canada, and, generally, upon the administration and operation of the Civil Service Act, and also to report concerning the repeal or amendment of any of the provisions of said act or the substitution therefor or addition thereto of other provisions, as the committee may deem advisable, with power to send for persons, papers and records and to report from time to time.

Mr. CASGRAIN: I thought I heard the name of the hon. member for Terrebonne (Mr. Parent) mentioned as a member of that committee. I think the names I gave were those of the hon. member for Ottawa (Mr. Chevrier) and the hon. member for South Battleford (Mr. Vallance).

Mr. CAHAN: Those were the names included.

Mr. SPEAKER: I am afraid in view of standing order 45 the proposed amendment is not in order. Forty-eight hours' notice is required of a motion for leave to present a bill, resolution or address, for the appointment of any committee, and this amendment includes the appointment of a committee.

Mr. CAHAN: I realized that difficulty, but I intended to ask for unanimous consent. I communicated with the leader of the official opposition and the leader of the third party in this house, and members of the committee were named by them. I understood that unanimous consent would be given to a motion of this kind. Of course if that is not the case my resolution will stand as a notice of motion. Do I have consent?

Mr. LAPOINTE: So far as we are concerned there is no objection.

Mr. GARLAND (Bow River): I have no objection to the minister having the consent of the house to move this amendment, but I want to assure him that I have some objection to the amendment being adopted, and I propose to discuss the matter when the question is put.

Mr. C. G. POWER (Quebec South): I have no objection, either, to giving unanimous consent to the appointment of a committee, but it seems to me that the usual procedure in this house has not been followed this evening. In the first place the order was called for the resumption of the adjourned debate on the motion of the hon. member for Muskoka-Ontario (Mr. McGibbon) and I understood you, Mr. Speaker, to say the motion would stand. The next order was for the second reading of Bill No. 14, to amend the Civil Service Act. You were about to put the motion, and I understood that the proposer was about to speak to it. I do not wish to accuse the Secretary of State (Mr. Cahan) of lack of courtesy towards one of the members on his own side of the house, but it seemed to me that he rose somewhat suddenly and cut off the debate.

Mr. CAHAN: The debate is not cut off; the moving of the amendment does not prevent a debate upon the original motion as well as upon the amendment itself. There is no endeavour to cut off any debate. So far as the hon. member for Dorchester (Mr. Gagnon) is concerned, he informed me that he had already discussed this bill and did not intend to make a speech on the motion for second reading.

Mr. POWER: In any case I am sure there are a number of members who would have been very glad to make certain observations.

Mr. SPEAKER: Is the hon. member for Quebec South (Mr. Power) raising a point of order?

Mr. POWER: The first point I wish to submit to you, Mr. Speaker, is that we have not followed the usual procedure in combining two motions or two orders and dealing with them by one motion. The second point is that even if that were allowed I doubt very much whether it is the custom and in accordance with the practice of this house to move, when the second reading of a bill has been proposed, that the bill be referred to a committee before any debate has taken place thereon.

Mr. SPEAKER: The hon. member for Quebec South (Mr. Power) has correctly stated what has taken place. The hon. member for Dorchester (Mr. Gagnon) moved the second reading of the bill and was about to speak when the hon. the Secretary of State intervened.

Mr. CAHAN: I beg your pardon, Mr. Speaker. May I be allowed to make a personal explanation? The hon. member for Dorchester told me that he did not intend to do more than move the motion, and therefore I was misled.

Mr. SPEAKER: As I have already pointed out, the resolution is not in order in that no notice has been given. It seeks to appoint

a committee and, I take it, it could be regarded as in order only by the unanimous consent of the house.

Mr. POWER: So far as that is concerned, Mr. Speaker, I am willing to consent; but I am pointing out that there has been an irregularity in procedure.

Mr. SPEAKER: So far as the resolution refers to order No. 2 on the order paper, namely, the resuming of the adjourned debate on the motion of Mr. McGibbon, that motion not being before the house, it is not open to amendment, and in that respect this resolution is also out of order.

Mr. CAHAN: All I can say, Mr. Speaker, is this. When the motion of the hon. member for Muskoka-Ontario (Mr. McGibbon) came up, I said to the house that I should like to have it stand until I could make a motion dealing with it and with the bill. That, I understood, was consented to by the house; I asked consent. And again, in giving notice of this motion, I asked the leaders of the parties in the house to consent to this. I asked that they appoint their own members to the committee, and if the right hon. the leader of the opposition were in the house I think he would say that it was understood that, so far as he was concerned—and, I was under the impression, so far as the other party was concerned—I should have the consent of the house to this course.

Mr. POWER: Again, on a point of order, and with all due respect to the Secretary of State, to the leader of the opposition and to the leader of the other party, I submit that they cannot give consent to an irregular proceeding in this house. We have certain rules by which we must be governed. We can give consent when it is a matter of courtesy that such consent be given; but I contend that we cannot combine these two orders unless there has been a special proceeding in relation thereto. The first order was allowed to stand. If, after this first order had been moved, the Secretary of State had referred the matter to a committee, he could, when the second order was called and the second reading of the bill was moved, have also referred it to a committee. But to combine the two in one motion and still remain within the rules of the house is not possible and we cannot give consent thereto.

Hon. HUGH GUTHRIE (Minister of Justice): I was under the impression that my hon. friend from Bow River (Mr. Garland) and my hon. friend from Quebec South (Mr. Power) were disposed to give consent—

[Mr. Speaker.]

Mr. POWER: Absolutely; we are.

Mr. GUTHRIE: —but desired an opportunity to discuss the bill on the second reading. The motion for the second reading is now before the house.

Mr. STEWART (Edmonton): Second reading of what?

Mr. GUTHRIE: Of the bill.

Mr. STEWART (Edmonton): I understood the bill was to stand.

Mr. GUTHRIE: No; the motion is made that the bill be now read the second time.

Mr. MACKENZIE (Vancouver): No one has supported it yet.

Mr. GUTHRIE: The question has not been put. But in amendment to that motion the Secretary of State (Mr. Cahan) moved that the bill be not now read the second time but be referred. At this moment, therefore, both the motion for the second reading and the amendment are before the house and any hon. member who desires to discuss them has the fullest opportunity to do so. My hon. friend from Quebec South knows that we can override any rule by unanimous consent. If we have that consent, let us go on with the motion for second reading, and both the motion and the amendment can be discussed to the fullest extent. If we have not that consent, and under his honour's ruling, the motion will have to stand. I understood, however, that it had been arranged in all quarters of the house that the matter should be proceeded with as proposed by the Secretary of State.

Mr. POWER: I am willing to give consent, but I am pointing out that there has been an irregularity in procedure.

Mr. GUTHRIE: We admit that, and that is why consent is asked.

Mr. POWER: Yes; but it is an irregularity which requires not only consent but a special arrangement before we can proceed. I doubt very much whether, even with consent, we can combine the two orders and deal with them in one motion.

Mr. GUTHRIE: I have always been under the impression that by unanimous consent the house could do anything.

Mr. POWER: We can, but it is bad practice; let me put it that way.

Mr. GUTHRIE: One member can refuse his consent, but with unanimous consent this house is all-powerful.

Mr. POWER: I am willing to give consent if that is all that is required, but I suggest that for our own sakes and for the sake of precedent the Secretary of State ought to proceed properly.

Mr. ROBERT GARDINER (Acadia): I rise to a question of privilege. From the remarks of the Secretary of State the house might be led to believe that the leaders of the parties on this side had given consent to these two questions being referred to a special committee. Personally I have not been consulted in that regard. A few days ago the Secretary of State did ask me whether our group would select one of our members to be a member of the special committee of seven which would go into questions with reference to the Civil Service Commission, but he did not at that time say anything to me about referring this bill and the motion of the hon. member for Muskoka-Ontario to the special committee. So far as I am concerned, I have no objection to giving consent on the understanding that, as regards Bill No. 14, it goes to the committee without having received second reading, and therefore the principle of the bill is not accepted by the house, so that when the bill comes back we shall proceed with the second reading in the ordinary course.

Mr. GUTHRIE: That is right.

Mr. ROWE: May I ask a question. In view of the fact that the hon. member for Bow River spoke for his party, I should like to know, for my own information, who is the official leader of that party.

Mr. GARLAND (Bow River): Let me say to the hon. gentleman that either of us would probably make a better leader of any party than he would.

Mr. MANION: That is very doubtful.

Mr. ROWE: Mr. Speaker—

Mr. SPEAKER: I would direct the attention of the house to standing order 75, which reads:

> Every public bill shall be read twice in the house before committal or amendment.

This is a motion for committal, and until the second reading has passed, the bill cannot be committed. I must rule that the amendment, so far, is out of order. The motion is for the second reading of the bill. Is the house ready for the question?

Mr. STEWART (Edmonton): Explain.

Mr. GAGNON: The hon. Secretary of State was right in saying that I had told him it was not my intention to speak at great length on the bill. Last year I had the honour to move a bill similar to Bill No. 14 which is now before the house, and I thought it was unnecessary for me to discuss the subject at any length or to repeat what I then stated. At that time a number of hon. members gave their views on the bill which was then under consideration. Certain doubt which has existed as to the attitude of the government towards this bill has been removed. I welcome the inquiry which is to be held into the administration of the Civil Service Act, and I trust that it will be thorough and efficient. When the report of the committee is presented to the house I hope that such action will be taken as will satisfy public opinion.

When this bill was first introduced the trial of Bouchard and Chartrand was still in progress, and it would not have been proper to pass an opinion upon the matter at that time. The trial has disclosed many scandalous practices, and I contend that the Civil Service Commission stands now at the bar of public opinion. Not only in the province of Quebec but in other provinces a strong feeling exists that there ought to be an inquiry into the actions of this commission. When I spoke last year on this matter many important newspapers in Quebec such as the Montreal Gazette, the Quebec Chronicle-Telegraph and others agreed with the stand which I took at that time. A series of articles appeared some time ago in the Mail and Empire by Doctor Grant, principal of Upper Canada College, Toronto. During the debate on this bill in 1931 I referred to the opinion expressed by Doctor Grant in his articles. The first one appeared on December 25, 1930, and I would like to quote from a subsequent article in order to show that Doctor Grant believed that a strong feeling against the commission existed not only in Quebec but in other provinces as well. Doctor Grant said:

> The whole idea of having three men to do such an executive job was wrong from the first. A commission is an admirable body to investigate and report; in an executive, unity of command is necessary. If the Canadian Pacific Railway ever wishes to go into bankruptcy, it could hardly find a better way than to put its general managership into commission and to give any two commissioners power to overrule the third. Any old-timer who remembers Sir William Van Horne will think with joy of the language that artist in profanity would have used to describe such a suggestion.

Not only did this eminent educationalist criticize the administration of the act but he considered as ridiculous and impracticable a commission where two members have the power to overrule the third.

Mr. GARLAND (Bow River): I happen to be familiar with the views held by Doctor Grant in this matter. I am sure the hon. member has no desire to mislead the house, but does he say that Doctor Grant at any time expressed an adverse opinion regarding the principles of the Civil Service Act?

Mr. GAGNON: To make a proper reply to the hon. member I would have to read these three articles. I do not intend to take up the time of the house in doing that, but immediately after the debate is ended I will let my hon. friend have these extracts so that he can see for himself.

Mr. GARLAND (Bow River): My hon. friend has not caught my point; I asked him if Doctor Grant had in a single line in his articles expressed an adverse opinion regarding the merit system, the principle underlying the Civil Service Act?

Mr. GAGNON: In order that my hon. friend and the house may not be misled, I am prepared to put these articles in Hansard. I have no desire to misinterpret what Doctor Grant has said, but his articles speak for themselves. The first is entitled, "Would abolish commission in control of civil service." That cannot be misinterpreted. Another article is entitled, "Drastic reduction advocated in civil service of Canada." I am quite prepared to put these articles on Hansard.

Mr. POULIOT: The hon. member should have them stencilled and send a copy to all hon. members.

Mr. BELL (Hamilton): Does not the hon. member read his Hansard?

Mr. POULIOT: I read only the hon. member's speeches.

Mr. BELL (Hamilton): In English?

Mr. POULIOT: The hon. member has not made any this year.

Mr. GAGNON: This discussion probably will tend to revive the question placed on the order paper by the hon. member (Mr. Pouliot) with reference to stenographers.

Mr. POULIOT: That will come in due course.

Mr. GAGNON: The placing of these articles on Hansard would serve the same purpose as sending a letter dictated to my own stenographer.

Mr. POULIOT: I object to their being placed on Hansard.

Mr. GAGNON: I do not intend to repeat what I said last year. Many hon. members in this house expressed the view that a change should take place. I think the best change which could be adopted would be one recommended by a non-partisan body, and the findings of the committee of this house appointed to investigate this act will receive my humble support.

I do not pose as a reformer. I did not draft the amendments which appear in this bill; I embodied the recommendations of the Senate committee of 1924 and some of the recommendations of the Malcolm committee of 1923. Should my bill be amended, I will not object; I am striving only to arrive at the best method of remedying a situation.

I am not against the merit system, but I do contend that the Civil Service Commission in its administration of the act does not recognize that system. Only a few weeks ago applications were requested for the position of chief page in this house. I have been informed that the examination embodied an essay on the League of Nations. Last year the position of expert mechanic in the marine signal branch of the Department of Marine at Quebec was vacant. There was a large number of applicants for the job. Two or three young men took lessons from a professor of chemistry at Laval university in order to learn the different problems involved, because they felt that to be good mechanics in the signal department, they must be acquainted with the action of salt water on buoys and similar matters. The successful candidate was the janitor of St. Patrick's church in the city of Quebec, and I am told by some of the applicants who submitted to the examination that they were asked only three questions. First they were asked if they were married or single; second, "What salary do you want?" Third, "When will you be ready to take the job?" One man after having passed the written examination got 95 points, but after answering these three questions successfully he received only ninety points. Why should a man be deprived of five points after having answered successfully the three ridiculous questions that I have already quoted? I could cite numbers of examples like the above.

Let me point out another aspect of the matter. I have already complained that neither the three commissioners nor the inspector or examiner inquire into the qualifications and characters of the candidates. After they have sat for the written examination, all the papers are sent by the inspector to an employee in the department and this employee, after making certain ratings and gradings, sends a report to the Civil Service

Commission to the effect that candidate A should be first and candidate B should be second. Why, according to that so-called merit system, should the minister or the head of the department be deprived of the right of making an appointment, when the Civil Service Commission gives the power to a second-rate employee, who receives a salary of perhaps only $1,500 a year, to make an appointment in lieu of the minister?

The other day we read in the press that Mr. Renaud, who was an appointee from the province of Quebec in the Department of Justice and who has always been a good and efficient servant, died. The question arises as to who is to fill his place. Of course applications will be asked for throughout Canada and any lawyer who has practised his profession will be entitled to be a candidate. As regards Dr. Roche, who is a physician, Mr. Tremblay, who is a journalist, and Dr. MacTavish, who is also a journalist, what are the qualifications of those three gentlemen to judge as to the respective merits of the lawyers who will be applicants for the position which Mr. Renaud formerly held in the Department of Justice? The civil service commissioners will do as they have done in the past; they will ask a lawyer from Ottawa or somewhere else to act for them; they will delegate their powers to him to find out who is the best lawyer to fill that vacant position in the Department of Justice. I consider legislation which deprives a minister of the right to make an appointment and empowers a lawyer who is not even an employee of the Department of Justice to fill a position in that department, is unwise, unsound and ought to be amended.

I could speak for hours and days giving examples like the one I have already mentioned, showing that this so-called merit system is not based on true merit. I assure hon. members opposite that I am not approaching this question in any partisan spirit, because while some bad nominations have been made under Liberal administrations, some bad nominations have also been made under Conservative administrations. I want to approach the question in a broad spirit. It is all very well to say: We do not want to return to the patronage system. We want the nominations to be aboveboard, but while we are desirous of having the merit system, let us find a scheme which will be based on true merit and let the true merit system prevail. Let us do away with that camouflage system which has produced such bad results and has given birth to complaints all over Canada. I do not want to dwell at length on this question; I think I have made my point sufficiently clear, and I ask that this bill be now read a second time.

Mr. GARLAND (Bow River): Before the hon. member concludes his address on this particular bill, would he be good enough to explain to the house the reasons for the major change urged in the bill, namely, the exclusion of the outside service? That is an aspect of the bill he has not yet discussed.

Mr. GAGNON: I shall be pleased to answer briefly the question put by the hon. member for Bow River. I have already stated that the three commissioners sitting at Ottawa cannot really be the best judges of the qualifications of all the different employees living outside the city. I have already pointed out that these three men cannot be an encyclopaedia of science. They are not properly qualified to ascertain the qualifications of a man who wants to be appointed caretaker of a customs house in Vancouver, or a postmaster in the Yukon or a customs officer in the port of Gaspe. Therefore I think in the best interests of the civil service itself, it is better that the three commissioners sitting in Ottawa should devote themselves to applications and nominations for positions in the inside service alone. They will find that a hard enough job, because in the inside service there are at least 18,000 employees. The appointment of a postmaster, for instance, in any part of Canada could be better made by the minister of the department than by the Civil Service Commission. I might point out to the hon. member for Bow River that on the twenty-fourth of June of last year the leader of the opposition (Mr. Mackenzie King) himself stated that in the legislation of 1918 they had gone too far in putting the postmasters throughout Canada under the jurisdiction of the Civil Service Commission. It is not necessary for me to speak any longer, but I think the public interest will be best served by taking the outside service out of the jurisdiction of the commission; or, if the committee which is to be formed prefers, by devising other ways and means of appointing candidates to the outside service.

Mr. WOODSWORTH: How does the hon. gentleman propose to appoint such outside candidates?

Mr. GAGNON: I do not think that at this stage of the proceedings it would be proper for me to answer all these questions, especially

in view of the fact that there will be ample opportunity to answer them in committee. I am pleased to see that my hon. friend is a member of the committee because I am sure he will have some very good suggestions to offer.

Mr. E. J. GARLAND (Bow River): I am astonished, but at the same time I am not surprised, that this evening we should have a proposal from the ranks of the Conservative party of a character that is calculated almost entirely to destroy the Civil Service Act which that party is responsible for putting on the statute book of this country.

Mr. MALONEY: I rise to a point of order, Mr. Speaker. Is it not a fact that the previous speaker closed the debate?

Mr. SPEAKER: The hon. member for Bow River is quite in order in addressing the house.

Mr. GARLAND (Bow River): It is also interesting to note that until I asked him the question after he had sat down the first time, the mover of the motion (Mr. Gagnon) did not give any explanation whatever of the most sinister proposal in the bill, that of turning over to the greediest of hordes the patronage of the various constituencies throughout this dominion. The Secretary of State (Mr. Cahan), when he spoke a few moments ago on an amendment that was ruled out of order, proposed that this bill and the resolution standing in the name of the hon. member for Muskoka-Ontario (Mr. McGibbon) should be referred to a special committee, and he gave two chief reasons for that. The first was that there were certain sinister reflections upon the present Civil Service Commission which in the public interest should be examined into and cleared up.

Mr. CAHAN: And concerning which they should be heard.

Mr. GARLAND (Bow River): Yes. He said that neither the representatives of the Civil Service Commission nor those of the rank and file of the civil service had had an opportunity to defend themselves in connection with these allegations. The other reason he gave was that we might devise ways and means of improving on the Civil Service Act and its administration.

In regard to all these proposals of the Secretary of State, I, and I believe my colleagues are in complete accord. We think it advisable that there should be an examination into the actual conditions under which the administration of the civil service is being conducted to-day by the Civil Service Commission, and I will go so far as to agree with my hon. friend from Dorchester (Mr. Gagnon) and join hands with him in a dismissal of the present civil service commissioners. I have no hesitation in saying that, from what meagre knowledge I have of what has been going on for some years and is now beginning to come out in the public press; but to destroy the merit principle—never. This country cannot afford to do that at this stage.

It is within a few minutes of eleven o'clock, Mr. Speaker, and as I wish to discuss the principle of this bill at some length, I ask you to call it eleven o'clock.

Mr. SPEAKER: If the hon. member wishes to bring the debate to a close he should move to adjourn the debate.

Mr. GUTHRIE: We can call it eleven o'clock, Mr. Speaker, if the house agrees.

Mr. GARLAND (Bow River): As I was saying a moment ago when the opposition with its usual courtesy declined me the privilege of having it called eleven o'clock—

An hon. MEMBER: Not the opposition, the government.

Mr. GARLAND (Bow River): No, not the opposition. Strangely enough I think I have had more courtesy at the hands of the late government than I have had at the hands of this one.

Mr. GUTHRIE: I do not know what my hon. friend is talking about. I asked the Speaker to call it eleven o'clock and he declined.

Mr. GARLAND (Bow River): I did not hear my hon. friend. Will he please accept my sincere regrets.

Mr. SPEAKER: I did not understand the Minister of Justice. If it is the desire of the house to call it eleven o'clock, it is eleven o'clock.

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

Friday, February 19, 1932

The house met at three o'clock.

BANK ACT AMENDMENT

LIMITATION OF RATE OF INTEREST CHARGED BY BANKS

Mr. H. E. SPENCER (Battle River) moved for leave to introduce Bill No. 16, to amend the Bank Act.

Some hon. MEMBERS: Explain.

Mr. SPENCER: My object in introducing this bill, Mr. Speaker, is similar to that I had a year ago when I introduced a bill with regard to the limitation of interest that may be charged by a bank. The main difference in this bill, as compared with the one of a year ago, is that the penalty clauses are somewhat milder. This has been done because of the criticism made in this house a year ago that the penalties then suggested were too severe.

Motion agreed to and bill read the first time.

INTERNATIONAL CONVENTIONS

AMELIORATION OF THE CONDITION OF WOUNDED AND SICK IN ARMIES IN THE FIELD

Right Hon. R. B. BENNETT (Prime Minister) moved:

That it is expedient that parliament do approve of the international convention for the amelioration of the condition of the wounded and sick in armies in the field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, subject to the following reservation:—

"That the government of the Dominion of Canada will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose,"

and that this house do approve of the same, subject to the said reservation.

He said: Mr. Speaker, the resolution which has been standing on the order paper for some few days asks this house to ratify and confirm, with the reservation indicated, the convention signed at Geneva on the 27th July, 1929, and finally executed as far as this country is concerned on the 29th January, 1930, by Doctor Riddell on behalf of Canada.

I suppose there are few instances in history of the influence of one man having such far-reaching consequences as is the case of Henri Dunant who, after the battle of Solferino, viewing the results of war close at hand, seeing wounded left to die in pain and under conditions almost indescribable, concluded that some action should be taken by which agreements would be arrived at by those at war to prevent a recurrence of conditions such as those he saw. The result was that on the 22nd day of August, 1864, at Geneva, a convention was signed whereby practically all the nations of the world agreed that in the event of war the wounded would be cared for under conditions that to some extent at least would ensure the possibility of their recovery.

That convention was subsequently amended on July 6, 1906, but the experience of the great war made it desirable that further amendments should be made, and conferences of the International Red Cross Association and of the parent Red Cross organization established by Dunant made it essential that those changes should be considered by all the nations of the world who were signatories to the covenant of the League of Nations, and indeed those who were not. The result is the international convention for the Amelioration of the Condition of the Wounded and Sick in Armies in the Field, which was laid upon the table of this house a few days ago. I may say that the convention has been signed by the following states: Germany; the United States of America; Australia; Belgium; Bolivia; Great Britain and Northern Ireland, and all parts of the British Empire which are not separate members of the League of Nations; France; Greece; Hungary; Italy; Japan; Latvia; Luxemburg; Mexico; Nicaragua; Norway; Netherlands; Persia; Poland; Portugal; Roumania; the Kingdom of the Serbs, Croats and Slovenes; Siams; Switzerland; Czechoslovakia; Turkey; Uruguay and Venezuela. The order in which I have read the names of these countries is the order in which the convention was signed.

I do not think it desirable to take up the time of the house in referring to the particular provisions of the convention, for I assume that members of the house have availed themselves of their opportunity to read the convention as a whole. I may say shortly, however, that this convention provides for care and attention being given to the wounded and sick and their removal from the field of hostilities, under the protection of the Red Cross flag, and the establishment as far as may be possible of a neutral zone during the period in which those who are sick and wounded are being so removed, at least to some safe portion of the battlefield. I will not do further than read the heads of the chapters. After providing for the care of the wounded and sick officers and soldiers, it is provided that the occupant of the field of battle shall take measures to search for the wounded and dead and protect them against pillage and maltreatment and that wherever circumstances permit a local armistice or a suspension of fire shall be arranged to permit the removal of the wounded remaining between the lines. It provides for medical formations and establishments which are intended to ac-

company armies in the field, and that the fixed establishments of the medical service shall be respected and protected by the belligerents. Then there are provisions as to personnel, as to buildings and materials, mobile medical formations, buildings of aid societies, which shall be regarded as private property; the provision of medical transport, and then this provision which gives to the operations of the Red Cross organization its peculiar effectiveness. Chapter 6, article 19, deals with the distinctive emblem:

As a compliment to Switzerland, the heraldic emblem of the red cross on a white ground, formed by reversing the federal colours, is retained as the emblem and distinctive sign of the medical service of armed forces.

Nevertheless, in the case of countries which already use, in place of the red cross, the red crescent or the red lion and sun on a white ground as a distinctive sign, these emblems are also recognized by the terms of the present convention.

Article 20

The emblem shall figure on the flags, armlets, and on all material belonging to the medical service, with the permission of the competent military authority.

The application and execution of the convention are provided for, as well as the suppression of abuses and infractions, to which I shall make reference. When Great Britain signed the convention a limitation or restriction was placed upon its operation, and the same may be said with respect to the signature by Canada. I shall read article 28:

The governments of the high contracting parties whose legislation is not at present adequate for the purpose, shall adopt or propose to their legislatures the measures necessary to prevent at all times:—

(a) the use of the emblem or designation "Red Cross" or "Geneva Cross" by private individuals or associations, firms or companies, other than those entitled thereto under the present convention, as well as the use of any sign or designation constituting an imitation, for commercial or any other purposes;

(b) by reason of the compliment paid to Switzerland by the adoption of the reversed federal colours, the use by private individuals or associations, firms or companies of the arms of the Swiss confederation, or marks constituting an imitation, whether as trade marks or as parts of such marks, for a purpose contrary to commercial honesty, or in circumstances capable of wounding Swiss national sentiment.

The prohibition indicated in (a) of the use of marks or designations constituting an imitation of the emblem or designation of "Red Cross" or "Geneva Cross," as well as the prohibition in (b) of the use of the arms of the Swiss confederation or marks constituting an imitation, shall take effect as from the date fixed by each legislature, and not later than five years after the coming into force of the present convention. From the date of such coming into force, it shall no longer be lawful to adopt a trade mark in contravention of these rules.

It will be observed that the signature of the British representative, Sir Horace Rumbold, at page 15 of the convention, follows these words:

I declare that my signature of this convention in respect of Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations is subject to the understanding that His Britannic Majesty will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose.

And when Canada signed, the following declaration was made by Doctor Riddell:

I declare that my signature of this convention in respect of Canada is subject to the understanding that the government of the Dominion of Canada will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose.

The same reservation was made for Australia, New Zealand, the Irish Free State and India. The legislative provision contemplated by article 28 is contained in the bill which was introduced a few days ago by the Secretary of State in connection with unfair competition. So that the use of the heraldic device, to which reference is made in the convention, and from which as a matter of fact it derives its ordinary name, Red Cross convention, will now be prohibited except with respect to those who have used it prior to the date of the convention.

I do not think it is necessary to make a more lengthy explanation with respect to this convention, for I take it that all those who contributed to the activities of the Red Cross during the great war realize the tremendous amount of work that was done in Canada for the sick and wounded; and there are many in this house, medical men, who participated in the medical services that are protected by the convention. Under the circumstances it is not necessary that I should do more than move the adoption of the resolution standing in my name.

Motion agreed to.

TREATMENT OF PRISONERS OF WAR

Right Hon. R. B. BENNETT (Prime Minister) moved:

That it is expedient that parliament do approve of the international convention relative to the treatment of prisoners of war, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, and that this house do approve of the same.

He said: It may be said that the history of the convention relating to the treatment of prisoners of war has to some extent followed, and been parallel with, the history of the measures that have been taken for the alleviation of the condition of the sick and wounded in war; but there are perhaps some principles to which reference might be made dealing with the treatment of prisoners of war, which the experience of the great war made it essential should be adopted in the convention that was signed on July 27, 1929, and to which Canada became a party on the 29th day of January, 1930. I will not read the names of the signatories who signified their approval and acceptance of the provisions of the convention. It is sufficient for my purpose to indicate that the same nations that signed the Red Cross convention, so-called, also executed the convention which I am now asking the house to ratify. A few observations might be made, however, of a historic character, with respect to this convention.

The principles which now govern the treatment of prisoners of war were laid down in the second convention of the Hague conference in 1899 and were entitled, "Rules respecting the laws and customs of war on land." They were revised in 1907 at the second conference, being the fourth of such conventions. These conventions and the regulations annexed thereto cover the subject matter very extensively. They were adhered to by nearly all the nations and may be considered to some extent the basis of the international convention relative to the treatment of prisoners of war now before the house. After the war, however, it became apparent, in the light of the experience of the combatants and the knowledge that was gained by neutral countries, particularly Switzerland, that some improvement should be made, and accordingly inquiries were instituted and matters were discussed very carefully at the tenth international conference of Red Cross societies held at Geneva in 1921. This undertook the preparation of an international code relating to prisoners of war. Regulations were prepared by an international committee under the chairmanship of Lord Justice Younger, the present Lord Blanesburgh which sat at the Hague in 1921, and at the eleventh convention of the International Red Cross Society at Geneva in 1923 the Red Cross societies put forward an elaborate draft convention on this subject. In 1924 the International Red Cross committee proposed that the question of preparing an international code relating to prisoners of war should be laid before a diplomatic conference, and in the meantime the proper authorities of the British and Canadian governments were giving attention to the report of the Younger committee to which I have just referred. In August, 1925, the Swiss government inquired whether the governments concerned would be willing to take part in a conference for the ratification of the Geneva convention of July 6, 1906, and whether they would agree to entrust to a diplomatic conference for the ratification of the Geneva convention the task of preparing a code for prisoners of war. In 1929, the year in which this convention was executed, the proposals of the Swiss government were accepted. The diplomatic conference to which I have referred was held at Geneva for the purpose of revising the Red Cross convention of 1906 and preparing a code relating to prisoners of war. As I have indicated, this convention was signed by the Canadian representative in January, 1930.

The convention with which we are now dealing covers the efforts to be made to take care of those who may become prisoners by capture or otherwise during the progress of hostilities. I do not know that any good purpose will be served by taking up further the time of the house except to say that no legislation will be necessary at the present time. Practically all the countries have ratified the convention.

I hope the time may be long distant when we Canadians will be again called upon to deal with the complex problems which arise out of our nationals becoming prisoners of war. The exchange of prisoners, the care of prisoners, the providing of food and comforts, the inspection as far as it may be possible through the aid of neutrals of the facilities provided for their care, all these are matters of which I think every hon. member of this house has some knowledge. I do not think there is any hon. member who during the period from 1914 to 1918 had not to deal with some phase of the question arising out of Canadians becoming prisoners of war, or who through the Red Cross societies did not give some support or succour to prisoners.

In this regard all countries owe a great debt to Switzerland. The Swiss republic has taken the lead in connection with matters of this

kind and since the first convention at Geneva held in 1864, to which the experience of the British gained in the Crimean war was very important, this republic has continued to make a great contribution to these subjects. The organized efforts which have been made by the head of the Red Cross organization, very frequently a Swiss citizen, and the work which has been done at the Hague in connection with prisoners of war, merit the thanks of every country in the world. I bear gladly this testimony to the zeal with which the Swiss statesmen and public men and women have devoted themselves to this matter.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, this convention would appear to be somewhat of an anachronism. There may have been the necessity of caring for the sick in the field and the proper care of prisoners during the last war, but I understood that nearly all the civilized nations of the world had signed a solemn pact that they would abandon war as a means of settling international disputes. It would seem to me that the putting forward of conventions of this kind is evidence that we, together with other nations, do not take our obligations very seriously. I ask the Prime Minister (Mr. Bennett) if he does not consider that there is a very decided danger in introducing conventions of this kind, that it might weaken our confidence in the obligations which we have undertaken under the Kellogg and other pacts.

Mr. BENNETT: The fact that nations have taken this precaution to care for the sick, wounded and prisoners in the event of war must be considered along with their declarations that there will be no wars as acts of national policy. It is well to remember that even in the covenant of the League of Nations there were certain, shall I say, punitive provisions which indicated the possibility at least of a police force finding it necessary to maintain the position taken by the league. In any event, in the two conventions to which I have alluded in the event of human nature not being perfect and the imperfections of mankind being manifested by war in the manner indicated, that antecedent provision has been made to ensure that the calls of humanity shall be observed to the greatest possible extent as against the weaknesses of frail mankind.

Motion agreed to.

[Mr. Bennett.]

ROYAL CANADIAN AIR FORCE

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF PUBLIC IMPORTANCE

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I desire to ask leave of the house to move the adjournment to discuss a definite matter of urgent public importance in connection with the dismissal of between two and three hundred officers and men of the Royal Canadian Air Force without regard to their families, their overseas service or period of enlistment, and the embarrassing situation which may arise if they are forced by the necessity of employment to accept service with another nation. I submit that the matter is one of urgent public importance because of the lack of notice given and the necessity with which this great body of young Canadians is faced in order to make arrangements for employment.

Mr. BENNETT: The leave should precede the speech.

Mr. RALSTON: I am making only a statement.

Mr. SPEAKER: The rule requires an hon. member making such a request to state the matter, not to argue it, and the time has arrived when a written statement should be handed to the Speaker. The house knows that I allow as much latitude as possible in debate but I cannot find that this application is in order nor that it is of urgent public importance. May provides for this procedure as follows:

> Though the responsibility of bringing forward a subject as a definite matter of urgent public importance rests with the member who desires to exercise the right given by the standing order, there must be a prima facie case of urgency.

I do not think a prima facie case of urgency exists. I quote again from May at page 248, as follows:

> Motions for adjournment regarding matters for the discussion of which the committee of supply or other appointed business would afford an early opportunity or a matter which is under the consideration of a select committee have been ruled to be out of order.

Last evening upon the adjournment of the house the Minister of Justice (Mr. Guthrie) gave notice that to-day the house would go into supply, and this matter could be discussed when that motion is made.

Mr. MACKENZIE KING: Is it not true that on Fridays Your Honour leaves the chair without motion being put?

Mr. SPEAKER: The next time it will be necessary for a motion to be made for the

Speaker to leave the chair for the house to go into committee of supply is not so far distant, and at that time this matter can be discussed.

Mr. MACKENZIE KING: Am I not right in saying that to-day the house will go into supply without an opportunity being afforded for discussion?

Mr. SPEAKER: It will be necessary some day early next week to move that the Speaker leave the chair for the house to go into committee of supply, and that will provide an opportune time to discuss this matter.

Mr. MACKENZIE KING: Might I point out that Monday of next week is private members' day and in all probability there will be no opportunity of moving to go into supply on that day. It is for the government to determine what day they will move to go into supply. On Tuesday they may decide to bring up other measures. Wednesday and Thursday of next week are again private members' days, and it is very difficult to know how long it will be before an opportunity will be afforded for bringing up this matter on going into supply.

Mr. SPEAKER: In view of what the leader of the opposition has said, I still adhere to my first ruling.

Mr. RALSTON: With all deference, Mr. Speaker—and I am accustomed to bow to your ruling—I feel that the matter is one of urgent public importance from the point of view of Canada and of this large body of citizens. Therefore I am going to take this opportunity of respectfully appealing from your ruling.

Right Hon. R. B. BENNETT (Prime Minister): I have always had some doubt as to whether there is an appeal from a ruling on this phase of our procedure. I am putting this to my hon. friend not at all as a conviction but merely as a suggestion by way of question as to whether there should be or not. In order that leave may be granted to a member to move to adjourn the house to discuss a matter of urgent public importance, two factors must be considered. First, the Speaker must make a decision. Then the house, by a number of the members standing in their places, indicates, that the matter shall be proceeded with. I do not think the first, touches a question of order; it is a question of discretion pure and simple, and I should say under ordinary circumstances it is not appealable. That is the view that I entertained when I was on the opposite side of the house. Whether or not it is sound, I cannot say, because apparently, as far as I have been able to ascertain there are no authorities respecting the matter. But to determine whether or not it is appealable, first the Speaker is charged with the exercise of the discretion which he must exercise as a condition precedent to the house saying it will proceed. Then, instead of a majority of the house saying: We shall proceed, it is merely essential that a limited number stand in their places, and when they do that, the two factors combine to bring the motion before the house. If we apply the ordinary rule touching similar cases, it does not seem there should be an appeal from the exercise of that discretion, because that would appear to be intended at least to give to the presiding officer of the chamber a power to say that in his opinion a matter is of urgent public importance, but it does not ask the majority so to decide. Once the presiding officer has exercised his discretion in that way, then as I have said, a limited number, I think twenty, exercising their right, permit the debate to proceed. If twenty do not stand up, then of course there is no motion and the debate does not proceed. In other words, it is not a question of procedure with respect to the conduct of the business of the house, but rather a matter of another character entirely.

I am raising the question only in order that it may be indicated in the records of the house as to that being the correct procedure. So far as the rest of it is concerned, if it is a matter on which an appeal can be taken as regards that phase, it follows that if the appeal succeeds—and that is the point I am making now—the debate will not proceed, because twenty would have to stand up even after the Speaker had been overruled and that would negative the necessity of the two factors combined to make it possible, for the house has acted in both cases. In other words, a majority of the house has decided that the Speaker shall decide that the matter is of urgent public importance. Therefore you have substituted for the discretion of the Speaker under the rule, that of the majority of the House of Commons, but that majority cannot carry it alone, for after that there must still be the motion put to the house and twenty, not a majority, signify their approval. It therefore follows that it makes it nonsensical to say there should be an appeal from the Speaker, because otherwise all that would be necessary in the rule would be to say: If the majority of the house so decide in the first instance, the debate shall be proceeded with. I am putting the matter only

as it appears to me now and as it has done on several occasions when I have been discussing whether the rule does not contemplate first of all the exercise of a judicial discretion by the presiding officer of the chamber, from which discretion there is no appeal in deciding that it is a matter of urgent public importance; after which the house, not by a majority, but by twenty of its members standing in their places, say that the debate may proceed.

Hon. CHARLES MARCIL (Bonaventure): I was a member of the committee that drafted that rule. The purpose was that the question should first be brought to the attention of the Speaker and if the Speaker had any doubt in the matter he could ask whether the hon. member making the motion or asking for that leave had the permission of the house. Then if twenty members rose in their places, that was sufficient for the debate to proceed.

Mr. SPEAKER: I would respectfully refer hon. members to standing order 31, and particularly to subsections (2) and (3):

(2) The member desiring to make such a motion rises in his place, asks leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, and states the matter.

That has been done.

(3) He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house.

If the Speaker does not think it in order or does not think it of urgent public importance, then he does not read it out nor ask the house whether the member has the leave of the house. I think that ends the matter If the Speaker felt it was of urgent public importance and in order, and read it to the house; then if an objection were taken, notwithstanding the Speaker's opinion, it would be put to the vote of the house.

Mr. POWER: May I point out that no objection has been taken.

Mr. SPEAKER: I quite agree with that. The matter has not come to the stage where an objection can be taken. The Speaker has dealt with it himself.

Mr. RALSTON: That is the ruling from which I am respectfully appealing.

Mr. SPEAKER: I submit there is no appeal from that ruling.

Mr. RALSTON: May I be permitted, Mr. Speaker, to discuss the point of order? I understand the Prime Minister has indicated that for one purpose at least there is vested in you some power that is not subject to the control of the house at all. I submit fundamentally—and it is almost an elementary principle—that that view cannot prevail. Speaking with all deference, I submit that you, Mr. Speaker, in making that prima facie decision, because that is what it is, are substituting yourself, for the time being, for the house, but subject always to the house deciding by a majority whether or not they shall overrule your decision in that respect. The situation cannot be otherwise. I do not think you will find in the rules anywhere a place where Mr. Speaker is given a discretion which is not subject to the direction of the house by majority vote. The only thing one would have to do would be to appeal from the last ruling which you, Mr. Speaker, have made, to the effect that you will not permit this appeal. This of course leads to exactly the situation which the Prime Minister mentioned, namely, an absolutely nonsensical position, because, after all, the second ruling that you have made is that you will not submit this to the house. There is no suggestion anywhere that there is no appeal from that ruling.

Mr. SPEAKER: Will the hon. member indicate the rule providing for such an appeal?

Mr. RALSTON: I am referring to the general rule which provides for appeals from decisions of the Speaker.

Mr. BENNETT: On points of order.

Mr. RALSTON: This is only a point of order. The question is whether this motion shall be discussed now. Surely that is a point of order as regards the procedure in the house. There is something which has to be decided in connection with that, and that is a question of fact or of opinion whether the matter is of urgent public importance. You, Mr. Speaker, think not. If a majority of the house think otherwise, then it seems to me that the matter is perfectly in order and should be discussed. I can find nowhere in the rules that you, Mr. Speaker, are vested with authority to substitute your judgment for the judgment of a majority of the house if they choose to exercise their right in that respect. I submit with all deference that this is a very important ruling which is being sought, Mr. Speaker, and I ask that you reconsider in order that the house may exercise its usual right in connection with an appeal.

Hon. HUGH GUTHRIE (Minister of Justice): There are one or two points which should be kept in mind in regard to this ruling. Rule 12 is the one that applies to Mr. Speaker's rulings on questions of order, and it is in this language:

Mr. Speaker shall preserve order and decorum, and shall decide questions of order, subject to an appeal to the house without debate.

Rule 31 is in the nature of an extraordinary proceeding. Subsection 3 of that rule provides:

He then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it in order—

That is the first consideration:

—and of urgent public importance, reads it out and asks whether the member has the leave of the house.

I understand that in this case the Speaker does not think it is a matter of urgent public importance, and that, I submit, is hardly a question of order. When a question of order is involved, there is no doubt that there is an appeal from any ruling of the Speaker. But here is discretion vested in the Speaker to say whether or not the matter is of urgent public importance. I contend that there is no appeal in that respect because it is upon that point that I understand the Speaker has ruled.

Mr. A. W. NEILL (Comox-Alberni): I beg to call attention, Mr. Speaker, to page 74, a few paragraphs beyond that quoted by you in dealing with this subject. Paragraph 249 reads as follows:

In doubtful cases—

This is a doubtful case:

—the question of urgency and of importance are left for the house to decide by giving or withholding its support.

Mr. BENNETT: The Speaker has to say whether it is doubtful or not.

Mr. NEILL: It is doubtful because the Speaker is of one opinion and the members are of another.

Mr. BENNETT: That does not make it doubtful.

Hon. ERNEST LAPOINTE (Quebec East): If the contention of the Prime Minister is right I submit with all deference and respect that there would be an appeal now from your ruling on the point of order raised by the Prime Minister.

Mr. BENNETT: I only put the matter to the house. I say that I have no conviction about it one way or the other. I want to be perfectly frank about it.

Mr. NEILL: Then it is doutful.

Mr. EULER: If it is doubtful it comes under this rule.

Mr. LAPOINTE: I share the views of my hon. friend from Shelburne-Yarmouth (Mr. Ralston) that there is an appeal to the house from any ruling or decision of the chair. Otherwise it would place Your Honour in the position of a dictatorship over the majority in the house, which has never been contemplated. I do not think there is any difference as regards a point of order and a point of procedure. I will quote from Bourinot, page 366. After saying that the Speaker shall preserve order and decorum and shall decide questions of order subject to an appeal to the house, Bourinot proceeds:

Instances have occurred in both the English and the Canadian houses of the Speaker's decisions on points of procedure or order having been overruled.

Even if there might be some contention that this is not a question of order as contemplated by rule 12, it is at least a question of procedure, and from your decision and ruling I respectfully submit that there is the right of appeal.

Mr. SPEAKER: I must abide by the rules. It is very distasteful to me to have to give this ruling. However, the rules as they are were framed by the House of Commons, and it seems to me that the house had in contemplation placing a matter of this kind entirely in the discretion of the Speaker, or otherwise the rule would have been worded differently. I cannot see it in any other way. I would prefer to leave it to the house, but I take it that under the rules I have no discretion in the matter.

Mr. RALSTON: I appreciate and I take in all sincerity Your Honour's assurance in that respect. I feel that you would rather leave it to the house and that you consider this ruling is one which ought to have been made. But I can relieve Your Honour in that respect because I can now respectfully appeal to the house from your ruling that there is no appeal from the ruling which you have just made to the effect that this is a matter entirely within the discretion of Your Honour. That certainly is a question of order which the Speaker has now decided.

Mr. SPEAKER: Will the hon. member put that in writing?

Mr. RALSTON: Certainly.

Hon. E. N. RHODES (Minister of Finance): On the point of order, Mr. Speaker, may I with all deference and every respect offer this

suggestion? Inasmuch as there would appear to be some doubt what the proper procedure is in the circumstances, would it not be wise in order to give Your Honour ample time in which to make a thorough survey of the authorities to permit an appeal without prejudice to your decision and without prejudice to the rights in the matter, thus disposing of the situation for the time being, and when Your Honour has had ample time to study the authorities a final decision on the point might be given.

Mr. SPEAKER: If it is the wish of the house I am prepared to disregard the rule on that understanding, but I have not altered my opinion as to the meaning of the rule.

Mr. RALSTON: My hon. friend the Minister of Finance (Mr. Rhodes) has addressed himself to me more or less in connection with the matter of taking the vote on the appeal "without prejudice".

Mr. RHODES: I was addressing myself strictly to the chair.

Mr. RALSTON: Addressing me through Mr. Speaker. I would not want to accept the suggestion of my hon. friend if it were not effective in this respect: Supposing the appeal were sustained, I would not want it said by any member of this house that the appeal was asserted without prejudice and therefore it is not binding and I have not the right to discuss the matter. The decision of the house must be binding for the purposes of this resolution, I submit, and I think my hon. friend so intended.

Mr. BENNETT: If the appeal succeeds, the discussion goes on.

Mr. C. G. POWER (Quebec South): May I suggest, Mr. Speaker, following the suggestion of the hon. Minister of Finance (Mr. Rhodes), that when you are studying this question you also study the broader question as to whether or not there are any decisions of the Speaker which cannot be appealed. After all, that question transcends in importance anything which has transpired here today. The contention of a great many of us is that the Speaker is an officer of the house—

Mr. SPEAKER: Is the hon. member speaking on a point of order or just giving advice?

Mr. POWER: Mr. Speaker, I expected a little better treatment than that.

Mr. SPEAKER: I submit that the house and the Speaker are entitled to better treatment from the hon. member. If the hon. member wishes to speak on a point of order and does so, in order, I shall be very glad indeed to hear him, but for him to get up and suggest that the Speaker should study this and study that is out of order.

Mr. POWER: I am sorry, Mr. Speaker. I was simply following on the suggestion of the Minister of Finance to the effect that you might take some little time for consideration of the points that have been put before you this afternoon, and I wish to suggest with all deference and respect that the important point put before Your Honour—

Mr. SPEAKER: I should like to know upon what the hon. member is basing his remarks. There is nothing before the house for discussion.

Mr. VALLANCE: There was the suggestion by the Minister of Finance.

Mr. SPEAKER: That does not put the hon. member in order. The Speaker having decided that the question submitted by the hon. member for Shelburne-Yarmouth (Mr. Ralston) for leave to adjourn the house is not in order, and the question proposed to be discussed is not one of urgent public importance, Mr. Ralston appeals from that decision. Is it the pleasure of the house that the Speaker's decision be sustained? Those in favour will please say "aye".

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those against?

Some hon. MEMBERS: No.

The house divided on the question: "Shall the ruling of the Speaker be sustained?" And the ruling was sustained on the following division:

YEAS

Messrs:

Barber,
Baribeau,
Beaubier,
Belec,
Bell (St. John-Albert),
Bennett,
Beynon,
Bourgeois,
Bowman,
Boyes,
Burns,
Bury,
Campbell,
Carmichael,
Chaplin,
Charters,
Cormier,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duranleau,
Embury,
Ernst,
Esling,
Garland (Carleton),
Gobeil,
Gordon,
Guthrie,
Hanson (York-Sunbury),
Hay,
Johnstone,
Jones,
Loucks,
MacDonald (Cape Breton South),
MacLaren,
MacMillan (Saskatoon),
McGregor,
McLure,
Maloney,
Manion,

Murphy,
Myers,
Nicholson,
Perley (Qu'Appelle),
Plunkett,
Price,
Quinn,
Rhodes,
Rogers,
Ryckman,
Ryerson,
Shaver,
Smith (Cumberland),
Smoke,
Spankie,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Swanston,
Tétrault,
Thompson (Simcoe East),
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wright.—72.

NAYS

Messrs:

Ahearn,
Beaubien,
Blair,
Bothwell,
Bradette,
Brasset,
Brown,
Butcher,
Cayley,
Chevrier,
Coote,
Denis,
Donnelly,
Dubois,
Duff,
Euler,
Fiset (Sir Eugène),
Gardiner,
Garland (Bow River),
Goulet,
Hanson (Skeena),
Heaps,
Ilsley,
Irvine,
Kennedy (Peace River),
King, Mackenzie,
Lapointe,
Lucas,
Luchkovich,
MacInnis,
Mackenzie (Vancouver Centre),
MacLean,
Macphail (Miss),
Motherwell,
Munn,
Neill,
Ralston,
Reid,
Spencer,
Stewart (Edmonton West),
Taylor,
Totzke,
Urquhart,
Veniot,
Weir (Macdonald),
Woodsworth,
Young.—47.

PAIRS

Messrs:

(The list of pairs as furnished by the chief whips.)

Anderson (Halton),
Arsenault,
Arthurs,
Baker,
Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Black (Halifax),
Bowen,
Cahan,
Cantley,
Casselman,
Cotnam,
Dorion,
Duguay,
Dupré,
Edwards,
Fortin,
Fraser (Cariboo),
Gagnon,
Geary,
Gott,
Factor,
Thauvette,
Hanbury,
Bertrand,
Rhéaume,
Mercier (St. Henri),
Raymond,
Dubuc,
McKenzie (Assiniboia),
Rinfret,
Cardin,
Howard,
Hurtubise,
Verville,
Dumaine,
Ferland,
Elliott,
Fafard,
McMillan (Huron),
Boulanger,
Mercier (Laurier-Outremont),
Rutherford,
Hackett,
Harris,
Kennedy (Winnipeg),
Laflèche,
Larue,
Laurin,
LaVergne,
Lawson,
Lennox,
MacDonald (Kings),
MacNicol,
McDade,
McGibbon,
McGillis,
Matthews,
Morand,
Mullins,
Perley (Argenteuil),
Pettit,
Robinson,
Ross,
Rowe,
Sauvé,
Senn,
Short,
Simpson (Algoma),
Spence,
Spotton,
Stinson,
Tummon,
Turnbull,
White (London),
Wilson,
Perras,
Jacobs,
McIntosh,
Girouard,
Fournier,
Fontaine,
Boucher,
Gray,
Pouliot,
Malcolm,
Speakman,
Dupuis,
Power,
Deslauriers,
Moore (Ontario),
Parent,
Howden,
Marcil,
Bouchard,
Desrochers,
Roberge,
Lacroix,
Séguin,
Sanderson,
Heenan,
Casgrain,
Fraser (Northumberland),
Hepburn,
Hall,
St-Père,
McPhee,
Gershaw,
Vallance.

Mr. SPEAKMAN: I was paired with the hon. member for Toronto Northwest (Mr. MacNicol). Had I voted, with deep regret I would have voted against Your Honour's ruling.

Mr. GOTT: I was paired with the hon. member for Kent (Ontario, Mr. Rutherford). Had I voted I would have voted for Your Honour's ruling.

Mr. FRASER (Cariboo): I was paired with the hon. member for South Huron (Mr. McMillan). Had I voted I would have voted for Your Honour's ruling.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted against Your Honour's ruling.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted I would have voted for Your Honour's ruling.

Mr. McPHEE: I was paired with the hon. member for Regina (Mr. Turnbull). Had I voted I would have voted against Your Honour's ruling.

Mr. EDWARDS: I was paired with the hon. member for West Middlesex (Mr. Elliott). Had I voted I would have voted for Your Honour's ruling.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted against Your Honour's ruling.

Mr. HOWDEN: I was paired with the hon. member for Marquette (Mr. Mullins). Had I voted I would have voted against Your Honour's ruling.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted against Your Honour's ruling.

Hon. ERNEST LAPOINTE (Quebec East): May I respectfully ask whether the suggestion of the Minister of Finance (Mr. Rhodes) has been accepted, that this vote be taken without prejudice and not considered as an authority guiding Your Honour or the house in the future, until Your Honour has looked into the matter further?

Mr. SPEAKER: My understanding of the situation is that the hon. member for Shelburne-Yarmouth (Mr. Ralston) appealed from the decision of the Speaker that his ruling under subsection 3 of standing order 31 was not subject to appeal. The appeal of the hon. member has not been sustained and therefore the decision of the Speaker that his ruling under that standing order is not subject to appeal, stands.

ENLISTMENT OF CANADIANS IN NAVAL OR MILITARY FORCES OF FOREIGN POWER

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): Apropos of the subject to which I referred a few moments ago, I noticed in the Toronto Globe a despatch dated February 18, in which the right hon. Prime Minister (Mr. Bennett) is quoted as giving the law with regard to what is known as foreign enlistments. I feel satisfied that the Prime Minister has not seen the article because I am sure he would have corrected it. The statement is this:

> The Globe sought comment from the Prime Minister, who revealed his profound knowledge of the law. Mr. Bennett said that enlistment of Canadians in the Chinese army or the army of any other foreign country at peace with Britain was forbidden by the Foreign Enlistment Act.

I would call the attention of my right hon. friend to the fact that there is evidently an omission of some very important words, and these words are contained in section 4 of the Foreign Enlistment Act, which forbids the enlistment of Canadians in the military or naval service of any foreign state "at war" with any foreign state at peace with Her Majesty, and not, as is purported to have been stated by the Prime Minister, the enlistment of Canadians in the naval or military forces of any country at peace with this country.

Mr. BENNETT: I think, Mr. Speaker, the hon. gentleman is entitled to my thanks for directing attention to the article in the Globe. As I was going out the door the other evening a correspondent asked me whether or not there was objection and I recalled the Foreign Enlistment Act and made a statement with respect to it. This morning I looked at the act which, as the hon. gentleman knows, was passed in 1870 by the imperial parliament, extending "to all the dominions of Her Majesty, including the adjacent territorial waters". Section 4 reads:

> Penalty on enlistment in service of foreign state
>
> If any person, without the licence of Her Majesty, being a British subject, within or without Her Majesty's dominions, accepts or agrees to accept any commission or engagement in the military or naval service of any foreign state at war with any foreign state at peace with Her Majesty, and in this act referred to as a friendly state, or whether a British subject or not within Her Majesty's dominions, induces any other person to accept or agree to accept any commission or engagement in the military or naval service of any such foreign state as aforesaid,—He shall be guilty of an offence against this Act, and shall be punishable by fine and imprisonment, or either of such punishments, at the discretion of the court before which the offender is convicted; and imprisonment, if awarded, may be either with or without hard labour.

Then there is in section 5, "Penalty on leaving Her Majesty's dominions with intent to serve a foreign state."

Mr. RALSTON: Again, foreign state "at war."

Mr. BENNETT: That is as it appears in the section; that is the rubric. The section reads:

> Penalty on leaving Her Majesty's dominions with intent to serve a foreign state
>
> If any person, without the licence of Her Majesty, being a British subject, quits or goes on board any ship with a view of quitting Her Majesty's dominions, with intent to accept any commission or engagement in the military or naval service of any foreign state at war with a friendly state, or, whether a British subject or not, within Her Majesty's dominions, induces any other person to quit or to go on board any ship with a view of quitting Her Majesty's dominions with the like intent,—He shall be guilty of an offence against this Act, and shall be punishable by fine and imprisonment, or either of such punishments, at the discretion of the court before which the offender is convicted; and imprisonment, if awarded, may be either with or without hard labour.

As I have said to my hon. friend, I was just leaving the building and I merely made reference to the Foreign Enlistment Act without intending in any sense to speak with respect to the definite provisions of any particular section. I observe further that there has been a despatch published indicating that a number of Canadians were contemplating employment with the Chinese forces. A cablegram has just been received from the trade commissioner in Shanghai directed to the ministry of trade and commerce, reading:

Reference Reuters Ottawa despatches which state airmen offering to come to China absolutely no chance of employment. Five who came to Shanghai stranded.

I think perhaps the house is entitled to the information just received.

Mr. DUFF: Those five must have gone on a ship that got stranded.

Mr. RALSTON: Will my right hon. friend permit me one question further arising out of this. I may say that the Globe's report is also inaccurate in this respect, that it purports to quote the section after it has quoted the statement of the Prime Minister, but again leaves out the words "at war". My question to the Prime Minister as Minister of External Affairs is this: Is the Chinese nation at war with the Japanese nation within the terms of the act to which reference has been made?

Mr. BENNETT: I know the hon. gentleman is not serious in asking that question of me. It is a question which is being discussed in many quarters and doubtless the Hague tribunal might be able to offer an opinion that might be authoritative. At least I am expressing none.

Mr. RALSTON: My hon. friend knows there is no question about it.

Mr. BENNETT: There is not?

Mr. RALSTON: No.

Mr. BENNETT: I am glad the hon. gentleman is of that view.

Mr. RALSTON: I am asking the Prime Minister, because he is quoting the section. I am asking him for his opinion as Minister of External Affairs.

Mr. BENNETT: I do not propose to endeavour to answer the question. That is the short and simple way of putting it.

Mr. RALSTON: I suggest that this section be not quoted.

Mr. BENNETT: I quoted the Foreign Enlistment Act; the section was not quoted by me. I have just read it for the information of the house and if the hon. gentleman has any difficulty in the matter he will settle it with the Globe.

Mr. RALSTON: I have none.

UNEMPLOYMENT RELIEF

FINANCIAL DIFFICULTIES OF MUNICIPALITIES IN BRITISH COLUMBIA

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Minister of Labour (Mr. Gordon), and to ask the indulgence of the house while I read a short telegram which I received at 12.30 today. It reads:

No action as yet by Victoria. Phoned them fifteenth and eighteenth instant, answers just the same waiting action by Ottawa. Situation daily growing worse now spending more than one thousand dollars daily on direct relief. No direct relief accounts paid by us for January. Tradesmen seriously affected. No payment from Victoria for direct relief accounts for latter part of December. Some action must come from Ottawa. Preparing further statement for you. Please take immediate action, situation desperate.

Hon. W. A. GORDON (Minister of Labour): The hon. member was kind enough to send me a few moments ago a note signifying his intention to ask this question. I find that all the accounts from Burnaby for direct relief, owing by the Dominion government and submitted to us, have been paid. The Dominion proportion of direct relief for Burnaby paid under the 1931 act to date is $11,766.51. Expenditures were made between August 16 and December 12, 1931, and all direct relief accounts received to date from Burnaby have been paid. The following accounts were included and the cheques mailed on the dates I will mention: December 15, $1,451.68; January 28, $2,336.29; February 18, $3,067.83; November 30, 1931, $3,713.88; February 15, 1932, $1,196.83. There are accounts now in the hands of the Department of Labour received on February 13, the checking of which has been just concluded, and for which cheques will be forwarded immediately, so the hon. member will see that so far as the government is concerned, as soon as the accounts are received they are attended to and cheques are mailed out.

SITUATION IN FAR EAST

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): In view of our obligations

under the covenant of the League of Nations, I should like to ask the Prime Minister what is Canada's policy with regard to the present situation in China.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member sent me a note yesterday indicating that he proposed to ask the question he has asked, and in view of the importance of the matter I thought it well to submit the following statement.

The Canadian government has followed with grave concern the situation in China, of which it has been kept fully informed by cablegrams. Our friendly relations of long standing with both parties to the dispute, and our position on the Pacific, give an especial interest in the success of the efforts for the preservation of peace which the council of the league has undertaken. These efforts have not yet succeeded but they will not likely be given up. The Canadian government is hopeful that ultimately they will result in the restoration of that good understanding between the peoples, upon which the peace of the world depends. In view of the fact that the council of the league is still continuing its efforts at mediation, and the possibility that a special session of the assembly may be called to deal with the situation, in which Canada would be represented, I think I am within the judgment of the house when I suggest that it would be premature to attempt to make a statement now as to what would be the policy of the Canadian government in the event of failure of these efforts for settlement. If a special meeting of the assembly is called it will be the duty of the Canadian government to instruct its representatives as to the position to be taken in the light of the situation as it will have developed at that time. I need hardly add that every step that His Majesty's government in Canada can take for the maintenance and preservation of peace will be taken.

THE PUBLIC SERVICE

REPRESENTATION OF THE CIVIL SERVICE ASSOCIATION OF MONTREAL ON TEN PER CENT SALARY DEDUCTION

On the orders of the day:

Mr. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, I wish to ask the right hon. Prime Minister (Mr. Bennett) a question in connection with a telegram which I have just received from the Civil Service Association of Montreal, and which reads as follows:

[Mr. Woodsworth.]

Dr. J. A. Denis, M.P., Ottawa, Ont.

At a huge meeting held last night, February 18, the civil service employees of Montreal were unanimous in stating that the Dominion government was not justified in their proposed cut of the salaries by 10 per cent during this period of depression through which they are bound to subsist by means of their present salaries. There was an unanimous vote of protest.

(Signed) Owen Finn,
Vice-President, Quebec,
The Amalgamated Civil Servants of Canada.

I would like to ask the right hon. Prime Minister whether this telegram will be favourably considered by the government.

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman's reading of the telegram will be taken as an inquiry and the question will be treated accordingly on Monday.

FARM RELIEF

ALLEGED DISCRIMINATION IN FEDERAL ASSISTANCE ON BUSHEL RATHER THAN ACREAGE BASIS

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): For the information of the house I have been asked to communicate the following telegram which has been received from Mr. J. J. McGurran, secretary of the Saskatchewan Association of Municipalities, addressed to me from Regina.

Press reports of debate in parliament on wheat bonus indicate certain western members creating inference that government action in paying five cent bonus criticized by those sponsoring bonus payment on acreage basis. Campaign for acreage bonus payment carried on almost wholly by Saskatchewan association rural municipalities. At no time was any such criticism made from platform or through public press. Those conducting campaign at all times endorsed the excellent motives which prompted parliament to pay bonus and merely asked for extension of system to include those who had lost crop through drought conditions. Respectfully suggest this information be conveyed to parliament.

J. J. McGurran,
Secretary,
Saskatchewan Association
Municipalities.

Mr. MOTHERWELL: I would point out that every western member on this side has said only what Mr. McGurran, in this telegram, says he wants.

Mr. BENNETT: I think the record indicates clearly what was said.

Mr. MOTHERWELL: I object.

Mr. BENNETT: I think so.

Mr. MOTHERWELL: Turn to the records.

PRESENTATIONS OF PAINTINGS

LONGSTAFF'S VIMY RIDGE—GIFT OF CAPTAIN JOHN ARTHUR DEWAR

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I have now a much more pleasant duty to discharge. When I was in Great Britain in 1930 Captain John Arthur Dewar intimated his willingness to acquire the painting of Vimy Ridge by William Longstaff of Australia, who had given valiant service during the war, and to present it to the government of Canada. In December last Captain Dewar presented this painting, excellently framed, in the artist's presence in the High Commissioner's office in Canada House, Trafalgar Square, and asked me to accept it on behalf of the government of Canada. The painting has arrived and is now in the railway committee room, where I trust it will be inspected by every hon. member of the house. I propose at a later date to place upon the records of this house an expression of thanks for the magnificent gift presented by Captain Dewar.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, when my right hon. friend makes the motion to which he has referred, it will then be time to speak to it. In the meantime I wish to ask him if there is any policy on the part of the administration which governs the acceptance of gifts for the houses of parliament? Is there a committee of the cabinet which has laid down any rules as to what will and what will not be accepted, and also governing from whom presentations may be received?

Mr. BENNETT: Answering my right hon. friend I can only say, (1) no committee of the cabinet has been appointed; (2) no rule has been laid down; (3) His Majesty's government in Canada has been pleased to exercise its best discretion in accepting gifts offered to the Canadian people which may prove to be of historical interest.

PORTRAIT OF THE LATE RIGHT HON. SIR GEORGE FOSTER

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, during the closing days of his life, the late Right Hon. Sir George Foster, who for so many years was a member of this house, intimated his very strong desire that his portrait, which is a very excellent likeness and painted by an eminent artist, should find a resting place in this house of parliament and that it should be conveyed there as soon after his demise as was possible. The portrait has now been placed near the office of the Minister of Finance in the lobby of the House of Commons. Inasmuch as Sir George Foster had spent the major part of his public career as a member of this house, it was thought that his wishes would be best served by placing his portrait upon this side of parliament, although at his decease he was a member of the Senate.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, again without prejudice, if I may employ a phrase used earlier in the day, to the appropriateness of the gifts which have been presented and which gifts I am sure will be deeply appreciated by both sides of the house, may I say to the Prime Minister (Mr. Bennett) that I am rather surprised at his statement that no committee of the cabinet has been appointed to deal with matters of this kind. My recollection is that an order in council was passed while Sir Robert Borden was Prime Minister making provision for the appointment of a committee of the cabinet to deal with all matters affecting the monuments on parliament hill, the acceptance of paintings by the government, their disposition and the like. These matters naturally should come before a committee of the kind. The recent administration had such a committee of the cabinet and I think it most necessary and desirable that there be such a committee, otherwise great embarrassment will be experienced in the matter of the acceptance of some offers and the rejection of others, and also as to the suitable placing of works of art. I am not speaking in a critical way; I am speaking simply in regard to what in itself is a matter of general interest; and is of special interest to hon. members on both sides of the house.

VALIDATION OF ORDERS IN COUNCIL

Hon. T. G. MURPHY (Minister of the Interior) moved the second reading of Bill No. 13, relating to the submission to parliament of certain regulations and orders in council.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

On section 1—Certain orders in council and regulations to be valid.

Mr. STEWART (Edmonton): Have the orders in council been laid on the table?

Mr. MURPHY: They were tabled in the house, and I have them here in order to table them again.

Section agreed to.

Bill reported, read the third time and passed.

ADMIRALTY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 15, to amend the Admiralty Act.

Hon. ERNEST LAPOINTE (Quebec East): Before this motion is carried, I wish to congratulate the government and the house in that this is the first time parliament has acted under the new Westminster Act. We are taking advantage of it in assuming the power of managing our own affairs in admiralty courts, something which could not be done until a few months ago. To those who have worked and fought to attain that end, this is a very welcome bill.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Morand in the chair.

Bill reported.

SUPPLY

DEPARTMENT OF TRADE AND COMMERCE

The house in committee of supply, Mr. Hanson (York-Sunbury) in the chair.

Electricity and Fluid Exportation Act, $750.

Mr. MACKENZIE KING: Why the increase in this item?

Hon. H. H. STEVENS (Minister of Trade and Commerce): There is a slight increase in the business. It is a little additional in the way of travelling expenses. It is all travelling expenses of an officer.

Mr. HEENAN: Has the minister under his hand information as to the amount of power that is being exported at the present time?

Mr. STEVENS: The revenues derived under this act are as follows:

Year	Amount
1925-26	$288,992 41
1926-27	358,071 89
1927-28	374,351 21
1928-29	351,783 78
1929-30	318,792 36
1930-31	395,544 58

The current year is of course not yet complete, but prior to January the amount is $159,378.86. That, however, gives no accurate information of the current revenue up to March 31.

Mr. HEENAN: Is it the policy of the government to grant licences to export power without the consent of the province in which the power is developed?

Mr. STEVENS: No; I am informed that in all cases the consent of the province is secured.

Item agreed to.

International Customs Tariffs Bureau, $1,800.

Mr. MACKENZIE KING: What is this bureau?

Mr. STEVENS: It is an international bureau of which the Dominion of Canada is a member and which compiles the variations and so forth in the customs regulations and laws of all countries. We find it a very valuable service. Occasionally, if we have an officer in the neighbourhood, he attends their meetings. A year ago last fall Mr. Gilchrist, who was with us at the Imperial economic conference, attended the meeting in Brussels.

Mr. POWER: He must have a difficult time keeping track of the Canadian government's variations in the tariff.

Mr. STEVENS: Whatever gyrations we achieve, we find other countries have even more rapid ones.

Item agreed to.

Publicity and advertising in Canada and abroad, $173,500.

Mr. MACKENZIE KING: Will the minister give us an assurance respecting the creed in connection with this item?

Mr. STEVENS: My right hon. friend has repeatedly asked assurances regarding the creed. I answer him with pleasure in one respect, and with deep regret in another. I am glad to be able to please him by saying that no more of the creeds are being issued out of this appropriation. My regret, however, is that we are not doing so, because there is a wide demand for the creed which we should like very much to be able to supply. But the sensitiveness of my right hon. friend has made an appeal to me, and rather than wound him further I have refrained from recommending any expenditure out of this vote for that purpose. I have an inclination, however, to appeal to him personally, thinking that he and I might together make up a private subscription for getting out the creed as private Christmas cards. Perhaps he would join me in that.

Mr. MACKENZIE KING: I have no intention of doing so. Might I ask my hon. friend if I am not right in saying that the creed cost the country something like $100,000?

Mr. STEVENS: Mercy, no.

Mr. MACKENZIE KING: Just a moment. I mean combined with the advertisements which were inserted in the newspapers relating to the same subject. What I want to draw the minister's attention to is this: It is expenditures of that kind which are in part responsible for the government at the present time finding it necessary to cut down the salaries of the civil service and dismiss a number of employees. It is one evidence, and only one of a great many, of the way in which public money has been wasted during the first two years of this administration, for which the government, and not only the government but a great many innocent members of the public service, are paying to-day.

Mr. STEVENS: I am sure the right hon. gentleman will not expect me to associate myself with that sentiment. I appreciate his pleasantries in these matters and will not quarrel with him. I merely wish to say, however, that I sharply differ with his opinion in regard to the matter.

Mr. YOUNG: I want to congratulate the minister, not on the creed itself, because it is a vicious, pagan creed, and can have no other result than to breed a narrow, sectional spirit in our own people and engender international ill-will, but upon the success of the advertising campaign which he conducted in putting the creed across. I see that the creed has been adopted by one of our great Christian churches. I have in my hand an advertisement of one of our churches urging the people to buy its wares because, forsooth, they are made in Canada. Martin Luther, John Knox, John Calvin, and all the great religious reformers spent a lifetime trying to get their creeds adopted by different churches, but my hon. friend has succeeded in doing in a single year what it took them a lifetime to do. Again I must congratulate him on the success of his advertising campaign.

Mr. STEVENS: Thank you very much.

Mr. WOODSWORTH: I have an item which I think bears upon this vote. I should like to read a paragraph from the annual report of the Ontario board of censors of motion pictures for the year 1931:

> Since last April there has been a distinct falling off in the percentage of Canadian items in the news reels exhibited. Previous to that, news cameras, with their sound-recording equipment from the United States, were admitted for limited periods on permits issued by the federal authorities. Under these permits news reel organizations came in at different points to "cover" Canadian events and thus fulfil the board's requirements for a percentage of Canadian news. Requiring these concerns to pay duty on their equipment each time it was brought into Canada has had the effect of shutting them out as the payments were deemed prohibitive. As the Canadian supply of such equipment of necessity is limited and confined to the central region, Canada has almost been banished not only from its own screen but also from that abroad.

I would ask the Minister of Trade and Commerce whether it would not be possible for him, in order to get greater publicity for Canada abroad, to move to have this customs regulation altered. It seems to me that that would be a very practicable step and would do away with the necessity of subsidizing other advertising agencies.

Mr. STEVENS: I am sorry I have not under my hand the necessary information with which to deal with the subject brought up by my hon. friend. The matter would more properly come up in a discussion of the estimates of the customs department, under which the regulation was made, or in a discussion on the tariff when the budget is down.

Mr. WOODSWORTH: Is not this directly related to advertising Canada?

Mr. STEVENS: No. My hon. friend is referring to the customs regulation governing the admission into Canada of advertising news reels or equipment for the making of advertising news reels from the United States or other countries. There is quite a brochure on the subject, but the matter is not in my department and I have not control of it, consequently I am not in a position to discuss it intelligently. I know something about it. There are two sides to this, as there are to all questions, but in the absence of the material I am afraid I cannot give my hon. friend much information on the subject.

Mr. WOODSWORTH: I am not immediately concerned with the alteration of the customs regulations at this time, that can come up on another occasion. But I should like to impress upon the minister that it is practically useless for us to go on expending money advertising Canada in one way while at the same time we are preventing the natural advertising which might come if a regulation of this kind were removed.

Mr. MACKENZIE KING: Will the minister give some particulars as to how the $250,000 was used last year on advertising and publicity, just indicating the nature of it.

Mr. STEVENS: I have the details here. The expenditure, following the practice for a great many years, is in two divisions covering expenditures in Canada and expenditures in Great Britain through the office that was established there some years ago. I have in considerable detail the information with regard to expenditures in Canada, and I was wondering how much detail my hon. friend requires. The first item is dailies and weeklies, trade papers, financial papers and magazines. I have the details covering the last four years if my hon. friend would like to have the comparison.

Mr. MACKENZIE KING: I wanted the figures for the current year.

Mr. STEVENS: That is incomplete. Under the first heading the expenditure was $2,895.95 for 1931-32 to January 31. Then for special advertising, including Five Thousand Facts about Canada, British West Indies Year Book, and some South American advertising and Canadian press broadcasting, there is the sum of $8,278.02. For Japanese advertising, an issue in the Japan Times, there is an expenditure of $169.25. For advertising in Planters Punch of the British West Indies there is an expenditure of $200. For miscellaneous advertising such as those appearing in the Canadian Gazette in connection with foodstuffs, South America and Northland cruise, and for advertising in Canadian Progress, there is the sum of about $8,000. Following that there is an item of office expenses totalling about $2,500. A number of miscellaneous items, which I could give, total $21,845.02. The corresponding total for the year 1930-31 was $113,879.17, and for the year 1929-30 was $94,194.42.

I have before me the details of some further expenditures for advertising in Great Britain. The expenditure for advertising in newspapers and regimental journals was $10,002.29; apple campaign, $7,201.21; advertising at Antwerp, $282.90; shop window displays, $184.53; catalogues and programs, $563.80, and miscellaneous items, $1,526.81, making a total of $19,761.54. Admittedly, of course, these are not the complete expenditures for this year, but include those up to the month of January. In addition there are certain office expenditures for printing, stationery, and so forth. Under the heading of printing and stationery is included miscellaneous printing put out by the advertising office in Great Britain. The sum expended in that connection is $11,468.76. Then, for rent and salaries there is the sum of about $7,000; for travelling, about $4,000, making a grand total for the current year so far as British advertising is concerned of about $61,000.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I have taken down the figures the minister has given. About $19,000 were allotted to different publications and exhibitions and about $22,000 for other expenditures. The minister however has given a grand total of about $61,000, whereas I make a grand total of only about $40,000.

Mr. STEVENS: My deputy informs me that the figure he has before him is $41,272.30. The officials in my department however have stretched out that figure and in place thereof have inserted the figure $61,033.84.

Mr. MACKENZIE KING: Is that not a grand total for Great Britain and Canada?

Mr. STEVENS: Probably so; that is about what it would amount to.

Mr. MACKENZIE KING: I wish to draw my hon. friend's attention to the fact that the appropriation for 1931-32 was $250,000. Of that amount, according to what he now tells us, up until January of this year only $60,000 has been spent, and assuming that the same ratio is maintained, we may take it for granted that when the fiscal year closes about $75,000 will have been spent. It seems to me that the estimate now before us might be cut very considerably.

Mr. STEVENS: We have cut it.

Mr. MACKENZIE KING: Yes, it has been cut down to $173,500. But if my hon. friend spends only $75,000 from an appropriation of $250,000 I should think he might get along with an appropriation of $100,000 for the next year. I submit that in this type of expenditure there is more justification for cutting down than there is for the cutting down of staffs and salaries.

Mr. STEVENS: I quite agree with my right hon. friend. As he will observe, however, we have made a very considerable cut.

There are one or two matters to be remembered to which I might direct the attention of the committee. In the first place, of course, the expenditures for the two months yet to come have to be considered. Some of our expenditures include contracts which have been running for two or three years. For instance there are several comparatively small contracts in Great Britain which were entered into three or four years ago. We expect however that the total will not reach within $75,000 of the appropriation for last year. For the coming year we are asking for $173,500. Possibly we will not expend that amount, but we have under study at the present time a very considerable advertising

campaign in connection with our wheat and flour in Great Britain. I do not wish to make any definite statement in that connection because, frankly, our investigations have not reached the point where I can intelligently discuss the matter. Some of my officers are directing their attention to this campaign, and within a few weeks I expect a report from which we will decide whether the necessary expenditures are warranted. I can assure the committee that we purpose keeping the expenditure down, but at the same time there are advertising movements which are thoroughly justified. It is possible that a careful study this year of the prospects for tourist trade into Canada might warrant expenditures along that line. We cannot therefore say exactly what our expenditures will be. I can assure the committee that the tendency is to keep them down as low as possible, having due regard to the vast interests of the country and what we might term the necessary expenditures in such matters.

Mr. MACKENZIE KING: The minister has mentioned one phase of advertising which affects the country as a whole, namely that directed towards tourist traffic. I, for one, believe the government might go very much further than it does in advertising Canada. There is no doubt that a great deal of money is brought into the country through tourist travel, and I should think that money judiciously spent to make known the advantages to tourists visiting Canada at the different seasons would be warranted.

Mr. STEVENS: I quite agree.

Mr. MACKENZIE KING: The type of advertising, however, which, it seems to me, the government ought to view with great caution is that which relates to the favouring of particular interests, rather than those of the country as a whole; and that form of advertising which is in the nature of what may be termed political propaganda. For example, I would like to ask my hon. friend whether any part of this money will be used for such advertisements as "Buy Made in Canada Goods." I do not say it is not perfectly proper for any consumer to prefer made in Canada goods and for any producer by advertisement or otherwise to try to encourage him to buy them, but propaganda to that end is the business of consumers' leagues, business houses and others who are manufacturing or producing in Canada. Where there is an important division of opinion in the country as to whether one should be at liberty to buy wherever and whatever he pleases, as against being obliged to buy only those things which suit the policy of the government of the day, there is very good reason for every supervision being exercised over public moneys being spent in that kind of propaganda. I would ask my hon. friend whether any part of this money is to pay for those signs which one sees on the streets and around the country, advising people to "Buy Made in Canada Goods."

Mr. STEVENS: So far as I know there are none at the present time.

Mr. MACKENZIE KING: Is it the intention to use any of this money for that purpose?

Mr. STEVENS: Without answering my right hon. friend's question with yes or no, I must, in deference to himself and I think in justice to myself, say this: At present we have not in contemplation any advertising campaign of the nature he suggests. On the other hand, I do not subscribe to all that he has said in condemnation of the promotion of the sentiment of stimulating the purchase of Canadian goods.

Mr. MACKENZIE KING: I took great care not to condemn the sentiment; I said it was very laudable if promoted by business houses, but that the government of the country was not justified in using the taxes of the people to support those who are trying to further their personal business ends by putting forward that sentiment, to the exclusion of others who are equally entitled to consideration in the matter of their trade.

Mr. STEVENS: I have a strong feeling that the sentiment is a laudable one. But I agree that it should not be carried to any bitter extreme, and in my personal utterances and in all my activities as administrator of this department I have sought to keep within reasonable bounds. I would not like to say that not a cent of this money would be used in the support of such a campaign. Let me give an illustration. Last year certain women's organizations promoted an exhibition, which was highly commended and the objects of which were sound. Out of this vote I think we subscribed $100 in support of that form of publicity. I have not in contemplation anything of this character at the moment; I question whether it will arise during the year, but I would not like my right hon. friend to come back next year and cite some instance where we had subscribed to a fair of that kind and say I had broken my word. Generally speaking, I think I can satisfy him by saying that there is not in contemplation this year a campaign of that character.

Mr. MACKENZIE KING: Perhaps I might make clear what I have in mind when I say that one of the reasons those engaged in the great basic industries of agriculture, lumbering, mining and fishing are not as prosperous as they should be, is that they are dependent upon a world market and an export trade. We know that one of the reasons why export trade has fallen off so largely is that there is so little in the way of import trade. In order to further trade, it is necessary that vessels should have cargoes both ways, because you cannot go on shipping goods from a country always in one direction. The inability to get return cargoes from Great Britain and Europe has been responsible, as I am sure the minister knows very well, for the failure of exporting firms in this country to get large orders from overseas which otherwise they would have been able to place. I submit that it is most unfair to those who are engaged in this country in business related to these great basic industries, for the government to use public money to further a campaign which may help one class in which they may be especially interested, but which may at the same time be helping to work a grave injury to other classes equally entitled to consideration.

Mr. STEVENS: My right hon. friend is not quite correct, though I am sure not intentionally. Last year we spent considerable sums in the apple campaign and in supporting the advertising campaign with regard to grapes, which was very successful and which I think might be referred to at this stage. The marketing of Canadian grapes from western Ontario this year was a remarkable success in everything except the price, which of course was very low in common with all prices. The whole crop was marketed in a way that never had been previously attempted. I think from four hundred to five hundred carloads of those grapes rolled out to the prairies, and we subscribed to that advertising campaign, which was directed by the horticultural council. Then we carried on a very considerable campaign for the marketing of Canadian fish in Great Britain, and a substantial measure of success attended our efforts. Our apple campaign, which is conducted year after year in Great Britain, and which is one of the major expenditures under this item, has been attended with splendid success also. We are well satisfied with the results of our expenditures and efforts along that line.

Then, as I intimated a moment ago, we have in contemplation, as I have had for some time, a campaign in Europe to demonstrate the merits of our wheat in the making of flour and for the baking of bread. We hope perhaps to stimulate in that way the demand for our wheat. So I think I am safe in saying that whatever may have been spent for the so-called made in Canada campaign, our expenditures along these other lines are larger than the amounts spent to which reference has been made from time to time.

In regard to the other point brought up by my right hon. friend on numerous occasions, I have in preparation now a statement which I hope to have an opportunity of making to the house during the present session, arising out of a survey I am trying to make personally, in the time at my disposal, and of course with the assistance of our staff, of the trade of Canada. I would not like the statement of my right hon. friend to pass without comment, but at the same time I do not wish to go into details. However, I may say there are other factors than merely the question of the old theory, very widely accepted and held by many people, that to sell you must buy. That sounds simple and clear, but when one gets close to the intricate factors actually dominating the situation he begins to realize that they cannot be dealt with by the mere adoption of a theory. While I subscribe in part to what my right hon. friend says, namely, that it is desirable to get cargoes moving both ways, I hope to be in a position very soon to show that the movement of cargoes both ways sometimes is interrupted by factors entirely apart from those to which my right hon. friend has referred. But I would prefer not to enter into a discussion on that point at this moment, because as I say I hope to have under my hand material which will enable me to make a much more accurate and complete statement a little later on in the session.

Mr. MACKENZIE KING: This effect of cargoes both ways is not mere theory. Quite recently I was shown some important correspondence which indicated that very large orders might have been placed in Canada by firms in England had it been possible for them to secure return cargoes, which would have enabled them to secure transportation at figures that would have made it worth while to do business here. It was not a matter of thousands but of hundreds of thousands of dollars; and what is true in one instance is, I have no doubt, true in a great many others.

Mr. WOODSWORTH: There is another matter which, although it does not come directly under the minister's department, has a very distinct bearing on advertising. I refer to the deportation of people from this coun-

try to England. We have always said that the successful immigrant was the best advertisement Canada could have; I think it is equally true that the unsuccessful immigrant is our worst advertisement. I am not charging the government with direct responsibility for a large number of these deportations; I know that the government has been urged to take this course by various municipalities who find it hard to keep these people. But looking at the matter from the standpoint of Canadian welfare it seems to me most undesirable that we should deport people from Canada simply because they temporarily come under relief, because they are poor. They go back to the old country and spread the idea that this is a very poor place in which to live. I would impress upon the minister the danger of another department entirely undoing the work his department tries to do. There is always a danger of our carrying forward government in watertight departments. We might very well contribute larger sums to keep people here rather than have them deported and then putting on an advertising campaign in an effort to offset the report which they carry back with them to the old country.

Mr. YOUNG: The minister is taking a little more credit than is his due for the success of his advertising campaign. He told us that the department last year put on a very successful campaign advertising grapes, and that as a result they were able to sell in the prairies this year between four and five hundred carloads of Canadian-grown grapes. There is another reason for this than the minister's advertising. Long ago we used to buy in the west a small basket of Canadian grapes for 35 cents and the price advanced regularly every year until we were charged a dollar a basket for these small blue grapes. Naturally very few people bought them. This year, for the first time in many years, the price came back to the old level of three baskets for a dollar. That is the reason the people bought grapes this year; it was not because of any advertising the minister's department did.

Mr. STEVENS: We will agree to that and let it go.

Mr. YOUNG: If the minister would devote his energies to devising means of placing Canadian products on the market at prices which the people can afford, it would not be necessary for him to spend money on advertising.

Mr. KENNEDY (Peace River): In what European countries will advertising take place?

Mr. STEVENS: I said we had in contemplation a campaign to present to the countries in Europe the merits of Canadian wheat for bread-making, but I added that the officials were still studying the matter and I was not in a position to make a definite statement at the moment.

Item agreed to.

Mail subsidies and steamship subventions—Canada and the United Kingdom, on the Atlantic, service between, $535,000.

Mr. STEVENS: Before we proceed with this item, and in order to be absolutely frank with the leader of the opposition and his followers, I may observe that it was generally understood that we would not bring forward an estimate in which salaries are involved. The only expenditure for wages involved in this item is in connection with one inspector, and that involves a salary of $3,000. I wanted to make it clear that it was included in this vote.

Mr. MACKENZIE KING: It will be without prejudice.

Mr. STEVENS: Quite so.

Mr. DUFF: How is the reduction arrived at?

Mr. STEVENS: It is an arbitrary reduction in the interests of economy and is part of the many reductions we have tried to make in the estimates.

Mr. DUFF: That is not quite clear. The minister must certainly have a list of the items that made up last year's amount, which was $802,000, as well as a list comprising the present vote.

Mr. STEVENS: The subvention covers, of course, the various sailings from Montreal and Quebec and from Halifax and St. John in the winter to the United Kingdom. There are two sailings a week in the summer and one sailing a week in the winter, and we are giving that much less this year per sailing than last year. It will be scaled down per sailing and the obligation is imposed upon the company to carry the mails, which vary so far as weight is concerned. I have not the details at the moment, but it runs into a very large amount.

Mr. REID: What steamship line carries these mails?

Mr. DUFF: Are there not certain contracts with different lines, and how long do the contracts run?

Mr. STEVENS: Just for one year. I have a partial report in regard to the mails, showing 184,800 sacks.

Mr. DUFF: What steamship line had the contract last year?

Mr. STEVENS: The Canadian Pacific.

Mr. ELLIOTT: What portion of the $802,000 of last year's vote will have been expended by the end of the fiscal year?

Mr. STEVENS: All of it. There may be a few thousand through the missing of one sailing or so between now and the end of the year.

Mr. ELLIOTT: Is there any reduction in the service?

Mr. STEVENS: The contract, of course, has not yet been made, but I understand not.

Mr. ELLIOTT: The service will be the same?

Mr. STEVENS: Yes.

Mr. DUFF: What line is it?

Mr. STEVENS: The Elder-Dempster.

Mr. DONNELLY: If they refuse to take the contract what course is followed?

Mr. STEVENS: They do not get the money.

Mr. DONNELLY: And there will be no service.

Mr. STEVENS: I would not say that.

Item agreed to.

British Columbia and Australia, and/or China, service between, $31,000.

Mr. MACKENZIE (Vancouver): In regard to each of these items on the Pacific ocean, what company has the contract, and is it from year to year?

Mr. STEVENS: From year to year. This is a renewal of the existing steamship service. We are hoping to get an improved service on that Canadian-Australian line, that is, faster ships. That, however, is a matter of negotiation.

Mr. MACKENZIE (Vancouver): Is that the company that gets this subvention?

Mr. STEVENS: Possibly I did not understand my hon. friend; I was speaking of the Canada-New Zealand service.

Mr. MACKENZIE (Vancouver): I was confining my question to the first item.

Mr. STEVENS: The first item, amounting to $31,000, is to cover the completion of a contract now in existence.

Mr. MACKENZIE (Vancouver): With whom?

Mr. STEVENS: With H. R. MacMillan; it has been in existence three years and runs out in June.

Item agreed to.

[Mr. Stevens.]

Canada, China and Japan, service between, $659,000.

Mr. MACKENZIE (Vancouver): I ask the same question in regard to this item.

Mr. STEVENS: This is the Canadian Pacific Steamship Company.

Mr. MACKENZIE (Vancouver): Will this service take care of the aviators who desire to go to China?

Mr. STEVENS: They may do so at their own risk.

Mr. CAYLEY: Why is this item larger than the first item?

Mr. STEVENS: The question of mileage is largely responsible.

Item agreed to.

Canada and New Zealand, on the Pacific, service between, $75,000.

Mr. MACKENZIE (Vancouver): What company is this?

Mr. STEVENS: The Canada-Australia line.

Mr. DONNELLY: What service is given?

Mr. STEVENS: A monthly service.

Mr. DONNELLY: What is the difference between this and the Chinese service?

Mr. STEVENS: The China, Japan and Vancouver service is fortnightly.

Mr. MACKENZIE (Vancouver): In view of the New Zealand treaty does not the hon. minister think this subvention should be increased?

Mr. STEVENS: I should have liked to do so.

Item agreed to.

Prince Rupert, B.C., and Queen Charlotte island, service between, $15,750.

Mr. MACKENZIE (Vancouver): What is the company in this case?

Mr. STEVENS: The Canadian National steamship line.

Item agreed to.

Vancouver and the British West Indies, service between, $37,350.

Mr. MACKENZIE (Vancouver): What is the company in this case?

Mr. STEVENS: The Canadian Transport Company, Limited; it is an existing contract.

Item agreed to.

Vancouver and northern ports of British Columbia, service between, $18,600.

Mr. MACKENZIE (Vancouver): What is the company in this case?

Mr. STEVENS: The Union Steamship Company.

Mr. REID: Could that not be handled by the Canadian National Railways?

Mr. STEVENS: My hon. friend should be sufficiently posted on the Pacific coast to know that there are innumerable inlets and bays upon which are located canneries, logging camps and villages where calls must be made which cannot be made by the boats of the Canadian Pacific or Canadian National which run to Prince Rupert and Alaska.

Mr. ELLIOTT: I have a question to ask arising out of the first and third items. I notice that the first item covering the Australian service is only about one-third of the vote for last year, while the New Zealand service is about three-quarters of the vote of last year. Why the difference?

Mr. STEVENS: In the first instance, it is the completion of an existing contract which ends in June. This item does not provide for the continuance of that contract, and if it is continued it will have to be provided for in the supplementary estimates. In the meantime, consideration is being given to the matter.

Item agreed to.

Victoria and west coast Vancouver island, service between, $11,250.

Mr. MACKENZIE (Vancouver): What is the company in this case?

Mr. STEVENS: Canadian Pacific.

Item agreed to.

Local services—Charlottetown and Pictou, service between, $30,000.

Mr. JOHNSTONE: Is the service carried on by the steamship Pearl Cann to be continued?

Mr. STEVENS: That is not provided for in the estimates of this year.

Mr. JOHNSTONE: Is it to be discontinued?

Mr. STEVENS: That is the intention at the present time.

Mr. JOHNSTONE: How will the mails be handled?

Mr. STEVENS: The post office will provide for the mails.

Mr. DUFF: I notice this service is reduced from $40,000 to $30,000, but I was under the impression that the contract had a number of years to run. Has that contract expired or is it still in existence?

Mr. STEVENS: The contract is still in existence but it is subject to a yearly vote by parliament. Our intention is to review these contracts in the light of these votes.

Mr. DUFF: In other words, the government has the power to cancel the contract.

Mr. STEVENS: It is subject to the vote of parliament.

Mr. KENNEDY (Peace River): I notice in all these items there is a considerable cut; how was the minister able to get these companies to accept the reduction? Did the minister tell them that was all they were going to get?

Mr. STEVENS: It is not quite as easy as that, as is evidenced by my bald head; it is quite a task. Generally speaking we find that people are not too unreasonable and the exigencies of the times appeal to them.

Mr. SPEAKMAN: Some years ago and for a number of consecutive sessions a number of us doubted the value and wisdom of these subsidies. They were discussed at length but we were always assured that the contracts were untouchable and beyond the power of the government to alter. Apparently they were not as sacred as former ministers indicated, and the fact that there has been a diminution in the payments will prove to be a valuable lesson.

Item agreed to.

Halifax, Canso and Guysborough, service between, $6,750.

Mr. DUFF: The service between Halifax and the ports in Halifax county and Guysborough county extending to the town of Guysborough is a very important one due to the fact that the people served by the steamship Chedabucto have no railway communication. These people are located anywhere from 60 to 100 miles from the railway and unless they drive that distance to Antigonish or New Glasgow to catch the train, they have no means of transportation. These people as taxpayers are helping to pay for the railways of Canada although they have no railway transportation of their own, and the government has been ill-advised in reducing this amount, especially in view of the fact

that the company has a contract with the government. My idea is that a contract should be held sacred.

Mr. STEVENS: It expires on March 31 of this year.

Mr. DUFF: If it does, I am very much afraid that if the owners of the boat do not get the amount which they received previously, the people in the district will be without this service.

Item agreed to.

Halifax and Sherbrooke, service between, $1,000.

Mr. DUFF: This is in exactly the same position. This service starts at Halifax and calls at certain ports. The junior member for Halifax will bear me out when I say that this is a very important service for part of his constituency and also part of mine. I have no personal interest in the matter, but I certainly think the government will not get any boat to perform this service for $1,000. The junior member for Halifax, who is a supporter of the government, should use his influence with them in an endeavour to have the amount of this item restored to $1,500.

Mr. QUINN: I was just about to point that out. This is a very drastic cut, out of all proportion to the others. The sum of $500 has been taken off a subsidy of $1,500, or a reduction of 33⅓ per cent. I would ask the minister to let the item stand in order that we may see if we cannot do something better for this service between Halifax and Sherbrooke.

Item agreed to.

Mulgrave, Arichat and Petit de Grat, service between, $11,250.

Mr. DUFF: I can understand the Minister of Finance in his new position is desirous of economizing and it might be embarrassing for him to get up and ask his colleague to reconsider this matter, but this is a very important service to the people living in that part of Cape Breton island and in part of my own constituency. The amount has been reduced from $12,000 to $11,250. My impression—and I think I am right—is that this contract was entered into two or three years ago for five years at $15,000 a year. Of course if the owners of this steamer accepted the $12,000 which was voted last year, that was for them to decide. Now I notice there is another reduction of $750. Have any representations been made to the minister with regard to this cut?

[Mr. Duff.]

Mr. STEVENS: My information is that after careful consideration which has been given to all of these items, the amount of $11,250 will be sufficient.

Mr. DUFF: Do I understand the owners of the steamer are satisfied with this reduction and will carry on the service?

Mr. STEVENS: I am justified in saying that.

Item agreed to.

Mulgrave and Guysborough, calling at intermediate ports, service between, $10,500.

Mr. DUFF: Are the owners of this boat satisfied with the reduction? I understand there is a contract with them also.

Mr. STEVENS: The same answer applies to that.

Item agreed to.

Mr. STEVENS: I should like for a moment to address myself to the leader of the opposition. I have a number of other items which involve salaries in a substantial degree. I was not intending to proceed with them until the bill to which reference has been made is before the house and there is full opportunity of discussing it, unless hon. members are agreeable to proceeding. In putting this forward I am merely placing myself in the hands of the members of the committee.

Mr. MACKENZIE KING: If my hon. friend is in a position to say that the government will not take up items involving salaries in any other departments until the government have brought down their bill, we might, if all agree, allow him to proceed conditionally since we are now in committee.

Mr. STEVENS: Does the right hon. gentleman object to any other department being introduced? It is understood we can take up other departments.

Mr. MACKENZIE KING: It was understood that the estimates of no other departments than Trade and Commerce and Public Works would be taken up to-day, but in regard to opening other departments on or after Tuesday, it is understood that the ministers of those departments will introduce no items affecting salaries.

Mr. STEVENS: That is right.

Mr. MACKENZIE KING: But only such items as are not affected by salaries.

Mr. STEVENS: Yes.

Mr. WOODSWORTH: Do I understand we are to go on with items involving salaries?

Mr. STEVENS: I addressed myself to the committee a moment ago in this sense, that I had now reached the stage where I had no more items that I could call except those involving salaries. But with consent—and I place myself entirely in the hands of the committee—we might proceed with several such items in my department. It will be understood that the passing of such items will not in any way prejudice the views that members may hold regarding salaries or the provisions of the bill which will be before the house in the course of a few days.

Mr. WOODSWORTH: That is the very procedure to which I took objection the other day. We cannot pass these items without more or less deciding salaries. This may be considered a formal matter, but there is something deeper underlying, and for my part I object to passing a single salary estimate until we decide the principle underlying the proposed cut in the salaries.

Mr. MACKENZIE KING: If there is objection, I do not see how the minister can very well proceed.

Mr. STEVENS: I want my hon. friend to feel that we are not at all seeking to put anything over. We are trying to be as courteous and as fair as we can. There is an important item here relating to the commercial intelligence service. It involves salaries, of course, but also considerable amounts for other than salaries. If the committee would agree to discuss that item and make some progress with it, we could do so. The salaries in this case are all paid outside of Canada to our staff in different parts of the world. There might not be the same feeling involved in that that there would be in regard to salaries paid in Canada; I do not know.

Mr. DUFF: Are these salaries paid outside Canada also being reduced 10 per cent?

Mr. STEVENS: Yes.

Mr. WOODSWORTH: I cannot see that it makes any difference whether the salaries are paid outside Canada or to people within Canada. The principle involved is the same, and as far as I am concerned, if these are higher paid officials, I would say that if the lower paid civil servants are going to have their salaries cut 10 per cent these higher officials should have a cut of 20 or 30 per cent.

The CHAIRMAN: We are not discussing that.

Mr. WOODSWORTH: But we are discussing the matter of procedure, and we decided the other day that we would not go on with items involving salaries until the principle was decided.

Mr. STEVENS: I am sorry the hon. gentleman has taken it in the spirit he has. I placed myself in the hands of the committee, and I have no desire to proceed if hon. members are not agreeable to my doing so. I do not think there was any call for the heat shown by my hon. friend.

Mr. WOODSWORTH: There was no special heat.

Mr. RHODES: On numerous occasions not only in committee of the whole but in the house itself,—for instance, when a bill is up for second reading—a member who does not agree with its principle consents to the bill going to a committee, reserving his right not to accept the principle. Similarly in this case my hon. friend from Winnipeg North Centre may not agree with certain provisions in these estimates, but surely on that account he does not take the attitude that he is going to prevent a discussion of the items. He will be in precisely the same position to object to the principle when the bill itself comes before the house. Of course, if hon. gentlemen opposite—I do not say this unkindly, but with every respect—will not permit us to proceed further with any items which involve the question of salary, we should be only wasting our time discussing them. It is for hon. gentlemen opposite to say, but if that is their position, we might far better take the evening off than waste it.

Mr. MACKENZIE KING: That was the position taken two or three nights ago and the government had it within its power at that time to call another department if they wished to do so before adjournment, but they did not. The government had and has control of the business. They were free to arrange as they pleased. We spent a couple of hours discussing the same item in trade and commerce after the decision had been arrived at. The government instead could have gone into the Justice department or some other department. I think the general feeling is that these items which involve salaries should not be discussed.

Progress reported.

Mr. RHODES: The remainder of the government program for the day consists of estimates, and the only items we can take are those which involve incidentally the discussion of salaries. Since hon. gentlemen opposite have taken the position that we cannot make progress, rather than devote the evening to a discussion in which we shall make no progress

at all, I think it would be far better for the house to adjourn. I therefore move, Mr. Speaker, that the house do now adjourn.

Motion agreed to and the house adjourned at 5.55 pm.

Monday, February 22, 1932

The house met at three o'clock.

NATIONAL RAILWAYS AND SHIPPING

APPOINTMENT OF SELECT STANDING COMMITTEE TO CONSIDER ACCOUNTS AND ESTIMATES

Hon. R. J. MANION (Minister of Railways and Canals) moved:

That standing order 63 of the House of Commons, relating to the appointment of select standing committees of the house be amended by adding to the select standing committees of the house for the present session a select standing committee on railways and shipping owned, operated and controlled by the government, to which will be referred the accounts and the estimates of the Canadian National Railways and the Canadian Government Merchant Marine for the present session, for consideration and report to the house; provided, however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of supply, and that the said committee consist of: Messrs. Beaubien, Bell (St. Antoine), Bothwell, Cantley, Chaplin, Duff, Euler, Fiset (Sir Eugène), Fraser (Cariboo), Geary, Gobeil, Gray, Hanbury, Hanson (York-Sunbury), Heaps, Kennedy (Peace River), McGibbon, MacMillan (Saskatoon), Manion, Power, Rogers and Stewart (Lethbridge).

Mr. SPEAKER: Has there been any notice as to the appointment of the committee?

Mr. MANION: My recollection, Mr. Speaker, is that the same procedure was followed last year.

Mr. SPEAKER: Is the house ready for the question?

Mr. LAPOINTE: May I ask whether the names of the members constituting the committee have been decided upon as the result of arrangement between the whips or the leaders?

Mr. MANION: I have moved exactly the same committee as was arranged by the whips and leaders last year.

Mr. LAPOINTE: But it is possible that changes might be found desirable.

Mr. MANION: It can stand until to-morrow.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

[Mr. Rhodes.]

Mr. LAPOINTE: The minister is willing to allow the motion to stand.

Mr. MANION: Let it stand until to-morrow.

Motion stands.

CRIMINAL CODE AMENDMENT

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved for leave to introduce a bill to amend the Criminal Code (unlawful associations).

Mr. SPEAKER: Shall leave be granted?

Mr. BENNETT: No.

Mr. SPEAKER: All those in favour of the motion that leave be granted please say aye.

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will say nay.

Mr. BENNETT: No.

Some hon. MEMBERS: No.

Mr. SPEAKER: In my opinion the nays have it.

Mr. LAPOINTE: Does the right hon. gentleman prevent a member from introducing a bill?

Mr. SPEAKER: Call in the members.

Mr. GARDINER: Mr. Speaker, on a question of privilege; I do not find a copy of this bill on the file so will Your Honour explain to the house what we are to vote upon?

Mr. SPEAKER: The bill has not been introduced as yet so it would not appear on the file.

Mr. GARDINER: I would like to know something about what we are to vote upon.

Mr. SPEAKER: The hon. member has moved for leave to introduce the bill and the question is as to whether or not the house is in favour of that motion.

Mr. GARDINER: We do not know what the bill is about. The hon. member who introduced it has not been asked to explain. I submit that this is an extraordinary procedure and I protest against it.

Mr. SPEAKER: The motion is by Mr. Woodsworth, seconded by Mr. Heaps for leave to introduce a bill intituled "An Act to amend the Criminal Code (Unlawful Associations)".

Mr. GARDINER: I protest against this procedure. Until we know what we are vot-

ing about how can we act? How can we vote on whether or not a member shall have the privilege of introducing a bill unless we know the contents of that bill? It would be absolutely ridiculous to proceed along these lines.

Mr. SPEAKER: Perhaps it might be reasonable to permit the hon. member to make an explanation of this bill.

Mr. McINTOSH: Could we not have an explanation of this bill?

Mr. BENNETT: The opportunity to explain a bill is a right belonging to any hon. member who introduces a bill but when the hon. member for Winnipeg North Centre (Mr. Woodsworth) made his motion for leave to introduce this bill he did not see fit to make any explanation.

Mr. WOODSWORTH: Mr. Speaker, on a point of order—

Mr. BENNETT: He did not make any explanation.—

Mr. WOODSWORTH: Mr. Speaker, I rise to a point of order—

Mr. BENNETT: —and not having made any explanation, I take it—

Mr. WOODSWORTH: —my point of order is this:—

Mr. SPEAKER: The hon. member will have an opportunity to speak.

Mr. WOODSWORTH: I have the right to rise on a point of order. My point of order is that the Prime Minister has deliberately misrepresented the situation.

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: I have had no opportunity to speak.

Mr. BENNETT: There is no point of order in that. My observation was—

Mr. WOODSWORTH: Mr. Speaker—

An hon. MEMBER: Sit down.

Mr. BENNETT: —purely on a question of privilege; the hon. member did not make any explanation of his bill.

An hon. MEMBER: He did not have a chance.

Mr. BENNETT: He asked for leave to introduce and he had as good a chance as any hon. member of this house has ever had.

Mr. GARDINER (Bow River): No, he had not.

Mr. BENNETT: He did not wish to avail himself of that opportunity—

Mr. WOODSWORTH: Mr. Speaker, on a point of order; I must insist that the Prime Minister (Mr. Bennett) should not misrepresent the situation. As Your Honour knows I had no opportunity to explain my bill. The practice is that an hon. member is asked to explain.

Mr. BENNETT: But he is not bound to.

Mr. WOODSWORTH: He is not bound to. Only a moment elapsed and to my utter astonishment the Prime Minister took an attitude which I have never known to be taken in the eleven years I have been in this house. I do not know whether or not the Prime Minister means that I as a member of the Labour party am never to have a chance to introduce any bill in this house.

Mr. SPEAKER: The hon. member was given an opportunity to explain but I did go rather swiftly from one proceeding to another and perhaps if the hon. member had been a little more alert he would have explained his bill. I think it would be reasonable to allow the hon. member an opportunity now to make the usual brief explanation of his bill.

Mr. BENNETT: It can be done only with the unanimous consent of the house as it is a question of precedent, but I do not object.

Mr. LAPOINTE: Does that mean that an hon. member cannot explain a bill?

Mr. BENNETT: He can do it at the proper time and in the proper place provided for by the rules.

Mr. LAPOINTE: The hon. member had no opportunity of doing it; my right hon. friend said "no".

Mr. BENNETT: I said, "no", of course.

Mr. LAPOINTE: I, for one, protest against this new procedure of having to submit any bill to my right hon. friend before it is introduced.

Some hon. MEMBERS: Order.

An hon. MEMBER: Mussolini.

Mr. LAPOINTE: Mussolini is but a child.

Mr. SPEAKER: I have said that the hon. member for Winnipeg North Centre probably was prevented from explaining his bill because I proceeded too swiftly.

Mr. LAPOINTE: It was the word "no" that prevented the explanation.

Mr. SPEAKER: If there is any fault at all, it is entirely the fault of the Speaker.

Some hon. MEMBERS: No.

Mr. WOODSWORTH: I have not been able to hear what Your Honour has been saying for the last two or three minutes.

Mr. SPEAKER: If the hon. member desires to proceed to explain his bill he will do so without further delay.

Mr. WOODSWORTH: Mr. Speaker, this bill contains an amendment to section 98 of the criminal code which concerns seditious and unlawful assemblies. It is the same bill which passed the House of Commons in the sessions of 1926, 1926-7, 1928, 1929 and 1930, but on each occasion not being passed by the second chamber. I believe one year it failed to pass by only three votes. If this bill were introduced under the practices of the British house, so often lauded by hon. members opposite, it would have been the law of this country several years ago.

Section 98 of the criminal code was placed upon the statute books in the year 1919, the immediate post-war period. The terms of the act are so broad as to permit its use for the restricting of the legitimate activities of organized labour, Again and again, as far back as 1920, the Trades and Labour Congress of Canada has protested against this section. As I said before, the terms of the section are so broad as to easily prevent organized labour taking any action whatever, and for that reason the Trades and Labour Congress and other labour bodies have protested against it.

Mr. SPEAKER: The hon. member should confine his remarks to an explanation of the bill and not attempt to discuss its merits.

Mr. WOODSWORTH: As has been stated in previous debates on this question, the public welfare is sufficiently protected by other sections of the criminal code. It was so stated on various occasions by the former Minister of Justice (Mr. Lapointe) when he introduced similar bills.

The present law prevents the use of any force for the bringing about of any change. The section does not specify physical force and various judicial utterances have made it quite clear that the section would prevent the exercise of economic force, moral suasion or anything of the kind. If it means physical force alone, it should say so. Other sections go directly contrary to the generally accepted ideas of British fair play. A man may get into trouble because he is suspected of doing things and the police may proceed without a warrant. A man may be considered to belong to an unlawful association unless he is able to produce proof to the contrary. Most of us have been of the opinion that a man was presumed innocent until proved guilty, but according to the law as it now stands he is presumed to be guilty until he can prove himself innocent. That is obviously against all the ideas of British justice. Moreover—certain magistrates may take action if they have "reasonable ground for suspecting"—a most unusual phrase—that either a crime has been committed or is about to be committed. This is an extraordinary situation. I do not think members opposite of the legal profession can have read this act as it now stands on the statute books; if they have they could not defend its retention. In addition, the section gives the most extraordinary powers to postal clerks and people of that kind to interfere with mail on the possibility that they may find something that may be considered to have belonged to some member of one of these organizations. Still further, the police are given power without warrant to seize suspected property and to confiscate it to the state. These powers are entirely out of harmony with British practice and we ought not to allow them to remain on the statute books any longer. I can hardly understand the Prime Minister, who has expressed such a regard for law and order and for British practice—

Mr. SPEAKER: The hon. member is out of order. This has nothing to do with the bill. It is in order to state the merits or demerits of the bill so that the members may know what they are called upon to vote on. I trust the hon. member will not encroach further on the rules.

Mr. WOODSWORTH: I have outlined some of the provisions that we consider are quite out of keeping with British traditions and that at present are found on the statute books of this country. We ask that this particular section of the criminal code be repealed. That is the purpose of the bill. It is clear to everybody; it has been discussed again and again in the house, and I trust the house will permit the bill to be introduced so that the question may be discussed on its merits.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, this motion is not debatable. I rise merely on a question of order and privilege, to correct a statement made by the hon. gentleman. The Supreme Court of Ontario on Friday last delivered a unani-

mous judgment, Sir William Mulock, Chief Justice, being spokesman for the court, in connection with charges laid under section 98. The judgment is lengthy, covering twenty-four or twenty-five pages of foolscap, but I should like to point out that the hon. gentleman is in error when he states that lawful assemblies are in any sense prohibited or restricted.

Mr. WOODSWORTH: Mr. Speaker, I claim the right to debate this now.

Mr. BENNETT: The jury, having found that in this particular instance the direction came from Moscow and that violence and force were to be utilized, found it an unlawful assembly and the Supreme Court of Ontario unanimously decided that they would not interfere with the conviction. It is therefore for that reason—

Mr. LAPOINTE: This should be discussed on the second reading of the bill.

Mr. BENNETT: There will be no second reading.

Mr. WOODSWORTH: I would urge on you, Mr. Speaker, to extend to other members of the house the privilege you have extended to the Prime Minister. He was not speaking on a question of privilege.

Mr. SPEAKER: Fair play has been extended to the hon. member.

Mr. WOODSWORTH: Justice merely has been extended to me.

Mr. SPEAKER: Justice. In view of the fact that this discussion has taken place after the members have been called in, I propose to repeat the procedure on the taking of the vote.

The house divided on the motion (Mr. Woodsworth) which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Beaubien,
Blair,
Bothwell,
Boulanger,
Bradette,
Brasset,
Brown,
Butcher,
Campbell,
Carmichael,
Cayley,
Chevrier,
Coote,
Donnelly,
Duff,
Fiset (Sir Eugène),
Fournier,
Gardiner,
Garland (Bow River),
Goulet,
Hanson (Skeena),
Heaps,
Heenan,
Howden,
Hurtubise,
Ilsley,
Irvine,
Kennedy (Peace River),
Lucas,
Luchkovich,
MacInnis,
MacLean,
McKenzie (Assiniboia),
McPhee,
Mitchell,
Motherwell,
Munn,
Neill,
Reid,
Roberge,
St-Père,
Speakman,
Spencer,
Stewart (Edmonton West),
Totzke,
Veniot,
Weir (Macdonald),
Woodsworth.—49.

NAYS

Messrs:

Anderson (Toronto-High Park),
Barber,
Beaubier,
Belec,
Bennett,
Beynon,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Chaplin,
Charters,
Cormier,
Cotnam,
Cowan (Long Lake),
Dickie,
Duranleau,
Embury,
Ernst,
Esling,
Gagnon,
Garland (Carleton),
Gordon,
Hanson (York-Sunbury),
Hay,
Johnstone,
Jones,
Loucks,
Macdougall,
MacLaren,
MacNicol,
McLure,
Manion,
Matthews,
Mullins,
Murphy,
Myers,
Nicholson,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Price,
Quinn,
Rogers,
Ross,
Ryckman,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Cumberland),
Smoke,
Spankie,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sutherland,
Swanston,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wright.—72.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Arsenault,
Arthurs,
Baker,
Baribeau,
Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John-Albert),
Black (Halifax),
Cahan,
Cantley,
Casselman,
Cowan (Port Arthur),
Dorion,
Duguay,
Dupré,
Edwards,
Fortin,
Factor,
Thauvette,
Girouard,
Bertrand,
Casgrain,
Rhéaume,
Mercier (St. Henri),
Raymond,
Dubois,
Dubuc,
Rinfret,
Cardin,
Howard,
Bouchard,
Verville,
Boucher,
Ferland,
Elliott,
Fafard,

Fraser (Cariboo),	McMillan (Huron),
Geary,	Mercier (Laurier-Outremont),
Gobeil,	Denis,
Gott,	Rutherford,
Guthrie,	Lapointe,
Hackett,	Perras,
Harris,	Jacobs,
Kennedy (Winnipeg),	McIntosh,
Laflèche,	Dumaine,
Laurin,	Fontaine,
Lawson,	Gray,
Lennox,	Pouliot,
MacDonald (Cape Breton),	Urquhart,
Macdonald (Kings),	Malcolm,
MacMillan (Saskatoon),	Mackenzie (Vancouver),
McDade,	Dupuis,
McGibbon,	Power,
McGillis,	Deslauriers,
Maloney,	Young,
Morand,	Parent,
Peck,	Euler,
Perley, Sir George),	Marcil,
Porteous,	Macphail (Miss),
Rhodes,	Ralston,
Robinson,	Desrochers,
Rowe,	Lacroix,
Ryerson,	Taylor,
Sauvé,	Séguin,
Senn,	Sanderson,
Shaver,	Hanbury,
Smith (Victoria-Carleton),	King,
Spence,	Fraser (Northumberland),
Spotton,	Hepburn,
Sproule,	Moore (Ontario),
Stinson,	Hall,
White (London),	Gershaw,
Wilson,	Vallance.

Mr. LAPOINTE: I was paired with the hon. Minister of Justice (Mr. Guthrie). Had I voted I would have voted for leave to introduce the bill so that I could read and consider it.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted for the motion, thereby symbolizing my support of freedom of speech—

Some hon. MEMBERS: Oh, oh.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted I would have voted for the motion.

Mr. POWER: I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted I would have voted for the motion.

Mr. FAFARD: I was paired with the hon. member for Levis (Mr. Fortin). Had I voted I would have voted for the motion.

Mr. POULIOT: I was paired with the hon. member for North York (Mr. Lennox). Had I voted I would have voted for the motion.

[Mr. Speaker.]

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted for the motion.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted for the motion.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted I would have voted for the motion.

Mr. HEPBURN: I was paired with the hon. member for North Huron (Mr. Spotton). Had I voted I would have voted for the motion.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted for the motion.

Mr. PERRAS: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted for the motion.

Mr. BERTRAND: I was paired with the hon. member for Northeast Toronto (Mr. Baker). Had I voted I would have voted for the motion.

Miss MACPHAIL: I was paired with the hon. member for North Grey (Mr. Porteous). Had I voted I would have voted for the motion.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted I would have voted against the motion.

Mr. CAHAN: I was paired with the hon. member for St. James (Mr. Rinfret). Had I voted I would have voted against the motion.

Mr. ARTHURS: I was paired with the hon. member for Drummond-Arthabaska (Mr. Girouard). Had I voted I would have voted against the motion.

Mr. CASSELMAN: I was paired with the hon. member for Sherbrooke (Mr. Howard). Had I voted I would have voted against the motion.

Mr. GOTT: I was paired with the hon. member for Kent (Mr. Rutherford). Had I voted I would have voted against the motion.

Mr. BELL (St. John-Albert): I was paired with the hon. member for Nicolet (Mr. Dubois). Had I voted I would have voted against the motion.

Mr. MORAND: I was paired with the hon. member for Terrebonne (Mr. Parent). Had I voted I would have voted against the motion.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted I would have voted against the motion.

Mr. MacDONALD (South Cape Breton): I was paired with the hon. member for Colchester (Mr. Urquhart). Had I voted I would have voted against the motion.

Mr. McDADE: I was paired with the hon. member for Laprairie-Napierville (Mr. Dupuis). Had I voted I would have voted against the motion.

Mr. FRASER (Cariboo): I was paired with the hon. member for South Huron (Mr. McMillan). Had I voted I would have voted against the motion.

RECORDING OF PAIRS

Mr. BENNETT: I note, Mr. Speaker, that hon. gentlemen have been observing pairs. I understood, and I still understand, that that is not obligatory unless an arrangement to that effect is made. My agreement with the right hon. leader of the opposition (Mr. Mackenzie King) was that we were paired on the following conditions: Our pairs to be in force on all matters introduced by the government or for which the government assumes responsibility, also in connection with all matters introduced by the official opposition or by any member on its behalf, and to apply also when the Speaker is in the chair as well as in committee of the whole house on such matters. My understanding is that that arrangement does not apply to pairs of this kind, but if my interpretation is not correct I ought not to have voted. I should like to discuss the matter with the right hon. gentleman and ascertain if it is not his view that our agreement does not apply to pairs of this kind, this being a vote on a motion introduced by a private member. Whatever rule may prevail I desire to observe. I mention that so that there may be no misunderstanding.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley), and our agreement was that I should not vote in any case in his absence. I have observed that pair.

Mr. LAPOINTE: My pair with the Minister of Justice (Mr. Guthrie) was on exactly the same basis as my right hon. friend the Prime Minister's with the leader of the opposition, but I felt differently about it. I felt that I was not free to vote, and the way the vote was given on both sides of the house justifies me in that belief.

Mr. BENNETT: That would not change the principle.

Mr. BROWN: If the Prime Minister had made that statement beforehand, many members opposite might not have voted at all.

Mr. BENNETT: I do not think there are any communists here.

MARRIAGE AND DIVORCE ACT

Mr. A. U. G. BURY (East Edmonton) moved for leave to introduce Bill No. 17, to amend the Marriage and Divorce Act.

Some hon. MEMBERS: Explain.

Mr. BURY: The explanation of the proposed amendments is very simple. Under the act as it now is, a man may legally marry either his deceased wife's sister or the daughter of his deceased wife's sister, but he cannot legally marry the daughter of his deceased wife's brother. Similarly a woman may now legally marry either her deceased husband's brother or the son of her deceased husband's brother, but not the son of her deceased husband's sister. The bill is introduced for removing these anomalies.

Motion agreed to and bill read the first time.

DESTRUCTIVE INSECT AND PEST ACT

Hon. ROBERT WEIR (Minister of Agriculture) moved for leave to introduce Bill No. 18, to amend the Destructive Insect and Pest Act.

Some hon. MEMBERS: Explain.

Mr. WEIR: Sections one, two and three of the amending bill are intended to give us authority to control the movements of agricultural products infested with any disease or insect. Section four is intended to give to interested provinces a certain amount of freedom in connection with the control of certain pests within their boundaries when for any reason this department does not consider it advisable or possible to attempt to control such special pests.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ORDNANCE AND INDIAN LANDS

Mr. SPENCER:

1. Has the dominion government complete control over ordnance land and Indian lands, and of lands under the control of the dominion government at the time of the passing of the British North America Act, except such lands as have been returned to the prairie provinces?

2. Can any one province tax, or interfere through means of taxation or otherwise with these lands?

3. In the case of ordnance land, where the ordnance department has laid it out in streets and lots and sold one lot to an individual, would the province or other municipality have jurisdiction over this one lot notwithstanding the fact that the streets and surrounding property still remain ordnance land, and the lot which has been sold has never been deeded or dedicated to such province or municipality and is not even registered therein?

Mr. BENNETT: The question is not one that can properly be answered. If the hon. gentleman will look at it, he will see that it is a hypothetical question, and does not lend itself to a categorical answer. If the hon. gentleman desires to state the case he has in mind, either by putting it on the order paper or dropping a note to me, I will try to see that an answer is given to him.

Question dropped.

PAYMENTS TO MR. N. D. MURRAY

Mr. DUFF:

1. What amount of money has been paid by the different departments of the federal government to N. D. Murray, barrister of Halifax, Nova Scotia: (1st) remuneration, and (2nd) expenses, as a commissioner to investigate the conduct of federal officials in the province of Nova Scotia?

2. How many inquiries were held?

3. How many officials were recommended by him for dismissal?

Mr. CAHAN:

Department of Marine—

1. Remuneration (fees)	$ 460 00
Expenses	617 10
	$1,077 10

2. Twelve.

3. None. The commissioner only reports whether he finds the official guilty or not guilty of political partisanship. Six dismissals have been made as a result of investigations held by Mr. Murray.

Department of Pensions and National Health—

1. First	$556 00
Second	192 75
	$748 75

2. 4.

3. 3.

Post Office Department—

1. First, Remuneration	$1,220 00
Second, Expenses	1,944 65
	$3,164 65

2. 30.

3. 29.

Department of National Revenue—

(Customs and Excise Division)

1. First, Remuneration	$420 00
Second, Expenses	376 81
	$796 81

2. 9.

3. None. The commissioner only reports on findings of facts due to his findings; seven were dismissed.

STE. ANNE DE BELLEVUE HOSPITAL

Mr. SPEAKMAN:

1. Who is the medical officer in charge of the t.b. wards at Ste. Anne's hospital, Ste. Anne de Bellevue, Quebec?

2. What is his salary?

3. What are his qualifications?

4. When, and upon whose recommendation was he appointed?

5. Is he a returned soldier?

6. Were there any other candidates for the position, and if so, were any of these rejected candidates returned soldiers?

7. In the latter event, and if the present incumbent is not a returned soldier, why was not the civil service regulation giving preference to returned soldiers observed in this instance?

8. What are the duties of the present medical officer?

9. How many cases of active pulmonary tuberculosis are under treatment at Ste. Anne's hospital?

Mr. CAHAN:

1. Dr. Melvyn McQuitty.

2. $3,540.

3. Graduation from a medical school of recognized standing; licence to practise medicine; six years' experience as medical officer on the staff of an institution for the treatment of tuberculosis.

4. (a) August 17, 1931; (b) as a result of open competitive examination.

5. No.

6. There were twenty-nine applicants in the competition, twelve of whom were entitled to the returned soldier preference granted under the Civil Service Act.

7. The preference provided in the Civil Service Act for returned soldiers, was observed as usual in this competition. That is, in accordance with the Act, if a returned soldier were found to possess the minimum qualifications required for the position, he should take precedence over all others. When the Advisory Examining Board first dealt with the applications it was found that only two candidates appeared to possess the necessary qualifications for the position. One of these was a returned soldier. The other was not entitled to the returned soldier preference. Further

inquiries were made in connection with the returned soldier since his application lacked certain necessary details. Upon receipt from him of this further information, it was found that he would not be a suitable appointee for the position. Consequently, as no returned soldier applicant was found to be duly qualified, the appointment was made of a duly qualified civilian.

8. The examination, diagnosis and treatment of all diseases of the chest or any other diseases or disabling conditions of a suspected tubercular nature; general supervision of the wards and patients assigned to his care, completing the necessary reports required by the Department of Pensions and National Health and the Board of Pension Commissioners for Canada.

9. 32.

SOLDIERS' PENSIONS

Mr. ILSLEY:

1. How many claims for pensions have been dealt with by the Board of Pension Commissioners for Canada since August 3, 1931, the date on which the latest amendments to the Pension Act became effective: (a) disability, (b) dependent?

2. How many of each of these claims have been admitted and how many rejected?

3. How many pensioners and claimants for pension have been examined by the medical examiners of the pension commission during the same period?

4. How many cases are now ready and awaiting decision by the pension commission?

Mr. MacLAREN:

1. (a) Disability, 8,665; (b) Dependent, 2,005.

2. (a) Disability:

Admitted	3,936
Rejected	4,729
	8,665
(b) Dependent:	
Admitted	1,100
Rejected	905
	2,005

In addition to the above, the commissioners, during this period, have considered and have ruled upon 1,234 miscellaneous cases in regard to which decisions were necessary in respect of additional pension for dependents of pensioners, change in the monthly rate to dependents of deceased soldiers, other than widows, change of administration, etc., etc.

3. Approximately, 12,850.

4. Approximately, 4,200.

REVENUE STAMP RECEIPTS

Mr. VENIOT:

What revenue was received from the sale of revenue stamps by the Department of National Revenue, from June 1, 1931, to January 31, 1932?

Mr. RYCKMAN: $3,683,162.22.

BLACKFOOT INDIAN AGENCY—COAL

Mr. GARLAND (Bow River):

1. Is the coal supply for the Blackfoot Indian agency let by tender?

2. If not, from whom and on what terms is the coal supplied?

3. If by tender, who was the successful tenderer 1930-31 and 1931-32, and what was the price per ton?

Mr. MURPHY:

1. Yes.

2. Answered by No. 1.

3. In 1930-31 Wm. McConnell, Gleichen: $7.50 f.o.b. agency; $8.50 f.o.b. farm 3 (1 mile haul); $9.50 f.o.b. farm B (5 mile haul).

In 1931-32 Wm. McConnell, Gleichen: $7.65 f.o.b. agency; $7.65 f.o.b. farm 2 (Cluny); $8.65 f.o.b. farm 3 (1 mile haul); $9.25 f.o.b. farm A (4 mile haul); $9.65 f.o.b. farm B (5 mile haul).

BUTTER IMPORTS

Mr. PICKEL:

How much butter from all sources was brought into Canada between January 1, 1931, and January 1, 1932, indicating the sources of such importations?

Mr. STEVENS:

During the calendar year 1931 Canada's imports of butter were:—

Imports from	Pounds	$
United Kingdom	181,594	45,326
Australia	2,264,696	695,479
Fiji	9,408	3,052
Newfoundland	300	80
New Zealand	344,320	81,175
Syria	160	32
United States	20,839	7,387
Total	2,821,317	832,531
British empire	2,800,318	825,112
Foreign countries	20,999	7,419

BURNABY, B.C., RELIEF WORK

Mr. REID:

Has the Minister of Labour or any official of the dominion government received any letter, communication, telegram, or other document from the Minister of Public Works in British

Columbia or any other official, regarding a request for a further grant for relief work in the municipality of Burnaby, British Columbia?

Mr. GORDON: Yes, copies of which will be included in the return to the 5th and 6th notices of motion by Mr. Reid on page ii of votes and proceedings No. 1, February 4, 1932.

ST. PAUL RURAL MAIL SERVICE

Mr. ST-PERE:

1. Has the Postmaster General received a request to authorize rural mail service in the parish of St. Paul, county of Montmagny?
2. If so, were tenders requested for said mail service on this rural route?
3. Was a contract given, and to whom was said contract assigned?
4. Who put in the lowest tender?
5. Is a mail service in operation on said rural route?
6. If said rural service is not in operation, what is the reason for the delay?

Mr. DURANLEAU (for Mr. Sauvé):

1. Yes.
2. Yes.
3. Yes. Joseph Cote.
4. Joseph Cote.
5. No.
6. The number of boxes required by department has not yet been purchased.

*FARM LOAN BOARD APPLICATIONS

Mr. BARIBEAU:

1. How many farmers in the county of Champlain have applied to the farm loan board for a loan, between July 28, 1930, and February 1, 1932, in pursuance of the Canadian Farm Loan Act, 1927, c. 43?
2. How many requests were granted and for what amounts?
3. How many requests were refused and for what amounts?
4. Has the dominion government any inspectors in connection with the farm loan board in the province of Quebec?
5. If so, how many?
6. What are their names and addresses?

Mr. RHODES: According to the practice which has been well established in this house and has not been challenged, this question is not one which can properly be submitted to the government. In that connection I refer the hon. member to a reply respecting a similar question which I made to the hon. member for Battle River (Mr. Spencer) as it appears on page 283 of Hansard. Under the circumstances I submit the question should be dropped.

Mr. SPEAKER: Question dropped.

[Mr. Reid.]

PENSIONS TRIBUNALS, APPLICATIONS

Mr. MACKENZIE (Vancouver Centre):

1. How many pension applications were heard by the pension tribunals from their inception until February 15, 1932?
2. Of this number how many decisions were in favour of the applicant?
3. How many decisions were adverse to the applicant?
4. How many decisions were appealed to the appeal court?
5. How many decisions have been rendered by the appeal court?
6. Of the decisions rendered by the appeal court, how many were in favour of the pension applicant?
7. How many were adverse to the pension applicant?
8. How many applications are now pending before the pension tribunals?
9. How many before the appeal court?

Mr. MacLAREN:

Figures are to January 31, 1932.

1. 4,545, not including cases in which decision is in transit or deferred.
2. 2,129.
3. 2,416.
4. By pension applicants, 1,172, by commission counsel, 1,550, total 2,722.
5. *1,461.
6. *On appeals by pension applicants, 26, by commission counsel 239, total 265.
7. *On appeals by pension applicants, 703, by commission counsel 343, total 1,046.
8. 2,436.
9. 1,231.

*Note re Numbers 5, 6 and 7.—Forty-one cases were referred back to the Board of Pension Commissioners and 109 to the pension tribunal for rehearing.

SECURITIES RETURNED TO ENEMY SUBJECTS

Mr. SPENCER:

1. What was the amount of securities returned to German and other enemy subjects after the great war?
2. What was their nature, and when were they returned?

Mr. CAHAN:

1. $374,035.86.
2. Registered bonds, bearer bonds, debenture stock, preference shares and common shares, returned as follows:—

(a) To Austria—on March 13, 1930	$ 16,793 75
(b) To Austria—on January 30, 1931	60 00
(c) To Germany—on September 25, 1930	357,182 11
	$374,035 86

* CIVIL SERVICE—REDUCTION IN SALARIES

Mr. SPENCER:

1. How many of the following are included in the salary cut of 10 per cent: judges, Royal Canadian Mounted Police, pension commissioners, lieutenant-governors, Board of Grain Commissioners, and the permanent force?

2. If any are exempt from the 10 per cent cut, what is the reason for the exception in each case?

Mr. BENNETT: I think this question should be dropped, because it will be dealt with by legislation which will be self-explanatory. There is now a resolution on the order paper dealing with the subject matter of this question.

Mr. SPENCER: When will such legislation be brought down?

Mr. BENNETT: It is on the order paper.

Mr. SPEAKER: Question dropped.

BELLA COOLA CENSUS ENUMERATOR

Mr. HANSON (Skeena):

1. What remuneration did Edward Albert Wheeler receive for his work as enumerator, covering the district known as "the watershed of north Bentinck arm and Bella Coola river east to the juncture of the Bella Coola and Kahylskt rivers"?

2. What period of time was the said Edward Albert Wheeler engaged in enumeration work in the said district?

3. What was the total number of persons enumerated by the said Edward Albert Wheeler in the said district?

Mr. STEVENS:

1. $172.50.

2. From June 1 to June 29, 1931, inclusive.

3. 658.

SHELBURNE COUNTY INDIAN DOCTOR

Mr. RALSTON:

1. Who occupied the office of Indian doctor for eastern part of Shelburne county on December 1, 1931, and where did he reside?

2. Who occupies it now and where does he reside?

3. When was the change made and for what reason?

4. Was the former incumbent a returned soldier, if so, what period of overseas service had he?

5. Is the present incumbent a returned soldier?

6. On whose recommendations did the Department of Indian Affairs make the change?

7. Is the present incumbent on salary, if so, how much, and if paid on a fee basis what is the scale?

Mr. MURPHY:

1. Dr. L. P. Churchill, of Shelburne, N.S.

2. Dr. C. A. Herbin, of Lockeport, N.S.

3. January 20, 1932.

4 and 5. No information in the department.

6. On instructions issued by the superintendent general.

7. The present incumbent is employed on the "call system" and is paid for services rendered on the basis of the department's schedule of fees quoted in part as follows: Visits—within 3 miles, $3 per call; outside 3 miles, $1 per mile one way, to cover transportation, professional attendance and supply of ordinary remedies to all patients attended on trip; office consultations, $2 to include supply of ordinary remedies; surgical operations, as detailed in the schedule, etc.

MR. DENTON, DIGBY, N.S.

Mr. RALSTON:

1. In connection with inspection of wharves and other construction work by the present government, what position does Mr. Denton of Digby hold?

2. On whose recommendation was he appointed and what is the authority for his appointment?

3. What is his duty and his salary?

Mr. STEWART (Leeds):

1. Supervising foreman for western Nova Scotia in connection with works carried out by the department and authorized under the Unemployment Relief and Farm Act, 1931.

2. (a) District engineer; (b) Departmental.

3. (a) Answered by No. 1; (b) $7 a day.

REPORTED BANK MERGER

Mr. FACTOR:

1. Has the Minister of Finance received an application from one of our banks for permission or consent to absorb or merge with another bank, or have any representations been made to him, or have any negotiations taken place respecting the above matter?

2. If so, what disposition has been made of the matter by the government?

Mr. RHODES:

1. No.

2. Answered by No. 1.

PENSIONS FOR THE BLIND

Mr. MACKENZIE (Vancouver):

1. Has the government received any representations from any provincial government in regard to pensions for the blind?

2. If so, from what government?

3. What is the nature of the representations?

4. What action is proposed to be taken?

Mr. GORDON:

1. Yes.

2. Government of the province of Manitoba.

3. In favour of the establishment of a Dominion-wide system of pensions for needy blind persons.

4. The intention of the government will be disclosed if and when action is taken.

RICHMOND-WOLFE VETERINARY SURGEONS

Mr. LAFLECHE:

1. What are the names of the veterinary surgeons employed by the Department of Agriculture, in the county of Richmond-Wolfe, Quebec?
2. Are they bilingual?

Mr. WEIR (Melfort):

1. Dr. C. R. Boast.

2. Dr. Boast is reported as having a good working knowledge of French.

MR. GARFIELD MCKINNON

Mr. ROBERGE:

1. Did the Saskatoon district superintendent of postal service on July 28, 1922, send out a circular stating that Garfield McKinnon was to have a bill introduced in April, 1920, in order to improve the position of mail contractors?
2. Did said contractors pay any money to McKinnon?
3. If so, what amounts were contributed and what benefits did they derive?
4. Did the Quebec district superintendent of postal service send out a circular on July 19, 1927, warning the said contractors against the promises by McKinnon?
5. Does the said McKinnon still seek contributions from said contractors?
6. Has the government taken the necessary measures to prevent McKinnon carrying on such practices?

Mr. DURANLEAU (for Mr. Sauvé):

1. No record.

2 and 3. No official record. No benefits derived by contractors from activities of Mr. McKinnon.

4. Yes.

5. Department understands Mr. McKinnon solicits contributions.

6. Contractors have been properly advised.

SUPT. G. L. JENNINGS, R.C.M.P.

Mr. VALLANCE:

1. Has superintendent G. L. Jennings, R.C.M.P., been promoted to be assistant commissioner?
2. If not, what is his position at present?
3. Is this G. L. Jennings the same officer who some years ago was in command at Edmonton, Alberta?
4. Was he suspended from the force for gross breach of confidence as a police officer?
5. Who was commissioner at that time?
6. Was he father-in-law of the said superintendent Jennings?
7. Did the investigation into the conduct of superintendent Jennings reveal the fact that this officer handed over the police file to the man alleged to have stolen $10,000 from the post office?
8. Is he a fit and proper person to be in charge of the criminal investigation department of the Royal Canadian Mounted Police?

Mr. BENNETT: With respect to question No. 33 may I say that the form of at least part of the question is such that I think it is not in the public interest that any effort be made to answer it. I think the hon. member will agree that section 8 of the question:

8. Is he a fit and proper person to be in charge of the criminal investigation department of the Royal Canadian Mounted Police?

obviously should not be placed upon the order paper to be answered by whoever is in charge of that particular branch of the public service. If the officer referred to was placed in his position by a government, such government must assume the responsibility for his appointment which implied their belief in his fitness. In my view the general form of the question, and undoubtedly the last part of it, is most objectionable. The remaining part of the question might be worded as a matter of taste; if an hon. member desired to ask a question in that form, very well; but the second part certainly should not be answered.

Mr. VALLANCE: Apparently the Prime Minister is prepared to answer the first seven sections of the question; I think section 4 will give the information I have asked for in section 8.

Mr. BENNETT: The form in which the question is put is objectionable, and I do not care to pursue it. Section 4 of the question is framed in terms which this house has frequently said should not be used. It is as follows:

Was he suspended from the force for gross breach of confidence as a police officer?

A question such as this:

Was he suspended from the force, and if so for what reasons? . . . .

would have been fair. But to make an allegation in language couched as a question is wholly objectionable.

Mr. VALLANCE: I am quite agreeable to my right hon. friend's observations so far as they apply to section 8 of the question.

Mr. BENNETT: I am talking about section 4.

Mr. SPEAKER: Do I understand the whole question is dropped?

Mr. VALLANCE: No. The Prime Minister was quite prepared to answer the first seven sections.

Mr. BENNETT: No, not the first seven.

Mr. VALLANCE: My right hon. friend said he was in a position to answer the first seven sections.

Mr. BENNETT: No, not in the form in which they are, and they will not be answered.

Mr. VALLANCE: I will accept it as amended by the Prime Minister.

Mr. SPEAKER: The hon. member may redraft the question.

Mr. VALLANCE: No, it is accepted as amended by the Prime Minister.

Mr. BENNETT: I did not amend it.

Mr. SPEAKER: Does the Prime Minister take objection to it?

Mr. VALLANCE: All right, we will revise it.

Mr. SPEAKER: Dropped.

Mr. VALLANCE: No, let it stand and I will revise it.

Mr. BENNETT: As I understand it, I have taken objection to the form of question No. 33. The hon. member has suggested that I will amend it, which I will not do for reasons which I think must be apparent to him. I suggest Your Honour's ruling should be that the question is dropped.

Mr. VALLANCE: Rather than create any disturbance, I will say "dropped."

* FARM LOAN BOARD APPLICATIONS

Mr. CASGRAIN:

1. How many farmers in the counties of Charlevoix-Saguenay have applied to the farm loan board for a loan, between July 28, 1930, and February 1, 1932, in pursuance of the Canadian Farm Loan Act, 1927, c. 43?
2. How many requests were granted and for what amounts?
3. How many requests were refused and for what amounts?
4. Has the dominion government any inspectors in connection with the farm loan board in the province of Quebec?
5. If so, how many?
6. What are their names and addresses?
7. When were they appointed?
8. By whom were they recommended?

Mr. RHODES: The observations I made concerning question No. 17 apply also to this one. I am quite sure the hon. member for Charlevoix-Saguenay (Mr. Casgrain) will not object if the question is dropped.

Mr. SPEAKER: Dropped.

UNEMPLOYMENT RELIEF EXPENDITURES, CHARLEVOIX-SAGUENAY

Mr. CASGRAIN:

1. What federal public works in the counties of Charlevoix-Saguenay were constructed or undertaken by the government to be paid out of the money voted last session under the moneys authorized to be expended under the unemployment relief act of last session?
2. What were the amounts authorized in respect of each work?
3. What are the names of the foremen employed in respect of each work?
4. On whose recommendations was the selection made of the men who received employment in connection with each of these respective works?
5. What was the approximate expenditure actually incurred in respect of each of the said works?
6. Are all said works finished now?
7. On whose recommendation did the government decide the said works?

Mr. STEWART (Leeds):

1. (a) Beaupré, repairs and improvements to wharf; (b) Harrington, blasting trench for water pipe.
2. (a) $6,800; (b) $1,000.
3. (a) Charles Simard; (b) A. G. Learmont.
4. (a) District engineer and foreman; (b) district engineer and foreman.
5. (a) $7,056.12; (b) $994.85.
6. (a) Yes; (b) yes.
7. (a) District engineer; (b) district engineer.

ESCUMINAC RAILWAY STATION MAIL SERVICE

Mr. MARCIL:

1. Has a contract been awarded for the new mail service between Escuminac railway station and Escuminac and Fleurant?
2. Was Sam Pike, the present contractor, one of the tenderers, what was the amount of his tender, was it the lowest tender received by the Post Office Department, and to whom was the contract awarded?

Mr. DURANLEAU (for Mr. Sauvé):

1. Yes.
2. (a) Yes, at $419 per annum; (b) No. Contract was awarded to Wallace Dickie at $400 per annum.

GRADING OF PIGS

Mr. BLAIR:

1. How many government employees grade pigs on foot in Canada?
2. How many government employees grade pigs on rail in Canada?
3. What amount is paid to the government graders of pigs?

Mr. WEIR (Melfort):

1. Thirty-seven.
2. None.
3. $86,640 per annum.

ROCK DRILLS CUSTOMS ENTRIES

Mr. MacINNIS:

1. Was the minister or any official of the department informed during the year 1931 of the improper entry at customs in British Columbia of rock drills?

2. Was an investigation made in regard to such importations of rock drills, and, if investigation was made, was it found that such rock drills were improperly entered?

3. Did any importer, by declaring the drills to be used for mining purposes only, obtain a lower rate of duty than would be applied if the said rock drills were declared to be used for construction and other purposes?

4. What were the names of individuals or firms which were found to have wrongly declared rock drills?

5. Have all the individuals or firms, found to have wrongfully declared rock drills, made settlement with the department by payment of duties short paid, and penalties?

6. Has a decision been reached in regard to the case of the Sullivan Machinery Company, and have all short payments and penalties been paid?

7. If the Sullivan Machinery Company has not made payment, what is the status of this case at the present time?

Mr. RYCKMAN:

1, 2 and 3. Yes.

4. Sullivan Machinery Co., Gardner Denver Co., Canadian Ingersoll Rand Co. Ltd., Vancouver Machinery Depot Co. Ltd., Canadian Pneumatic Tool Co., Holman Bros. Ltd.

5. All with the exception of the Sullivan Machinery Co.

6. Decision rendered but payment not yet made.

7. Demand for payment has been made.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT RELIEF EXPENDITURES

Mr. DUFF:

1. How much money was expended under the supervision of the Public Works department and its officials, out of the money voted by parliament for unemployment purposes, and the Act passed in 1931 dealing with Unemployment Relief?

2. Were tenders called for the expenditure of said moneys when estimates for the work exceeded $5,000?

3. If tenders were not called in all cases, what were the names of the works and the amounts expended?

REPARATIONS RECEIVED FROM GERMANY

Mr. MACKENZIE (Vancouver):

1. What has been the total amount of reparations received from Germany by Canada under part 8 of the treaty of Peace signed at Versailles, June 28, 1919 (articles 231 and 232)?

2. What has been the interest accumulated on said amount up to the present time?

3. Who have been the commissioners appointed by the Canadian government to effect disposition of said moneys?

4. Were said moneys paid into consolidated revenue and, if so, when?

5. How much moneys have been paid out to claimants under the following headings,—

[Mr. MacInnis.]

(1) Damage to injured persons and to surviving dependents by personal injury to or death of civilians caused by acts of war, including bombardments or other attacks on land, on sea, or from the air, and all the direct consequences thereof, and of all operations of war by the two groups of belligerents wherever arising.

(2) Damage caused by Germany or her allies to civilian victims of acts of cruelty, violence or maltreatment (including injuries to life or health as a consequence of imprisonment, deportation, internment or evacuation, or exposure at sea or of being forced to labour), wherever arising, and to the surviving dependents of such victims.

(3) Damage caused by Germany or her allies in their own territory or in occupied or invaded territory to civilian victims of all acts injurious to health or capacity to work, or to honour, as well as to the surviving dependents of such victims.

(4) Damage caused by any kind of maltreatment of prisoners of war.

(5) As damage caused to the peoples of the allied and associated powers, all pensions and compensation in the nature of pensions to naval and military victims of war (including members of the air force), whether multilated, wounded, sick or invalided, and to the dependents of such victims, the amount due to the allied and associated governments being calculated for each of them as being the capitalized cost of such pensions and compensation at the date of the coming into force of the present treaty on the basis of the scales in force in France at such date.

(6) The cost of assistance by the governments of the allied and associated powers to prisoners of war and to their families and dependents.

(7) Allowances by the governments of the allied and associated powers to the families and dependents of mobilized persons or persons serving with the forces, the amount due to them for each calendar year in which hostilities occurred being calculated for each government on the basis of the average scale for such payments in force in France during that year.

(8) Damage caused to civilians by being forced by Germany or her allies to labour without just remuneration.

(9) Damage in respect of all property wherever situated belonging to any of the allied or associated states or their nationals, with the exception of naval and military works or materials, which has been carried off, seized, injured or destroyed by the acts of Germany or her allies on land, on sea or from the air, or damage directly in consequence of hostilities or of any operations of war.

(10) Damage in the form of levies, fines and other similar exactions imposed by Germany or her allies upon the civilian population.

6. How much has been paid out by the various commissioners under the various headings listed in (5)?

7. How much money of the amount received, including interest, is still in consolidated revenue?

Mr. CAHAN: Mr. Speaker, in my opinion this question should stand as an order for return. I might say in the meantime however that the Department of the Secretary of State has not any information with regard to other allied and associated powers. This question

should be restricted to Canada as one of the allied and associated powers under the treaty of Versailles. With that restriction we will do our best to answer it.

Mr. SPEAKER: This question stands as an order for return.

LOWER SANDY POINT BREAKWATER

Mr. RALSTON:

1. How much money was expended on the repairs to the breakwater at Lower Sandy Point, Nova Scotia, from April 1, 1931, to December 31, 1931?
2. What if any of said amount was from unemployment relief funds?
3. Who was the foreman of said work?
4. How many hours was he employed and at what rate per hour?
5. How much was paid said foreman for hire of his automobile, in connection with said work?
6. How much was paid to each of the men employed on such work, and at what rate per hour?
7. Who supplied the materials, viz., timber, logs, and iron for the said work, and what prices delivered on the work?
8. Were tenders asked for delivery of said materials, and if so who were the unsuccessful tenderers and what prices did they offer?
9. Has the department any information to the effect that said foreman was a merchant carrying on his business during the period in which he held the position of foreman?

SHELBURNE COUNTY PUBLIC WORKS EXPENDITURES

Mr. RALSTON:

1. How much money has been expended on each of the following public works in Shelburne county, from April 1, 1931, to December 31, 1931, namely: repairs at Shelburne public wharf, Lockeport public wharf, Lockeport harbour protection, breakwater at East Jordan, Gunning Cove public wharf, Black Point public wharf, West Baccaro breakwater, Falls Point breakwater, C. Negro Island breakwater?
2. Who were the persons employed on each of such works and how many hours was each employed and at what rate per hour?
3. From whom were the timber, logs, and iron obtained for each of said works, and what prices were paid for such materials delivered on the work: (a) for sawn timber and plank M ft. B.M.; (b) for logs by lineal foot or by scale for b.m.; (c) for iron, in bars or ready for use on the work?
4. What material was principally used for and in such repair work, in each case, whether, hemlock, spruce, fir, pine or hardwood?
5. Was the department charged sales tax in addition to or included in the price landed for such materials?
6. Were tenders asked for supplying said materials, if so, from whom, and if public?
7. If so, how and where were the advertisements published asking for such tenders?
8. Who were the unsuccessful tenderers, and what were the prices offered by them?
9. In cases where logs were supplied and paid for either by lineal feet measurement, or by scale for b.m. contents, who did the measuring or scaling?
10. In case of works uncompleted, when does the Department of Public Works expect said work to be completed?

CHARLEVOIX-SAGUENAY MAIL CONTRACTS

Mr. CASGRAIN:

1. How many tenders were called for, for mail contracts in the counties of Charlevoix-Saguenay since January 1, 1931, to February 1, 1932?
2. What are the names of said mail routes?
3. What are the names and addresses of tenderers in each case and their sureties?
4. Who was the successful tenderer in each case?
5. Was the contract always awarded to the lowest tenderer?
6. What are the names and addresses of people who supported the tenderers in each case, if any?

Mr. BENNETT: Mr. Speaker, in asking that this question stand as an order for return may I say that the information sought will be very lengthy.

GARIBALDI PARK, B.C.

Mr. MUNN:

1. Was the area known as Garibaldi park, British Columbia, offered to the Dominion government by the government of the province of British Columbia, if so, on what terms?
2. Was any action taken in regard to this area?
3. If so, what action has been taken?
4. Was there any representation made by private or business concerns individually or through the British Columbia provincial government to the Dominion government in regard to additional areas that might be required in the shape of timber lands or logged off lands for Garibaldi park?
5. Was any examination of logged off lands or timber lands made by the Dominion government in the vicinity of Garibaldi park, British Columbia, if so, what action, if any, has been taken and if report was made by government official or examiner, would same be available?

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for contribution to works being constructed or contributed to by the provincial or municipal authorities in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for direct relief in the province of Nova

Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. STEWART (Leeds): Mr. Speaker, when the second motion came up at a previous sitting it was agreed that it should stand pending the bringing down of the regular return under the act. I would ask therefore that the motion stand in the meantime.

Mr. SPEAKER: That applies to one, two and three.

Mr. STEWART (Leeds): The same thing.

Mr. SPEAKER: One, two and three stand.

SOPHIE LIGHT—FATAL SHOOTING

Mr. McPHEE:

For a copy of all correspondence, papers and documents in the possession of the government relating to the fatal shooting of Mrs. Sophie Light of Des Moines, Iowa, U.S.A., by Constable Pirt, R.C.M.P., of Yorkton, Saskatchewan, at a picnic held a few miles from Roblin, Manitoba, on Labour day, Monday, September 1, 1930; and also of correspondence between the Attorney General of the province of Saskatchewan and the Minister of Justice of Canada relative to the payment of $500 to the husband of the said Sophie Light.

Mr. BENNETT: Subject, Mr. Speaker, to the limitations that would be imposed if it were a case of private litigation, the order will, I assume, be adopted by the house. But confidential communications touching the conduct of negotiations and matters of that kind which would be privileged communications on an order for discovery, I take it the hon. gentleman would not expect to have produced.

Mr. SPEAKER: Carried, subject to the reservation as stated.

MARIA, QUE., WHARF

Mr. MARCIL:

For a copy of paylists and accounts for materials used in the repairs to the wharf at Maria, Quebec; and also same information for protection works in that municipality.

Mr. STEWART (Leeds): Mr. Speaker, I desire to know from the hon. gentleman whether he wishes the information with respect to the current fiscal year or for a longer period.

Mr. MARCIL: For the present year only.

Mr. STEWART (Leeds): No objection.

BONAVENTURE, QUE., WHARF

Mr. MARCIL:

For a copy of paylists and accounts for materials supplied for repairing the wharf at Bonaventure, Quebec; and also a copy of paylists and accounts for materials for repairs of protection works in that municipality.

Mr. STEWART (Leeds): For the same period?

Mr. MARCIL: Yes.

ST. NICHOLAS, QUE., POST OFFICE

Mr. MARCIL (for Mr. Casgrain):

For a copy of all documents and correspondence exchanged between the citizens of row (rang) St. Nicholas, in the parish of St. Ferreol, county of Montmorency, and the Postmaster General, or any other official of his department, at Ottawa or Quebec, in connection with the opening of a post office in said parish.

Mr. BENNETT: With respect to Number 14, Mr. Speaker, I think perhaps my hon. friend from Bonaventure who moves the resolution for the member for Charlevoix-Saguenay (Mr. Casgrain), will agree that it would be better to impose some limitation as to time, for it might involve a great deal of difficulty to go back a good many years. I suggest that since 1930 would probably cover all that is desired, if that is acceptable to the hon. gentleman.

Mr. SPEAKER: In the absence of the hon. member for Charlevoix-Saguenay, this motion and the next three will stand.

MANITOBA FARMERS—SUPPLY OF FEED AND SEED

Mr. BROWN:

For a copy of all correspondence between Premier Bracken of Manitoba or any of the officials of the Manitoba government and the Prime Minister or any of the officials of the dominion government, with reference to the supplying of feed and seed to the farmers of Manitoba.

Might I amend my motion, Mr. Speaker, by inserting after the words "Prime Minister" in the third line the words "Minister of Agriculture"?

Mr. BENNETT: The most important one is the Minister of Finance.

Mr. SPEAKER: Amended with the consent of the house.

ELZEAR GAGNON—STE. LOUISE, QUE., POSTMASTERSHIP

Mr. FAFARD:

For a copy of all reports, letters, telegrams and other documents in connection with the appointment by the Civil Service Commission of Elzear Gagnon, an ex-soldier with a record of overseas active service, on September 1, 1931, to the position of postmaster at Ste. Louise, county of L'Islet, Quebec, and the said Gagnon's subsequent rejection by the Postmaster General.

Mr. BENNETT: With the limitation that necessarily is imposed upon this motion by reason of the fact that the government, as such, has not control over documents or papers in the hands of the Civil Service Commission dealing with the subject matter, I assume it will be adopted by the house. It will be within the memory of the house that on more than one occasion discussion has taken place as to how far an effort should be made to bring down from the Civil Service Commission documents, somewhat confidential in their nature, upon which they arrive at their conclusions. But any documents the government have will of course be promptly supplied.

UNOPPOSED MOTIONS FOR PAPERS

ROCKGLEN, SASK., POSTMASTER, DISMISSAL

Mr. DONNELLY:

For a copy of all correspondence, reports and other documents in connection with the dismissal of postmaster C. E. Sproule, at Rockglen, Saskatchewan; also a copy of all correspondence, reports and other documents relating to an investigation into charges made against postmaster C. E. Sproule, at Rockglen, Saskatchewan, his dismissal and the temporary appointment of Mr. Lawrence in his stead.

MITCHELLTON, SASK., POSTMASTERSHIP

Mr. DONNELLY:

For a copy of all letters, telegrams, correspondence and other documents passing between the Postmaster General or any of his officials and any person or persons in the province of Saskatchewan, since September, 1931, with reference to the appointment of a postmaster for the post office at Mitchellton, Saskatchewan.

GRANDE RIVIERE, QUE., POSTMASTER, DISMISSAL

Mr. BRASSET:

For a copy of all correspondence, telegrams, letters, affidavits and other documents, including all evidence given at the inquiry held in connection with the dismissal of Mr. Hygin Ayotte, as postmaster at Grande Riviere, Gaspe county.

FREIGHT RATES—CORRESPONDENCE

Mr. REID:

For a copy of all letters, telegrams, communications and other documents exchanged between the provincial government of British Columbia or any official of that government, and the dominion government or any official of the dominion government, regarding the matter of freight rates since July 31, 1930.

ST. FABIEN DE PANET, QUE., POSTMASTERSHIP

Mr. CHEVRIER:

For a copy of all correspondence, also report of the commissioner, made after the inquiry was held, in connection with the postmaster, J. C. Tanguay, St. Fabien de Panet, county of Montmagny.

LAC FRONTIERE, QUE., POSTMASTERSHIP

Mr. DENIS:

For a copy of all correspondence, also the report of the commissioner, made after the inquiry was held, in connection with the postmaster, Eugene Gregoire, Lake Frontiere, county of Montmagny.

ST. PIERRE DE LA RIVIERE DU SUD, QUE., POSTMISTRESS, DISMISSAL

Mr. PERRAS:

For a copy of all correspondence, also the report of the commissioner, made after the inquiry was held, in connection with the dismissal of Miss Gagne, postmistress at St. Pierre de la Riviere du Sud, county of Montmagny.

CAMP HILL HOSPITAL STAFF

Mr. RALSTON:

For a return showing the names, positions, and salaries of the staff of Camp Hill hospital, Halifax, as of June 30, 1930, and as of January 31, 1932.

CAP ST. IGNACE, QUE., POSTMASTERSHIP

Mr. FAFARD:

For a copy of all correspondence, reports and other documents in connection with the creation of a vacancy in the postmastership at Cap St. Ignace, county of Montmagny, Quebec, and the appointment, temporary or otherwise, of a new postmaster, together with a copy of correspondence, applications, recommendations and other communications received from persons desirous of obtaining the new appointment, or others on their behalf.

CHARLEMAGNE, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, recommendations, sworn statements, and other documents, including the evidence taken at the inquiry in connection with the dismissal of the postmaster at Charlemagne and the appointment of his successor.

ST. JACQUES, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, recommendations and other documents, including evidence taken at the inquiry in connection with the appointment of a new postmaster at St. Jacques, to replace Mr. Joseph Levesque, who was dismissed.

ST. CALIXTE-NORTH, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, recommendations, sworn statements, and other documents, including the evidence taken at the inquiry in connection with the dismissal of the postmaster at St. Calixte-North, and the appointment of his successor.

ST. HENRI DE MASCOUCHE, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, sworn statements and other documents, including evidence taken at the inquiry in connection with the dismissal of the postmaster at St. Henri de Mascouche, and the appointment of his successor.

LACHENAIE, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, recommendations, sworn statements and other documents, including the evidence taken at the inquiry in connection with the dismissal of the postmaster at Lachenaie, and the appointment of his successor.

ST. SULPICE, QUE., POSTMASTERSHIP

Mr. MARCIL (for Mr. Séguin):

For a copy of all correspondence, telegrams, letters, recommendations, sworn statements and other documents, including the evidence taken at the inquiry in connection with the dismissal of the postmaster at St. Sulpice, and the appointment of his successor.

CANADIAN WOOL INDUSTRY

TARIFF ON RAW WOOL FOR THE PROTECTION OF HOME GROWERS

Mr. J. B. SWANSTON (Maple Creek) moved:

That, in the opinion of this house, it is expedient that the government of the Dominion of Canada place a duty on raw wool that would reasonably protect the Canadian wool growers.

He said: In submitting this resolution to the house for discussion I wish to make a few observations with reference to the situation as it exists in the province of Saskatchewan and, I may add, throughout the whole of Canada. For many years the wool growers of Canada have devoted considerable effort to the improvement of wool and in doing so they have developed an excellent type of wool-producing sheep; but when there is a marked decline in the price of wool the wool growers naturally turn their attention to the medium wool-mutton breeds, with the result that the best wool-producing sheep are somewhat neglected. I hope the time will never come when the Canadian sheep grower will be compelled to ignore the development of the best wool-growing sheep.

Wool is one of the principal articles of commerce and next to cotton is the product most extensively used in the manufacture of cloth, felt and fabric. The sheep is valuable both for its wool and for its meat, and is one of the most productive animals on the farm. A sheep can live on the prairies or on hills where it is impossible for horses or cattle to exist, and perhaps there is not a country in the world with climatic conditions and pastures more suitable to sheep than in a portion of southwestern Saskatchewan and southern Alberta. Still, with these advantages, the wool-growing industry has been neglected because we have failed to place a duty on raw wool as asked for by the wool growers of western Canada. The duty that was formerly levied on wool was taken off by the late government in section 549 of the tariff, which was enacted on February 17, 1928, the commodity being thus placed on the free list. Some assistance was given the wool growers at the last session of parliament by increasing the duty on mutton, but raw wool was still left unprotected. Wool in the grease, scoured wool, noils and tops are admitted duty free, and the Canadian grower has therefore to compete in Canada with the wool growers of other countries, and with countries where wool can be produced much cheaper than in Canada.

Pressure of imported wool has prevented the development of the earlier processing industry in Canada in regard to carding, scouring and spinning, thus forcing the Canadian grower out of his own home market. The woollen trade—that is, with respect to the various processes from the yarn to the finished article—has received reasonable protection but no protection has been accorded with respect to the processes from the raw wool to the yarn, and as a result the manufacturing industries have purchased too much of their requirements from other countries. The Canadian grower in consequence is obliged to find a market in other countries. This seems to me to be very unfair to the Canadian wool grower as he has to carry the extra cost of freight, handling and selling charges in the foreign markets, while at the same time having to accept practically the same net returns as for wool sold in Canada.

When we produce only about one-third of the amount of wool needed by the manufacturers in this country, it would seem only reasonable that the home market should absorb every pound of Canadian wool. While the entire consumption of wool in Canada is in the neighbourhood of eighty million pounds, and the total production approximates twenty million pounds, it may be true that for a time the Canadian wool grower will not be able to fill all the requirements of the Canadian market; but if given adequate protection to secure the home market, and with better prices, the industry will be stimulated. There would be a great increase in the number of sheep and in a very short time

the Canadian wool grower would be producing enough of the raw wool to supply the entire need of this dominion.

Owing to the fact that no attempt has been made to develop the industry of top making, the larger number of Canadian manufacturers start their operations from the tops, which are purchased by them wherever they can be found. There is nothing in the quality of Canadian wool to prohibit its use in Canada, nor is there any lack of quality which makes it necessary to import outside wool. It would appear that some of the troubles of the Canadian wool growers arise from the fact that no great effort has been made in Canada, as has been made in the United States, to develop the processes of wool from the fleece stage up to the tops. As a result, Canadian wool has to be exported in the raw state in order to find a market where the processing is carried out. Last year, western wool brought from 4 to 6 cents per pound while across the border, in the state of Montana, wool was bringing from 15 to 18 cents per pound. In order to remedy this condition the wool growers of Canada are desirous of having an adequate tariff placed upon foreign wool and to apply from the top stage down to the raw wool. The suggested duty is 34 cents per pound on raw wool, based upon the scoured, clean content, with graded protection from that point upwards. This application is supported by the Canadian Cooperative Wool Growers' Limited, with branches in both eastern and western Canada, by the Stock Growers' Association and by the Sheep Breeders' Association of Southern Alberta. This latter association passed a resolution to this effect at a meeting held on January 26, 1932, at which was represented over 900 sheep breeders, the owners of approximately 300,000 sheep. At a meeting of the Southern Saskatchewan Wool Growers' Association, representing over 125 breeders of sheep, the owners of approximately 50,000 breeding sheep, held at Maple Creek, Saskatchewan, on February 8, 1932, the following resolution was adopted:

Whereas: (a) The sheep raising industry in the western provinces as a commercial undertaking, with wool and mutton as its only source of revenue, is facing extinction unless its revenues can be increased.

(b) Any forced liquidation under the present existing prices and financial conditions would mean ruin to the present owners, and only the few with substantial capital resources will be able to postpone this much longer.

(c) The present purchasing power of the meat-consuming public has been materially reduced which, with depreciated currencies in foreign countries (the sources of our competing imports) will probably defer material improvement in mutton prices.

(d) In a general field of agriculture, sheep raising is one branch with room for expansion providing the Canadian home market for wool and mutton can be retained to the grower at anything over costs of production has an important place.

(1) On the western ranges, in making productive what may be termed semi-arid areas, and providing a regular supply of breeding stock for the farms, lambs for fall and winter finishing, as well as markets for feed to the farmers in the near districts, and

(2) On the farms, in fitting in with a better balanced scheme of mixed farming, and providing returns for a quantity of otherwise unsaleable home grown fodder, and for unused pastures, both these branches of the industry are well worth preserving, and, if possible, enlarging.

(e) In the markets of the United States the range wools of the state of Montana and the provinces of Alberta and Saskatchewan have always been recognized as being similar in type and command the same prices in those markets.

1931 western wools were bringing to the growers from four to six cents per pound, whereas in Montana, U.S.A., similar types and quantities returned from fifteen to eighteen cents per pound; therefore, there can be no reason for the wide difference betwen the Montana prices and those in Alberta and Saskatchewan than the protection afforded the Montana wool growers because of their import tariff on wool.

We cannot but believe that the enforcement of an import tariff on wools, sufficient to protect the Canadian producer in his home market, would have the same effect of improving prices to the Canadian grower.

(f) With the home consumption in Canada far exceeding production of similar types and grades of wool as are grown in the dominion, and with Europe being the only export market left to us, it appears unfair and unjust that the producer should have to shoulder the added cost of freight handling and selling in that market (as well as having to accept practically the same net returns for wool sold in Canada) when there should be a ready demand for all his products in the home consuming market.

(g) In the revision of the tariff at the session of parliament, September, 1930, all manufacturers of wool from the finished product to the yarn stage received substantial increases leaving out wool in the grease, scoured wools, tops, and noils as well as all forms of waste, resulting in the Canadian producer being unable to market his product in his own country, demonstrating clearly the fact that only substantial import tariff can improve existing conditions.

Therefore be it resolved: That we strongly urge upon the government of the Dominion of Canada that a tariff be placed on raw wool that will adequately protect the Canadian wool growers, and it is respectfully suggested that this should not be less than 34 cents per pound, general tariff, based on the scoured clean content.

To make a tariff on raw wools effective, we understand that it will be necessary to include

tops, noils, scoured wools, and all forms of wool and waste between the raw wools and yarns.

We have the honour to be, Sir,

Yours respectfully,

William Kerr,
President,

George S. Herringer,
Secretary.

Southern Saskatchewan Wool Growers' Association.

The following table which appears in bulletin No. 75 of the Department of Agriculture issued in March, 1928, gives the number of sheep on farms and ranches in Canada from 1871 onwards. It reads:

1871..	3,156,509
1881..	3,048,678
1891..	2,563,781
1901..	2,510,239
1921..	3,675,860
1927..	3,265,727

The 1927 figure is the latest one given in that bulletin. The Canada Year Book for 1931 gives the estimated number of sheep and pounds of wool produced for 1930, as follows:

Number of sheep and lambs..	3,698,800
Amount of wool produced.. ..	21,016,000

The Bureau of Statistics has provided me with the average prices paid to Canadian growers for unwashed raw wool as compared with the prices received in the United States, as follows:

	Canada cents	United States cents
1925..	25	39
1926..	23	30
1927..	22	32
1928..	26	35
1929..	21	27
1930..	11	18
1931..	8	12

The American figures were obtained from the United States crop and market reports. Apparently they did not know in Maple Creek that I was sponsoring this resolution, because I received the following telegram:

Doctor J. B. Swanston, M.P.,
House of Commons, Ottawa.

We count on your influence when wool tariff comes up this week. Our men cannot continue in sheep business with wool averaging from four to five cents pound. Western producer must have same treatment as eastern manufacturer. We ask no favours. Make known demands of producers. We are also being forced out of a legitimate business by unfair treatment. Your constituency vitally interested in sheep business.

G. S. Herringer,
Secretary.
Southern Saskatchewan Wool Growers' Association.

[Mr. Swanston.]

These are the figures given by the Bureau of Statistics as to the imports and exports of wool:

Year	Imports pounds	Exports pounds
1930..	9,458,998	4,381,754
1931..	10,853,501	4,769,574

Some hon. members may wish to know the United States tariff. It is as follows:

	Duty per pound cents
Wool in the grease or washed.. ..	34
Scoured..	37
Wool on the skin..	32
Sorted, not scoured..	35

I have under my hand an article from the Farmers' Advocate of February 4 of this year. This magazine conducted a good deal of correspondence with the wool mills, particularly those doing custom work, and in its issue of February 4, 1932, it has this to say:

From one mill which does little but custom work we have this report:

"I have many customers who still have blankets in use that were made in my mill twenty-five years ago. I use only virgin wool. It takes from two to two and a half pounds of wool in the grease to make one pound of finished goods. It makes no difference what the product, all Ontario wool I have used is good."

Two and a half pounds of wool will make only one pound of the top, so that you would have about eight pounds of raw wool in a suit of clothes.

Another such mill says they use nothing but Canadian fleece, so customers are assured of receiving Canadian wool in their goods. Here is the testimony of another mill:

"We make motor rugs of two-ply yarn that cannot be worn out in a generation. Blankets made in 1875 to 1880 are still in use. Knitting yarns made from the best fleeces of sheep that thrive in the snow, goes out with a guarantee and will wear as well as the old-fashioned home-spun yarn."

One mill says that Leicester and Oxfords give the best wool for blankets and yarn, while Shropshires are best for batts.

Another declares that Shropshires make the strongest cloth. For fine cloths, Canadian Northwest Merinos are excellent.

From a mill specializing in custom work comes the assurance that all wools are suitable for domestic use except the very coarse long wool.

In conclusion sir, in the world market in recent years, the demand for raw wool has not kept pace with the supply. This is due to several causes among which may be mentioned the competition of other fibres, such as artificial silk as well as the general depression. Stocks have accumulated, and prices have become very much lower. Canadian wool has to compete in the world market which sets the price. Accumulated stocks of

wool in other countries are dumped on the free Canadian market and force the prices downward. As a consequence, the sheep raising industry in Canada, which has made considerable strides as a result of much effort and organization on the part of the wool growers, has received a severe setback. A reasonable duty on raw wool, based on the scoured, cleaned content, would tend to better prices and the absorption of production in Canada. When I think of the wool consumption of this country being approximately 80,000,000 pounds and our total production being only 21,000,000 pounds per annum, and the Canadian mills alone using twice the latter amount, it seems difficult to understand why some policy could not be worked out, as has been the case in the United States, so that the whole of the Canadian clip could be absorbed by the Canadian mills and the Saskatchewan and Alberta wool growers would be put on a financial basis in keeping with that of their fellow ranchers on the other side of the line in Montana. In the United States the wool grower is protected; consequently the domestic production is absorbed by home industries and prices received by the grower are much better than those prevailing in Canada.

Our Canadian wool is as good, grade for grade, as any produced in the world and it is sold in world markets. Such being the case, the Canadian wool grower has some justification for demanding that the home clip be consumed in Canada. In these times when the prices of what the rancher and farmers have to sell have sunk below the prices of the things they have to buy, everything that can be done to lighten their burdens should be done, and a reasonable duty on wool is an aid which should be extended to them to save the wool growing industry in this country.

Mr. J. S. STEWART (Lethbridge): Mr. Speaker, it is with some satisfaction that I rise to second the motion of the hon. member for Maple Creek (Mr. Swanston)—satisfaction in that I know it will meet with the approval of the people of the riding which I have the honour to represent, and the vast majority of the people in that riding will endorse this resolution; satisfaction in that it gives me an opportunity to carry out a pre-election promise to the electors of the Lethbridge riding that if elected we would support any resolution—and I think this one meets the case—and any legislation that had for its object the keeping of the home markets for the primary producers of this country; satisfaction in that it gives me an opportunity to tell the house about the situation that confronts many of the people who live in the Lethbridge riding, their difficulties and the economic conditions in which they find themselves. Lethbridge is a constituency that lies immediately north of the United States boundary, runs for sixty miles straight north from Montana, and extends 120 miles from the southwest corner to the northeast corner. Its grasses, climate and lands make it a very fine country for the sheep rancher who has prospered in the years gone by. In this constituency there are men who for twenty to thirty years have been engaged in the sheep ranching business.

As the hon. member for Maple Creek has stated, we have in Canada a little over 3,750,000 sheep. In Alberta we have some 520,000 sheep, or about one-seventh of the sheep population of the dominion. We have centering around Lethbridge, many men who are engaged in the sheep ranching business. There are farmers who have herds of twenty or more; there are ranchers who have herds running from fifty to as high as hundreds or even thousands, with about 3,000 as the highest number on our fine range lands. These men have banded themselves together into the Southern Alberta Sheep Breeders' Association which sells cooperatively, through the wool growers' cooperative body in Toronto, over 1,000,000 pounds of wool each year. These men have also associated with them independent growers who with the membership of the association number in all 900 farmers and ranchers and control 300,000 sheep, or about one-twelfth of the sheep population of the dominion. They also produce one-twelfth of the wool of this country. In the years 1920, 1921 and 1922 some of these sheep ranchers were rated as millionaires. They made a considerable amount of money during the war both from their wool and their mutton, but to-day we find that their equity is almost all gone, and unless some assistance is given, it will be only the very well-to-do who will be able to carry on much longer.

How has that come about? It is because of the very short-sighted policies of our hon. friends opposite, through lack of a policy of protection and by reason of the treaties they have made with other countries. The Sheep Breeders' Association of Southern Alberta holds frequent meetings, to which I have been invited since the election of 1930. It has been my privilege to attend their executive meetings where the bankers sit in with the sheep breeders, and where one acquires an intimate knowledge of the conditions, economic and otherwise, surrounding this industry. I think, therefore, that I am in a position to say with

some confidence that I have a fair understanding of the difficulties under which the sheep ranchers of southern Alberta are operating at the present time. I am also firmly convinced that they are only right and just in urging this government to give them some protection on the production of their wool because if they do not get some assistance it will not be long before most of them will be put out of business, and there will come to an end the sheep ranching industry which has flourished in southern Alberta for more than thirty-five years. Here is a statement which they gave me just before I left home, which describes the conditions under which they are working. They say:

> The sheep raising industry in the western provinces as a commercial undertaking, with wool and mutton as the only sources of its revenue, is facing extinction unless its revenues can be increased.

Besides attending the private meetings of the Sheep Breeders' Association it has also been my privilege to be present at their public meetings. They have held two since the election of 1930, one last year in February in the town of Magrath, and one on January 26 of this year, immediately before I left Lethbridge to attend the session here. At these meetings there were not present any manufacturers. The meetings were composed wholly and solely of men engaged in the sheep ranching business, and these men had arrived at the conclusion that if it was a good thing for the manufacturers to have a tariff, it was time that the sheep ranchers were accorded the same rights and privileges. One of the reasons, Mr. Speaker, why I am here to represent the Lethbridge constituency as a Conservative, after twenty years' representation in this house by members of other parties, ten years by representation of the Liberal party and ten years by representation from the United Farmers party of Alberta, is because of conditions surrounding the sheep industry at the present time and during the last election —conditions which, as I said before were chiefly brought about through a lack of protection and through the unfair and unwise treaties which this country entered into with other countries.

It might not be amiss for me to indicate just what influence the sheep and wool business in southern Alberta had on the elections there in 1930. We had in the Lethbridge constituency, which I have the honour to represent, three candidates, one representing the Liberal party, one the United Farmers of Alberta, and myself as the Conservative candidate. The candidate of the United Farmers of Alberta, before he would accept the nomination, stated publicly at the convention, that so far as he was concerned he believed in protection for the primary producers of Canada, and that if elected to parliament his policy would be protection for his hay to enable him to transport his hay from the province of Alberta into the neighbouring province of British Columbia, which market was being supplied by hay from the United States. He said that if he got such protection for his hay it would only be fair and right that his fellow-farmer in British Columbia who was raising fruit should get protection for his apples, and that he himself should be forced to buy the apples from his fellow-farmer in British Columbia. When that statement was made our local paper—and we have a very good daily in Lethbridge—sent out an S.O.S. call to the electors of the riding, calling upon all those who believed in low tariffs to unite against the common enemy. It said that a vote for the United Farmers of Alberta candidate meant a vote for protection, and that a vote for the Conservative candidate meant a vote for protection, while a vote for the Liberal candidate meant a vote for low tariff. It was my privilege to visit some of the towns in the riding. I visited Magrath, which is known as the garden city of southern Alberta. The population there is made up of those who are engaged in farming, and many of the people there are interested financially and otherwise in the sheep-raising industry. We have there the farmer with his twenty head of sheep, and we have the large sheep rancher with over two thousand head of sheep. In talking public matters over with them at public meetings I found that right there in the heart of the sheep-ranching country, which raises some of the prize sheep of the whole dominion, their neighbours were buying frozen mutton sent in from some other country. Then I went to the town of Raymond, ten or twelve miles away, and in conversation with a business man engaged in the sheep-ranching industry I asked him how he was getting along in his business. He told me that during the fall he had taken a number of his flock to the sugar factory to fatten them on its by-products, and after having kept them there all winter, with men to look after them, he had sold them in the spring and lost just $1,500 in the transaction. Is it any wonder, then, that the polls right in the heart of that sheep-ranching country have returned for the first time in the history of southern Alberta a Conservative candidate by a large majority for that part of the constituency? I venture to predict, Mr. Speaker, from my

knowledge of the farmers, that when another general election is held there will be many more representatives from western Canada sitting on this side of the house and standing for tariff protection. I might point out that that good paper in Lethbridge, which always supports our hon. friends opposite, now serves a country where the vast majority of the people are opposed to the policies it advocates. For every individual in that district who advocates a low tariff policy, there are not only two but three people who are opposed to the tariff policy of that paper and of the Liberal party. A short time ago a Liberal organizer came to the Lethbridge riding. The comments made on the visit were broadcast throughout every district of southern Alberta. It was said the difficulty in Canada to-day is that we have too high a tariff, and that what we need is a low tariff. We now see the spectacle in southern Alberta of the very paper which published the speech of that organizer advocating a tariff on wool, the very same policy as that advocated by hon. members on this side of the house. Having paid close attention to the speeches of hon. gentlemen opposite during last session, and the short session of 1930, it is not difficult to understand why there should be on their part a lack of consistency with regard to tariff. After observing the actions of many hon. members opposite, I have no difficulty in understanding this lack of consistency. One is forced to the conclusion that if he wanted to know how a real, expert contortionist performs he should listen to a Liberal on the floor of this house discussing the tariff.

I want to say that the farmers of southern Alberta are alive to the benefits accruing from a tariff. They realize it is right and fair that manufacturers should have their tariffs, so that industry in Canada may survive. They have also decided that if tariff is good for the manufacturer, it is good also for the wool producer; that is why we are here to-day—to plead the cause of the wool growers before hon. members in this house.

At the meeting held on January 26, just before we came east to attend this session, about one hundred members of the Southern Alberta Sheep Breeders' Association were present. At that meeting the wool situation was discussed, recitals were passed and resolutions adopted unanimously. Those decisions were made by men belonging to both the Conservative party and the United Farmers of Alberta. I have before me one of the recitals which I shall place before hon. members:

> In the general field of agriculture sheep raising is one branch with room for expansion, providing the Canadian home market for wool and mutton can be retained to the grower at anything over costs of production.

In so far as the mutton industry is concerned, this clause finds support. About 4,000,000 pounds of mutton were imported into Canada during each of the years 1929 and 1930. In the last mentioned year 4,443,527 pounds of mutton were imported, about 150,000 head of sheep. Undoubtedly, when the government brought down its tariff changes in September, 1930, it had in mind helping the sheep ranching industry, and those engaged in breeding sheep, because at that time the general tariff on mutton was increased from 6 cents to 8 cents, the British preferential tariff from 2 cents to 4 cents, and the tariff applicable to Australia from one-half cent to 3 cents per pound. Did those changes have beneficial results? As the boy on the street would say: "I'll say they did"—because during the year 1930 the imports were about 4,500,000 pounds whereas in 1931 they dropped to 1,185,327 pounds. Those figures represent a reduction in imports of over 3,000,000 pounds of mutton, and the farmers engaged in the sheep raising industry were allowed to supply this to the home market in Canada.

Unfortunately the price of mutton is very low. I have in my hand a telegram I received on February 13 from the Sheep Breeders' Association. In my view one of the reasons for the present low price of mutton is that we had a carry-over of about 5,000,000 pounds in cold storage at the commencement of this year. The telegram I have before me is as follows:

> Finished lambs fed on concentrated feed since December 1, now selling at four one-half to three-quarter cents pound with limited demand. When additional feeding costs considered this represents less than October and November prices, so only hope is for improvement in wool and can see no chance for this unless retention Canadian market for Canadian wools through tariff action assured.

In the manufacture and preparation of wool, from its raw state up to the finished article, there are five phases or processes. First we have the wool in its natural state, or in the grease. Wool in the grease is wool as it is shorn from the lamb. Heretofore there has been a great deal of trouble selling wool in Canada because we did not have proper grading. During the last few years however government officials have graded our wool, and when the manufacturers want to buy a certain grade they have merely to send in their orders and they are properly filled. The grading has meant much to those men engaged in the wool business. We find that

there is a manufacturer operating at a point very close to the city of Ottawa who uses nothing but Canadian wool. His orders are sent to the Canadian Cooperative Growers Association. I refer to Mr. Rosamond of Almonte, who in a statement made in March of last year said:

> Now that the northwest wool is up to such a standard we find it splendid. We want to have the finest portion of the fleece, and we find it coming in splendid shape. We are using northwest wool entirely.

The use of the Canadian product has increased as a result of having reliable standards. The second phase in connection with wool is the scouring process by which burs, grease, smut and vegetable matters are removed. Foreign vegetable matter can be removed most effectively by a process of carbonization. After removal of foreign matter the fleece is washed and dried; during this process shrinkage, which is controlled by the degree of coarseness or fineness of the wool, takes place. Colonial wool and wools from foreign countries shrink as little as 30 per cent; in other words 70 per cent of the original amount of wool will remain after scouring and washing has taken place. So far as Canada is concerned however we suffer from much heavier shrinkage, ranging as high as 70 per cent. In western Canadian wool the average shrinkage is about 55 per cent. The third phase: after scouring the wool is combed; any wool over two inches in length can be subjected to this process. As a result of combing the manufacturer produces the long parallel skeins of wool used by the worsted manufacturers. Apart from the woollen skeins there are by-products or left overs called noils, which can be used for the manufacture of woollen articles. The fourth stage of production is that performed by the spinning industry, and the fifth by the weaving industry. I ask hon. members to take note that concerning the first three stages of woollen processes there are no tariffs applicable. There are however tariffs in regard to yarns and spinning and weaving processes. From the time the government placed a tariff on yarns, in September, 1930, great benefits were received by woollen manufacturers in Canada, because in the year 1930 we imported 6,000,000 pounds of yarns, whereas in 1931 by the assistance of the tariff our yarn imports were reduced to less than 3,000,000 pounds.

As has been said by the mover of this resolution, the annual consumption of wool in Canada is about 80,000,000 pounds. Canada produces about one quarter of what it uses, and yet in 1931 we exported approximately 4,750,000 pounds. We had left for domestic consumption approximately 16,500,000 pounds.

A goodly part of this wool was used by the people in their homes; it was manufactured by the little custom mills in Ontario, Quebec, New Brunswick and Prince Edward Island. We also imported in 1930 wool in grease, up to and including yarns, to the amount of 40,714,450 grease pounds, and wool converted into the finished product to the extent of 35,000,000 grease pounds.

With the importation of this large amount of wool, and Mr. Rosamond, one of the leading manufacturers in Ontario, stating that our wool is plenty good enough for his plant, why should it be necessary for us to export 4,750,000 pounds a year? That is the question worrying the sheep breeder and the wool grower in western Canada. I should like to draw the attention of the house to this article which appeared in the Canadian Textile Journal of June 18, 1931:

> With the expansion of the output of Canadian mills that is coming, and that is, indeed, already well under way, it should be possible to absorb all Canadian cross-bred wool and still have a large market to offer to other wool-growing countries.
>
> But cross-bred wools form the great bulk—about 85 per cent in point of fact—of the raw wool used in Canada.
>
> It is a matter of first class importance that Canadian mills, after absorbing all the home grown cross-bred wool available, shall fill their surplus requirements in this regard with wool from New Zealand.

It was hoped, and that hope has been realized, that by the tariff changes of September, 1930, there would be a stimulation of the textile trade of Canada, and many speeches were made last session which stated that to be the fact. But it was also hoped by those of us who live in western Canada that as a result of those tariff changes it might stimulate the purchasing and the use of Canadian wool by our manufacturers. But I am sorry to say such has not been the case; we are exporting more wool to-day than we did before those tariff changes were made. In 1930 we exported 4,381,754 pounds, and last year—after the tariff changes—4,769,574 pounds, or an increase of over 350,000 pounds in one year. Until last fall we in southern Alberta had been accustomed to having representatives of the wool houses in Boston and other parts of the United States visit our country to purchase part of the wool that is sold by the independent wool growers, but this year no one has come, and it is impossible for us to sell any of our wool to the American houses. It may be asked: Why are they not purchasing? The answer is simply that the tariff has been raised against our wool. In 1921 the United States tariff on scoured wool

was 20 cents a pound; in 1930 it was raised to 34 cents a pound. To-day we are selling our wool to Great Britain, and the added cost of transportation has to be borne by the sheep men, the wool producers, and as a consequence they are getting very low prices for their wool. I understand that in eastern Canada the price that the sheep breeder gets for his wool is not so important, but in western Canada it is one of the main factors in the sheep breeding industry, because 50 per cent of our income comes from our wool. Shortly before I came here I visited the sheep breeding country with the Minister of Agriculture (Mr. Weir). We heard a gentleman who has many fine sheep offer to give their wool to the sheep shearers in return for their work, but they refused his offer.

The Sheep Breeders' Association of Southern Alberta at a meeting on January 26th last issued the following statement:

> 1931 western wools are bringing to the grower from four to six cents per pound, whereas in Montana, U.S.A., similar types and qualities returned from fifteen to eighteen cents per pound; therefore, there can be no reason for the wide difference between the Montana prices and those in Alberta and Saskatchewan than the protection afforded the Montana wool growers because of their import tariff on wools.
>
> We cannot but believe that the enforcement of an import tariff on wools, sufficient to protect the Canadian producer in his home market would have the same effect of improving prices to the Canadian grower.

I should like to place before the house an article which appears in the February number of the Farm and Ranch Review. In answer to a letter which was sent to the editor, he wrote this editorial:

> I agree with you fully that the price of wool is absolutely disgraceful. I have dealt with the matter time and again in the columns of the Review. One very effective remedy would be a reasonable protective tariff on raw wool. I have brought this to the attention of the Sheep Breeders' Association several times and have urged it in the columns of the Review, but so far without success.
>
> Wool at the present moment is absolutely on the free list, which, in my judgment, is a scandalous situation.

I think the house will agree with me that with the price of mutton at 4½ to 4¾ cents a pound, and with the price of wool at 4 to 6 cents a pound, if the present conditions obtain for some time, and the sheep breeders are forced to liquidate, they cannot do so without taking a very heavy loss. It is not surprising that they state:

> Any forced liquidation under the present existing prices and financial conditions would mean ruin to the present owners and only the few with substantial capital resources will be able to postpone this much longer.

Not only did our exports of wool increase last year, but our imports also increased, and although the manufacturer was given protection—and with that protection we most heartily agree—yet he evidently failed to purchase his wool from the Canadian grower. Probably he had some inducement to do so—he imports his wool free, that is, wool in its raw state, scoured or pulled up to and including tops and noils. In this semi-manufactured state he is able to import the wool at a lower price than he could scour and comb it himself. It means a difference possibly of hundreds of thousands of dollars in a year so far as the manufacturer is concerned and I do not altogether blame him for doing so. But we do say that we have in Canada plants that are equipped to carry out all these processes; we have plants that can scour the wool and we have plants that can comb it. Why not therefore have that part of the manufacturing carried out in Canada as well as the processing from the tops to the finished article? I am stating the views of the Sheep Breeders' Association of Southern Alberta when I say that they are asking for a tariff on wool in its raw state, on wool scoured and on wool known as tops and noils.

Before I conclude I wish to place before the house a resolution that came before this meeting of farmers at Lethbridge on January 26 last, a resolution which was endorsed not only by those who were there as Conservatives but also by those who were there as Liberals and by those who came as farmers. They all want a tariff on wool, and they declared:

> That we strongly urge upon the government of the Dominion of Canada that a tariff be placed upon raw wool that will adequately protect the Canadian wool growers, and it is respectfully suggested that this should not be less than 34 cents per pound general tariff based on the scoured clean content.

The sheepmen of southern Alberta, I feel, have every confidence in this government. A delegation of sheepmen had an opportunity to place before the Minister of National Revenue (Mr. Ryckman) at an open meeting held in Lethbridge in the fall of 1930 their views with regard to the protection of the industry. The sheepmen of southern Alberta who are engaged in the ranching business have been very fairly treated by the Minister of the Interior (Mr. Murphy) in the adjustments he has made in connection with the lease rentals they have to pay to his department, and they have every faith and confidence in the Minister of Agriculture (Mr. Weir), who has also visited our locality and has heard the proposals put forward by those

interested in the sheep industry. They are also confident in that the Prime Minister (Mr. Bennett) comes from the province of Alberta and knows the conditions there; he knows the conditions under which the sheepmen are labouring. I am sure that he will not only sympathize with them but will lend them aid in the time of their need.

I respectfully suggest to the government that in any treaties that are being made the primary producer of wool in Canada be not asked to step up to the bargain counter and foot the bill to allow other products to be exported out of the dominion and other items to come into the dominion to the disadvantage of our producers. In any trade agreements that are made I would urge upon the government to see to it that the primary producer of wool in western Canada is given a square deal. I would respectfully ask the house to adopt the resolution which has been moved by the hon. member for Maple Creek (Mr. Swanston), and may I add that we trust the government will take action upon it.

Miss AGNES MACPHAIL (Southeast Grey): While we have no exportable surplus, a tariff on wool would undoubtedly raise the price of this commodity, and the very moment we had sufficient wool to be able to export, the tariff would not affect the price at all. The result would be that wool would fall to the price at which it was selling on the world market. We have had examples enough of that to know how true it is. All that a tariff would do in the meantime would be to encourage the production of much more wool than is now produced so that we should very rapidly go on an export basis. And when we did the price would be no better. In the meantime a great many people who thought that the good price would continue would have spent money on their flocks and gone into the industry on a more extensive scale, and they would then come to parliament asking for help, to a greater degree even than at the moment.

Surely the story of the dairy farmer in Canada is recent enough for us to learn the lesson he has been taught. I should really like to support the resolution, because the hon. member who moved it (Mr. Swanston) and the hon. member who seconded it have suggested that it would help the government to carry out their preelection promises. Heaven knows they need a little help in that direction. I wonder that anyone on the government side has the sheer nerve to recall the dairy industry story from 1930 up until to-day. The tariff was going to do wonders for the dairy industry. A lot of people knew what it was going to do: It was going to raise the price of butter for one thing, and it was going to bring in prosperous times. The same is true about eggs. As a matter of fact, one hates now to recall the prices of dairy products at that time and to compare them with the present prices. In the meantime we have had this tariff stacked up and it has done no good at all. Under the circumstances, as the representative of an agricultural constituency, and as the representative of intelligent people—for there are still some, I mean on the tariff and not necessarily in regard to other things—I am opposed to the resolution. I am not going to fool myself about it, not even for the two hon. members who preceded me. I am opposed to it because it is some more of the sheer nonsense we have been going on with in regard to agricultural products. You cannot raise the price of farm products by tariff. You can until you are ready to go on the markets of the world with an exportable surplus, but in the long run you cannot do anything about it. This is only one more step in the wrong direction, and we are stepping along in that direction swiftly enough, I think. Our imports are falling and our exports must fall too. Our foreign trade is being shot to pieces. No Canadian enjoys seeing the reports as they come out month by month, no matter to what party he may belong. For all these reasons I must oppose the resolution. We are living in an interdependent world when tariffs can no longer be maintained. We who are here to-day are going to see a reversal of policy in regard to tariffs the world over, and I do not want to postpone the task or make it more difficult. I am therefore opposed to the resolution.

Mr. G. D. STANLEY (East Calgary): The mover (Mr. Swanston) and the seconder of the resolution spoke from the standpoint of the farmers who are growers of wool, and I am going to spend a few minutes discussing the protection of the wool industry from the point of view of one interested in the industry as it affects the city. Before, however, entering on that phase of the question I wish to summarize a few facts that have impressed themselves on my mind during the discussion of this resolution.

It appears that the imports of wool, principally raw wool and the wool in the first and second stages of fabrication, are four times as great as the production of wool in our whole country. At the same time, of the wool which is produced in Canada, probably one-third is being exported to find markets abroad. Another thing that has struck me is

the well-established fact that Canadian wool is the equal of any other wool produced and meets all the requirements of the manufacturer in the fabrication of his textiles. That in itself would seem to indicate that there is every reason why the initial producers of wool should receive a protection sufficient to safeguard them against unfair competition from abroad. Again, if I have gathered correctly, the manufacturers of the various textiles processed past the first or second stage have received substantial increases in the tariff, so much so that they have placed themselves on a safe basis. Protection has been given to this industry but they have not reciprocated to the initial producer; on the contrary they have increased their importations from outside. Those who fabricate and manufacture are receiving substantial protection while the growers receive no assistance whatsoever. If there is such a difference between the amount required by the Canadian manufacturers and the amount actually produced, it stands to reason that there is a substantial potential market for raw wool, provided the initial grower receives a fair return for his production.

The growing of wool goes hand in hand with the production of mutton. While sheep may be raised for the purposes of obtaining wool, no embarrassment need be suffered by the meat end of the industry. The raising of sheep for the purposes of wool and mutton should be protected by this parliament, and I have no hesitation in supporting the resolution introduced by the hon. member for Maple Creek.

The manufacturer has not seen fit to cooperate with the wool grower and in view of the ample protection he receives I do not think any consideration need be given to him in regard to the placing of a duty upon the importation of raw wool. It is only fair that he should be compelled to purchase Canadian wool from Canadian producers.

Mr. YOUNG: Does the Canadian manufacturer pay more for the wool he imports than for the Canadian product?

Mr. STANLEY: The foreign wool is cheaper; that is why he imports it. He obtains it in semi-fabricated form because that work can be done cheaper in foreign countries. That is why we want protection.

I come from an urban community in Alberta and I would like to repeat some remarks made last year in regard to the geographical situation of this province. Whether we go east with our products or whether we send our manufactured products to the west, we are at the extreme end of transportation. We have to pay the top price for transportation either way. This province is very rich in natural products. We have cheap coal and abundant water power. There is a considerable home market for manufactured goods and we have a potential market in the orient which is not by any means inaccessible. It is felt by many that every step should be taken to industrialize our towns and cities and also to encourage the industrialization of our agriculture. The wool industry offers one of the best illustrations in this regard. It is important to encourage the growing of wool to be sold to manufacturers in eastern Canada or elsewhere provided a sufficient price can be obtained, but from the standpoint of our towns and cities as well as of the initial producers, it is more important that advantage should be taken of the home markets which are available both for the producer and for the manufacturer.

Fifty per cent of the wool produced in western Canada is produced in the province of Alberta, and a large portion of that production is in the constituency of the hon. member for Lethbridge (Mr. Stewart). In 1930 Alberta imported from all foreign countries woollen products amounted to $3,500,000. The imports from other provinces in Canada amounted to $2,500,000. It will be seen that there is a potential home market amounting to about $6,000,000. When the three western provinces are taken as a group, they offer a potential home market amounting to over $37,000,000. It is not claimed that the province of Alberta will be able to retain all these markets, but if encouragement can be given to the production of manufactured goods within the province it would be good business for this government, for the provincial government and for the people of the province, to translate this $5,000,000 or this $37,000,000 into a payroll for Alberta workmen.

The woollen industry offers an opening for the fabrication of raw wool into all its various stages. As the hon. member for Lethbridge has just said, at the present time some of our wool goes all the way to the old country where it is cleaned and processed up to the stage where it can reenter this country free of duty. Why should wool grown in our province be transported all that distance, fabricated to the point at which it is permitted to enter Canada free of duty, and then possibly be shipped back to our province? Under a reasonable protection, a portion of this work could be carried on by our own workmen in our own cities. This matter has been engaging the attention of many men who have gone into this question with great thoroughness.

It is only fair to say that probably not enough encouragement has been given by the provincial government to this matter. I confess that it will be necessary for them to change their viewpoint with regard to the wool producer. It might prove very interesting to relate some of the cooperative undertakings carried on in this province. As it appears to observers and those best informed as to industry in our province, the wool industry has been neglected and no encouragement has been given to cooperative work in connection with it.

Manufacturers have come into the province and made a careful survey of the whole situation from the point of view of those who would be interested in fabricating the raw wool through its various stages. But before a manufacturer can commence operations, as I heard an hon. member say not long ago, something other is needed than just the bare opportunity. There must be encouragement; attention must be paid to a psychology that will encourage the capitalist to make his investment and the manufacturer to build his factory. We are just in that position in Alberta. It is necessary to protect the initial producer at this time, to stabilize the industry in a way that it has never been stabilized before, so that when the manufacturer makes his investment, when the capitalist puts up his money, he will know there is an established industry protected sufficiently by this country to afford him a permanent investment, one in which he will know his money is safe and secure so far as the supply of the initial product is concerned. The policy of the federal government, I need hardly repeat, has been to encourage the fabrication of our natural products in our home towns, the supplying of our home markets with home produced and manufactured goods. I am pointing out one of the best opportunities we have in Alberta in connection with the wool industry.

Before concluding, may I go a step further? Many towns in Alberta are entirely solid on the proposition; they have come to the stage where they are prepared to support home industry. Let me give just one illustration. Almost three years ago the consumption in Alberta of beet sugar produced in that province was about 5 per cent. A campaign was undertaken throughout the province to urge upon the people the consumption of the product made there, and in three months' time the consumption had increased from 5 to 45 per cent. This shows that it is necessary not only to supply the product but to educate the consumer, to create a psychological condition that will make the people stand behind the product that is made at home. That being the case, in the wool industry in Alberta there is afforded to us one of the best opportunities which any industry can have in its relation to the cities and towns of our province.

As a further proof that the assertion I make is correct, let me point out that in 1905 capital invested in Alberta manufactures amounted to $5,000,000, whereas last year it had increased to $107,000,000. During the years of the boom between 1924 and 1929 manufacturing in our country was going ahead by leaps and bounds, the increase in manufactured products in Canada being about 50 per cent, while in Alberta it amounted to about 65 per cent. Therefore I can say with assurance that the attitude of the people of our province is right, and I urge upon this house, and I shall continue to urge in public, that the viewpoint of the government of Alberta be changed so that they will support us in an effort at the industrialization of our towns and cities, with a proper relation to industrialization of the agricultural industry.

Mr. WILLIAM IRVINE (Wetaskiwin): I shall not take very much of the time of the house in speaking on this resolution. Indeed, I must be careful, in speaking about it at all, to indicate that in this matter I am speaking only for myself and for the wool growers of the riding of Wetaskiwin. I shall not attempt to say that I am representing all the farmers of Alberta and that they are all in favour of this resolution, because I do not know whether they are or not.

It has been well understood throughout Canada for some time that farmers generally, and certainly those farmers who are sufficiently organized to speak with one voice, have been protesting against tariffs of all kinds. If there is any change in the minds of organized farmers to-day, it has been brought about largely by discouragement, having voted for so many years to reduce tariffs without obtaining any reduction of them. It may well be that they are now beginning to wonder whether or not they should change their tactics. They are beginning to turn their minds towards the other possibility, which is to obtain equal protection with others as an alternative to tariff reduction. I do not say that that opinion is general, but if there is any such opinion, that, I imagine, would be the interpretation of it.

It must be evident to everybody that there are at least two ways in which our agricultural

population can be brought to a basis of equality with other classes in the country so far as tariffs are concerned. The first is that tariffs be reduced on all things which the agriculturists have to buy, thus bringing the agriculturist nearer to a basis of equality with the other classes. The second is to impose new tariffs or increase the present rates on everything which the agriculturists have to sell. One party in Canada has professed to take the former course, to reduce all tariffs, and thus place the agriculturist on a basis of equality with all the other classes in the state. Yet ever since confederation we have had a very high protectionist tariff, sustained by both parties in Canada. The other party say that they are going to bring about equality by imposing tariffs on everything which the farmer has to sell, and so far as the carrying out of that policy is concerned I think the hon. gentleman who moved this resolution (Mr. Swanston) deserves some credit for asking the government to do what they stated would be their policy when seeking election. I also hope that when those who advocate freer trade once again find themselves elected to support a government, they will not hesitate to do as the supporters of this resolution have done, and that is to come forward with a specific resolution urging the government under those conditions to bring about reductions in the tariff as they were elected to do.

May I say one other thing in that regard? The hon. member for Southeast Grey (Miss Macphail) has just made a speech on this subject, and very properly she says that we are living in an interdependent world, and that tariffs cannot go on. That is true, but the curse of it is that the tariffs are going on.

Mr. CHAPLIN: We have heard that talk for fifteen years.

Mr. IRVINE: Yes, the only trouble is that this interdependent world apparently does not know that it is interdependent, and the fact is that tariffs do go on. I am not in this connection going to subscribe to any argument which might be brought up on the old battleground of tariff or no tariff, protection or free trade. I shall not subscribe to or associate myself with fanaticism on either side of the question, and we have that on both sides of the house undoubtedly. On the contrary, I want to point out, as has often been done, that we are dealing not with a theory involving the question whether we ought to have free trade or protection, or whether the world would be better off under the one policy or the other, but with this one fact, that the wool producers in Canada have to buy innumerable articles which are protected and which are increased in price by protection, while the commodities which they are engaged in producing have to be sold on the markets of the world without any protection, thus placing them at a disadvantage as compared with the other classes in Canada with whom they must deal. That is a practical proposition, and I am speaking of it now for the reason that I have received wires and letters from people in my riding urging me to support this very resolution. I have had wires also from the wool growers' association, and innumerable letters from individuals. I am going to read a section from one letter which I think will place before the house better than I can the viewpoint of the wool grower, and that will be just about all I want to say in connection with the matter.

Mr. HEPBURN: I do not think the hon. member has said very much yet, anyway.

Mr. IRVINE: My hon. friend has been so busy leading the forces of reaction for the last six months or so that I question whether he is capable of passing judgment on a matter of that kind. Further, when my hon. friend himself says something, either here or anywhere else, he will be in a better position to judge whether other people say anything or not.

In quoting a section of this letter may I say to my hon. friend who has just interrupted (Mr. Hepburn) that I am carrying out a principle to which I have always subscribed, and that is that my task is to say from this seat what the people I represent want me to say. That is perhaps too democratic for my hon. friend, but that is what I am trying to do now, and I will leave the matter to the judgment of the house. This writer, says:

> We have absolutely no protection on our raw wool but pay a pretty stiff duty on woollen goods. Under ordinary conditions I am not an advocate of protective duties, but as Canada for the present at any rate has determined on a protectionist policy I feel that we farmers in all fairness should get whatever benefit we can out of that policy. I am speaking not only for myself but also for a large number of your constituents, who, like myself, would very much appreciate your best efforts to have this matter put right.

That, Mr. Speaker, I think puts in a few words the position of the wool growers and what they are asking in this resolution. I would like to suggest to the government that if they carry out this resolution it may be necessary to do a little more than that. We are aware of the fact which the hon. member for Southeast Grey has mentioned, that protection does cease to have any value to agri-

culture at that point where the prices paid at home are determined by the export price. That is true; it has been true in regard to butter to a very large extent, and it will be true, I presume, in regard to any other commodity which may be similarly dealt with. It may be necessary in regard to the farmers who have received protection on butter, and who may receive protection on wool or other products, for the government to go a little further than imposing a tariff which is only nominal, and make such tariff real by adopting some such methods as have been adopted in New Zealand and Australia where export boards have been created to control from one common centre the export market and to maintain the home price at an economic level, the board having power to issue the necessary regulations. What I would call the economic level is the price at which it is possible for the producer to continue to produce under all the given economic conditions.

I hope Mr. Speaker that the government will take into consideration not only the wool growers but also the dairy interests and other sections of agriculture which may be benefited by protective measures. I am not advocating either of the old philosophies of protection or free trade, but I do advocate equality—and may I repeat this—equality of the classes in Canada, so far as legislation affecting their economic life is concerned, so that those who buy protected goods may receive protection equal to those who sell protected goods. If that cannot be done, some other means will have to be considered whereby such equality may be effected. I hope the wool growers will receive the consideration at the hands of the government outlined by the resolution.

Mr. F. H. PICKEL (Brome-Missisquoi): I should like, Mr. Speaker, to register my approval of the suggestions contained in the resolution now before the house. Statistics have been given by the mover and seconder, so that I need not revert to that phase of the matter. I should like to say, however, that the west is not the only section of Canada interested in the production of and duty on wool. Quebec and Ontario, especially Quebec, are much interested in this matter. There are no better sheep raising lands on the face of the earth than those existing in Quebec. Forty-five or fifty years ago within a radius of fifteen miles of my home I could count twelve woollen mills all of which were doing a very good business, but they are all gone because, so far as we are concerned, the sheep industry is a dead one. To-day we import hundreds of thousands of foreign lamb carcasses and vast quantities of foreign wools; as the mover and seconder have stated, those wools are brought into the country after partial fabrication has taken place. The fact that they are partly manufactured before they enter Canada means that there is an appreciable loss of labour which could be done here.

I have risen simply to state that I am in perfect accord with the motion and would ask that a good stiff duty, one that would really be effective, be given to the industry.

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, it is not my intention to speak at length upon the resolution now before the house. Facts concerning the woollen industry have been debated thoroughly by hon. members who have preceded me. I wish to say, however, that not only in western Canada but in the provinces of Ontario and Quebec and the maritimes there are large areas of land admirably suited to the raising of sheep. The sheep raisers in the part of Ontario I have the honour to represent have for many years felt the need of assistance. The hon. member for Maple Creek (Mr. Swanston) has said that we are producing only about 20,000,000 pounds of wool in Canada where our annual consumption is about 80,000,000 pounds. If adequate protection is afforded, however, I am sure Canada can produce a quality of wool equal to that now being imported by our manufacturers. It has been argued, and probably with some effect, that we are not producing a wool capable of being manufactured into the finest yarns. If such is the case, our inability to produce first class wool should be investigated. I am firmly of the opinion, however, that if we are given proper protection and encouragement we can produce wool as fine in quality as that produced in any part of the world. Certainly if there is one part of the agricultural industry requiring protection, it is the sheep growing section. I am heartily in accord with the provisions of the resolution.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. A. FRASER (Cariboo): Mr. Speaker, I wish heartily to support the resolution before the house in favour of a duty on raw wool. In doing so I am expressing the sentiments not only of the wool growers and

sheep raisers in the constituency I represent but of those engaged in the industry throughout British Columbia.

If I caught the remarks correctly of the hon. member for Southeast Grey (Miss Macphail) this afternoon, she said she was not going to help the government carry out its preelection promises. I should like to address this question to the hon. member—I am sorry she is not in her seat: Did she ever support any government that has done more to carry out its preelection promises than has the present government? It seems to me that the efforts put forth by this government to make good its preelection promises, and the success that has attended those efforts, will stand as a mark for a long time to come for any succeeding government to reach. She also said that in the recent election campaign the Conservatives promised that the tariff was going to increase the price of butter. Probably some of them did make that promise. But as a member of the Conservative party let me say I never understood that the tariff could be expected to keep up the price of butter in the face of reduced prices brought about by world competition, and that while we might still maintain our domestic price, we could not get away from the inevitable effect of declining prices in the export market. I do not think any Conservative in the course of the campaign ever intended to convey any other impression when dealing with the effect of the tariff on the price of butter. The hon. member also said that we have "stacked up the tariff but we have not got any good out of it." I do not think that is a very temperate statement. I would remind my hon. friend that whether or not the people in her riding have received benefits from increased tariff rates, certainly we have benefited in British Columbia. Had it not been for the tariff policy of this government the fruit and vegetable growers of British Columbia, I venture to say, would have got nothing at all for their crop last year in face of the dumping competition which then threatened, but which never became effective simply by reason of the prompt action taken by the government. I venture to say that there are many other instances where benefits have been derived by the people of Canada from the tariff increases which were imposed last session.

I have before me a resolution with respect to a duty on raw wool, the subject matter of this resolution, passed by the British Columbia Sheep Breeders' Association, and I will read it to the house:

Whereas the Canadian sheep industry is having a hard struggle to carry on, and

Whereas the amount of wool produced in Canada does not begin to supply the amount of wool required by the Canadian factories; it does not seem reasonable or right that 85 per cent of our wool should go outside of Canada for a market. The United States, with a high tariff, use similar wool to that produced in Canada and the grower receives 15 to 17 cents per pound when Canadian wool is only bringing 5 to 6 cents per pound. Would a tariff not help the Canadian wool producer?

We as tax payers are paying for care of unemployed and the factories of Canada are importing a semi-manufactured product, giving employment to men of other countries.

Therefore, be it resolved,—That we urge a general tariff be placed on all importations of raw wool and wool products, as tops, noils, scoured wools and all forms of wool and waste.

I may say that the head office of the British Columbia Sheep Breeders' Association and also of the wool cooperative organization happens to be in the city of Kamloops in my constituency.

British Columbia as a whole is very much interested in the sheep raising industry. At present it has a sheep population of 197,600 head, with a wool production of 1,103,000. For 85 per cent of that production the wool growers have to find a market in England. The wool has to be shipped out of the country for processing in England, and then shipped back here as a semi-manufactured article. Our manufacturers of woollen goods, of course, are using a good deal of that same class of wool. Our sheep breeders claim that if our manufacturers have to import that semi-manufactured wool, would it not be good business to give a certain measure of protection to our raw product to ensure that that processing shall be performed in Canada. As has already been pointed out, we have no scouring and combing industry in this country, and it is to encourage such an industry that this tariff protection is asked for.

With regard to our wool imports and exports, I should like to place these figures on Hansard. In 1929 we imported $54,428,000 worth of wool and its products.

Mr. YOUNG: We imported $54,000,000 worth?

Mr. FRASER (Cariboo): We imported $54,428,000 worth of wool and its products; in 1930, $46,644,000; in 1931, $33,637,000. Of course, during the last few years there has been a drop in the importation of wool just as there has been of other commodities, and this is accounted for partly by the drop in prices. I want to analyse these importations of raw wool. In 1929 we imported 11,358,125 pounds.

Mr. YOUNG: Have you got the value?

Mr. FRASER (Cariboo): No, but the value can be easily ascertained. According to the Bureau of Statistics this wool was imported from the following countries:

United Kingdom	4,795,000
New Zealand	1,744,000
United States	1,431,000
Australia	762,000
British South Africa	278,000
Argentina	174,000

Following are the percentage figures of these imports:

	Per cent
United Kingdom	51
New Zealand	18½
United States	15
Australia	8
British South Africa	3
Argentina	2

I understand that the National Research Council was asked to make an investigation into the quality of our wool, and that to get a proper basis on which to work they analysed these importations and found that the countries of origin were not correctly given by the Bureau of Statistics; that is, instead of being shipped direct, the wool we imported had been shipped from Australia or New Zealand to the United States, or Great Britain, and thence to Canada. The Bureau of Statistics made an analysis of the countries of origin as well as they possibly could and they have given out a statement in this regard. Of that 11,358,000 pounds the National Research Council find that the following are the figures with respect to countries of origin: United Kingdom, 3,435,000, or 30 per cent; New Zealand, 3,514,000, 30 per cent; Australia, 1,349,000, 12 per cent; South Africa, 680,000, 6 per cent; the Argentine, 5 per cent; and the United States, 173,000, or 1½ per cent. You will observe the difference in the shipments from the United States; instead of 1,434,000 pounds, as reported by the Bureau of Statistics, the National Research Council give only 173,000 pounds of American wool coming into Canada. The rest came through the United States. This analysis of imports is based on 11,358,000 pounds of raw wool in 1929, and indicates that for that year the supplies came from the different countries in these proportions: New Zealand and Australia, 43 per cent; United Kingdom, 30 per cent; South Africa, 6 per cent. We also imported 202,000 pounds from the Irish Free State and British India, or 2 per cent of our imports, making a total of 81 per cent of empire origin and 19 per cent from other countries—quite a different analysis from that given by the Bureau of Statistics. I understand there is a tendency in the trade at the present time to restrict imports through the United States by the appointment of Canadian agents in Australia and New Zealand, so that importations in the future will come largely direct from those two countries.

So far as the imposition of a tariff on raw wool is concerned, I take it that it is the policy of the present government to place a tariff on natural products of this kind. With particular reference to the sheep industry, I might point out that until June, 1931, our tariff on mutton was 15, 25 and 27½ per cent, and in June last year we raised that tariff to 4, 6 and 8 cents per pound, with a 4 cent per pound rate applying under the Australian treaty as well. As was pointed out this afternoon, imports of mutton declined from nearly 4,500,000 pounds to about 1,200,000 pounds between 1930 and 1931, showing that the imposition of the tariff must have been a factor in the reduction of imports. If it is a factor in the reduction of imports of mutton, I think it is a sound argument that it would be a likely factor in reducing the imports of wool as well.

As I said a few moments ago, the trouble in Canada seems to be that while we impose a duty on the manufactured article we have no duty on the raw product or on the product in its initial stages of manufacture; that is to say, we have no duty applying to the scouring and combing industry. Now it is for the purpose of establishing such an industry that this tariff is asked. There is a widespread opinion among wool producers in British Columbia—whether it is justified or not I am not prepared to say, but I mention this for the information of the government—that the manufacturers have altogether too much say in regard to the making of these tariffs, and it would appear that what we are saying with regard to wool bears out that statement.

An hon. MEMBER: Come over here.

Mr. FRASER (Cariboo): No; I will get you over here. As to the quality of wool, it has been contended by the manufacturers, rightly or wrongly, that the quality was not up to the standard required by the Canadian industry. I understand that the National Research Council have made investigations in this regard but so far they have not arrived at a conclusion. It is likely, however, that these investigations will be continued and that in the not distant future some statement will be made by the council which will once for all settle that question. But there is this to say on this point. The wool producers, as a result of their own investigations, and from information derived from various sources,

have reached the conclusion that there are no grounds for a charge of that kind and that Canadian wool can be worked into all sorts of commodities necessary for Canadian consumption. The government, in addition to providing a tariff on mutton to assist this industry, have also given assistance to a very considerable extent through the Department of Agriculture; for I find that they expend in one way or another, for the benefit of the sheep and wool industry of Canada, the sum of $125,000 in that department. If they have gone to this extent it seems to me only a short step towards meeting the requests of the wool producers throughout Canada for this increase in the duty on raw wool.

For many years the wool industry in the United States has been protected, with the result that it has expanded in proportion to the population of that country. In 1870 they had a tariff of from 25 to 35 per cent on raw wool, and that has been increased from time to time; and now, as was pointed out this afternoon, there is a tariff over there of from 22 to 37 cents per pound of clean content, which is a substantial protection for the United States industry. Shielded behind that protection their industry has gradually extended, not only in the production of manufactures but also in the variety of products turned out. Moreover, it was the means of introducing new and improved machinery and methods in the woollen textile industry of the United States. If a tariff can produce such results in the United States I see no reason why similar results should not follow the imposition of a tariff in this country. The industry in the United States employs to-day a total of 180,000 people and consumes 200,000 tons of raw product.

I have no hesitation in supporting the resolution submitted by the hon. member for Maple Creek (Mr. Swanston), seconded by the hon. member for Lethbridge (Mr. Stewart). The conditions that prevail in the sheep industry in Alberta are very similar to those that prevail in the part of British Columbia which I have the honour to represent in this house. While the results of a tariff may not be apparent right away, I imagine it will not be long before the industry will show signs of improvement. I have much pleasure in supporting the resolution.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, may I be permitted to defend the government against its own supporters? The resolution under discussion reads as follows:

> That, in the opinion of this house, it is expedient that the government of the Dominion of Canada place a duty on raw wool that would reasonably protect the Canadian wool growers.

What is protection? Hon. members opposite, for whom I have the highest regard, say that it would protect the sheep industry of this country. Will that industry be benefited by high or low tariff? I am informed that the government has removed the dumping duty on wool, and for this action it is to be congratulated. It shows that the government is getting away from that economic nationalism which has proved to be the curse of the world, more especially to the United States. Some years ago that country started to erect high tariff barriers and the example was followed by other countries and by this government. A very distinguished person, speaking last year in Buenos Aires, stated that trade is exchange and is essentially international.

Some hon. gentlemen opposite remind me of the Bourbons who had forgotten nothing and learned nothing. For many years we have heard that protection is the remedy for all evils. Last year I put a question on the order paper asking for the date when the highest duty on butter was in effect, and the date when the lowest price had prevailed, and the answer I received disclosed that when the duty was the highest the price was the lowest. To such an extent was that true that the Minister of Agriculture (Mr. Weir) allowed a large quantity of butter to come out of storage without paying duty. When I inquired of the minister why the price of butter should be so low in the face of the high duty, he informed me that as we were then starting to import butter, we were forced to meet the price quoted by other countries, especially on the London markets.

Many prominent members of the Conservative party have expressed their views in connection with high tariff. There is one gentleman who must be considered as having still a very high standing in the party, as he has lately been made the official leader of the party in the other house; I refer to the Right Hon. Arthur Meighen. On April 8, 1926, as reported on page 2253 of Hansard, he is quoted as follows:

> Mr. Ross (Moose Jaw): You contend that if the tariff is taken off the prices immediately rise?
>
> Mr. Meighen: We contend it and we know it, because we see the facts.

Apparently that view has been accepted by the government in the removal of the dumping duty on wool. That is a step in the right

direction, and I congratulate the government upon their action. The Minister of Railways and Canals (Mr. Manion) is quoted on the same page of Hansard as follows:

I say the protective policy of Canada gives the manufacturers in Canada, and the farmers for that matter, an opportunity to hold the market for themselves; and they sell the goods cheaper when they can hold the market for themselves. That is what protection does. That is the mistake my hon. friends from the west make. If you take off the tariff you raise the price of goods.

I agree with that statement, and I am glad that that policy is being followed by this government.

The speech of the hon. member for Cariboo (Mr. Fraser) was just a mass of figures and interesting only to an expert mathematician. One cannot remember the figures quoted but one can easily arrive at a conclusion, and a definite conclusion seems to have been reached by such eminent Conservatives as the Minister of Railways and the official leader of the party in the other house. Hon. members on the other side who have taken part in this debate would derive great benefit from reading the page of Hansard from which I have quoted.

If this country is to prosper it must trade with other countries. Trade is international and the lower the tariff barriers are the more trade there will be. Unemployment can be cured only by increasing our trade, and if high barriers are erected as a measure of so-called protection, in a very short time conditions will be even worse than they are at the present time.

Mr. GROTE STIRLING (Yale): Mr. Speaker, in the course of this debate we have listened to many able representations of the views expressed in the resolution. It has always appeared to me, in considering the problem of diversification, that there is no branch of the farmer's work that lends itself more readily to desirable expansion in this country than that of sheep raising. In every province of Canada there are tracts of land which are particularly suited to the raising of sheep and possibly lend themselves to no other use. On some of them for generations sheep have been raised, but unfortunately the industry seems to be in a languishing condition, or at least it has not increased considerably, and there undoubtedly is an impediment in the way. That impediment is the fact that the industry is not carried on under lucrative auspices and is not remunerative to the farmer who spends his money and gives his time in that occupation.

Those interested in the industry—officials, for instance, of the Department of Agriculture—have endeavoured to increase the interest taken in sheep raising, but their work has largely been unsuccessful. So long as we leave the industry in the condition in which it is to-day, so long as we refuse to make use of such assistance as is advocated in the resolution, so long will the industry stand still. The hon. member for Maple Creek (Mr. Swanston) introduces his resolution at an apposite time. We have recently seen a considerable increase in the consumption of mutton and lamb of Canadian production resulting from an increase in the tariff. Wool, no doubt looked upon in the past as a raw material, has remained untouched by tariff. If Canada produced no wool that policy might have been reasonable; but not only does Canada produce wool, she produces it in the grades required and is capable of very considerable expansion in quantity, so much so that with reasonable assistance it would not be long before we produced all that our manufacturers require.

When certain items in the woollen fabric schedule were raised recently, there resulted a satisfactory increase in production, but unfortunately the benefits of that increase died out before they reached the wool grower. He did not benefit therefrom because the manufacturer imported in increasing quantities the semi-fabricated article. If, therefore, it would be possible to decrease largely the quantity imported so that the actual grower of wool would receive the benefit, we would see many areas in Canada at present undeveloped given their chance of expansion.

What, then, has stood in the way? The only thing I can think of is that proper consideration for the consumer which must always be given by a government contemplating an increase in tariff. But would the addition of a reasonable tariff in this case unduly affect the consumer? In a man's suit of clothes, weighing possibly four and a half pounds, it is probable that the woollen content amounts to some four pounds. As we have already heard to-day, the various stages of scouring, washing and turning the wool in the grease into cloth, reduce the quantity of wool to such an extent that in all probability eight pounds of wool in the grease are required to provide the woollen content of the finished suit. If, to the present price, yes, or to double the present price of eight pounds of wool in the grease, were added the reasonable duty suggested in this resolution, I maintain that it would even then be but a small factor in the cost of the finished article. If a suit of clothes cost $20 or $70, eight pounds of wool with the reasonable duty added would be but a small factor; and

we should remember that the lower the price of the finished suit, the less the woollen content. If there were a tendency for the manufacturer to increase the price, we could surely look to that competition which exists in the woollen fabric industry to prevent undue extortion.

I support this resolution because it has appeared to me for a considerable time that until we do something to assist the wool grower as apart from the manufacturer, we shall continue to see the wool industry languish. Experts tell us that the grades of wool required by Canadian manufacturers are all capable of production in Canada if they are not all so produced to-day. We know at the present time there are certain grades right up at the top of the list which come under the category of the superfine wools which are not produced in this country, but we are also assured by experts who have examined into the matter from the production point of view that in western Canada, particularly in British Columbia, where the mellowing influences of the Pacific breezes are felt, it is quite possible to grow those fleeces from which the superfine wool can be made. In the valleys of southern British Columbia from which I come, the sheep industry has been in existence for a long time. Climatically and geographically that district is well suited to the purpose. The lambs are born in the valleys, the flocks are taken to the mountain tops for summer range and brought down to the plateaux and foothills when winter comes, and from there they are returned to the shelter of the valleys where they receive the food produced from the cultivated land. At the north Okanagan exhibition, which yearly is increasing its number of exhibits, I saw two years ago seventeen breeds of sheep on exhibit, a greater number of breeds, I must admit, than I knew existed in western Canada. Year by year the sheep growers are endeavouring to improve their breeds, to do all they can to produce wool of the best quality, and most suited to the Canadian market. There is no doubt that assistance of some kind must be given to them if the industry is not to languish and disappear.

For these reasons I gladly support the resolution introduced by the hon. member for Maple Creek, and trust it will receive the earnest consideration of the government.

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, with the object in view, namely the encouragement of sheep raising for the purpose of supplying wool to our factories, I fully sympathize. I quite agree with the hon. member for Yale (Mr. Stirling) who has just taken his seat, that we have not done enough in that regard. In that part of the province of Quebec in which is situated the constituency I represent there is not the slightest doubt that very large tracts of land not fit for other purposes would be excellent sheep-raising grounds, and the same is true of very large portions of territory in other parts of Quebec and in Ontario and the maritime provinces. But as to the means propounded in the resolution for encouraging this industry I must say that I have some hesitation. I remember that in the past I advocated the same thing—putting up the duty on raw wool so as to encourage the raising of sheep; but after I had given more time and study to the question I came to the conclusion that that was perhaps not the best remedy for the situation.

First of all, speaking at least for eastern Canada, I think there has been too much neglect in the matter of the breeds of sheep which have been introduced into this country. Of late years something has been done by the government of the province of Quebec to encourage the breeding of good wool-growing sheep, but that is still a very feeble effort. As to the federal government, I remember last year receiving a letter from an agricultural organization in my county asking under what conditions they could secure from the Department of Agriculture at Ottawa the services of blood sires to improve their stock. I made inquiry and I found out that it would have been possible for them to get a stallion; but it seems to me that in the present state of things it is not the breeding of horses that should be encouraged but rather the breeding of sheep.

Much has been done by provincial organizations and by private organizations more or less connected with governments to improve the dairy herds by breeding good stock. Much progress has been made in that direction, but not enough has been done I think with regard to improving our breeds of sheep.

As to the qualities of wool, I have tried to inform myself as well as I could through Canadians or foreigners who are engaged in the industry, and I have been told—I do not give it as a fact myself because I am not an expert—that in order to produce certain qualities of woollen goods we still have to import foreign goods and that in exchange we export raw wool of a coarser quality. Whether in those parts of British Columbia, to which the hon. member for Yale has alluded, it is possible to raise the finest grades of sheep that give alpaca wool, for instance, I do not know, but of course my hon. friends from that part of the country know. As far as eastern Canada is concerned I do not think that either our climate or our soil is favourable to the raising

of these finer breeds of sheep. Therefore we must consider the problem from the viewpoint of the whole of Canada, and for that reason I do not think that Canada can become a wool producing country to the same degree as Australia or New Zealand or India. Nevertheless something should be done.

There are various means at the disposal of both the federal and the provincial authorities which would meet the object of hon. gentlemen who are supporting this resolution, without resorting to that old and somewhat worn-out remedy of raising the tariff. I do not think it is necessary to raise the tariff; to do that would have a greater effect than the hon. member for Yale believes. We have already experienced the effects of the tariff. It is all very well to make calculations of the amount of duty actually levied on the quantity of wool that enters into the making of a suit of clothes, but as my hon. friend knows, by the time the raw article has been imported, manipulated and turned into manufactured goods, the amount of duty is trebled and quintupled and very often multiplied ten times for the benefit of the manufacturer or the tradesman, so that the consumer really pays more than the actual amount of the duty levied upon a certain portion of material entering into a manufactured article.

But I do not want to bring up again the whole question of protection. As I have stated frequently in the house, I have no bias on that question; I may say—cynically perhaps—that I have no principles on the question. I do not believe in the creed of protection or in the creed of free trade, but I do believe that in these days, considering the interests of Canada as a whole, more or less interwoven as they are with the interests of other countries, and considering the necessities of trade, the government should hesitate before applying the crude remedy of raising the tariff every time there is some complaint by the producer of an agricultural or manufactured product. This question should be studied more thoroughly. I understand that the National Research Council has made a study with regard to the quality of wools, to which the hon. member for Cariboo (Mr. Fraser) made reference. I suppose their conclusions will bring some light on that one aspect of the question, as to the varieties of wool and the possibility of producing in Canada the finest quality of wool which is required for the finest articles. In that connection, however, hon. gentlemen must bear in mind the great change which has taken place in—shall I say?—the fancies of the people. In the old days, for example, the general demand was for wool, pure woollen goods both for undergarments and for outside clothing, even for dresses. Well, I suppose the ladies are largely responsible for the change in our habits, because from day to day and from year to year they have been looking constantly for lighter and lighter articles, until they dress up, or rather dress down, even in winter to such an extent that the woollen industry has suffered largely through these changes in fashion. Even some men believe it is more healthy to wear a much lesser proportion of woollen undergarments than they did in the old days. I am one of the oldtimers; I still stick to wool, but it has become very difficult to get the real woollen articles manufactured in Canada. I may tell the Minister of National Revenue (Mr. Ryckman) that every time I go to the other side I buy a shirt or two in England or France in order to be sure that I get a woollen shirt, because you cannot get them in Canada. The article which is sold in Canada as woollen is not woollen, although there is some portion of wool in it. So that is another aspect of the question.

Encouragement should be given to the breeder to raise better stock, by way of premiums or some other means which could be discussed between the federal and the provincial authorities, and the manufacturers also should be induced to make greater use of wool. My good friend the Minister of Trade and Commerce (Mr. Stevens) could make use of his fine spirit of propaganda, and issue, not in any luxurious way, but in a practical way, not a creed, but some sound advice to the public of Canada to make use of an article which is suited to our climate. We are not living in Africa or in the tropics. We live in a cold climate, where woollen goods are a necessity, I consider. A good many of the illnesses that are going around among both sexes are due largely, although there are other causes, to the fact that we have discarded the good woollen shirt and the good woollen under and upper garments.

I wish to direct my next few remarks to the discouragement of the small industries by large manufacturers. Without applying my remarks to any particular constituency or geographical circle, may I say that in the old days in the province of Ontario, the maritime provinces and most certainly in the province of Quebec, there were small woollen industries producing articles for local consumption. In my own constituency, for example, most of the goods used in the shanties by lumberjacks were made in the surrounding country. The manufacture of those woollens gave work to the people in the villages; many women were enabled to stay at home and work on these products, in that way fulfilling at once their

social duties as mothers of families or daughters assisting their mothers, and helping a local trade.

What has been the course pursued by the large manufacturers? They have discouraged and hewn down the small factories. In my constituency the father of a family, an industrious man, thought he would be helping himself, his family and his community by establishing a small woollen industry. He purchased nothing but wool grown in the community, the work was performed by his sons and daughters and the cost of production was reduced to a minimum; but what happened? The minute he began to expand his trade and sell some of his articles in Montreal and Toronto he was immediately boycotted by the representatives of all the large factories. As a result his trade was ruined.

The successful endeavours of large monopolized industries to kill small local industries apply not only to wool but to many other commodities. If there is a desire to encourage the farmer to raise the proper kind of sheep to produce the best grade of wool there must be an endeavour to place at his disposal at the nearest possible point a small factory which will purchase his wool at a fair price and will not cut down the rate under the pretence that a large industry, being capable of purchasing in bulk quantities and importing from foreign countries, cannot afford to pay large prices to small farmers. They may urge the excuse that the small producer does not clean his wool properly. In my view it would be a very simple matter for manufacturers with good will in their hearts to teach the farmers the best manner in which to prepare their wool, so that uniformity, quality and cleanliness of product might be the result.

I have no intention of dealing at length with this subject, but wish simply to associate myself with the desire of the hon. member who sponsors this resolution. I suggest, however, in the most friendly spirit that I do not think the remedy proposed is quite sufficient, and in my view it would not have the result he anticipates.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I wish to associate myself with this resolution, for three principal reasons. First, I am in favour of the protection of every sound industry in Canada, basic and manufacturing; second, because I represent a district very largely concerned with the raising of sheep and the production of wool; and, third, because of the loss to Canada of the woollen industry in general.

It is difficult for me to conceive of any industry which should be more typically Canadian, from the point of the original product to that of the very highest manufacturing, than the woollen industry. All across Canada there are areas ideally suited to the raising of sheep. Regardless of what may have been said I contend we live in a country where woollen goods are required, and everything that can be done should be done to foster our woollen industry. The question at once arises: Why has the industry, surrounded as it has been by every natural condition which should tend towards its development, languished? The answer is simply this: In the woollen industry, as in almost every other industry, no one in Canada has been able to tell from year to year what was going to happen to the particular line of manufacturing in which he was engaged. For a short time there would be a protective tariff and at another period it would be taken away. The vacillating policy which was pursued has made it impossible for the man raising sheep to know what was going to happen in one, two, three or four years.

One or two questions have been raised with regard to the industry in general. An hon. member has asked why we export wool, and another has asked why we are importing it. We ask ourselves why we should export any portion of our wool and at the same time be importing the same product. The answer has been that our exports are of qualities not suitable for manufacture in Canada. Less than a year ago it was my privilege to attend a conference of wool growers and sheep raisers from different parts of Canada, and at that meeting I heard the reasons why we are exporting wool and, at the same time, importing. The hon. member for Lethbridge (Mr. Stewart) mentioned this afternoon the name of Mr. Rosamond of Almonte, a manufacturer of woollens who uses, very largely, Canadian wool. He said to that conference, "We manufacturers are anxious to use one hundred per cent Canadian wool, but we cannot get it. First, there is not sufficient wool produced for the present general requirements, and second, the industry has been in such an unstable condition that it has not been possible to develop the type of industrial organization to take Canadian wool, and bring it to a point where it would be suitable for the manufacture of all classes of goods produced in Canadian woollen plants." It was pointed out at that conference that there was no combing or carding industry in Canada; consequently Canadian wool had to be sent out of the country for processing. So far as I know the same wool may come back in manufactured form. The statement was made that if there

was an assurance of continuous and reasonable protection for the woollen industry, both producer and manufacturer, it would be possible to build in Canada that high type of manufacturing plant capable of receiving the fleeces from Canadian producers and converting them into high grade woollens required by the most exacting manufacturers.

The statement has been made that Canadian manufacturers have dictated the extent of protection that the wool producer should receive. I know nothing about that, but I was told at the conference, composed partly of wool growers and sheep raisers, that a tariff doubling or trebling the price of Canadian wool to the manufacturer would be satisfactory. The manufacturers said they would continue to purchase Canadian wool in large quantities. In passing may I add that the grading of wool has added largely to the security of the manufacturer buying the raw product. Under present conditions he is in a position to secure any grade for which he may ask. Those manufacturers pointed out that even if the price of wool were doubled or trebled the cost of the raw product would be but a small item as compared with the cost of the finished article. To illustrate, one of the delegates said that the actual cost of the raw wool in the suit of any delegate present would represent only about twenty-five cents of the whole cost of the suit.

It may be said that although the woollen industry is languishing every other industry is in a similar plight. That may be true, but it is no reason why some attempt should not be made to stabilize this industry, indigenous as it is to almost every province of Canada, particularly the west and some areas in Ontario and Quebec. I may say that in the district I represent the area devoted to sheep raising could take care of all the sheep in Canada, if they were raised in the intensive way in which they raise sheep not only in England and Scotland, but also in Australia and New Zealand. That is an illustration of what may be possible.

This afternoon my hon. friend from East Calgary (Mr. Stanley) raised the point of developing industry to its highest point in Alberta. Nothing that the hon. gentleman said or could say was more pertinent than that statement. Anyone who has had the privilege of going through the province and seeing its possibilities—power, fuel, oil, with the tremendous areas available for sheep raising—must reach the conclusion that under any plan of reasonable encouragement Alberta should be the home not only for the raising of sheep, but also for the manufacture of woollen goods for at least all the western part of the dominion.

I wish to associate myself with this resolution, Mr. Speaker, and to urge on the government, as strongly as I possibly can, favourable consideration of its subject matter, which has been supported so adequately by members on this side of the house.

Mr. W. D. COWAN (Long Lake): Mr. Speaker, the facts with regard to the subject matter of the resolution have been presented by the mover and the seconder so convincingly that it becomes unnecessary for me to speak at any great length. There is one phase of the resolution to which I wish to draw the attention of the house. I fancy our friends across the way, particularly those from my province, have already received copies of this resolution and realize that it is a straight, clear cut, fullblooded, definite declaration in favour of protection of a branch of farming in order to develop agricultural industry. Judging by the silence of hon. members opposite they have swallowed the whole thing, for we have not had a word from them throughout the afternoon or this evening.

Mr. MACKENZIE (Vancouver): We have not had a chance.

Mr. COWAN (Long Lake): You wait until we are all through; that is the coward's game. I have been waiting for the hon. member for Weyburn (Mr. Young) to declare his views on this resolution, but he has sat in his seat like a dummy.

Some hon. MEMBERS: Order.

Mr. COWAN (Long Lake): I repeat, Mr. Speaker, this resolution is a clear cut, definite, full-blooded declaration in favour of protection. Can you imagine such a resolution as that coming from the province of Saskatchewan? Imagine it! Ten years ago we out there were branded as ready for the asylum if we dared to suggest protection. Here we are to-day with this declaration asking the house to do something, not only for Saskatchewan but for the whole of Canada. For this is not a sectional proposal, it is national in its scope. The adoption of this resolution will put money into the pockets of every farmer in Canada who goes in for the raising of sheep.

Mr. YOUNG: Oh, oh.

Mr. COWAN (Long Lake): My hon. friend from Weyburn laughs. I dare him right now to stand up and oppose the resolution, and then go back to Weyburn.

Mr. YOUNG: I will do it.

Mr. COWAN (Long Lake): You have either to swallow your principles or oppose this resolution. The scene has changed out there entirely.

Mr. MACKENZIE (Vancouver): And it will change again.

Mr. COWAN (Long Lake): We of the Tory party out in Saskatchewan as far as organization and results are concerned have put it all over you. You have no possible chance of ever winning out there again, and we propose to make use of our opportunity and give the benefit of the tariff to every corner of this dominion. Those people state in this resolution that they are in favour of a clear cut, definite policy of protection for every industry that can be developed in the dominion, and for the protection of industry in all its branches. We hear it constantly stated in this house that agriculture cannot be protected. But who knows better than the farmer himself as to this? I fancy the farmer knows.

Mr. YOUNG: He knows now.

Mr. COWAN (Long Lake): Yes. My friend need go back only a short time when in the Hotel Saskatchewan, Regina, seven hundred representatives foregathered from all over the province, presumably all free traders, and passed unanimously a resolution in favour of a duty on butter.

Some hon. MEMBERS: Oh, oh.

Mr. COWAN (Long Lake): You may laugh, but I tell you they are doing it yet. Now the Saskatchewan Sheep Breeders' Association have passed a resolution, and this is the concluding paragraph:

> Therefore be it resolved that we respectfully urge upon the government of Canada that the sheep breeding industry be encouraged and the wool growing business be protected by the enactment of a protective tariff on wool equal to the tariff on woollen yarns and semi-manufactured cloth.

My hon. friend is a farmer. Well, here is a whole bunch of six or seven hundred farmers. They have laid down a sort of feather tick so they can fall on it and not get hurt. We ask that this resolution be enacted so that the raw wool industry of Canada may be fully protected.

You say that the Conservative party has really gobbled up the province of Saskatchewan, and that this is probably a sort of political dodge. I have heard that suggestion before. To safeguard myself against anything of that kind, I wrote the secretary of the Sheep Breeders' Association and asked him to send me a copy of the resolution. I know the secretary very well; he and I are good personal friends. I refer to Mr. J. G. Robertson. You ask: Who is Mr. J. G. Robertson? I tell you he is live stock commissioner for Saskatchewan under the provincial government. That sounds political, you say. It does. But he was appointed live stock commissioner by the late Liberal government and has been continued in office by the present government, although he is the rankest Grit in the province. He sent this resolution to me and asked my support for it. So you see the resolution is not political at all, it simply means that a lot of Liberals are not less Liberals by passing this resolution; they have simply acquired a lot more sense.

We ask for the imposition of a duty on wool because we believe it is necessary to the industry. The member for Maple Creek (Mr. Swanston) told you that Saskatchewan is a splendid country for raising sheep. So it is. All the country south from Maple Creek to Willow Bunch is splendid for the raising of sheep. But it is not the only part of Canada suitable for sheep raising. I think I know Canada fairly well from the Atlantic to the Pacific. I do not know of one place in the whole Dominion where sheep raising is not natural. It is a natural industry. When I was in old Ontario long years ago, milking cows and attending to horses and doing all the work that everyone does on a farm, the raising of sheep was part of our activities. It can be made a profitable industry to-day. A report from the dean of the University of Saskatchewan declares that sheep raising is profitable. Indeed, it is the only really profitable part of the industry of agriculture that I know of to-day. Why not let us take hold of this industry and build it up for the farmers of the country?

I represent a rural constituency 125 miles by 110 miles, and in some parts of that constituency the farmers raise a great many sheep. In one part of the riding, where farmers were lured by the prospects of a railway, they are raising sheep to-day 25 and 30 miles from transportation. The farmers, of course, can always kill a sheep when they need meat, but so far they have not been able to get any advantage from their wool. They have to shear the sheep but they do nothing with the wool. Where is it? It is lying in the sheds. you will find tons of wool rotting in the backyards simply because it does not pay the farmers to take it 20 or 30 miles by truck or wagon to the railway and then pay railway

charges. A reasonable amount of protection would stimulate the industry, and I therefore gladly associate myself with the hon. member for Maple Creek (Mr. Swanston) who has moved this resolution. The hon. gentleman was brought up on a farm and he knows the industry from beginning to end; he knows the possibilities there are in wool producing. I am therefore very glad indeed to support his resolution and I hope my hon. friend from Weyburn (Mr. Young) will tell me whether or not he is in favour of it.

Mr. F. G. SANDERSON (South Perth): I am not going to prolong this discussion but there are one or two observations which I wish to make, after listening with a good deal of interest to the debate thus far. Let us see what the resolution says:

> That is the opinion of this house, it is expedient that the government of the Dominion of Canada place a duty on raw wool that would reasonably protect the Canadian wool growers.

I take it that the proposed duty on wool coming into this country is purely for the benefit of the wool growers. We all know that the woollen industry, so far as the manufacturing end is concerned, is pretty well protected; it is well taken care of. I have listened with a good deal of interest to my hon. friend from Cariboo (Mr. Fraser), who gave figures in regard to the imports of wool into Canada, and also in regard to exports. If I caught his remarks correctly, he said that we imported last year 11,358,000 pounds of raw wool and exported 5,000,000 pounds. Now, let me say to my hon. friend from Long Lake (Mr. Cowan) that I have come to certain conclusions in regard to this resolution, and when I have stated those conclusions I do not wish him to get the impression that he has converted me in any way, because he has not. I have arrived at my conclusions in a different way from hon. gentlemen across the floor. The riding I have the honour to represent in this house is largely a rural constituency engaged in mixed farming. The sheep industry is a part of its agricultural operations, and the representations that I have received from the farmers there, no matter to what political party they belong, are all the same. They are unanimous in this view, that the present government which came into power in 1930 has done absolutely nothing in their interests, nothing to promote their prosperity. Agriculture in this country is going down, and if the imposition of a duty on raw wool will help it I am inclined to support the resolution. Wool is something that we can produce. I am not very familiar with the industry as a whole but I have heard it said that there are certain qualities of wool that are not produced in this country—qualities suitable for certain classes of woollen goods. It is necessary, so I am told, to import these varieties. Apart from that, however, if the imposition of a duty on raw wool will help the industry I am inclined to favour the resolution. It may stimulate the sheep industry and the production of wool and provide the farmers of the country—and I am speaking particularly for my part of Ontario—with a market at a price that will give them a profit. There is not a single solitary article produced on the farm to-day which the farmer can sell at a profit. The price he is receiving is below the cost of production, and we should do everything we can to stimulate the industry. If agriculture does not prosper nobody in this country will prosper at all. It is all very well to talk about tariffs, and you can raise tariffs as high as you like for the manufacturers; but if the farmer has no purchasing power these tariffs are useless.

As I have said, I have arrived at my conclusions in a different way from my hon. friends across the house, and I am inclined to support the resolution. For heaven's sake let us try to do something for the farmer. I repeat, this government has done nothing to stimulate the great basic industry of the country, agriculture. We need not go further than the estimates which have been brought down. There, Mr. Speaker, you will find that the estimates for this great industry for the next year are some $3,300,000 less than they were last year. If there is any industry in connection with which the estimates should not be cut down, even in this time of stress and strain, it is agriculture. I will support this resolution and give the government of the day a chance to show that they will attempt at least to do something for the farmer. I sincerely hope that if a duty is imposed on raw wool coming into the country the manufacturers will not attempt to raise their prices. If they do it will be only a farce. However, I take a chance on that and support the resolution.

Mr. M. F. HEPBURN (West Elgin): I regret that I find myself in complete disagreement with my hon. friend (Mr. Sanderson), who has just concluded his short address. I shall have to do to him what Premier Henry did to me in the Ontario legislature the other day, I shall have to take him out in the front yard and spank him. I agree with the hon. member for Long Lake (Mr. Cowan) that this resolution involves a clear cut declaration of policy; therefore there should be no fear with regard to the outcome of the vote. I

know that my hon. friends across the way always have been true to a false policy, and I anticipate that they always will be; but I do not like to see them pulling the wool over the eyes of hon. members on this side, especially in a debate on the wool question.

I should like to make passing reference to the speech delivered this afternoon by the hon. member for Wetaskiwin (Mr. Irvine). I have followed his career for a number of years, the first time I heard him speak being back in 1921. At that time he was denouncing the evils of protection, but apparently he has been partly converted. At the present time he does not seem to know whether he is coming or going; his speech started nowhere and ended very much in the same place. After listening to his speech one of his colleagues recalled to my memory an occasion when I followed him in this house a few years ago, after he had delivered a similar address. At that time I said he was very much like the negro who was going through a deep wood during a thunderstorm. The negro kept saying: "Good Lord, good Devil, good Lord, good Devil;" he did not know into whose hands he was going to fall.

I know where I am going to stand; I am going to stand consistently by a policy of low tariff. I do not think anything will be gained by applying further tariff protection to the woollen industry. I represent a constituency which is at least half rural and I have the interests of the farmer at heart just as much as any hon. member in this house. Let us look at this thing in a general way. We all know that the sheep population of practically every country is falling off. There must be some reason: one reason is that we are changing our mode of attire. We know that wool consumption has not increased along with the population of the world. I suggest to the hon. member for Long Lake, who I understand is the Grand Kleagle of the Ku Klux Klan, that if he is sincere in this matter he should have his organization use woollen instead of cotton sheets. As a matter of fact I would forgive him if he came down here next year dressed like Mahatma Ghandi. We know that as far as the average man is concerned he subscribes to the advice of advanced science and believes that by wearing lighter apparel it will be conducive to better health. We know that as far as the female of the species is concerned in the wearing of woollen goods, the bathing suit is the last stand and there is not much left there.

An hon. MEMBER: Explain.

Mr. HEPBURN: Not only is consumption falling off, but as far as our country is concerned we are not producing the right kind of material to make the finer classes of woollen goods. The National Research Council has been endeavouring to evolve a method of producing a better grade of wool, but climatic conditions are against us. No act of this parliament can change our climatic conditions. The only way we could produce a class of wool fine enough for certain manufactured products would be to grow our sheep under glass. If the principle of falsely bolstering up protection is right, let us follow it right through and provide a tariff high enough to permit us to grow our sheep under glass. That would assist the glass industry.

We recall the arguments which emanated from the other side of the house, and I regret to say from this side as well, during the debate on the New Zealand treaty. Our hon. friends said that all we had to do was to put up the tariff sufficiently high to increase the production of butter in order to make prosperity for the dairyman. However, other economic factors entered into the situation just as they have in connection with the wool producers. As I said, the world consumption of woollen goods has fallen off and we cannot produce in this country a salable product for export. The same applied to butter, but we did not consider that and we foolishly went ahead and put a prohibitive tariff on the importation of New Zealand butter. During the last campaign I spoke in the riding of the hon. member for East Middlesex (Mr. Boyes). At that time I knew he was absolutely sincere in believing that the high tariff which would prohibit the import of New Zealand butter would contain remedial measures so far as the dairyman was concerned. However, we could not produce a product salable on the export market. Our cheese rated 96 per cent No. 1; our butter rated 70 per cent No. 1, and in the interests of good business naturally we sold our surplus in the form of cheese. Our cheese commanded a premium of 3 cents per pound on the Liverpool market and it was good business for us to continue to sell our surplus in that manner. But then came the false propaganda of our Conservative friends, as a result of which the importation of New Zealand butter was stopped. What was the further result? The New Zealander did not throw his product in the sea; he made it into cheese and sold that cheese in Liverpool in competition with ours. The result of the new competition was a lower price; that price was reflected in Canada and we had the anomaly of cheese at 12 cents per pound and butter at 37 cents per pound. That condition did not

obtain for very long and we then turned to an increased butter production, which production was increased some 36,000,000 pounds.

This is the very thing which our friends advocate as being in the best interests of the dairy producer of Canada. At that time I pointed out that the worst thing which could happen would be for us to go on the export market with an unsalable butter product. We are now trying to sell butter which grades only 70 per cent, No. 1, and naturally we have to take an abnormally low price. We enjoyed a premium on the British market for our cheese; we had practically no competition, but the New Zealander entered the market and Doctor Ruddick, dairy commissioner, stated a short time ago that New Zealand practically had captured our market in England because we had failed to maintain a continuity of supply. We adopted the same policy which we are being asked to adopt in connection with wool; we put ourselves on an export basis with a product which was not salable. I do not think there is one intelligent member across the way who advocated that policy two years ago but who will agree that it has had a very adverse effect upon the dairy industry.

We have the same situation in connection with wool. If we stimulate the production of wool beyond the consumptive capacity of Canada, then we will be going into the export market with an unsalable product.

Mr. BOYES: The New Zealand treaty was in effect many years under the previous government, and the cancellation on May 1 did not come into effect until October 1. During that period other countries shipped into Canada such large quantities of butter, which at that time was protected, that—

Some hon. MEMBERS: Question.

Mr. BOYES: Our butter industry received a serious blow at that particular time.

Mr. HEPBURN: There has been such a noise in this part of the chamber that I could not hear my hon. friend. I suggest that he make a speech after I finish.

I am dealing with the question of producing a surplus of products which is not salable on the markets of the world. I am sorry the hon. member for South Essex (Mr. Gott) is not in his place, as I would have liked to point out to him another case of falsely stimulated production. A great effort was made in southern Ontario to defeat me during the last elections. I know of the propaganda that was carried on among the bean growers there. They were told that all that was needed to bring prosperity was a tariff of $1.25 on beans.

[Mr. Hepburn.]

That idea was presented to the farmer. Finally an indignation meeting was held in the riding of Elgin and on that occasion I tried to reason with about 800 men who attended, endeavouring to point out to them that if they produced an exportable surplus of their product, they could not sell on the export market because they had not the proper grades and the beans had too much moisture content. I told them that if they increased the production beyond the consumption capacity of Canada, the price of beans would be less than $1 a bushel. The tariff was applied; the production was doubled and the result was that they had a surplus of 1,500,000 bushels that would not sell on the export market. The consequence was that the price of beans, which had stood at $3, dropped down to $1 a bushel, causing a state of chaos in the bean industry. The producers, however, came back for more of the hair of the dog that bit them; they came to the Prime Minister and he gave them a dumping duty and they again increased their production. The result is that this year they are carrying 1,000,000 bushels of beans in their granaries and the price has dropped to about forty-five cents a bushel.

The same thing may be said about any other product you like to name. Although the tobacco manufacturers told the producers there was too great a production and that they could not consume it, the producers came to the government asking for an increase in the tariff. For what purpose? In order to produce more, although the market will not absorb the present production. It is a time we called a halt to this uneconomic state of affairs. Production is increasing at the rate of 20 per cent due to the policy advocated in this very resolution, while the world population is increasing at the rate of only 5 per cent. That is why we have this state of chaos at the present time. We will yet go through a process of elimination and the country with too high a cost of production will be put out of business.

The other day we had a debate on the bonus on wheat. That bonus was given obviously for the purpose of stimulating the production of wheat. We know at the present time we have a world surplus of wheat. If it is a sound policy for us to dip into the public treasury to stimulate the production of wheat, it follows it is good policy for every other country to do likewise. If as a result of the policy endorsed by this government every country adopts the same idea, and instead of a 500,000,000 bushel surplus we have a 1,000,000,000 bushel surplus, is that going to help the basic producer? It certainly will not.

I believe the farmers of southern Ontario are thoroughly convinced they cannot exploit anybody else and that is the whole purpose of dangling the protection bait before the farmers, telling them: You vote for us and we will give you a tariff. They have had a fine example of the policy of the government and they are thoroughly sick of it.

As regards the men to whom the government are giving special privileges, I can refer to the gasoline industry which to-day is exploiting the basic producer. The agricultural machinery industry, as a result of tariff concessions granted recently, has increased the price of repairs on machinery. I could refer to anything else you want to name. If you want to do something for the farmers, stop this exploitation that is taking place at the present time. I have under my hand some letters I received to-day from southern Ontario. One man tells me that as a result of the policies of this government which have brought about trade restriction, which have lost markets for him, and which have increased the cost of everything he has to buy, so far as production is concerned the only thing he can get at to-day is his poor hired help. He says that in his neighbourhood at present married men are working for $25 a month and they are trying to maintain at the proper standard of living a family of six or seven. Can you picture a condition of that kind—a married man, in some cases where the wife has to help with the milking morning and night and the man has to feed and clothe seven children and send them to school? Do the government think they are helping that man by adding to his burden an increased cost of living? We are on the wrong track completely and the sooner we reverse the processes of all governments and have some regard for the fundamental law of supply and demand, for the cost of production and for the masses to-day who are being exploited, the sooner we shall make this world a better place in which to live.

Mr. H. A. MULLINS (Marquette): Mr. Speaker, this is the first time that I find myself in accord with the sheep raisers. I have been engaged in the live stock industry for half a century. It is well known that the sheep men and the cattle men never agree on the ranges; they have quarrelled since the beginning of time; but in this case, when I find the raw product going out of the country to be fabricated elsewhere, I have to be in accord with this resolution. I endorse the resolution because the sheep raising industry has practically petered out. The sheep brought in from Montana under the policy pursued by my hon. friend the ex-Minister of Agriculture (Mr. Motherwell) were sold at ridiculously high prices to many settlers in my constituency; they were sold at $14 a head when they were worth only $6, and this resolution is intended to help those men to get out of the hole in which they found themselves by being loaded with sheep at such exceedingly high prices. These sheep were brought from Montana into western Canada with the idea of eradicating the weeds from the farms that the wheat growers had been working. I do not want to tackle the wheat grower again, but by mining the soil he had been growing nothing but weeds and it was for the eradication of those weeds that the idea was formed of bringing in the sheep.

I want to have it understood that I am in favour of this resolution; I wish to have our raw products manufactured at home. I do not want to see them leaving our shores to be fabricated in other countries. It would make one's blood run cold to stand on the platform in the Winnipeg, Toronto and other Canadian stockyards and see the growing yearly steers going out of the country to be made into meat products in the United States, the beef being shipped back to Canada and used in some of the principal hotels. I do not want to see that. I am in favour of any measure on this side of the house that will keep the raw products of Canada in Canada and have them fabricated in this country. Therefore I associate myself with the resolution.

Mr. VALLANCE: How does the hon. member propose to keep the raw material in by the application of the tariff?

Mr. MULLINS: I have lived in Canada for sixty-two years; I have lived under every government from Macdonald down to the present Prime Minister, and every time there was a fair tariff, not an exploiting one, this country has prospered. My hon. friend opposite had a tariff. What about the countervailing duties they were going to impose? They had a tariff but they camouflaged it. They tried to make the people believe: Oh, we are free traders. Why, there is not a Cobdenite or John Bright amongst my hon. friends opposite, not even the hon. member for Weyburn (Mr. Young).

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, my hon. friends opposite for the past two or three years have been carrying on a campaign urging people to buy made in Canada goods. It is interesting from this side of the house to watch the development of that idea. At first the cry was: Buy goods made

in your own country; buy goods made in Canada. This met with a measure of success. Now it has gone one step further and the cry is: Buy goods made in your own province. This afternoon I listened to the hon. member for East Calgary (Mr. Stanley) speaking to this resolution. His chief concern seemed to be to build up a woollen industry, not in Canada, but in Alberta. What he wants really is interprovincial tariffs to shut out from Alberta the competition of woollen producers in the east. That same policy of buy-in-your-own-province has taken hold in Saskatchewan. The friends of my hon. friends opposite are in power there and they are preaching "Buy goods made only in your own province." Today they are taking advantage of the plight in which the farmer finds himself to force him, through the Saskatchewan Relief Commission, to burn only Saskatchewan coal whether his stoves are suitable for it or not. I wonder how my hon. friend from Lethbridge (Mr. Stewart) who is supporting this resolution likes that. How do my hon. friends like the policy of buy home made goods carried a step further when it is confined to their own province? The next logical step in this policy of theirs would be: Buy only goods produced in your own family. When we reach that stage it is only a step to Gandhi and the spinning wheel, and if they could bring us to that pass they would lower the standard of living in this country to what it is in India.

In September, 1930, a special session of this house was called for the purpose of raising tariffs. That session was brought to a speedy close because the Prime Minister (Mr. Bennett) wanted to get to the Imperial conference in England, an imperial conference called for the purpose of promoting inter-empire trade. One of the first things we did during the short session was to raise the duty on New Zealand butter, and the very day we did it the Prime Minister of New Zealand sat on the floor of this house and watched it done. He went away from here in rather an unfriendly mood. The Imperial conference proved to be a fiasco.

Mr. DURANLEAU: How do you know that the Prime Minister of New Zealand went away in an unfriendly mood?

Mr. YOUNG: By his action in retaliating when he got back to New Zealand. He shut out Canadian goods. The Imperial conference held in London to promote empire trade failed. Why? Primarily because our country made preparations for that conference by raising tariffs against Great Britain. Next summer, in this chamber probably, another conference for the same purpose, to promote empire trade, is to be held. I wonder if this resolution is a preliminary step to raising the duty on Australian and New Zealand wool so that we can go into that conference and—what? Promote empire trade, or make the conference another failure as was the last one?

Mr. CHAPLIN: What does the hon. member mean by raising the duty? Is there a duty now?

Mr. YOUNG: Putting a duty on, then.

Mr. VALLANCE: The duty was wiped out by this government by order in council.

Mr. YOUNG: It is rather disappointing to think that the farmers, after all the experience they have had in the last two years, would support a resolution of this nature, disappointing to think that farmers could be made to believe that their products can be protected. We were told two years ago that if the farmers would vote for a higher duty on butter they would get a better price. The treaty rate on butter was one cent a pound. It was raised under the general tariff to fourteen cents and under the preferential to eight cents. Now the Australian rate is five cents. Did that help the price of butter? When the duty was one cent a pound butter was selling for 38 cents a pound in Montreal. With the lowest rate of duty, now in effect five cents a pound, butter is now selling at 22 cents a pound in Montreal.

Mr. CHAPLIN: Did the change in duty lower the price?

Mr. STEWART (Edmonton): It certainly helped.

Mr. YOUNG: Did it raise the price? My hon. friends told the farmers that it would raise the price.

Mr. CHAPLIN: The hon. member for West Edmonton (Mr. Stewart) said that the change in duty lowered the price.

Mr. YOUNG: My hon. friends opposite promised to raise the price by means of a duty, which they utterly failed to do. The same thing happened with eggs. The duty on eggs coming in from the United States was three cents. My hon. friends opposite told the farmers that they were not getting a high enough price for their eggs because the duty was not high enough. They were returned to power and raised the duty to ten cents, and what was the result? Eggs two years ago in January were selling in the west for 40 cents a dozen. When I left home this year they

were selling for ten cents a dozen, and that is fresh laid eggs. Did the duty raise the price? No. Did it hold the price up, did it prevent it from going down? No. Then they put a duty of thirty cents a bushel on wheat. What for? To shut out less than one million of bushels of a certain kind of wheat brought in for special purpose. When they did that the price of wheat was in the neighbourhood of 90 cents a bushel; to-day it is in the neighbourhood of 60 or 70 cents. Again I ask, did the duty hold up the price? Again it failed.

My hon. friend from Lethbridge mentioned to-day the case of mutton. A duty was put on mutton last year to hold up the price. What happened? Mutton on his own admission is lower to-day than it was then. Now since the tariff has failed to hold up the price of butter, since it failed to hold up the price of eggs, since it failed to hold up the price of wheat, since it failed to hold up the price of mutton, since it failed to hold up the price of beans since it has failed to hold up the price of practically everything on which it has been applied of the products which the farmer has to sell, what reason have we to think that a tariff of 34 cents or any other rate will hold up the price of wool?

Mr. MANION: Under these circumstances what is the objection to a tariff on manufactured goods?

Mr. YOUNG: I will explain that in a moment.

Mr. MANION: Why not now?

Mr. YOUNG: Wherever you have an exportable surplus of a staple commodity, and that surplus is sold in the world's market, the world price fixes the price of the domestic article, but wherever you have a commodity that can be sold within a sheltered market with outside competition shut out, as is the case with manufactured goods, then the seller of those goods is in a position to take advantage of the tariff to boost the price, as he does.

We were told this afternoon, and figures were quoted by hon. gentlemen opposite, that we export approximately five million pounds of raw wool. If you put a duty of 34 cents a pound on raw wool, what effect will it have on the price? Those five million pounds of export wool will be sold on the world's market, and the world price will determine the price that we will pay for wool in Canada. So the price will not advance one cent.

My hon. friends say that they will shut out the wool that is imported and supply the demand with the wool that we now export. But they will not do that for the reason that it is not the same kind of wool. They told us that the Canadian woollen manufacturers have assured them that the Canadian wool is suitable for the fabrics they produce. So it is. But it is not suitable for the fabrics they do not produce, and that is the reason they do not produce them. Canadian wool is suitable for certain fabrics, but with all their enthusiasm for made in Canada goods I wonder how many of my hon. friends opposite would like to come into this chamber in a suit of homespun, made of all Canadian wool. I wonder how many would like to wear a suit of underwear made altogether of Canadian wool. Is there any difference between Canadian wool and other wool? Yes. It is not due to the breed of the sheep. It is due to our climate. Our climatic conditions are such that our sheep grow a wool which is suitable for certain purposes but not suitable for other purposes, and the wool we export is the surplus wool we have over and above our own requirements for the purpose for which that wool is suited. The wool we import is wool that we require for making goods that cannot be made with our own wool.

Reference was made to the price we pay for this foreign wool, as compared with the price we receive for our own wool. I asked the hon. member who was speaking a question, and he said that we get the foreign wool cheaper. That is not the case. I have here the 1930 price of foreign and domestic wool. The price of western Canadian range wool was 16 cents a pound. That was the average price paid that year. The price for the cheapest kind of imported wool in the grease was 33 cents a pound, more than twice as much as the price of the domestic wool. This year the average price of imported wool in the grease is 20 cents a pound, and hon. gentlemen opposite have been telling us all day that the price of our Canadian wool is from 5 to 8 cents a pound. I ask this question: Why does the Canadian woollen manufacturer pay twice as much for imported wool as he would have to pay for Canadian wool? Why does he do that? Is it because he is prejudiced against the Canadian wool grower? Not at all; he is a practical business man. He pays a higher price for that wool because he requires it for his purposes, and no duty which can be placed on imported wool can force him to buy Canadian wool for purposes for which it is not suited.

Let us suppose that a duty is applied; what will happen? Either it will or it will not increase the price of wool. It it does not increase the price of raw wool to the farmer

what good is it? If it increases the price of raw wool to the farmer it increases the price the manufacturer has to pay for his raw wool. What will the manufacturer do? He will be back to-morrow knocking at the door of parliament asking for a higher duty on finished woollen goods. How would the government refuse him?

What are the chief competitors of wool?—cotton, rayon, silk and other fabrics. If the government did anything to advance the price of wool they might tax it right off the backs of the people and force them to wear articles composed of other fabrics. I suggest we cannot help the woollen industry by increasing the price of woollen goods. England tried that in the seventeenth century. Because her sheep growers were most influential she was resolved at all costs to build up her woollen industry. She resorted to every conceivable device, such as import and export duties. She passed laws stating that all other fabrics such as silks and cottons imported into the country must be exported so that the people would be forced to wear woollen goods. She passed laws compelling people to be buried in woollen shrouds. What was the result? She failed utterly to build up her woollen industry; she forced the people to use cotton. So far did she carry out her attempt to protect the woollen industry that a continental observer in England wrote to this effect: "It is a felony in England to export wool; yet they who furnish all the world with wool have the least manufacturing of it among themselves." What happened? The English weavers who were denied the use of imported wool had to weave their cloth out of domestic wool? The French weavers who had the world from which to select were able to choose finer wool, produce a finer fabric which drove the English woollen goods out of every market in the world. At the same time the price of woollen goods in England rose so high that the people turned to the wearing of cotton, and the woollen industry which the government was trying to build up by artificial means was utterly ruined.

What is the remedy for the woollen situation to-day? We say that people are not wearing as much wool as they used to; that is true. The fact is however that Canadian wool is not to any great extent used in the manufacture of garments. Its use is confined chiefly to the making of blankets and other coarser woollen products. I should like to take some of my hon. friends opposite into some of the houses which are not heated with steam, and where the occupants are not quite as comfortable as are my hon. friends, and show them how many of those people would like to have woollen blankets, but cannot afford them. How many people are sleeping between cotton blankets because they cannot afford wool? To create a larger market it is necessary to put woollen goods upon the market at a lower, rather than a higher price.

Mr. FRANK BOYES (East Middlesex): Mr. Speaker, I wish to make a few observations concerning the resolution before the house, with which I am in hearty accord. I listened with great interest to the remarks of the hon. member for West Elgin (Mr. Hepburn) who is situated just to the south of my riding, and who stated that he is not in accord with this resolution. I should like also to refer to the hon. member for South Perth (Mr. Sanderson) whose riding is to the north of mine. It would seem that to some extent he has been converted and is falling in line with the Conservative party to the extent of allowing some protection on wool.

Mr. SANDERSON: My hon. friend need not flatter himself in that regard; I am far from being converted to high protection.

Mr. BOYES: At any rate my hon. friend has gone some distance.

Mr. SANDERSON: I do not want my hon. friend's congratulations at all.

Mr. GOTT: We could not congratulate the hon. member on his London speech.

Mr. BOYES: No, we could not. I do not desire further to take up the time of the house, but wish merely to repeat that I am heartily in accord with the resolution now before us to the effect that there should be a duty on wool. Undoubtedly some help to the producers would assist greatly.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, the hon. members for West Elgin (Mr. Hepburn) and Weyburn (Mr. Young) have expressed admirably the views I entertain, and I feel that there is no necessity for repetition. I should, however, like to refer to the hon. member for Wetaskiwin (Mr. Irvine) who, I am glad to say, is now in his place and whose attitude was well described by the hon. member for West Elgin. I presume, however, the hon. member for Wetaskiwin attended the United Farmers of Alberta convention which passed the resolution read a short time ago. I hope the attitude of the hon. member is not that taken by the Alberta farmers. At this time it would seem proper to read the resolution to which I presume the hon. mem-

ber for Wetaskiwin gave his assent. The resolution, with which I heartily agree, is as follows:

Whereas, the fiscal policy known as protection or a protective tariff which has been on trial in Canada for over fifty years since its inauguration in 1879, has belied every promise of its promoters, both then and since, and has utterly failed to promote the general well-being of the people of Canada and has developed instead a most pernicious maldistribution of our wealth, and is on this account immediately responsible for that disparity in market values as expressed in present day prices, which exists between what the farmer sells and what he buys, which disparity is one of the principal causes of the present industrial debacle and the general economic depression;

Be it therefore resolved, that the time has come for an immediate all round reduction in our custom duties to the intent that within a period of not less than five years every feature and constituent of this barbaric economic superstition be eliminated from the fiscal policy of our country.

I repeat: I presume the hon. member for Wetaskiwin gave his consent to that resolution?

Mr. IRVINE: The assumption is entirely wrong.

Mr. BROWN: Hearing the hon. member's speech I was reminded of the Irishman who was willing to sign the pledge, with certain exceptions—that he might indulge at a wedding, at a wake, at the market or a fair, or "when I think I need it". So it occurred to me that some people are strongly opposed to the principle of protection except when they think they need it. Hon. members opposite evidently are utterly unable to understand that those representing farmer constituencies should be opposed to this resolution. Listening to the arguments advanced in its support, I was taken back to my boyhood days. The first knowledge I had of political affairs was gained in the election of 1878. I remember we were hearing then the very same arguments for protection on wool that we are hearing to-day. Personally I am convinced the farmer is on the wrong track when he commits himself to the principle of protection. He may secure some immediate temporary advantage, but ultimately it will be to his disadvantage. Surely we have had abundant results to confirm that. If anything should warn the Canadian farmer of his danger, it is the experience of the farmer in the United States. He has been urged again and again to support the principle of high protection, and he has yielded. What is the condition of the American farmer to-day? Has he benefited because of his adherence to the principle of protection? No, his acceptance of that principle has been to his complete disadvantage.

I am satisfied that if the condition on the farm is to be what we want it to be we must seek the remedy along entirely different lines; we must seek it along the lines of reducing the cost of production rather than increasing the price of the product that we have to sell, for in a general way that price is beyond our control. Surely we have had experience enough in the case of butter to show that a protective tariff in itself does not give the farmer the returns to which he is entitled. We have listened so frequently to the arguments from the other side of the house, that having seen those arguments so falsified one is amazed that they should be repeated to-day.

When addressing the house the other day I said I had a message that I wanted to deliver to the member for Marquette (Mr. Mullins). I did not do so on that occasion because he was not present. I am going to deliver it to him now. I have received a letter from a friend of mine telling me that he had just sold a 10 gallon brimful can of table cream—the highest grade of cream—that tested 32 per cent butter fat, for which he received $2.85. Now, I should like to say to the member for Marquette, and to all those other members from the west who during the election campaign went around the country showing cream cheques—the member for Souris (Mr. Willis) was one; I think probably all the Conservatives in Manitoba did the same—I want to say to them that some of those 1930 cheques would look mighty good to-day.

Those who support this resolution are, I submit, proceeding along wrong lines. The only effect it can have if translated into practice is as was pointed out by the hon. members for West Elgin and Weyburn; and in spite of the inability of the member for Long Lake (Mr. Cowan) and other members opposite to understand that we who are interested in the prosperity of the farmer take the position we do, I am compelled, Mr. Speaker, to stand by the position I have always taken,—that the farmer is on the wrong track when he seeks to increase his profits by means of a protective tariff.

Mr. IRVINE: Will the hon. member kindly explain to the house and the country the reason why he did not reduce these tariffs in the way he wants them reduced when he had the opportunity?

Mr. BROWN: I have no objection to answering the question. I think any person who has listened to any speeches I have made in the house during the last ten or eleven years will understand my position. I said again and again that I wanted to go further

than we ever yet have gone in the way of reducing tariffs, but because I had not been able to get all that I wanted in that direction was no reason why I should want to throw in my lot with those who want to raise tariffs.

An hon. MEMBER: What did you get?

Mr. BROWN: If you will look up Hansard of two or three years ago you will find that the then Prime Minister (Mr. Mackenzie King) put on record a list of the tariff reductions that had been made in seven years, and it took fifteen pages of Hansard to record those reductions, in spite of the statement made by the hon. member for Wetaskiwin (Mr. Irvine), that there is no difference between the two parties on that question. I think that is a sufficient answer to his question.

Mr. J. H. MYERS (Queens): I desire, Mr. Speaker, to associate myself with this resolution. I am a practical farmer; that is the way I make my living. I am fairly well acquainted with sheep, with cattle and with hogs and with every other line of agriculture that the farmers are attempting to carry on at the present time.

Farming has changed considerably in the last ten or fifteen years. I speak with reference to the maritime provinces, particularly my own province of Prince Edward Island, one of the counties of which I represent. At one time our chief agricultural industry on the island was the growing of hay and coarse grains for export to the cities of central Canada and to the different markets of the world. The motor car has changed all that; it has driven the horse off the streets of our cities and of every other city in the world. In a word, the motor car has supplanted the horse and has changed our transportation methods. Now we have to change too. Instead of attempting to put our hay and coarse grains on the market in their raw state, I thought the best thing for us to do was to turn them into something that man could eat or wear, but I am getting very little encouragement in my line of business, especially from hon. members on the other side of the house.

With reference to the sheep industry, let me point out to the house that the sheep is one of the most important animals on the farm. It is good for three things: first, we can produce from its carcass the finest meat that you can put on a man's table; second, its fleece can be fabricated into cloth for garments; third, as an aid to the farmer in the eradication of weeds it is second to none amongst domestic animals on the farm. For that reason, Mr. Speaker, anything that can be done by this house to increase the number of sheep in this dominion and, incidentally, the profits of those who are engaged in the raising of sheep, would be of substantial benefit to the Canadian people.

A great deal has been said about butter, and I notice that my hon. friends on the other side of the house always curl up a little bit when butter is mentioned. I do not wonder at that because they rather slipped up on this question at one time. I am surprised that they even want to put it on their bread, it was so bad to them about July 28, 1930. But with reference to the butter situation as I see it, it is quite true that we are selling our butter to-day below cost of production; but we are selling below cost of production everything else produced on the farm. And we are no worse in that regard than the farmers of every other country, so far as I know. We are told by men engaged in other walks of life that they too are sharing in the hard times. The manufacturer of the very farm machinery that has been talked about to-night tells you that he cannot make a profit; indeed, he is not merely standing still but is going behind. That is what I have been told by the dealers with whom I have talked. But to come back to the question of butter, as I pointed out a moment ago, if we cannot market our raw material in its present state—hay, coarse grains and so on—what are we to do with it? My idea is that we must turn it into food and clothing for mankind. A year or two ago we were importing from New Zealand 40,000,000 pounds of butter in one year. To-day we have had to turn our attention to the making of butter ourselves. Now, I do not know what the duty did or did not do; I am not interested in that. But the fact is that this year we have increased our own Canadian make of butter by 30,000,000 pounds. And remember, I am talking from the standpoint of the farmer. If the Candian consumer had continued this year to eat New Zealand butter what would I have done with mine? It is true it is cheap, but would it not have been cheaper still? What could I have done with my butter if the Canadian consumer had continued using New Zealand butter? Perhaps my friends on the other side will take credit for the fact that they themselves were instrumental in shutting out New Zealand butter. I give them all credit. But when we see the same thing in connection with wool as we saw in regard to butter, I think our hon. friends opposite should be fair enough to support the resolution before the house.

Mr. ROBERT McKENZIE (Assiniboia): I have no doubt that all that has been said with regard to the troubles of our wool producers is true. Their condition is the same as that of every other agriculturist throughout the country. They cannot make anything out of their wool at the present prices, nor can the producers of any other farm products make a profit under present conditions and at present prices. But I am surprised indeed that even one of our friends opposite should venture at this time to bring in any resolution proposing a further tariff on agricultural products after the example we have had of what has happened. Some of my colleagues on this side have fully discussed the question of butter and eggs, and we are not forgetful that last year, when dealing with the duty on corn, we were told that the price of barley was going to be so enormously increased that we could keep out corn coming from the Argentine for feed purposes, as the farmers would turn to barley as feed instead of corn.

Mr. GOTT: What duty was there on corn from the Argentine?

Mr. McKENZIE (Assiniboia): Will you please sit down? You will have your chance to speak if you wish to. We know what the result has been as regards the effect of the duty on corn. The price of barley is even yet below cost of production; the imposition of a duty on corn had no effect. As my hon. friend from Weyburn (Mr. Young) has said, the main trouble with the woollen industry to-day is not the need of a tariff, but the fact that rayon silk and similar fabrics are being used in place of wool products. In this resolution we are merely asked to give the patient, the farmer back on the prairie who is struggling to make ends meet, a little more of the medicine that made him sick. That is really what we are doing. In other words, it is just another move by a tariff-mad government to add a little more to the burdens of the farmers.

I am not going to deal with the question of a tariff on butter and eggs. Some of my colleagues, I must confess, have stolen most of the ammunition which I had prepared. There is, however, one question to which I will refer briefly, and that is the entirely different effect that tariffs have on the trade of the country. That has been shown quite clearly in the last year and a half since that short session of 1930 at which the tariff was raised, and my views are fully expressed in an editorial which I clipped from the Toronto Star of April 22, 1931. This is what they say with regard to the effect of a tariff:

> Since the Bennett government introduced its high tariff legislation at the special session last autumn twenty-three countries have taken retaliatory tariff action against Canada. Belgium will, it is said, be the next. If, in half a year, one-third of all the countries with which this country has been carrying on her world trade have taken retaliatory tariff action against us most of the forty other countries with which we have been doing business will probably be getting back at us before the year is out.
>
> There is a tendency in all countries to answer blow for blow in this tariff war.

I am opposed to any further imposition of a tariff on farm products, for this reason, that everything which the farmer produces is a drug on the market to-day, it matters not what it is, and this is due largely to tariffs, as this editorial states. We restrict the products of other countries by a high tariff and the result is that we cannot sell to those countries. I cannot support the resolution because to my mind it will have the same effect that tariffs have always had—it will increase the price of woollen clothing and other products made from wool.

Mr. GOTT: Will the hon. gentleman answer a question? He referred to the imposition of a duty on Argentine corn. What duty was applied to Argentine corn?

Mr. McKENZIE (Assiniboia): It would be under the intermediate tariff; you can get it.

Mr. GOTT: I know what it is; I am asking you to explain.

Mr. McKENZIE (Assiniboia): The hon. gentleman can get the information for himself.

Mr. GOTT: Why make statements you cannot back up?

Mr. SPEAKER: Order.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, I had not intended to speak on this resolution but I feel I must express my approval. It is rather hard for me to understand the opposition of agricultural members from Saskatchewan. I wonder if some of the hon. members of the opposition will not agree with me that one of the principal reasons in the drop of the price of our wool is the effect of the tariff put into force by the country to the south of us. That explains why the price of our wool went down. No hon. member, especially of the opposition, has referred to the agriculturists of Great Britain and what became of them because of the policy of free trade. I think all hon. members will be ready to acknowledge that it about wrecked the agriculturists of that country. The last

elections demonstrated the results which the farmer of Great Britain had been obtaining through free trade.

I am rather surprised to hear hon. members declare that they never will endorse protection. The principle of tariffs was in force long before this government came into power. I would refer hon. members to Germany, France, Italy and those countries which put up tariffs amounting to as much as $1.80 per bushel against our wheat. I attended a meeting in my constituency and I was asked to explain why a tariff against wheat coming into Canada from the United States would be of any assistance in view of the fact that both countries were exporters of this product. I was very glad to have an opportunity of answering a question like that. If I remember rightly, in 1929 a tariff of 12 cents per bushel was in force against American wheat. For four or five months the Winnipeg market was leading by 21 cents per bushel, and I think the opposition will agree that a considerable amount of wheat was bootlegged into Canada to be sold on the Winnipeg market. There was an advantage in price even though both countries were exporters.

I feel sure that the hon. members of this house are in accord that something should be done to help the producers of wool. One hon. member has said that wheat has been a great boon to the farmer; I endorse that, but I do not know of any animal on the farm which gives a greater return than does the sheep.

In view of what has been said I have come to the conclusion that it is pretty hard to convince any man against his will, even though he may think as you do. It looks to me as though certain hon. members of the opposition feel that this policy is right, but it would be going against their will to give some benefit to the producers of sheep in western Canada.

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, in view of the very able and thorough presentations which have been made on this subject matter by the mover and seconder of the resolution, there is very little left to be said. It is not my intention to speak at any great length, as tariffs are not directly under my department. I must admit that I admire one characteristic of hon. gentlemen opposite, that is the ability to speak with an apparent conviction based on a logic which they cannot really accept. Speaker after speaker, not only in this but in previous sessions, has risen in his place and inferred at least, if he has not made the definite statement, that the reduction in the price of butter, eggs and some other commodities has been due to the tariff. I would like to see hon. gentlemen follow that logic one step further and apply it to the commodity with which we are dealing to-night. I believe I am safe in saying that the drop in the price of wool has been greater than that of any other agricultural commodity. The sheep industry of Canada has been practically at a standstill right from its inception. In 1871 the sheep population of Canada was in the neighbourhood of between three and four million head, and the present day population is about the same; there has been very little change or fluctuation throughout the sixty years.

The sheep ranchers and farmers of the Canadian west take second place to none. I met some of these men last summer in Lethbridge and I was very much impressed by their intelligence and the amount of care they had exercised in carrying on this industry. But in what condition do they find themselves to-day? On this side of the line the price received for wool in the grease is from 4 to 6 cents per pound, while the American farmer is receiving from 15 to 18 cents per pound for wool of a similar grade and character. Will any hon. member say that if the tariff in the United States was removed the price would remain where it is to-day? The tariff must have a bearing on the price of wool or it would not be where it is to-day.

In 1921 when the American government first put on anything like a fair tariff on wool only 49 per cent of the total wool consumption was domestic. The tariff was increased in 1930, up to which year there had been a continuous increase in the percentage of domestic wool, finally reaching 89 per cent. Figures are available only for eleven months in 1931, but they show a higher percentage of domestic wool being used in the total consumption than for any year during the last thirty years. It must be admitted that the tariff has kept up the price of wool in the United States and has also increased the percentage of domestic wool used in home consumption.

The sheep growers, who know whereof they speak, claim that they cannot continue in the industry should prices remain at their present levels. Is it worth our while to do something to keep alive this industry into which these men have put so much? Personally, I feel that it is. If they were not efficient it would be a different thing, but they are as efficient as the sheep farmers of any country in the world. I have no hesitation in stating that we should put forward every effort to keep this industry alive.

The resolution asks that a tariff be placed on raw wool. That alone would not be sufficient to protect the wool industry. I feel that any tariff that will protect the wool industry must be on the whole schedule of wool from wool in the grease, wool scoured, wool tops, yarns and so forth. I therefore appreciate this opportunity to put myself on record as being in favour of the resolution.

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, for reasons which will be obvious when my voice is heard in this chamber, my remarks must of necessity be exceedingly brief, but I feel it is incumbent upon me to say a few words with respect to the subject matter of the resolution, even in the present condition of my voice.

Let me at once compliment the mover (Mr. Swanston) and the seconder (Mr. Stewart, Lethbridge) of the resolution upon the excellence of their presentation and upon the wealth of material which they have brought to bear upon their argument and discussion. Indeed, it has occurred to me that the discussion, particularly on the part of the proponents of the resolution, has been conducted throughout on a very high plane, with exceptional credit to those who have participated. I say "proponents" of the resolution, because I could not help feeling that I was on old and familiar ground in listening to the arguments of some of my hon. friends opposite. I was at pains to follow the hon. member for West Elgin (Mr. Hepburn) who demonstrated to a reductio ad absurdum that a duty upon wool would have the effect of lowering the price to the farmer and therefore would be disastrous to the industry. Apparently his argument found favour among those who surround him. But if you please, sir, almost in the same moment an hon. gentleman who sits but a few feet from him, the hon. member for Weyburn (Mr. Young), proceeded to demonstrate that the placing of a duty upon wool would have the effect of increasing the price to such an extent that it would be too expensive to use and people would have to resort to cotton. I could not help thinking that hon. gentlemen opposite, as illustrated in the two speeches to which I have referred, were absolutely consistent in their characteristic inconsistencies. But, that while this inconsistency came from two different hon. gentlemen opposite, they at least were in far better position than those gentlemen of their party whom I used to hear twenty-one years ago demonstrate upon the platform that reciprocity with the United States was going to get the farmer higher prices and the consumer cheaper commodities.

I do not propose to enter into a discussion as to the merits of the resolution, but I could not help making this brief reference to the position—I might say, to the juxtaposition—of hon. gentlemen opposite. There must be something wrong with an industry which to-day, with a population in Canada of more than 10,000,000, has only as many sheep as there were sixty years ago when our population was just one-third of what it is now. The argument presented by the proponents of this resolution impressed me very favourably. There is a time-honoured custom as to the method whereby announcements with respect to the tariff are made, and it is not incumbent upon me to make any pronouncement now as to what it is the intention of the government to do.

Mr. YOUNG: We can guess that.

Mr. RHODES: But I will say this much, that the resolution now before the house, taken not as an absolute direction but as an expression of approval of a principle, in that sense is quite acceptable to the administration.

Mr. THOMAS McMILLAN (South Huron): Mr. Speaker, I had no intention whtever of participating in this debate, but when I hear the Minister of Agriculture (Mr. Weir) and the newly appointed Minister of Finance (Mr. Rhodes) take the stand which they have taken to-night, I feel that I should say something. I should like first to congratulate the Minister of Finance on his elevation to his present position. His appointment has been pleasing to every member of the house. We note with pleasure the manner in which he discusses any question with which he chooses to deal. He has always that fine, soft smile we like to see from any person, even if he happens to be saying things he may not approve.

But the point I should like to make is this: if the imposition of a duty on wool is something which ought to be done in order to aid the industry of agriculture, and in particular the sheep growers of this country, why have the members on the government side been silent as the grave for seventeen months until the third session of this parliament? Why have these two ministers of the crown been silent during all that time respecting the matter? Is it because, as I happened to say over twelve months ago, this is a one-man government with a following so meek and submissive one would almost think a condition of hibernation had taken possession of them? I am not going to discuss the matter at length, but I should like to say this: I have not heard all the discussion to-day, but I have heard hon.

gentlemen opposite time and time again discuss this question of protection and the principle of protection. I believe the words of Thomas Carlyle are as true to-day as the day they were uttered when he said:

> During these many years I have heard no argument for it excepting such as might make the angels and even the very jackasses weep.

Mr. J. B. SWANSTON (Maple Creek): Mr. Speaker, in closing the debate I must thank hon. members who have given such support to the resolution.

Mr. SPEAKER: I would inform the house that if any hon. member wishes to speak he should do so before the hon. member speaks; otherwise he will close the debate.

Mr. SWANSTON: This subject is very important to the wool growers of this country, especially to those of western Canada because of the long distance that separates them from the market where they can sell their wool. I appreciate the stand taken by the Minister of Finance (Mr. Rhodes) and also by the Minister of Agriculture (Mr. Weir). I hope the government will see fit to give this situation their early and favourable consideration.

The house divided on the motion (Mr. Swanston) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Barber,
Belec,
Beynon,
Bourgeois,
Bowen,
Bowman,
Boyes,
Burns,
Bury,
Cantley,
Chaplin,
Cormier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duranleau,
Edwards,
Embury,
Ernst,
Esling,
Fraser (Cariboo),
Gagnon,
Geary,
Gershaw,
Gordon,
Hanson (York-Sunbury),
Hay,
Irvine,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
Laurin,
Loucks,
Luchkovich,
Macdougall,
MacNicol,
McGregor,
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Myers,
Neill,
Nicholson,
Peck,
Pettit,
Pickel,
Plunkett,
Price,
Quinn,
Rhodes,
Robinson,
Ryckman,
Sanderson,
Senn,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smoke,
Spankie,
Spotton,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Selkirk),
Sullivan,
Sutherland,
Swanston,
Thompson (Simcoe East),
Thompson (Lanark),
Weese,
Weir (Melfort),
Wright.—77.

NAYS

Messrs:

Bothwell,
Boulanger,
Brasset,
Butcher,
Cardin,
Carmichael,
Cayley,
Chevrier,
Denis,
Desrochers,
Dumaine,
Elliott,
Fontaine,
Fournier,
Gardiner,
Hanson (Skeena),
Hepburn,
Hurtubise,
Ilsley,
McIntosh,
McKenzie (Assiniboia),
McMillan (Huron South),
Mercier (Laurier-Outremont),
Motherwell,
Ralston,
Speakman,
Spencer,
Thauvette,
Totzke,
Veniot,
Weir (Macdonald),
Young.—32.

Mr. GOTT: I was paired with the hon. member for Kent (Ontario) (Mr. Rutherford). Had I voted I would have voted for the resolution.

Mr. BELL (St. Antoine): I was paired with the hon. member for Beauharnois (Mr. Raymond). Had I voted I would have voted for the resolution.

Mr. MURPHY: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted I would have voted for the resolution.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted I would have voted for the resolution.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted against the resolution.

Mr. TUMMON: I was paired with the hon. member for Hochelaga (Mr. St-Père). Had I voted I would have voted for the resolution.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted I would have voted against the resolution.

Mr. SEGUIN (Translation): I was paired with the hon. Postmaster General (Mr. Sauvé). Had I voted I would have voted against the resolution.

Mr. DUBOIS (Translation): I was paired with the hon. member for St. John-Albert (Mr. Bell). Had I voted I would have voted against the resolution.

Mr. GIROUARD (Translation): I was paired with the hon. member for Richmond-Wolfe (Mr. Laflèche). Had I voted I would have voted against the resolution.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinonge (Mr. Barrette). Had I voted I would have voted against the resolution.

Mr. BENNETT: I was paired with the right hon. the leader of the opposition (Mr. Mackenzie King). Had I voted I would have voted for the resolution. May I add that in view of the pairing which took place this afternoon an adjustment was made of the pair of the right hon. leader of the opposition, so that the opposition was not deprived of that vote.

On motion of Mr. Bennett the house adjourned at 10.58 p.m.

Tuesday, February 23, 1932

The house met at three o'clock.

NATIONAL RAILWAYS AND SHIPPING

APPOINTMENT OF SELECT STANDING COMMITTEE TO CONSIDER ACCOUNTS AND ESTIMATES

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I intend to move the motion which stood in my name yesterday with reference to the select standing committee on railways and shipping, substituting the name of Mr. Munn for that of Mr. Hanbury. This suggestion has come from the other side, and I therefore move as follows:

That standing order 63 of the House of Commons relating to the appointment of the select standing committees of the house, be amended by adding to the select standing committees of the house for the present session a select standing committee on railways and shipping owned, operated and controlled by the government, to which will be referred the accounts and the estimates of the Canadian National Railways and the Canadian Government Merchant Marine for the present session, for consideration and report to the house.

Provided however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of supply and that the said committee consist of Messrs. Beaubien, Bell (St. Antoine), Bothwell, Cantley, Chaplin, Duff, Euler, Fiset (Sir Eugène), Fraser (Cariboo), Geary, Gobeil, Gray, Munn, Hanson (York-Sunbury), Heaps, Kennedy (Peace River), McGibbon, MacMillan (Saskatoon), Manion, Power, Rogers and Stewart (Lethbridge).

Motion as amended agreed to.

THE PUBLIC SERVICE

PROPOSED DEDUCTION OF TEN PER CENT IN INDEMNITIES AND SALARIES

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I regret to have to state that owing to the indisposition of the Minister of Finance (Mr. Rhodes), he will be unable to move the motion standing in his name and I should like to have it stand.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I would inquire of my right hon. friend if I am correct in understanding that before this resolution can be proceeded with in committee of the whole at least one day's notice will have to be given to the effect that on such and such a day the motion will be considered and that the resolution has received the approval of His Excellency.

Mr. BENNETT: I understood that the resolution had been brought forward by the Minister of Finance in terms to conform with the rules of the house. I was not present when the resolution was placed on the order paper.

Mr. MACKENZIE KING: As to that His Honour can advise the house. My understanding is that the resolution is in the correct form, but before it can be proceeded with at least one day's notice must be given.

Mr. SPEAKER: The motion will be that the house at its next sitting resolve itself into committee of the whole to consider this resolution.

Mr. BENNETT (for the Minister of Finance) moved: that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to authorize deductions of ten per cent from the amounts of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year 1932-33.

And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

He said: His Excellency the Governor General, having been made acquainted with the

subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

SURVEY OF NATIONAL PORTS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, will the Minister of Marine (Mr. Duranleau) advise if he has received the report of Sir Alexander Gibb in regard to the harbours of Canada.

Hon. ALFRED DURANLEAU (Minister of Marine): Not yet.

RECORDING OF PAIRS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, if the Prime Minister (Mr. Bennett) will permit me to speak, I would direct the attention of the house to a statement made last evening just before adjournment by the Prime Minister (Mr. Bennett) as follows:

> May I add that in view of the pairing which took place this afternoon an adjustment was made of the pair of the right hon. leader of the opposition, so that the opposition was not deprived of that vote.

It has always been the practice of the house that any vote once it is cast cannot be changed nor can any record of the house be altered. Hon. members will recall that several years ago the then member for Nelson, Mr. Bird, inadvertently voted the wrong way; he forgot his pair and there was the utmost condemnation of his action. Mr. Bird rose in his place and attempted to rectify the mistake but it was then ruled that it would be impossible for him to change his vote once it was cast. I should like to ask the Prime Minister how he was able to rectify the mistake which he claims was made yesterday afternoon.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I did not say that a mistake had been made yesterday afternoon. I noticed that the language in which the arrangement for pairs was made did not cover a private member's motion, but in view of the fact that I observed after the voting that pairs were being announced, I at once made the statement to the house. I spoke to the chief whip on this side, but not to ask that my vote should be changed, it having been recorded, nor was any effort made to change it. If the hon. gentleman will take the trouble to look at Hansard he will find that my vote is there; no change was made. He is deliberately, or otherwise, making a statement, presumably—

Some hon. MEMBERS: Order.

Mr. BENNETT: —for reasons entirely beyond the understanding of any hon. member, on this side of the house at least. It will be found that in the adjustment of pairs, a matter of which the house takes no notice, it was provided that the vote of the right hon. gentleman should be paired against one of the hon. members on his side, so that the opposition was not deprived of its vote in consequence of the pairs having been respected as they were. The language of the document covering pairs did not cover private members' resolutions.

Mr. WOODSWORTH: Mr. Speaker—

Mr. SPEAKER: No change has been made in the vote as recorded and the hon. member has no reason to pursue the matter further.

Mr. WOODSWORTH: I did not charge that the vote of the Prime Minister had been changed.

Mr. BENNETT: The hon. member did; he asked how it was done.

Mr. WOODSWORTH: Mr. Speaker, on a question of privilege; I did not charge that the right hon. member's vote had been changed. I have Hansard before me and I know it has not been changed. I should like to ask the Prime Minister whether or not he altered the records of the house with regard to the statements made concerning pairs.

Mr. BENNETT: Mr. Speaker, I do not suppose it is the duty of anyone who happens to be in my position to answer a question of that kind; however, I can say that there were no records to alter and none were altered. The arrangement of the pairs is a matter of which this house takes no notice, it is a matter between the whips, and that arrangement was made in order that there should be no misapprehension. It was a private member's motion and having seen a large number of pairs respected I desired immediately that the right hon. gentleman's vote should count as being paired with one of our members. I had no desire in any sense to change the record. The whips arrange the pairs according to the practice in this house.

Mr. YOUNG: How could they do that?

Mr. WOODSWORTH: Mr. Speaker, the pairs—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: —are recorded on page 384 of Hansard.

Mr. SPEAKER: The hon. member has stated his case. The record is clear and if he will read Hansard he will see that nothing irregular has been done. There is no necessity for further discussion.

Mr. WOODSWORTH: Mr. Speaker, I would call your attention—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: —to the fact that on page 384 of Hansard there is a record of the pairs. I ask whether that record was furnished before or after the Prime Minister asked that it be altered.

Mr. SPEAKER: Neither the Prime Minister nor anyone else is under any obligation to answer the question; and I would ask the hon. member to keep order.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I do not wish to add to the discussion, but I notice as reported on page 384 of Hansard I am paired with the hon. member for Victoria-Carleton (Mr. Smith). I have no doubts as to the estimable character of the hon. member for Victoria-Carleton, but I have never had a pair with him. I understand, however, from what the Prime Minister says, this was an arrangement made to offset the pair that I have with my right hon. friend. To avoid the possibility of mistake, may I just ask my right hon. friend if he does not understand by the pair which we have that it extends to any motion on which the house divides obviously on party lines, whether that motion is introduced by a private member or not?

Mr. BENNETT: That was the difficulty, and I took the trouble to read to the house the language of the document under which my pair with the right hon. gentleman was arranged. This is what I said on that occasion:

> My agreement with the right hon. leader of the opposition (Mr. Mackenzie King) was that we were paired on the following conditions: Our pairs to be in force on all matters introduced by the government or for which the government assumes responsibility—

That is, any affirmative measures taken by the government for which it assumes responsibility.

> —also in connection with all matters introduced by the official opposition or by any member on its behalf, and to apply also when the Speaker is in the chair as well as in committee of the whole house on such matters. My understanding is that that arrangement does not apply to pairs of this kind, but if my interpretation is not correct I ought not to have voted. I should like to discuss the matter with the right hon. gentleman and ascertain if it is not his view that our agreement does not apply to pairs of this kind, this being a vote on a motion introduced by a private member. Whatever rule may prevail I desire to observe. I mention that so that there may be no misunderstanding.

It will be observed that those were the conditions under which the pairs were arranged at the beginning of the session and they were in the form of a written instrument signed by the right hon. gentleman as well as by myself. There is no provision for a case such as that which arose yesterday which was on a motion by a private member and not by a member of his party. It did not occur to me that there was any doubt about the matter until I noticed some hon. gentleman opposite had observed pairs. When I asked the chief whip about the matter, he told me that pairs had been observed by the hon. gentlemen and I immediately made the statement to the house. Certainly what transpired yesterday does not come within the language of the document which we signed; but if it is desired that it should, I am only too willing to assent.

Mr. M. F. HEPBURN (West Elgin): In view of what occurred with respect to the vote of yesterday, I might say that I was paired with the hon. member for North Huron (Mr. Spotton) and I respected that pair; otherwise I would certainly have voted to allow the hon. member for Winnipeg North Centre (Mr. Woodsworth) an opportunity to introduce his bill, and further, had I had an opportunity, I would have voted for the bill.

CANADIAN NATIONAL RAILWAYS

ST. WALBURG-LOON LAKE-BONNYVILLE-ASHMONT LOOP

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I should like to ask the Minister of Railways a question in regard to the St. Walburg - Loon Lake - Bonnyville - Ashmont branch of the Canadian National Railways, north of the North Saskatchewan river and linking North Battleford and Edmonton. I understand twenty-five miles of that road towards Edmonton is graded and ready for steeling and forty-four miles south of the Beaver river towards North Battleford graded and ready for steeling. Has the Minister of Railways, considering all phases of the problem, looked into the question of steeling on those sixty-nine miles in order to supply railway facilities to the people along that line and also as an aid to the solution of the unemployment problem in North Battleford?

Hon. R. J. MANION (Minister of Railways and Canals): I hope the hon. member means "steeling" with two e's.

Mr. McINTOSH: I would not accuse the minister of the other.

Mr. MANION: The hon. gentleman informed me yesterday he was going to ask this question. I am told by the railway management they have not made any recommendation towards the continuation of that work at the present time any more than they have towards the continuation of any of the branch line work on other branches throughout the country because of the very serious financial situation of the railways and because of the continuous decrease in the earnings of the railways even as compared with last year. It is in exactly the same position as other branch lines throughout the country, and so far as we know at the present time no further work is likely to be done on it. There is quite a wide space, I think thirty-six miles, on which nothing has been done yet.

BULWARK-AIRWAYS BRANCH LINE

On the orders of the day:

Mr. H. E. SPENCER (Battle River): I should like to ask the Minister of Railways if the same answer will be given to the proposed branch line from Bulwark, Alberta, to a point called Airways, where a grade has been made?

Hon. R. J. MANION (Minister of Railways and Canals): I do not just know about the line to which the hon. member refers, but I shall look into the matter.

MAFEKING CUT-OFF

On the orders of the day:

Mr. A. L. BEAUBIEN (Provencher): Before the Minister of Railways considers completing the line referred to by the hon. member for North Battleford (Mr. McIntosh), will he consider the Mafeking cut-off?

Hon. R. J. MANION (Minister of Railways and Canals): I do not think anybody else need consider the Mafeking cut-off when my hon. friend is giving so much attention to it.

ROYAL CANADIAN AIR FORCE

On the orders of the day:

Hon. PETER HEENAN (Kenora-Rainy River): I should like to ask the Minister of National Defence if any provision has been made for the employees of the photographic branch of the Air Service who were dismissed last Saturday?

[Mr. McIntosh.]

Hon. D. M. SUTHERLAND (Minister of National Defence): I cannot give a definite answer at the moment to that question.

CANADA GRAIN ACT

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): May I ask the Minister of Trade and Commerce whether he contemplates bringing down any amendments this session to the Canada Grain Act?

Hon. H. H. STEVENS (Minister of Trade and Commerce): Subject to any unforeseen matters that may arise during the session, no.

SHELBURNE INDIAN DOCTOR

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I want to call the attention of the Minister of the Interior to question No. 24 which was answered yesterday, and to point out to him, if he will permit me at this stage, that the answer to question No. 6 is not responsive to the question. The question reads:

On whose recommendations did the Department of Indian Affairs make the change?

The answer reads:

On instructions issued by the Superintendent General.

That is not what was asked. Will my hon. friend take the matter up with his departmental officials and supply me with an answer to the question?

SUPPLY—UNEMPLOYMENT

AMENDMENT TO MOTION OF MINISTER OF JUSTICE

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, in the absence of the Minister of Finance (Mr. Rhodes) I beg to move that you do now leave the chair for the house to go into committee of supply.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, I want at this stage to take up the question of unemployment in Canada and before I conclude I intend to move the following amendment:

That all the words after the word "that" be struck out and the following substituted therefor:

That whereas the present Prime Minister of Canada in appealing for support in the election of 1930 made the following definite promises to the electors, in regard to unemployment:

At Victoria, B.C.—"You have my promise that if the Conservative party is returned to power that as soon after July 28 as possible parliament will be called together to deal with the problem of unemployment by providing, not

doles, but work." "Is there any excuse for Canada to have hard times if the government is discharging its duties as it should."

At Calgary, Alta.—"I propose that parliament shall formulate a definite plan for permanent relief, and that parliament shall deal with this national problem and provide amelioration for the conditions in order that next winter the Canadian people may not be facing the crisis that is upon us without having a remedy at hand." "I am convinced this unemployment has now ceased to be local and provincial and has become national in its importance."

At Edmonton, Alta.—"I spoke of unemployment last night at Calgary," the Conservative chieftain declared. "We must face it absolutely at once." . . . "I accept the challenge and I say again that I will call parliament together, at the earliest possible moment to provide at once the remedy—employment for all who can and will work."

At Moncton, N.B.—"The Conservative party is going to find work for all who are willing to work, or perish in the attempt. It is going to call parliament at the earliest possible date, after July 28 and take such steps as will end this tragic condition of unemployment and bring prosperity to the country as a whole."

At Moncton, N.B.—"I promise to end unemployment."

At Sarnia, Ontario: "Someone is responsible for unemployment; not individuals, but governments. Governments by their majorities in parliament are responsible for enacting all legislation."

At Quebec, Quebec: "There was no necessity for a conference on unemployment," he continued. "The solution was too apparent. What you want is work," he exclaimed, "not conferences, and you are going to get work.

"Unless his promises to the people of Canada were kept if elected to office," Mr. Bennett said, "he wanted Quebec and other members of his party to vote him out of office;"

That whereas notwithstanding the government demanded and received from parliament unlimited authority to use the resources of the treasury of Canada to such an extent as the government deemed expedient for the purpose of relief of unemployment, the measures taken by the government to eliminate unemployment have proven wholly inadequate and ineffective;

That the measures adopted by the government have involved an expenditure of public moneys out of all proportion to the employment provided;

That owing to lack of proper supervision and organization there has been partizan administration of the moneys provided by parliament for the benefit of those who were the most in need of work;

That notwithstanding the promise that these problems would be dealt with on a national basis, the government has shirked responsibility in that respect, by making a large part of the assistance provided to relieve unemployment, conditional upon contribution by provinces and municipalities, and has thus rendered abortive the relief which was solemnly promised to be granted on the basis of a national obligation;

That the giving of these solemn assurances, the using of them to secure support at elections and their violation after the attainment of office reveal a flagrant disregard of political honour and tend to lower the standard of public life;

That the failure of the government to implement its pledges and promises has caused privation, want and suffering amongst thousands of Canadian citizens;

That in the opinion of this house the provision of employment for our people is the most pressing problem before the present government, and immediate measures effectively to relieve the serious unemployment situation should be presented to parliament by the government without further delay.

It will be observed, Mr. Speaker, that there are two features to my motion. The first part is a condemnation of the government for failing to fulfil its pledges to the electors. The second part calls upon the government to bring in immediately measures that will effectively deal with the situation. I want to offer my sympathy to the government at this time because any man or any party of men that undertakes to do a job with which they are not familiar and fails to accomplish it really needs sympathy. I know that my hon. friends on the other side are all recently converted to the idea of doing something for the workingman, but I once heard a prominent statesman, in fact, it was the present Prime Minister, say: Never trust a convert to do anything he is not used to doing, because he will always make a mess of it. On the other hand, there is sufficient of the milk of human kindness in my make up and I want to throw out a life line to save anyone who is sinking. To my mind the present government resembles a disabled ship at sea, tossed about on a wild ocean, drifting about aimlessly, but with the crew hoping that some chance wave will wash them safely ashore. If it were not for the fact that there are some few poor souls aboard that ship one might deem it a derelict. A derelict, as hon. members know, is a ship half sunk, without a soul on board; it is a menace to all other ships which are making progress. Unfortunately in the present case there are a few souls aboard this old ship, and I wish to throw out a life line to them. I wish them to heed the pleadings of their leader who said at Quebec during the election: If I do not carry out my promises to the electors, then I ask all the members from the province of Quebec and other members sitting behind me to vote me out of office.

Mr. ERNST: The trouble with the hon. gentleman is that he had to walk the gang plank.

Mr. HEENAN: The captain of the Conservative party, the present Prime Minister, is a gallant captain. He hesitates to leave the ship, and he stands on deck and says: Save yourselves, my boys; I will go down

with the ship; it is quite evident, Mr. Speaker, that hon. gentlemen opposite will not reach out to grasp any life line that may be thrown to them. I am very much concerned with respect to some of my hon. friends opposite. I would like to save them if I could, and in proposing this motion I am giving them an opportunity to do the very thing which their own captain asked them to do when he pledged himself before the electors of Canada that if he failed to redeem his pledges he would ask his followers to vote him out of office. Here is one opportunity for my hon. friends opposite to carry out one of the government's pledges to the electors, by voting it out of office, for we all remember that the government said that it would end unemployment or perish in the attempt. There is no member, I am sure, supporting the government who will dare to stand up in his place and say, at least he cannot truthfully say, that unemployment in this country has been ended. On the contrary, the government's own reports indicate that unemployment is on the increase. There is no question in anyone's mind with respect to that because the government's very latest report states the fact plainly. Indeed, there is evidence of many other kinds to show that unemployment is on the increase, and those evidences are manifest to anyone who is observant. Railroad earnings used to be taken as a fair barometer of the condition of trade and employment within the country. Look at railroad earnings to-day, or at the number of cars loaded and the tons of freight moved, and you will find that the business of the railroads has decreased practically to the point where, so far as railroad men are concerned, they do not know but what they will be out of a job at the end of every trip. When the railroad companies were presenting their views to the Board of Conciliation and Investigation which inquired into the recent decrease in wages they stated in a public document that they had hoped for some improvement in economic conditions but that now they were without hope, and in order to carry on they claimed that they must have a reduction in the wages of their employees. So the railroads, whose business used to be taken as a fair barometer of trade conditions generally throughout the country, have confessed publicly that their hopes for improvement have not materialized to any great extent, that they are hopeless of any improvement, and accordingly they have decreased the wages of railroad men in this country. I was at a meeting of railroad men not so very long ago, and I heard one gentleman say that at his particular terminal they used to have nine freight crews. To-day they have not one freight crew in the whole terminal, and the freight and way freight package business is being done by a mixed train. In my home town of Kenora there are engineers old in seniority who to-day are back working as firemen. To-day many old conductors are working as brakemen, and some men who have had many years seniority are entirely out of work, because they are not able to hold a position. Practically in every railway terminal in Canada shop men, maintenance of way men, car repairers and all sorts of railroad men are not being used. There is no question that conditions are becoming worse instead of better.

The relief measures adopted by this government have proved wholly inadequate. I recognize that in my part of the country men have been given work on the highways, and many are working for 30 cents an hour. As I pointed out time and again completion of the highway under construction was promised by the Ontario government to take place in 1926 or 1927. It would seem that at last some work is being done on that highway and I am glad. While I am speaking of inadequate measures, I should like to point out to the Minister of Labour (Mr. Gordon) that the residents in northern Ontario are being discriminated against. From the road work the people resident in those communities are receiving only two weeks' work out of each month while, on the other hand, those labourers sent into the district are working full time. I should like the minister to review that condition and see that the residents in those localities get a fair share of the work provided under employment relief measures.

Mr. McGIBBON: May I ask a question?

Mr. HEENAN: Certainly.

Mr. McGIBBON: Does not my hon. friend admit that the expenditures made on the highway practically all remain in that community, the roads are all left there, and at least half or more of the work goes to the people in that part of the country.

Mr. HEENAN: I am afraid my hon. friend will have to get his wind up; I cannot hear him.

Mr. McGIBBON: Very well, I shall repeat my question. Will the hon. member not admit, first, that the product of the work is all left in northern Ontario, secondly, that the money is largely left there, and, thirdly, that a great part of the work is given to men in his locality?

Mr. HEENAN: I am not talking about that at all; I am talking about the residents in my hon. friend's district as well as those in mine and in every other part of northern Ontario who are not getting a square deal.

Mr. McGIBBON: I will look after my own.

Mr. HEENAN: They are not getting a square deal. They get only two weeks' work every month while on the other hand those men sent into the district are working full time. Only 30 cents an hour is being paid, and 40 cents should be paid.

Mr. COTNAM: Go out and tell the farmers that.

An hon. MEMBER: Why not say 50 cents?

Mr. HEENAN: If I said 50 cents my hon. friend would leave the chamber, because he never heard of anybody getting 50 cents an hour in his part of the country. The Ontario government has made a contract to provide food and provisions for the camps. Generally speaking, these contractors are bringing in their meats and other foods from the large centres, they are not purchasing hogs and beef from the settlers in that district, as was originally intended. When unemployment relief measures were brought forward by this government they promised that such measures would be directed towards helping people in communities requiring relief. In that promise, therefore, they have fallen short.

While I am speaking about wages I should like to point out to the government, and particularly to the Minister of Labour, that with respect to unemployment relief we have now a new principle announced in our fair wages policy. Throughout the world, so far as my knowledge goes and in every instance with which I am familiar, the fair wages measure has been considered as providing for a minimum wage. In fact, after attention was drawn to the matter by hon. members on this side of the house, the present government, in its regulations of 1930, establish a minimum or prevailing rate of wages. But what do we find in the new agreements? They provide for a maximum, not a minimum wage. For the information of hon. members I think it would be worth while to make a comparison of the two regulations. In 1930 the regulation was as follows:

All agreements made with provincial or municipal authorities involving the expenditure of any portion of the moneys appropriated by the act for public works or undertakings shall contain provisions for the payment of fair wages and hours of work in accordance with the intent of the Fair Wages and Eight-Hour Day Act, 1930, and the fair wages policy of the government of Canada as set forth in order in council P.C. 1206 dated 7th June, 1922, and amendments thereto.

That is the prevailing rate of wages and the principle which has been announced and adopted by parliament on many occasions. At the present time however there is an agreement providing for a maximum rate of wages, and providing that the provinces and the municipalities cannot pay more than the federal government is paying for work of a similar type. That represents a complete turn over. Whether or not it was done to fool the people, I do not know, but in order to have it on record I think I had better read it.

Fair and reasonable rates of wages shall be paid by the province and municipalities, but such rates shall not be in excess of the rates required to be paid by the federal government for the character or class of work in the district.

As I have said, this clause represents a complete turn over of principle as proclaimed in fair wages or minimum rates of wages regulations in any part of the world. Whether or not deception was intended, I do not know. There is one class of people however which is not deceived, and that is the working people of Canada. I should be pleased if the Minister of Labour would make an investigation so that proper adjustments may be made in rates of pay, and so that the working men of northern Ontario—because they are the men for whom I am speaking particularly—may receive rates of wages provided by this parliament and by the laws of Canada.

A few days ago I asked the Minister of Public Works (Mr. Stewart) a question as to the wages paid to labourers on federal public works in the constituency of the Minister of Labour (Mr. Gordon). The minister very kindly sent me the information, and I find that in his constituency labourers are paid 40 cents per hour on federal public works. I say to my hon. friend that so far as I am concerned I consider the workmen in my part of the country, in fact the workmen all through northern Ontario, just as good men and as much entitled to 40 cents per hour as the workmen in his constituency. Again I would ask him to see that the workmen of northern Ontario be given a square deal in that regard.

When we complain of these matters on the public platform or in the press, what do we find? We had the spectacle yesterday of the representatives in this house of the labour men of Canada being denied an opportunity

to speak. When the local member for Kenora and I complained of these things we aroused the ire of the Minister of Lands and Forests of Ontario to such a degree that at a board of trade banquet at Kenora he threatened the local authorities that he would spend the money appropriated for that district in another part of the country where it would be more appreciated if they did not officially repudiate what their elected representatives had said. Talk about intimidation! Could a Minister of Lands and Forests go into a constituency in any other part of the world and threaten the board of trade and the town council in that manner?

Mr. MANION: Can the hon. member quote anything to prove that statement, instead of just making it?

Mr. HEENAN: Yes, I will prove it.

Mr. MANION: Well, go ahead and do so.

Mr. HEENAN: I will prove it by no less an authority than the newspaper owned and edited by the defeated Conservative candidate at the last provincial election. It is all on the front page, but maybe the heading will be sufficient.

Some hon. MEMBERS: Read it all.

Mr. HEENAN: This is the heading:

There is lots of work to be done here, if we all work together. Will otherwise spend money where it is appreciated.

That will be found on the front page of the Miners' News of July 15, 1931.

An hon. MEMBER: What does the writer say? Never mind the headlines.

Mr. SPEAKER: Order.

Mr. HEENAN: My hon. friend over there does not seem to grab hold of the life line yet.

An hon. MEMBER: Not from you.

Mr. HEENAN: I admire his spunk—stick to the ship until the last.

An hon. MEMBER: Your faith is not very great.

Mr. HEENAN: My faith in this government, to use a witticism, was dead long before it ever became a government. I have criticized working conditions in the road camps. True, those conditions have been improved since my criticism. I notice in the speech of the Minister of Lands and Forests to which I have just referred that he stated he intended to pay 50 cents a day in northern Ontario but because of some of us he had to pay a higher rate, so I am not ashamed of the position that I have taken in the matter.

[Mr. Heenan.]

I can prove every statement that I have previously made or make now with respect to working conditions in northern Ontario. However, I am glad to see that the great highway is in course of construction—the highway that we have been promised by our Conservative friends at every provincial and federal election since 1921. But instead of building one mile here, three miles there, half a mile somewhere else, just so many detached pieces of road, the work should have been proceeded with in a systematic manner. Goodness knows if any of these detached pieces of road will ever be connected together.

This government undertook to deal with unemployment as a national obligation. But in their very first bill they adopted a different principle entirely; they declared that unemployment is "primarily a provincial and municipal responsibility." In their last measure for unemployment and farm relief, the provinces and municipalities were required to share the larger portion of the burden.

I have not yet consulted the rules to see whether or not I am entitled to reply, but the motion speaks for itself.

Mr. SPEAKER: The hon. member is not entitled to reply. He is not limited now as to time; he can go on as long as he pleases.

Mr. HEENAN: This government has reversed everything since it took office. Instead of giving work to the unemployed in the spring, summer and fall, they left them to sleep in the parks and to beg for a living or go hungry, and then they commenced their various relief undertakings in the winter time when the work could not be done in comfort by the men and with profit to the country. Then they have denied the workmen fair wages; they have instituted a maximum instead of a minimum rate of wages; they have given the residents in some parts, particularly those in northern Ontario, work on a half time basis, while newcomers are being given work on full time. Instead of dealing with the question of unemployment on a national basis, they have granted federal relief conditional on contributions being made by the provinces and the municipalities, and these contributions represent by far the greater portion of the burden. In short, while they pretend to give the provinces and the municipalities assistance with one hand, they are withholding it with the other; that is, they are withholding necessary public works that could have been undertaken at a fair rate of wages. They promised the electors that if they were returned to power they would treat old age pensions as a federal obligation. The cost of this to the treasury was estimated

at one time to be $24,000,000 annually. Up to the present time the government have paid about $8,000,000 this year. Therefore they have been robbing the provinces of $16,000,000 annually. Here is another case where they are contributing with one hand and withholding with the other.

The government passed an act known as the Technical Education Act amid a great blowing of trumpets and beating of drums, but they failed to pay to the provinces the money authorized by this legislation. Is it any wonder that the ship is sinking? Now, when it is sinking, the government, not knowing where to turn and having failed to reach the port for which they set out, have turned to the civil service of this country, making them contribute in order to help them out of their dilemma. Last year they say they contributed $20,000,000 to the provinces, and in the estimates which have been presented this year there is a saving of about $43,000,000. The public service of Canada is suffering, and these civil servants who depend on their salaries for a living have to pay in order to make up the deficit caused by the mismanagement and bungling of this government.

So in moving this amendment I should like to point out that it is not only a condemnation of the government for its failure to live up to its promises; it is also a request for immediate measures adequately to provide for the employment of workmen in this country. We do not want the government to dilly-dally, as they have been doing, wait week after week and then at the last moment before prorogation bring down a bill asking for a blank cheque with nothing to prevent that money being sent out again and used in a partisan way.

In conclusion I want to say, Mr. Speaker, that I hope every hon. member from Quebec on the opposite side of the house will heed the pleadings of their captain, take hold of the life line and vote the government out of office. Then they can go back to their constituents and say, "At least we carried out one promise to the electors of this country." Therefore, Mr. Speaker, I beg to move, seconded by the hon. member for Vancouver Centre (Mr. Mackenzie), the amendment I read at the beginning of my remarks.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I cannot allow this occasion to pass without making some observations with respect to the address just given by the hon. member for Kenora-Rainy River (Mr. Heenan). I do not forget the time immediately prior to the election of 1930, when I think almost every thoughtful man in this country recognized the fact that things were not as prosperous as they had been in previous years, and while it is not my desire or my habit to go into the past in order either to build up a defence or make an attack upon my opponents, yet in the light of what has been said I think it would not be out of place to say a word or two with respect to the attitude of hon. gentlemen opposite in the early part of 1930.

In the first place, the government became accustomed to the prosperity with which the world was visited during the years prior to 1930, and it was difficult if not impossible for them to realize then that a change had taken place and that this country was entering upon a period of decreasing business and lessened prosperity. The right hon. leader of the opposition (Mr. Mackenzie King) then Prime Minister, in dealing with the subject would not go further than to say that there was an alleged condition of unemployment. But I remember quite well when the right hon. gentleman made his pilgrimage across western Canada. Each successive hundred miles seemed to impress him more and more with the seriousness of the condition before this government took office, until by the time he reached the Rocky mountains the right hon. gentleman was indeed convinced that we were in the midst of a depression.

What was the attitude of hon. gentlemen opposite at that time? They did not recognize the condition, or were unwilling to admit it. As I remember the debates in this house, from reading them in the press and subsequently in Hansard, the substance of the remarks of hon. gentlemen opposite was that no one in Canada could expect a helping hand from the federal government unless their political views conformed to the views held by the administration of that day. That was the declaration made at that time.

There were a number of factors which contributed to the condition obtaining at that period. Some of those factors were entirely out of the control of any government or any individual, or of industry or agriculture. Some of them, on the other hand, were capable of being controlled and disciplined by governments, and I will ask hon. members to pardon me if I dwell once more on one subject with which I was very familiar at that time. I refer to the subject of immigration. I am not unmindful of the fact that this country has two great railroad systems, with three transcontinental lines, two of them conceived about 1908. To-day I think there is no thoughtful man who will not admit that we are over-railroaded. So let us bear this in

mind, that by reason of our projection of railroads across this country, whether we like it or not, we must get over to the positive side of immigration, because we must have more people if we hope to pay off the debt with which ten million people are loaded at present by reason of the railroad problem on our hands. That may not be a pleasant thought to those of us who entertain a more modest and homely idea of our country, that is, that a nation is only a collection of happy, prosperous, christian homes, and that its strength may be measured by the number of such homes within its boundaries. It is not a happy thought for those of us who entertain that conception of our country, but whether we like it or not, if we are going to pay off that huge debt we must get over to the positive side of immigration as soon as we can. That opens up a serious problem as to where we are to get people who will be acceptable to this country and who will be easily assimilated into our national life.

What was the situation during the months just prior to this government coming into office? I think I am stating what was in the mind of every man who travelled within Canada when I say that the late government, not recognizing the condition that was becoming all too apparent, did not take any steps to curb the undisciplined flow of immigrants into Canada, which had been carried on for three or four years prior to 1930. I want hon. members of the house to remember this: During the sixteen months ended July 31, 1930, 221,561 people were brought into Canada, 99,367 of whom were adult males. This factor contributed largely to the unemployment problem which is facing this country today because if the figures are analysed it will be found that a large number of these people did not go into the open spaces of the country and engage in agriculture, where they could at least support themselves, but drifted into industry in the cities. There is abundant evidence of this fact in all the large cities in the country. It has been found that thousands and thousands of men and women have been here only a short time, many of them having entered the country immediately prior to the coming into power of this government. We are taking care of these people; they are not starving, no matter what anyone may say to the contrary. Immediately after this government came into power it took into consideration this one factor which was contributing to our difficulties. This problem was tackled in a determined and vigorous way. A vast system had grown up through the years to induce people to come to Canada; connections had been made all over the world, particularly on the continent of Europe. The transportation companies were fully organized to bring people to this country and other associations were acting towards the same end. It was not an easy thing to curb this flow of people without creating some hardship and injustice, but this government did it, although in doing so it was subjected to a good deal of criticism.

The transportation companies did not like it at first, but since November, 1930—for the first time, as far as I have been able to determine from the officials of the department and from those who have engaged in bringing migrants to Canada—the transportation companies, both on the ocean and within Canada, have been working in harmony with the department in an effort to colonize at home and to clear up the mess which was left to this government by those who preceded us. The result has been that some 44,000 souls have been taken from the industrial centres and placed upon the land. This has not been accomplished by a state-aided system of colonization but by using the organizations of the two great railway systems and our own department. That large number of people are off the unemployment lists, largely through the efforts of the present government. I contend that that is not a mean contribution towards relieving the situation which confronts us, and it has been made without expense to the country.

The depression was easily capable of being identified in the spring of 1930, but as time went on it became something more than a local depression. While the Prime Minister (Mr. Bennett) may be twitted from time to time, as he has been in the past, for the speeches which he made during the elections, I say—of course hon. gentlemen may laugh and will probably sneer at my statement—that any normal depression would have been cured by the measures adopted by this government. However, no one could possibly have foreseen the world depression with which we are confronted. On top of that we were faced with the disaster which overtook parts of the western provinces, mainly in Saskatchewan. This government had to and was glad to go to the rescue of the people in western Canada. It was a great burden to bear, but that burden will be discharged by the government.

The hon. member for Kenora-Rainy River (Mr. Heenan) has said that the government has done nothing to assist people to carry on through this period. Just as soon as it was possible to do so, this house was convened. A measure was passed permitting the govern-

ment to use the sum of $20,000,000 to take such steps, in conjunction with the municipalities and the provinces, as were deemed desirable and necessary to relieve unemployment and to assist the destitute and needy people of this country. That measure resulted in a total expenditure of $70,472,832—the federal government's share being $17,372,848—on various useful works and the employment of the requisite number of men.

I feel convinced that if we can divorce ourselves from political partisanship, and I hope we can at a time like this—probably the hon. member for West Edmonton (Mr. Stewart) can do this if he tries—

Mr. STEWART (Edmonton): When that does happen, it will be very much appreciated.

Mr. GORDON: As time went on it was apparent that further measures would have to be adopted in order that those in want might be given such employment as would tide them over, and the result was the legislation of last session. Under that legislation, 334,301 persons have been given employment up to January 31, 1932, the total number of man-days being 7,415,973. The total commitments necessary to carry on the work to February 22, 1932, amounted to $76,426,387, the federal government's share being $32,822,847. This work is still proceeding. The figures I have given will be subject to some slight variation when the report is tabled, which I trust will be shortly.

Reference has been made by the hon. member for Kenora to the matter of the wage scale, and it has been suggested that this government has not adopted a course best calculated to preserve to the labouring man the standard of living and wage scale which had heretofore obtained. I would point out to the hon. member that he is losing sight of the fact that there is a vast difference between relief and wages. I am sure that this government will never adopt an attitude likely to destroy that which the labouring man has sought to build up through all the years, namely, a fair and honest wage and a decent standard of living. I think I can speak for labour just as competently as can the hon. member for Kenora-Rainy River, because I have been associated with labouring men all my life. In fact it was labouring men who sent me here and I expect they will send me here again. I know them; I am acquainted with their difficulties. For over a quarter of a century I have lived my business life right in the country of which the hon. member speaks, and I certainly do not propose to allow the statements made by the hon. member to pass unchallenged. I believe I was in that country actively engaged in various business avocations before the hon. member was, and I do not think I am boasting when I say that for many years I took an interest, as actively as my capacity would permit, in every public movement throughout northern Ontario, and not from a political standpoint. Anyone who lives in that part of the country knows that I had no thought of entering into politics.

In order that there may be no misunderstanding about the situation with respect to relief in northern Ontario, I should like first to refer to the speech of the hon. member for Kenora-Rainy River as reported in the Ottawa Citizen of October 26, 1931. He is said to have made this statement:

> "Never have I heard of nor seen such a gigantic political machine as the Conservatives have built up in northern Ontario," emphatically declared Hon. Peter Heenan, M.P., former minister of labour, addressing an enthusiastic political rally under the auspices of the Elmdale Ward Liberal Association in the Knights of Columbus Hall, Spadina Avenue, Saturday evening. "Patronage has run rampant there and actually free speech is being prevented on political questions."

I do not think it is possible that the hon. member ever had his capacity for speech curtailed. He continued:

> "Men and women are being discriminated against, intimidated and persecuted for their political beliefs; and that all under the British flag," Mr. Heenan averred.

The hon. member quoted from the Kenora Miner and Nation. Let me quote from the same journal in its issue of October 21, 1931, from an editorial referring to the criticisms of the hon. member with respect to the work in that locality. The journal from which the hon. member quoted and from a subsequent issue of which I am now quoting, makes this statement:

> No more unfair or untrue statement has ever been issued by a public man than that given out by the Hon. Peter Heenan to the Fort William Times-Journal, October 13th. It could only be conceived by a mind filled by jealousy at the success of the measures taken by the provincial and Dominion governments to relieve unemployment in this district.

Mr. HEENAN: Who is the editor of that paper?

Mr. GORDON: It is the same journal as that from which my hon. friend read.

Mr. HEENAN: He is the defeated candidate.

Mr. GORDON: These statements that were made by the hon. member on what I am told was his only visit to northern Ontario since the election—

Mr. HEENAN: That is not true.

Mr. GORDON: —of course came under the review of the responsible minister at Toronto who has this work in hand, and at the risk of tiring hon. members I should like to ask their indulgence while I read the minister's statement as reported in the Toronto Telegram of October 30, 1931. This statement was published widely and copied in the press, not only throughout Ontario but throughout other provinces. It is headed:

Northern Development Work at Kenora

Some statements recently appeared in the Canadian press from Hon. Peter Heenan claiming that the relief work being carried out by the Northern Development Department at Kenora is being conducted in a partisan way. Mr. Heenan is in the habit of making extravagant and reckless statements, and in this case he may have some excuse because he has only been in his constituency a few hours on one occasion in the last fifteen months. Anyone who is familiar with the situation knows that the statements are entirely false.

Last year Mr. Heenan and Mr. Hutchison, the Ontario member, made some similar charges, and, for the purpose of answering them and clearing up the situation, the Hon. Mr. Finlayson, Minister in charge of the Department of Northern Development, went to Kenora at the beginning of this season's work and a public meeting was called in the town hall at which the mayor, the members of the board of trade, and a large gathering of citizens were present. Mr. Heenan did not attend the meeting but Mr. Hutchison did.

Mr. Finlayson fully explained the working of the system there and the local people were entirely satisfied. Mr. Hutchison sat through the meeting but did not make a single complaint or attempt to answer the minister. The citizens generally expressed their entire satisfaction.

The district of Kenora is the only district in northern Ontario where there is a member opposed to the Ontario government, and, notwithstanding that fact, last winter Kenora had more of Northern Development money spent in it than any other district, and the highest rate of wages in northern Ontario was paid in Kenora. This season, 1931, the rate of wages was made uniform throughout all northern Ontario, and Kenora is one of the districts in which the largest expenditure has been made.

On account of the large amount being spent on the construction of the trans-Canada highway in the Kenora district, we were able to take care of practically everyone in the district and also to send in a large number of men from southern Ontario for work on the trans-Canada road in that district. The department have felt that this is a national work and the present situation calls for sympathetic treatment without regard to nationality, politics, or creed. In Mr. Heenan's constituency on the 24th of October, this department were employing 5,013 men on road work. As the total population of his constituency is given as 26,315, it will be seen that the employment is on a very generous scale. By far the greater number of these men are being paid half by the Dominion government. This is in marked contrast to the conditions that existed when Mr. Heenan was Minister of Labour and the Dominion government were not making any contribution of this kind.

[Mr. Heenan.]

As to the selection of labour, this is done through the municipilities and is under the charge of the district engineers who are professional officers on the permanent civil service list and have had a great deal of experience and success in this work.

The department wish to assure the public that this work is not being conducted in a partisan way and is entirely above and beyond politics. Perhaps the best answer to Mr. Heenan is to quote three messages from responsible bodies in his own district who know far more about the circumstances than he does.

This is from the town council of the town of Kenora:

"The members of the Kenora council can truthfully say that as far as is humanly possible all detail in relief administration in the town is being carried out without regard to the applicants' nationality, creed or politics, and peace and harmony prevail among the workers, of whom fully ninety-five per cent are at work. We realize Engineer Lyons has a gigantic undertaking in the administrating of the work in our district, and are fully aware he is carrying it out as fair as is humanly possible, and we appreciate his efforts fully.

We regret that the Hon. Peter Heenan should have seen fit to give this untrue and unfavourable report to the press.

W. S. Carruthers,
Mayor."

From the Canadian Legion at Kenora: "Be it resolved that the executive of the Kenora branch of the Canadian Legion of the B.E.S.L. deplore the statements made in the press that returned soldiers in the district are denied positions by the Ontario government rightfully belonging to them, and this executive are not aware of any such case and have received no complaints.

F. Gray,
President."

From the Kenora Board of Trade: "Be it resolved that this council express its genuine appreciation of the much needed unemployment relief work being carried on by the government in the Kenora district and express our satisfaction on the non-partisan manner in which said work is being distributed by the association to those in need.

We also deplore any attempt at this time to create an impression that administration of unemployment relief in this district is otherwise.

J. Allan Sherrett,
Secretary-Treasurer."

I deemed it necessary in view of the very serious charges which the hon. member for Kenora-Rainy River had made—because statements of that character, particularly when we are passing through a trying period, are only calculated to stir up anxiety, distrust and irritation amongst both those in affluence and those in obscurity, those who have plenty and those who are needy, creating in their minds, and very, very wrongfully so, the impression that those who are endeavouring to discharge the affairs of this country have their eyes solely on the next election—in view of these charges I deemed it my duty to cover other parts of Ontario.

Mr. HEENAN: May I ask the minister a question?

Mr. GORDON: Yes.

Mr. HEENAN: I think my hon. friend wants to be fair. He should at least have read all the correspondence and shown that the telegrams—

Some hon. MEMBERS: Question.

Mr. HEENAN: Are there no doctors over there to prescribe for those boys? If he had read all the correspondence it would have shown that those telegrams were in response to a telegram sent by the Minister of Lands and Forests.

Mr. SPEAKER: Order. If the hon. member wishes to ask a question or correct an inaccuracy it is open to him to do so, but he is not in order in reopening the debate.

Mr. HEENAN: I was not reopening the debate, Mr. Speaker. I was simply asking the minister if he would not explain that those telegrams were sent in response to a telegram sent by the Minister of Lands and Forests.

Mr. GORDON: I deemed it my duty, Mr. Speaker, as one of the members for northern Ontario, to make inquiries from responsible people in other parts of northern Ontario, because I may say that the wholesale charge that was made by the hon. member for Kenora-Rainy River gave me a great deal of anxiety. I confess that I was persuaded that he was probably carried away by the enthusiasm created by the ward Liberal association meeting which he was attending, but at the same time his charge was too serious to pass over. I therefore communicated with the centres where, if there was discrimination, if there was all this partisanship and persecution of the people, it would be most easily identified and known, namely in the mining centres. So I wrote to Timmins, to try to get a letter from the mayor of that town. I did not know who the mayor was, but I recognized him when the letter came back. His name is George Drew, a well known and very responsible man in that large town. I am told, although I am not sure of this, that he is a very strong Liberal—I hope he has changed his views. This is his letter from Timmins, dated November 14, 1931, addressed to A. F. Kenning:

Dear Sir,—

With reference to our conversation of a few days ago in regard to work being done by the department of northern development, I am very pleased to state that I have never heard any complaints or any reports of preference being given in the work due to party politics. I might also state that party politics has never received the slightest consideration in any relief work which we are doing in Timmins, or when choosing the one hundred men who were taken from here by the northern development branch.

Yours truly,
George Drew,
Mayor.

I have another letter dated November 9, 1931, from Thomas McDonald. This man I know very well. He is president of one of the Liberal associations in the riding of North Cochrane, so I am sure that the hon. member for North Timiskaming will recognize the gentleman and probably be able to add some eulogy as to his party activities:

Dear Mr. Kenning,—

Re your conversation with me over the telephone regarding discrimination between Liberals and Conservatives being employed by Mr. Lough, district engineer, I absolutely cannot see any discrimination or favouritism shown to either party. Political affiliations have no bearing whatever in the securing of jobs in the electoral district of South Cochrane.

Yours truly,
Thomas McDonald,
Mayor.

I find another letter dated November 9, 1931, signed by the mayor and clerk of the town of Matheson. The mayor is the same gentleman who wrote the letter which I have just quoted. His letter is as follows:

With further reference to our telephone conversation of the 7th instant I have been unable to discover one single act of discrimination in regard to the employment of men in the northern development branch in Mr. B. Lough's district, and I am quite satisfied that it does not exist and that employment is given without any regard to anyone's political affiliations, but as far as possible on the particular capacity of the party applying.

Then I have a letter from the mayor of the township of Teck. Some of you may not appreciate the significance of the township, but it is in that township that the very large gold district of Kirkland Lake is located. Most of the larger gold mines are in the township of Teck. This letter is dated November 9, 1931, and reads as follows:

Dear Sir,—

Mr. J. W. McBain—

McBain is the municipal clerk in one of the largest gold-mining camps.

—has just spoken to me and asked if I had had any parties complaining to me that in giving work to the unemployed political discriminations were being made and that certain parties were being refused work by reason of their political affiliations. For your information I beg to say that no such complaint has ever been made to me by any person whatsoever.

Yours truly,
M. G. Hunt.

Mr. Hunt is a very prominent Liberal in that mining camp and hopes to be a candidate some day, he says, although I still believe he will vote Conservative.

Mr. JACOBS: Will the hon. gentleman explain to the house how it is that there are so many Liberals in high authority in northern Ontario?

Mr. GORDON: I can answer my hon. friend. There are many, many thousands of Liberals in northern Ontario, but they all vote Conservative.

Mr. JACOBS: By the same token, I suppose all the Conservatives vote Liberal.

Mr. GORDON: Going a little further south I caused a communication to be directed to the mayor of the town of New Liskeard. This town, as many of you know, is located in what is known as the clay belt, the farming belt of northern Ontario. While they are having a little difficulty in connection with the prices of products from their farms, yet I hazard the opinion that there is not a district in all of Canada—I do not say this in a boastful but in a thankful way—that presents a finer farming opportunity than that part of Timiskaming. Its fertile areas, thousands and thousands of them, fortunately have not passed out to speculators, but are still held largely by the crown, and are adjacent to such great markets as the mining camps afford. I thought I had written to the mayor of the town of New Liskeard, but I find that he wrote to me. His letter which is now before me is dated November 14, 1931, addressed to myself and is as follows:

I have noticed in the press certain statements said to have been made by Honourable Peter Heenan relative to political interference of men being employed on road construction in northern Ontario, and while I have no wish to enter into any political discussion, these alleged statements by Mr. Heenan are so untrue, in so far as this particular section is concerned, that I felt I should write you stating the situation in so far as this municipality is concerned.

First of all, we were asked to register the names of the unemployed. Following this a representative of the northern development branch interviewed me, and in view of the fact that the municipality was to receive government assistance to carry out certain municipal work to provide employment, it was agreed that if the municipality would take care of their own married men the northern development branch would undertake to find employment for the single men.

This plan has been followed out, and is still being followed. As men apply for work at our municipal office, they are being employed in this manner: The unmarried men have been taken on without question by the northern development branch, the only requisite being that they present a paper signed by our town clerk certifying as to their place of residence. Certainly politics has not entered into this in the slightest manner.

I have further investigated sufficiently to positively say that so far as our residents are concerned there has been no political interference either before or after the employment of these men. Neither have I heard of any interference with men from other municipalities.

The arrangement has worked out very satisfactorily, and the government should be much complimented rather than criticized for their endeavours in this connection.

Yours very truly,
(Sgd.) H. W. Sutcliffe,
Mayor.

Then, I pursued the situation a little further and made inquiries from men whom I met as to the situation with regard to the work being carried out in that great country. As a result I can state to this house with a great deal of confidence that while there are some men out of employment, probably more than there would be in normal times, although owing to the seasonal nature of occupations in that country there are always some out of employment—the work in that part of the province is being properly administered, so far as it is humanly possible. The utmost efforts are being made to see that the work is given only to those who need it, and is carried out efficiently, and that the money goes the farthest.

While some people say that the town of Cobalt is on the down grade, I still think it has a long life before it. It is however a great centre for working men, especially miners, and a great deal of work is carried on in that town. On November 2, 1931, a letter was addressed to me by the mayor of the town of Cobalt. I do not know what his politics are, but I expect he voted for me. The letter is as follows:

Honourable Sir,—

I have read with surprise and much concern certain statements attributed to Honourable Peter Heenan in the Ottawa Citizen of October 26, 1931, and which embody sweeping denunciations of governmental administration of works in northern Ontario.

While I have no direct knowledge of conditions in the western part of northern Ontario I can speak with a reasonable degree of confidence concerning the conditions as they are in this section since I have, owing to unemployment conditions, been in fairly close touch with road work and other development here. The work is going forward apace and I have not found that political affiliations have been an impediment to the employment of any man or class of men otherwise qualified.

I feel further that the majority of people in this part of the province are satisfied with the conduct of affairs as at present administrated.

It is true and in the very nature of things that in the opening up of northern Ontario to travel and transportation and in the develop-

ment of our vast virgin resources the demands of local authorities on both governments are great and in all likelihood you will find these authorities rapping at the door of the government for some time to come but that is no indication of lacking appreciation for the sympathetic consideration of our appeals and demands in the past.

It is quite conceivable that a continuous harangue of unfair criticism may find willing ears in some directions but what I consider more unfortunate is that the wholesale charges voiced in the article above referred to may tend, if persisted in, to dampen the enthusiasm of those ministers of the government whose ambition has been to open up northern Ontario and lay open to development the potential resources of which we are so proud.

Yours truly,
(Sgd.) R. L. O'Gorman,
Mayor.

Mr. RALSTON: That is the reason for the letter; there is a fear that the ministers of the crown may withdraw their assistance.

Mr. STEVENS: Cheap.

Mr. HANSON (York Sunbury): The reason for the letter is my hon. friend's colleague over there.

Mr. RALSTON: It is certainly unsolicited testimony.

Mr. STEVENS: Cheap; petty stuff.

Mr. GORDON: I ask hon. members to pardon me for having quoted at such length from these various letters and papers. Sometimes very little is contributed to debate by everlastingly referring to quotations, from here, there and everywhere. At times I have thought it would be more refreshing if an hon. member were to develop an idea of his own and let us have it. Whether or not we could agree with it, at least it would be original.

So far as the government is concerned, working in harmony among themselves and with the authorities both provincial and municipal, with the industries and transportation companies, with anybody who has confidence in the future of Canada—and he who has not, I am afraid, is not the type of citizen who will get anywhere in any country—this government will proceed to coordinate its efforts, with all its various influences, in one joint effort to see, first, that the needy and the worthy are taken care of, and that there is no destitution in this land; and, secondly, that through a persistent effort we will bring this country back to normalcy faster than any other country in the world.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I regret very much indeed that the hon. member for Kenora-Rainy River (Mr. Heenan) should have introduced this resolution in the form in which he has, because, as was almost inevitable, it has led to a discussion along party lines. From the cheers which I hear in the lobby outside it would seem that we are to understand that there has been a great victory by the Conservative party because the Minister of Labour (Mr. Gordon) has answered the charges of the former incumbent of that office (Mr. Heenan). I am afraid however that in the midst of this partisan debate we are forgetting the original purpose of the resolution, namely, that something should be done at the present time for the unemployed in Canada.

Mr. HANSON (York-Sunbury): That is not the purpose of the resolution; it is designed to make political capital.

Mr. WOODSWORTH: Someone has just said that they are making political capital.

Mr. HANSON (York-Sunbury): No, I did not say that. I said the purpose of the resolution was not to help unemployment, but to make political capital.

Mr. WOODSWORTH: I hear the statement of the member.

Mr. HOWARD: Was that a question?

Mr. HANSON (York-Sunbury): No, a statement of fact.

Mr. WOODSWORTH: The hon. gentleman opposite will recall very distinctly that two years ago in this house my colleague from North Winnipeg (Mr. Heaps) introduced a resolution with regard to unemployment that led to a debate of some six days, and placed the then government in a very embarrassing position. Indeed, I have sometimes thought that the Labour group must assume some responsibility for the defeat of the Liberal government.

Mr. HANSON (York-Sunbury): Don't fool yourself.

Mr. WOODSWORTH: We did call the attention of the house and the country at that time to the failure of the Liberal government to tackle this great problem of unemployment. The Conservatives made a bid for votes by promising that they would cure unemployment. I will not say that they could possibly do so. I think the Minister of Labour (Mr. Gordon) is quite right when he says that unemployment in Canada is part

of a great depression that is world wide in character; but I think in fairness he should have pointed out that that depression was already setting in when the Liberals were in power. It was already in existence when the Prime Minister, speaking across the country, promised that he would cure unemployment. At that time the Prime Minister did not recognize the world-wide character of the disease.

An hon. MEMBER: Did you?

Mr. WOODSWORTH: I don't know whether we did or not, but I think a reference to the debates of recent years will show that we came a great deal nearer to recognizing the real position than did the majority of members at that time. All through these debates we have been stressing the economic character of our social difficulties, we are continuing to do so, and I am very glad to say that a large number of the members are beginning to recognize this aspect of the case. Certainly we did not then realize that the disease was going to spread as rapidly as it has, and I do not know that anybody else did. But we are pointing out to-day what I think is not yet recognized by the government—that this disease is not cured. In the speech from the throne the government is trying to persuade us that we are on the upgrade, that we need not expect to face any very serious difficulty in the future. We in this corner would like to point out that it is quite possible there may not be a return to the normalcy to which the Minister of Labour refers, and in any case it is not likely that any such return to prosperity will occur within the next few months. I do not know quite what the Minister of Labour meant when he referred to "normal depressions." It is most unfortunate if we have to concede that our present economic system postulates periods of prosperity succeeded by periods of depression. I am afraid that that has been more or less the case in the past, and it was for that reason that during the past few years we have endeavoured to point out the necessity of providing some form of unemployment insurance, so that when these depressions do come we would be able to safeguard the interests of the workers. Capital takes very great care to have its reserves, and I do not see why labour should not have its reserves also. Now, unfortunately, we have no time to prepare the machinery necessary to set up a scheme of unemployment insurance; we face a crisis which must be met within the next few months. As I understand the situation, the legislation which was adopted last session runs out in the course of a few days, and so far the government has given us no indication whatever as to what measure it proposes to bring down to meet the needs of the coming year.

One other point in the speech of the Minister of Labour that I should like to comment upon is that he distinguishes between relief and wages. I know perfectly well there is a theoretical distinction between the two. It is supposed that relief is something given by the community more or less in the form of charity, whereas wages are supposed to be that portion of production to which the employee is entitled. But I would point out to the minister that if relief wages, that is, wages paid on relief jobs, are lower than the normal rate, it is simply a question of time until the ordinary wages are dragged down more or less to the level of the relief wages. That has been very clearly recognized by labour for a number of years, and under the predecessors of the Minister of Labour it was conceded that an attempt should be made to give wages on the scale then prevalent so that there should not be that danger. But apparently the minister has abandoned that plan and is content to allow wages to be paid on relief works that are much lower than those current in the various communities in which those works are being carried on. I say that such an arrangement is prejudicial to the interests of labour in this country, because if we have this pace set for the lowering of wages in one class of work, it will inevitably reflect itself in the other class.

The minister has said that the government has cooperated with the various provinces and municipalities. That is quite true, and I have nothing to say with regard to the charges which have been made as to the working conditions on relief works in northern Ontario. Possibly the scheme as a whole has been working fairly well. There have been abuses; some of those are not the fault of the federal government, but rather of the municipalities or the provincial government. But it is not that aspect that I wish to emphasize to-day. It is rather this, that something must be done in the near future, as the plan adopted last year has not been altogether satisfactory. For one thing, I do not think it is possible to carry on that plan for another year by reason of the financial state of the provinces. Several of the provinces are almost on the verge of bankruptcy. In my own province of Manitoba only a few days ago the provincial savings bank—which ought to be the most secure institution in the country—had to close its doors. I understand it has assets which ultimately will be realizable, and that the

accounts have been transferred to chartered banks. But it seems to me a most serious thing that our province is in such a bad condition financially that we have had to close our savings bank. How can we go on applying relief in Manitoba when the province is in that situation? In defending a certain policy the premier of another western province recently said to me, "I have to take this action whether I like it or not; I hate to be the first to declare bankruptcy." When the provinces are in such a shaky condition as that I do not quite see how we can go on with an arrangement which will call upon the provinces to contribute a very large proportion for relief purposes.

If the provinces are in a bad condition financially, the municipalities are in a worse condition. Many rural municipalities in the west are virtually bankrupt. Some of our cities—if the truth has to be told—have very considerable overdrafts at the bank, and they hardly know how to meet their expenses during the next few weeks, or how they can possibly balance their budgets. So I do not see how it will be possible for the municipalities to continue to carry the load they have carried in the past. Again, private agencies have up to the present given considerable assistance. People have been willing to contribute to charitable agencies; old clothing has been distributed; rentals have been paid; in some cases Christmas baskets and even steady food supplies have been furnished by private agencies. That is particularly true in eastern Canada, but the treasuries of these charitable agencies are becoming depleted, and more than that, owing to the general depression those who usually have given through those charitable institutions now are no longer able to contribute. So that is the situation we face, the private agencies not able to do so much, the municipalities, in the west at least, almost on the verge of bankruptcy, and many of the provinces not knowing which way to turn and even having to come to the federal government to get help in order to carry on from day to day.

Now let me direct attention for a few moments to the actual situation which exists in my own city of Winnipeg, for example. The report of the unemployment committee for the city council for the week ending January 31, 1932, shows that on relief, as of February 1, there were 5,299 married men, an increase of 186 over the previous week; 5,145 single men, a decrease of 167 as compared with the previous week, and 598 women, married and single, an increase of 20. The relief spent during the week amounted to $76,000. The relief to single men was not included in this amount, nor was the cost of looking after transients; that was the amount spent upon those having recognized claims upon the municipality. That is an enormous burden for a small city to carry, and that city cannot possibly continue to carry such a burden for much longer.

Notwithstanding the long drawn out depression an attempt has been made to treat the people resident in Winnipeg fairly well; at least I can say they have received a good deal better treatment than has been given in some other municipalities. But at the meeting of the city council on February 1 the rates were cut down; previously a small family received $3.49 a week for food, and that was cut to $3 a week. I believe that works out to $4\frac{3}{5}$ cents, or less than 5 cents a meal for each small family. I cannot see how any family can exist on 5 cents a meal, even though at present vegetables may be cheap and the farmer not getting a very high price for his products. In the parliamentary restaurant we have to pay 75 cents or $1 for a meal, and there are other restaurants in the city where each individual meal costs $1 or $1.50. This amount of 5 cents a meal is for a whole family, a man and his wife and perhaps a small child.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: Someone across the way thinks this is a great joke. I can hardly see how any man who has a family of his own can laugh when I am discussing a matter of this kind, affecting the welfare of thousands of our fellow citizens. They may say I am a joke, if they like.

Mr. SPOTTON: We do not think it is a joke; we did not hear it.

Mr. WOODSWORTH: There was a laugh went up, and I do not propose to let derisive laughter pass unchallenged during the discussion of a matter of this kind.

Then there is another thing. In my own city a committee of women, in cooperation with the Department of Health, have been making some sort of survey, and it has been found that in some 1,500 homes a child is expected within the next few weeks. These homes have been able to provide nothing whatever for the care of the baby when it arrives, and the good women of Winnipeg are setting about making some effort to provide some infants' outfits in order that the babies may be wrapped in something when they are born. In a number of the homes they have nothing

for that purpose but newspapers, and some of the women have taken the ground that under these conditions the only thing is to attempt to have some method of birth control, because they say children should not be allowed to be born into the world where there is no provision made for them. When that position is taken by reputable women of the city of Winnipeg I say we in this house can hardly afford to laugh at the condition of some of these people who are faced with such a desperate situation.

In my own city recently they went further and adopted what I think is an altogether unjustifiable attitude. I am not blaming the federal government for this; I just want to set out the facts of the case. They asked each recipient of relief to sign the following agreement to repay:

> In consideration of advances made or to be made to me, by or through the city of Winnipeg or any relief department thereof, by way of relief, I agree to pay to the said city on demand the amount of such advances, and I agree that a certificate by the treasurer of the said city shall be final and conclusive evidence against me as to the making of such advances and the amount and value thereof, and I hereby charge all my property and assets with the repayment of such advances of the value thereof.

That simply means that under the duress of starvation reputable men and women are being asked to sign a bond which places them in serfdom forever, because these people will not be in a position to repay even when they are working again. The normal wage of this country is not sufficient for that, so a great many never will be able to repay. The more conscientious will object to signing this document and will try in every possible way to avoid receiving relief. The waster, the man who does not care anything about his word, of course will sign, so it is really no guarantee that the city will receive payment, though it has a tremendously bad effect upon the recipient of relief. He feels that in his dire distress he is being forced by the city of his adoption to sign away his rights. If he has any little property that he has gathered together in the last few years it must be hypothecated to the city.

I submit, Mr. Speaker, that we treat the poor in an altogether different way from that in which we treat the well to do in this country, and this is the point to which I had reference in an earlier debate in this house, when I called to the attention of an hon. gentleman opposite the fact that when we were granting bonuses by way of tariff concessions to the great corporations, because of the depressed condition of the country or because of something in the industry that the owners claimed would not allow it to compete with that of other nations, we did not insist that the amount given them should be later repaid. In this country we have given bonuses and tariff concessions to the tune of tens of millions of dollars. There is no doubt of that. We have given to large corporations during the past years, we have been giving enormous bonuses and concessions within the last few months, and we are not asking that ultimately they repay us; rather we take the general view that it is to the good of the community that they be allowed to carry on their business. But when it comes down to the workingmen of this country, who have no resources other than their labour power, we hold them up at the point of a gun, as it were, making them sign this document promising to repay. I do not think a document of that kind could be considered as legal; I do not think moneys given under these conditions would be recoverable. But that is what the working people of this country are faced with.

[Mr. Woodsworth.]

If all of us were poor, then I should not mind. A newspaper of my own city called attention to these things, while in another column they referred to the condition of the banks. For example, the dividend of the Bank of Montreal in 1891 was 10 per cent; it was increased in 1919 to 12 per cent, and has remained at that rate while bonuses have been paid from time to time. The Bank of Nova Scotia paid 8 per cent prior to 1900, when it was raised to 9 per cent; in 1916 the rate was raised to 16 per cent and has remained at that rate. The Bank of Toronto rate was increased in 1911 to 11 per cent; in 1919 to 12 per cent, and has continued at that rate while bonuses have been declared from time to time. The Bank of Commerce rate was increased in 1906 from 7 per cent to 10 per cent, and at the present time the same rate prevails. The Royal Bank of Canada rate was increased in 1903 to 8 per cent; in 1919 it was increased to 12 per cent, and has remained at that rate. The Imperial Bank of Canada rate was increased in 1899 to 9 per cent; it was raised to 12 per cent in 1911, where it has remained while bonuses have been declared from time to time. I could continue to read these figures, but we are all more or less familiar with the facts revealed in the annual statements of our banking institutions.

Many of our industrial concerns have passed their dividends but some are still paying a very good rate, not being very far behind the peak of two or three years ago. As long as there exist in this country such large reserves

of wealth, I see no reason why the poorer people who are suffering from the depression should be given such miserable pittances or should be asked to mortgage their future.

During the war we were told that there had to be equal sacrifices, but many men took advantage of that period to grow rich. Many purchased tax-free bonds and have been drawing very good revenues since that time; with the deflation of money which has occurred they are drawing to-day twice as much as they are legitimately entitled to. As long as there are these sources of wealth, the poor in our community should receive the first consideration.

In my own city a large number of people are receiving relief and this number is increased by farmers who have come in from all over the province to try to obtain relief. I have had them come to my own door in the last stages of destitution. These men have not been able to make a success in the country and have drifted into the city in the hope that with the larger population and more charitably inclined people they would have some chance.

What is true of Winnipeg is true largely of the other western municipalities. Just before coming to Ottawa I visited Regina, Saskatoon, Calgary and Edmonton, and everywhere it was the same story. Municipalities and the provinces are almost at their wit's end, and no prospect for the future.

I receive letters almost daily from the industrial towns of Ontario—I do not know whether or not other hon. members receive similar letters; perhaps as a Labour member I receive more than my fair share—and in all these industrial towns there are large numbers of unemployed who complain bitterly of the amount of relief they receive. I spent last week end in the city of Montreal and met some of those connected with the granting of relief to girls. This is almost a new phase of the matter to me, because while we have some women and girls unemployed in the west, there is nothing like the number which exists in some of the eastern cities. Large numbers of girls are registered in Montreal—I had hoped to have the figures here but they have not come through—and a very small amount is being given in the form of relief. The social workers complain that these girls are practically being driven out into the streets and forced to adopt all sorts of questionable means to obtain a livelihood. That is a disgrace to a country as rich as we are told Canada is, a country which is rich when viewed in the light of the statements of our banks and financial corporations.

I had a letter only the other day from Halifax describing the unemployment situation there. I do not think it is as bad proportionately in the maritimes as it is in the west, but large numbers of sailors are unemployed in Halifax, some of them having been dismissed from our own Canadian National steamships. They are wondering what they are going to do next. These sailors have reinforced the number of the unemployed already in that municipality.

From time to time we have urged upon the government the necessity of a definite plan to meet this kind of thing. Unemployment insurance has been mentioned and the Prime Minister (Mr. Bennett) has promised that this would be brought into force during the lifetime of his government. I should like to ask him whether or not any scheme is being prepared, or is he going to adopt the attitude that because of the hard times it will be impossible for him to implement his promise. I do not put forward unemployment insurance as a cure for unemployment; that has never been done by us; it is merely a palliative. However, I contend that the insurance schemes in existence in Great Britain and on the continent are a better way of handling the situation than is the scheme adopted in this country. This unemployment insurance has been referred to as the dole, but there is no dole so demoralizing as the dole given at the doors of our mission houses and soup kitchens where some of our people have to apply for help. The other has some semblance of dignity; a man who contributes when he is working feels that he has some right to the insurance. When your house burns down you feel you have a right to the insurance for which you have paid. The methods adopted here regarding relief to the unemployed are of the most haphazard nature that could be imagined, and I hope the government has not in view the carrying forward for another year of any such scheme.

I should like to deal for a moment with the demoralizing effects of charity without work. It may be that some of the higher-ups can accept a large salary for a nominal job—there are certain sinecures which exist even yet—without experiencing any demoralizing effect, but I am a bit doubtful. When a man spends day after day looking for work without success, when he is forced to hang around the unemployment agency, when he spends week after week and month after month visiting the soup kitchens, he is not only unemployed but usually becomes unemployable. But what about the wife at home? She is worrying over whether or not there will be a sufficient supply of food for her

family; she is faced with the necessity of having to go to some charitable institution to obtain supplies and having to submit to the inquisition of a charity visitor. Such visits may be very necessary from the standpoint of the municipality, but from the standpoint of the home, it is absolutely demoralizing. Yet this is the plan we are carrying out in this country.

The present arrangements will run out within a few days but no indication was contained in the speech from the throne or in any utterance of the Prime Minister as to what is being proposed for next year. The estimates indicate that there is an increase in the vote for the Royal Canadian Mounted Police, a very sinister thing. It is quite possible that part of this increase may be accounted for by the fact that we are taking over the policing of Alberta. It is barely possible that some may be accounted for because of the proposal to take over the policing of other places. That I do not know, but it looks very bad to me that our police force, which is practically a military one, should be increased at this time. Surely the government is not taking the position that the way to settle this unemployment question is to shoot down those who are unemployed. Is that what this means? I see one or two of my hon. friends opposite shaking their heads. Probably they think this is not what it means, but what else are we to infer from these increased figures? If the force were increased and if at the same time there were any provision for increased constructive work, I might not be so apprehensive; but when we have no constructive measures and when, on the other hand, we have an indication of repressive measures, what am I to think? Last year when the military estimates were under discussion, I said that we had come to the point in this country where we had to recognize that the military were here, not for repelling some foreign enemy, but in order to shoot down our own people.

Mr. STEVENS: How does the hon. member then interpret the cut of several million dollars this year in the military estimates?

Mr. WOODSWORTH: I understand that is chiefly in the air force, and I would point out that a part of the air service in any case has been used for civil work.

Mr. BEAUBIEN: The hon. member knows there is a much greater reduction in the agriculture estimates than in the military.

Mr. WOODSWORTH: Yes. Just on this very point, I think the air force is the only part of the force that has been used for civil work, and it is precisely that part which is being cut down. That does not interfere with my statement that on the whole the military forces of this country are being maintained not to repel some foreign enemy but to shoot down our own Canadian people.

An hon. MEMBER: Nonsense!

Some hon. MEMBERS: Shame!

Mr. WOODSWORTH: Some hon. members say "no" and "shame."

An hon. MEMBER: Nonsense.

Mr. WOODSWORTH: Hon. gentlemen repudiate this, but let me read what was said by the Minister of Justice (Mr. Guthrie) before the League of Nations on September 9, 1931. He said:

> We maintain only such military, naval and air forces as are necessary for the maintenance of law and order within our own border.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: That was said by the Minister of Justice before the great assembly of the League of Nations.

Mr. STEVENS: Read the rest of it.

Mr. WOODSWORTH: I have the rest under my hand. It was right along that line.

Mr. STEVENS: No, it is not.

Mr. WOODSWORTH: Those are the words of the Minister of Justice, which the Minister of Trade and Commerce does not contradict.

Mr. STEVENS: What does the hon. member want us to contradict?

Mr. WOODSWORTH: I will read the statement again.

Mr. STEVENS: The Minister of Justice made one of the most eloquent appeals for peace that was made at the assembly.

Mr. WOODSWORTH: Yes, he made an eloquent appeal for peace. I heard him deliver it. He said: We in Canada do not want to repel any foreign enemy; we do not have to have a military force; we have no enemies east or west; we have a friendly republic to the south, and so on. He said: We do not need any forces for defence purposes in Canada, we are not like some countries in Europe, and then he said this:

> We maintain only such military, naval and air forces as are necessary for the maintenance of law and order within our own border.

Mr. JACOBS: Is the hon. gentleman opposed to that view?

Mr. WOODSWORTH: That is not the point in question. I shall deal with that when we come to the military estimates.

Mr. MORAND: The hon. member speaks every day. We hear the same thing again and again.

Mr. WOODSWORTH: I shall speak every day if it pleases me, when under the rules of the house I have the right to do so.

Mr. YOUNG: If the Prime Minister permits the hon. member.

Mr. WOODSWORTH: Yes, if the Prime Minister permits me; but let me point out to some of his followers opposite that their leader was elected from the constituency of West Calgary and I was elected from the constituency of Winnipeg North Centre, and constitutionally, whatever may be the practice in the house, I have the same rights on the floor of this chamber as has the Prime Minister. Those who object to my speaking so often may well turn and ask how far their leader monopolizes the business of the house.

I want, however, to come back to this point which I think is worthy of consideration. I had, indeed, no intention whatever, until I was interrupted by hon. gentlemen opposite, of saying anything with regard to the tactics of the opposition, but when I am interrupted I am forced to resort to that. What I want to emphasize is this, that so far the government has given us no indication of any constructive measures.

Mr. MORAND: Neither has the hon. member.

Mr. WOODSWORTH: It is not according to British practice that the opposition should be called upon to formulate policies. We are given no opportunity of doing so. The government, I think they will admit, do not accept them when we do advance them.

An hon. MEMBER: You have none.

Mr. WOODSWORTH: Yes, we have policies. I have suggested one of them to-day as a palliative, that is, an unemployment insurance scheme instead of the present method of dealing with the question. My colleague the other day suggested another palliative, namely, a shorter work day. That was not accepted. We have suggested that instead of raising money the way we do, we should raise it by a steeply graded inheritance and income tax. That proposal is not acceptable to hon. gentlemen opposite, and so they tell us that we have no policies. I suggested that if we are to cut down the wages paid to the civil servants and to labour generally, there was no reason why the wages of capital should not be cut down. Supposing we cut down the wages of capital by 10 per cent; immediately there is an uproar from the other side of the house because they do not accept our solutions, our constructive suggestions. I should like to see—

The ACTING SPEAKER (Mr. Lawson): I would direct the hon. gentleman's attention to the fact that his time has expired.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to say a few words on this amendment in connection with unemployment, and I am sorry the Minister of Labour (Mr. Gordon) is not in his place. I wish to refer particularly to the relief measures in British Columbia under the Unemployment and Farm Relief Act which was passed at the last session of parliament.

As hon. members will remember, the question of the seriousness of unemployment throughout the dominion was stressed at various times by many hon. members on this side, and in passing I might say with regard to this that rather an unfair statement was made to one of the municipalities in my constituency when, in answer to their request to Ottawa for financial aid and as to what steps were being taken to combat unemployment distress, they were informed on July 29 of last year:

> Parliament has been sitting roughly five months and seldom has there been so much talk, so much obstruction of public business at a time when action was so badly needed. Happily the end of the session draws near.

These remarks were very unfair and uncalled for to be made in reply to the municipality of Burnaby when it was asking for further aid.

I wish to speak with particular reference, however, to the operations of the act affecting British Columbia and the serious condition of some of the municipalities which have been endeavouring to cope with an unemployment situation such as never was contemplated since their formation as municipal areas. When parliament met in 1931 unemployment was not a new issue. In the session of 1931 figures were given and many instances cited to show that unemployment had indeed grown much worse. I believe the Prime Minister (Mr. Bennett) was seized of the acuteness of the distress and the general discontent prevailing throughout the dominion, and at his request parliament voted an unnamed sum of money in the form of a blank cheque, as the Prime Minister said it was not known just what sum would be required to meet the unemployment situation. He assured the house how-

ever that no one in Canada would be allowed to starve. The undue burden which had been placed on various municipalities up to the session of 1931 had been many times drawn to the attention of the government. It will be remembered that from the beginning of 1930 up to the session of 1931 both this government and its predecessor had maintained that it was primarily the duty of the municipalities to take care of their indigent poor. The situation in British Columbia by August of last year had assumed alarming proportions. Thousands of unemployed had congregated in coast cities like Vancouver and were living under conditions which were not at all good either for themselves or the cities. Immediate action was demanded by the cities and municipalities, which already had spent every dollar in an effort to relieve the situation. They had reached the end of their financial resources, and they besought both the dominion and provincial governments that further financial aid be given, or in the alternative they asked these governments to take over the burden of the unemployment situation. While no definite promise was made to any municipality as to what help would be forthcoming, I am of the opinion that the statements made by the right hon. the Prime Minister, which were given wide publicity in the press, with respect to the assistance which the various municipalities could expect and the proportions which the dominion and provincial governments would contribute, were relied upon. I have here a copy of the statement that was published throughout the province on September 5, purporting to give the exact words which the Prime Minister had telegraphed to Premier Tolmie of British Columbia. It reads:

Prime Minister Bennett wired Dr. Tolmie as follows:—

Then follow the exact words of the Prime Minister:

"As there appears to be some misunderstanding regarding the relative responsibility of the Dominion and provinces for relief measures, may I again point out that any effort on the part of the Dominion to undertake the direction of purely provincial or municipal undertakings would be in derogation of the constitutional rights of the provinces."

"We have indicated that we are prepared to make most generous contributions, subject to effective supervision, to enable the provinces to provide employment for large numbers of persons. We have further concluded that in addition to our responsibility for purely federal undertakings and assistance direct to provincial undertakings, we will contribute one-half the cost of approved relief undertakings, in British Columbia cities and towns, and will loan to your province the additional one-half, leaving to you the responsibility of making satisfactory arrangements with such cities and towns as to their contributions, on the assumption that they will deliver to the province their bonds as security, and that treasury bills of the province will be delivered to our government for the one-half thus loaned."

"We are particularly interested in immediate action being taken to relieve the unemployment in large centres. Please advise what undertakings are now under way, and the number of men employed."

Some responsibility must be accepted by the Dominion government in this matter. The government was well aware of the acuteness of the situation prevailing at that time and also of the financial condition of many of the municipalities. Knowing all this, and the government having received a blank cheque for any amount necessary for the purpose of relieving unemployment, it was felt that the promise of aid should have been carried out; but that it was not carried out is very evident in many districts of British Columbia. Later I shall cite a particular case in the constituency which I have the honour to represent, namely at Burnaby; and I can assure you, Mr. Speaker, that it is not the only municipality that finds itself in financial difficulties due to the great burden cast upon it in the matter of handling unemployment relief work. As to unemployment relief works carried out by the provincial government, I intend to leave that matter till another occasion. At this time I wish to speak with particular reference to conditions generally.

An agreement was signed on August 19 of last year by Hon. S. F. Tolmie, representing the province of British Columbia, and the Hon. Gideon Robertson, then Minister of Labour, representing the dominion, and was subsequently approved by order in council. It specified the proportion that would be paid by the dominion government on unemployment relief work and on relief work jointly undertaken as between the province and the dominion, and also the various amounts as between the municipalities and the dominion, showing in each instance the proportion which the Dominion government would contribute to all such undertakings. With that agreement I can find no particular fault, but I do say, Mr. Speaker, that the Dominion government should have accepted the statements and assurances given by reesponsible dominion cabinet ministers to some of the municipalities and to the province of British Columbia. The then Minister of Labour was the one member of the cabinet who was in closest touch with the situation, and it was generally recognized when discussing agreements with him that any recommendations that were acceptable to him would be approved by the cabinet. That certain promises of work and

schedules of work were given approval by the then Minister of Labour there can be no doubt. It would certainly appear that there was some grave misunderstanding in this matter which persists even now, notwithstanding the remarks of the present Minister of Labour.

I would like to draw the attention of the Minister of Labour to the fact that some of these agreements were approved, but not signed, in the presence of the Minister of Public Works for the province of British Columbia and the then Minister of Labour, the Hon. Senator Robertson. I will mention three or four of them in my own riding. There was the agreement with Richmond municipality which was approved by the then Minister of Labour and the province of British Columbia, involving an amount of $100,000. There was the city of New Westminster agreement, which was approved by the then Minister of Labour, involving an amount of $200,000. The Burnaby municipality project was approved by the then Minister of Labour in the presence of the Minister of Public Works at Victoria to the amount of some $400,000, although in all instances the schemes which had been proposed by these municipalities were almost 25 per cent and in some cases 50 per cent greater than the schedules agreed to by the then Minister of Labour. To show that I am not alone in my contention I should like to quote a letter sent out by the Union of British Columbia Municipalities to the right hon. Prime Minister, dated January 27, 1932. It reads:

> Representatives of thirty-five British Columbia municipalities of the lower mainland and Vancouver island met provincial cabinet at an all-day session re unemployment. Provincial ministers allowed us to peruse all correspondence between Dominion and provincial governments from the time Senator Robertson, Minister of Labour, made certain arrangements and agreed to certain undertakings with provincial government.

I have read that first part and shall probably read the whole of the telegram sent to the Prime Minister to show that I and the municipalities in my riding are not alone in understanding that the agreements were signed or approved by the then Minister of Labour.

As I say, Mr. Speaker, some cities and municipalities had met the then Minister of Labour in company with the Minister of Public Works of British Columbia, Mr. Bruhn, and presented for their approval projects and estimates of relief works proposed to be undertaken by them. I say again that the Dominion government should have honoured these approvals, even if they were given in only a verbal way; because if there was one minister capable of representing the Dominion government at that time, and especially capable of making agreements with any province or municipality, surely it must have been the then Minister of Labour, who, as I say, was more thoroughly acquainted with the acute condition prevailing from one end of Canada to the other than any other member of the cabinet.

The Minister of Trade and Commerce, another member of the cabinet, had been interviewed, and so far as I can learn he did not object to the schemes put forward. He also gave some assurance that so far as he was concerned he would do all within his power to have the projects sanctioned. He said he believed he had the support of his colleagues at Ottawa. The general impression was—and there were ample grounds for such an impression—that the work would be begun immediately as a relief measure for the thousands of unemployed in that province. It would appear that the provincial government had every assurance that public works on a scale never before seen in British Columbia would be proceeded with by the provincial government. About 170 camps were constructed throughout the various parts of the province. Tools, equipment, machinery and supplies were purchased in a lavish manner. As I have already indicated, however, that is another story of which undoubtedly more will be heard.

While there is no doubt that the schedule or program of work had been submitted by the various municipalities to the province of British Columbia and had been in its hands for some time, it did not reach Ottawa until October 28. The Dominion government must have had some knowledge that relief works had commenced, and it was well known by them that there was acute need throughout the province. In fact, in some districts feeling was running so high among the unemployed that the urgency of the situation demanded some action by way of relief work.

A shock was received in British Columbia when the schedules for work submitted by the province, which included not only provincial projects but municipal projects as well, were not accepted. At least the federal government should have accepted those undertakings which had been accepted by the provincial legislature on behalf of the municipalities.

Mr. SPEAKER: May I call the hon. member's attention to the rule which prohibits the reading of speeches?

Mr. REID: Mr. Speaker, I am merely following my notes. It may well have been that the program of works and relief measures which had been commenced by the provincial government, and for which large expenditures and commitments had been made, did not meet with the approval of the Dominion government. I am of opinion that perhaps there was some justification for that attitude; but I say that so far as schedules or relief works submitted on behalf of the municipalities were concerned, there should have been an acceptance in full. I say the full program of undertakings should have been accepted by the Dominion government or the Dominion authorities. The various municipalities in my opinion were in that regard unfairly treated, because in the first instance they were led to understand that if unable to carry out any relief projects the Dominion government would come to the rescue by giving them 50 per cent of the cost of all relief work, and 33⅓ per cent of direct relief expenditures. At the same time loans would be made to the provinces to enable municipalities to take care of the 25 per cent of the proportion which, under the agreement entered into, they would have to meet.

After submitting their program of works and in some instances going the length of enacting by-laws, the municipalities were in the majority of instances informed that the total sums as submitted and agreed upon could not be granted. This information was given to them after the Dominion government had stated clearly to British Columbia that the total amounts as submitted for all relief purposes were too great. The municipalities were informed that the amounts as agreed upon could not be proceeded with, and that their schedules of work would have to be amended.

Before I pass on to further subjects I should like to draw to the attention of the government the fact that many of these municipalities had gone the length of submitting by-laws to their people. One municipality I have in mind, that of Richmond, had been given an assurance of a total expenditure of $100,000, and had spent the sum of $54,000 before they were told that their total allotment would be only 50,000. The municipality of Coquitlam in the constituency of my hon. friend for Fraser Valley (Mr. Barber) had submitted a by-law providing for the sum of $34,800. That municipality had purchased equipment and made all arrangements to begin work before they were informed that their program must not exceed an expenditure of $19,000. The municipality of Burnaby, which in the first instance hoped to expend $780,000 under its unemployment work, and received permission from the then Minister of Labour to expend the sum of $400,000, were notified that their expenditures must be cut to $380,000. The city of New Westminster, which had submitted a program involving an expenditure of $400,000, of which the sum of $200,000 had been agreed to, were notified that their program would have to be cut down to $95,000. That city was hit particularly hard because it had made contracts for the buying of material, and had launched out on a program of work with the clear understanding, —and with at least some semblance of authority—that their claim for $200,000 would be granted. As I have said, after their program was under way and material had been contracted for, they were informed that their total expenditure must not exceed $95,000.

One cannot go too extensively into this subject because all the details of transactions, have not yet been placed upon the table. When New Westminster approached the provincial government asking why their expenditure had been cut they were told that Ottawa was responsible because a bridge was to be constructed in the locality of Ladner the erection of which would necessitate the engagement of about 1,500 men. As that project was to be proceeded with, therefore New Westminster would not require $200,000 for unemployment relief. Telegrams and communications concerning the erection of the bridge were shown to a delegation from the city council of New Westminster who visited the city of Victoria, asking why their grant had been cut.

I say therefore that the Dominion should have accepted the agreements entered into in good faith by the municipalities many of which had been given approval by the then Minister of Labour whilst in the city of Vancouver. The municipalities cannot be blamed for going ahead with the work. The distress of the people was of primary importance, and if the government had been taking any note of what was being done in that province they would have realized that when the schedules were rearranged a drastic cut had in some instances been made. Reductions to the extent of 50 per cent were common, while, on the other hand, other municipalities were permitted to proceed with the programs first submitted by them. Further, some cities and municipalities had their allotments actually increased. So that if the government's intention was to cut down British Columbia's allotment, that object was not fairly achieved on the schedules

as presented by the provincial government, because these schedules, as I have said, cut certain municipalities and cities in some instances more than 50 per cent, other municipalities were allowed to proceed with their original program as O.K.'d by the provincial authorities, and others again were actually given an increase over what they had originally asked for. In due time some explanation should be given by the Minister of Labour or by some other member of the government as to why British Columbia was limited in the manner I have shown. It was fully expected that between $7,000,000 and $8,000,000 would be spent for the relief of unemployment in the province, as it was contemplated that at least 20,000 men would be given employment, although over 50,000 men had registered. And they registered under oath. I have before me a copy of the oath if any hon. member would care to see it.

I now desire to confine my remarks to the misunderstanding that exists between the provincial and the federal government. It has affected unemployment relief work in the province and has caused considerable grief in some municipalities. When British Columbia's program of work was rejected it came as a bombshell and the premier of that province could hardly understand the decision reached by the federal authorities. His statement in the Daily Province of October 27, 1931, was that Mr. Jones, the provincial Minister of Finance, was then on his way to Ottawa. I might quote his own words when he was informed that Ottawa had not accepted the province's program of work. Mark you, this information came to him while Mr. Jones was on his way to Ottawa and had not yet reached the capital. Premier Tolmie said:

> Mr. Jones has in his portfolio documents to prove definitely that the province did not embark on its present program and did not announce plans for extending the Pacific Great Eastern railway without full authority for doing so.
>
> This government insists that the federal government, through Senator Robertson, Minister of Labour, and Hon. H. H. Stevens, Minister of Trade and Commerce, insisted on an early start on work and promised to pay half the cost. In one telegram the federal government said it would not accept any responsibility for further delay in public works.

The newspaper makes this comment:

> It had been known here for some time, and announced in these columns. that the federal government regarded the British Columbia works program as too large though this was denied officially in Ottawa. What staggered the provincial government to-day was the report that, having summoned Mr. Jones to negotiate, the federal government had announced that it had rejected his plans before his arrival. This was incomprehensible to the provincial authorities and made them wonder what would come out of Mr. Jones' mission.

Regarding that misunderstanding, I am going to cite one clear cut example—its effect on the municipality of Burnaby. The municipality were given to understand that before they started work they would be financed either by the province or by the dominion. They were told on good authority to formulate their plans and that a loan would be made them up to any amount which they cared to take. With this understanding they approved a program of $400,000. I have not time to place on Hansard the number of telegrams that passed between the municipality, the provincial government, and the Dominion government, but the size of the file I hold in my hand will give hon. members some idea of the number of messages sent. So bad did the situation become that the bank told the municipality they would not accept the word of the provincial government in regard to finances. On receiving this intimation the municipality shut down the work. The municipality financed the whole project, although given to understand that if they contributed 25 per cent the provincial government would give bonds to the Dominion government for their proportion. The municipality have spent a total of $311,000 on that program, towards which they have received only $132,125 up to the 21st of this month. They are spending a thousand dollars a day on direct relief, and have been called upon to bear the whole of that capital expenditure. Their council have been almost distracted in their endeavour to cope with this embarrassing situation. That some misunderstanding does prevail is evident from a telegram sent to the reeve of the municipality by the Hon. S. F. Tolmie on January 21, showing that not only he but his Minister of Finance were under the impression that the money sent by the federal government had been intended for some other purpose, and not to pay any share of the municipality's proportion of the relief work undertaken. The premier told the municipal authorities that as soon as he received a cheque from the federal government the municipality would be paid. He has told them that all the vouchers have been sent to Ottawa and that the provincial government has borne any expenditure which has been made by the municipality. In spite of the statements made by the hon. Minister of Labour (Mr. Gordon) a few days ago to the effect that over $2,500,000 dollars has been spent, the provincial government still assert that they are awaiting payment from the

dominion, and that as soon as they receive the money it will be remitted to the municipality. I submit that the government should take immediate steps to deal with this acute situation. They must give serious attention to the case because these expenditures come under the Unemployment and Farm Relief Act of 1931.

I think the mover of the resolution should be commended for introducing the subject of unemployment. I feel it is the most threatening and serious problem confronting the dominion to-day, and one that will have to be grappled with even more seriously than it has been during the past year.

In to-day's press, Mr. Speaker, I noticed an item in connection with the unemployed in British Columbia, which states:

> "Hunger Marchers" On Parade In B.C.
> British Flag Heads 5,000 Unemployed,
> Soviet Emblems Follow Behind
>
> Vancouver, B.C., Feb. 22.—Five thousand "hunger marchers" representing unemployed from Vancouver, New Westminster, North Shore and points in the Fraser valley and the interior, gathered at Powell street grounds and paraded to Cambie street grounds here to-day. At the head of the parade was carried a British flag while behind it came emblems of the Soviet Union and broad banners carrying slogans of the unemployed.

They received more than a sympathetic hearing from the council of North Vancouver, who gave them a contribution to enable them to present their views to the government at Victoria.

Coming back to the question of the misunderstanding, if assurances were given and employment was started, further money should be sent to fulfil that promise, but if more money is sent I would ask that the Dominion government appoint someone to handle those funds. If the misunderstanding is cleared up and this government just makes a grant of $250,000 or $500,000, as they have done in the past, the provincial government may well use those funds for purposes other than the reimbursing of the municipalities. So I say that if the government is contemplating the sending of further funds to British Columbia, some commissioner should be appointed with authority to handle those funds and see that the municipalities get their just proportions.

There is one other point before I sit down, Mr. Speaker. I did not intend to dwell on this matter, but since the Minister of Labour has brought in the question of patronage I should like to direct the attention of the government to a case in my own constituency with regard to which I have absolute proof. As hon. members know, each member of parliament received a letter from Ottawa asking that he place before the federal Department of Labour such schemes for the relief of the unemployed as seemed most necessary in each district. I took time to visit the various municipal councils, asking for their advice with regard to such schemes; I submitted the result to Ottawa, and my report included the extension of a wharf at White Rock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

The ACTING SPEAKER (Mr. MacDonald, Cape Breton South): His Honour the Speaker has been called away for a few hours and has asked me to preside in his absence, and in doing so I ask the indulgence of the house.

CIVIL SERVICE ACT AMENDMENT

EXCLUSION OF OUTSIDE SERVICE FROM OPERATION OF ACT

The house resumed, from Thursday, February 18, consideration of the motion of Mr. Gagnon for the second reading of Bill No. 14, to amend the Civil Service Act.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, a few evenings ago when the hon. member for Dorchester (Mr. Gagnon) moved the second reading of this bill, I expressed some astonishment that such a proposal should come from a member of the Conservative party, the party chiefly responsible for the placing upon the statute book of the Civil Service Act. It is to the credit of that party that it has always shown unswerving allegiance to the merit system. I am tempted to ask the question: What is the attitude of the government to-day towards this particular measure? It is well known that last year the attitude was adverse, but I am not so sure what it is this year; although it is almost unthinkable that that party should reverse its well known policy.

During his remarks the hon. member for Dorchester stated that certain doubts which had existed as to the attitude of the government towards this bill had been removed. What was the doubt as to the attitude of the government which has been removed? Was it that the hon. Secretary of State (Mr. Cahan) intended to have this bill go to the committee with the appearance of having passed the second reading, when in fact it had not passed? I do not know what was meant, but

there is a sinister sound in the suggestion that the attitude of the government has changed. I sincerely hope that it has not changed.

I was disappointed in hearing the hon. member draw Doctor Grant into the discussion as being a supporter of a measure of this kind. Doctor Grant of Upper Canada college has been a supporter of the merit principle all his life. He has fought for it unswervingly for many years and the attempt to use any writings or sayings of his in support of a bill of this kind is nothing but a misrepresentation of his position. I have since secured copies of the articles from which the hon. member quoted, which quotations I challenged at the time. If any hon. member will read Doctor Grant's statements he will find that there is not one single line or sentence which challenges the merit principle of the Civil Service Act. All that Doctor Grant does is to challenge the administration of the act under the present commission.

I share many of the views held by Doctor Grant in that connection. I would point out that this bill does not in any way alter the position of the commission. The hon. member does not suggest what Doctor Grant has suggested, a one-man commission; he asks that the commission continue with abbreviated powers, that it shall administer to a certain degree the inside service but that the work in connection with the outside service and in connection with the merit system generally be put aside.

The hon. member alleged that this bill embodied the recommendations made by the Senate committee of 1924, known as the Béique committee, and by the Malcolm committee of 1923. When the hon. member made that statement I realized that he had not read the reports of these committees, much less the evidence upon which they were based. The only possible similarity between either of these reports and the bill is the second paragraph of the bill, which repeats almost word for word one section of the recommendations of the Senate committee of 1924. I could find no similarity in the Malcolm report. The Senate committee's recommendations were made in an effort to cut down the number of civil servants and not to jeopardize the principle of the Civil Service Act.

In discussing the general administration of the act the hon. member gave one or two pithy illustrations which seemed to amuse the house at the time. Hon. members who were present will remember his reference to the recent vacancy of the position of chief page of this house. To the intense amusement of those hon. members around him, and I regret to say of some to my right, he told a story of how candidates were asked to write an essay on the League of Nations, which story was received with loud ridicule. I have made it my business to secure a copy of the examination paper, and I have it before me. It is a perfectly understandable and comprehensive examination for a position of this kind. The hon. member did not explain that the position of chief page in this house is one of some little responsibility, as it concerns the comfort and convenience of the members of this chamber. The chief page must be able to direct the minor pages where to secure the necessary material which may be required by hon. members, and he must have some knowledge of what hon. members are talking about. In order that it might be assured that an efficient person should be in charge of the pages of this house, the commission submitted the following examination paper, upon which I challenge any hon. member to cast ridicule. The first question is:

Tell what you know of any three of the following:

It is significant that the hon. member was not quite accurate in his statement; he said the candidates had to write an essay on the League of Nations, whereas they could select any three of the following subjects upon which to write:

The recent activities of the League of Nations; the present British government; Remembrance Day; shipping wheat via the Hudson bay route.

That is perhaps the only ridiculous item. The question continues:

The National Service Loan; the 1931 census.

The second question is a collection of names and numbers which are to be arranged in alphabetical and numerical sequence. Questions 3, 4, 5, 6 and 7 are problems in simple arithmetic; surely this qualification should be required of the chief page. Question No. 8 is as follows:

(a) How many members are there in the House of Commons?
(b) How is the number of members for each province determined?

My French Canadian colleagues would certainly agree a question like that might well be asked of any page of the house, much less a chief of pages. Then there are these questions:

9. (a) What is the seating arrangement of the House of Commons?
(b) On which side of the speaker's chair do the government members sit?
10. Who is the speaker in the present House of Commons? the government leader? the leader of the opposition?

Surely these are intelligible questions to ask.

11. Give the names of five cabinet ministers and the departments they administer.

An examination of this kind might well be one of the qualifications for a member of the House of Commons, and especially for some civil servants; because I had in my office one who claimed he had been sixteen years in the civil service and he did not know the name of the Minister of Immigration in the last government.

12. Explain briefly any five of the following with reference to parliamentary procedure: mace; quorum; division; adjournment; prorogation; dissolution; legal limitation of duration of parliament.

Therefore I submit the hon. member for Dorchester has completely failed to make any case on the basis of his facetious remarks about the League of Nations and the chief of pages of the house.

The next reference he made was one that could have been made only by a man who did not acquaint himself with the facts but who relied on hearsay evidence or statements of some persons who had filled him up with stories of this kind. I am quoting from his speech in connection with a vacancy for the position of expert mechanic in the marine signals branch in the Department of Marine at Quebec. He said:

One of the three men who were appointed to act as examiners was the janitor of St. Patrick's church in the city of Quebec.

Surely the hon. member could have verified that before he made the statement. A person who was not a friend of the Civil Service Act must have prompted the suggestion, and my hon. friend used it. As a matter of fact the following is what took place, because I inquired of the commission about the matter in order to verify the facts. The applicants for this position were orally examined by Mr. F. V. Moffatt, superintendent of Lights of the Department of Marine, Quebec, and the Reverend Brother Germain, Director—not janitor—of the Christian Brothers' Commercial school, Quebec, as the commission's representative and a representative of the Canadian Legion. It was a fairly good body of examiners, as the result shows. What was the result? The applicants were rated on their experience, intelligence, personal qualifications and physical fitness, and as a result of the ratings Mr. J. J. Kiley, a returned soldier with extensive experience as mechanic and fitter, was selected for the appointment and has been found by the department to be satisfactory in every way. A certificate in favour of this gentleman was furnished prior to the examination by Mr. B. J. Kaine, marine agent at Quebec.

That disposes of the pleasant little canard with reference to the janitor of St. Patrick's church or any other church in Quebec.

The hon. member also cast ridicule upon the present method of appointing postmasters and submitted—imagine an intelligent member of the house doing so!—that a member of a constituency is better fitted than the Civil Service Commission to appoint postmasters. What are the facts? We all know from our personal experience the pressure that is brought to bear upon us from every quarter. We know very well that sincere and hardworking individuals, meeting hard times, will come and say: Look here, Garland or Jones or Bennett, I am up against it; my crop has failed this year; my family is growing up; I have to have some money; I am tired of the farm anyway and I would like a job as a postmaster or a boiler mechanic or something else; cannot you get me into the service? The pressure is unrelenting, persistent under the patronage system. The average member has little idea of the qualifications required in a postmaster, and if he has the giving of the appointment will on many occasions give it to a friend without regard to his qualifications. But what is the position under the merit system? Let us say that under the merit system a vacancy has been created or has occurred. The position is advertised. The people in that district may apply. Applications are sent in. An examination is held by the post office inspector of the district. This gentleman is a man who has worked himself up in that branch of the civil service until his decisions are certainly entitled to be regarded as having some authority and weight. He gives the applicants a thorough examination in regard to the following qualifications:

1. Training and experience.
2. Personal qualifications.
3. Standing in the community.
4. The location and accommodation he is willing to offer for the post office.

The fourth is a technical qualification. The post office inspector then rates the applicants in the order of merit and submits the list to Ottawa. The Civil Service Commission then verifies the facts as set forth, especially with regard to qualifications and soldier preference, and having verified the facts, awards the position. That is an infinitely preferable situation for the sake of both the member himself and the whole service, to throwing the outside service, including postmasters, into the hands of the distributors of the old type of political patronage.

The method adopted by the Civil Service Commission in connection with outside

appointments, technical or otherwise, is to appoint a local examining board, one or more of whom shall be representative directly of the commission. For example, supposing an architect is required, let us say in Winnipeg. This is a technical position. What is done in such a case? A board is appointed consisting of a local architect, a man well known in his profession, the district architect of the Department of Public Works and a third architect. Such a board is certainly far more capable than a member of parliament to pass upon applications for a position of that kind. I might not know the qualifications of an architect; in fact I am quite free to admit I would not. This bill takes no recognition of that; it would exclude the entire outside service from the Civil Service Commission and throw it once more into the hands of patronage. I wonder if hon. members know what that means? Before I tell them what it means, let me make this citation to the hon. member. He called in as witnesses on his behalf, but he did not show how they were witnesses, the Béique report and the Malcolm report. Both of these reports come out stubbornly and definitely for the merit system. The Béique report states:

> Your committee is convinced that the method of appointment and promotion by competition (usually known as the merit system) is preferable, in every way, to advancement by favour or influence. In support of this principle may be cited the findings of a number of committees, extracts from which will be found in the appendix to this report.

This bill is certainly not following out the Béique report in that regard. Then the Malcolm report has this to say:

> Your committee is of the opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of appointment by competitive examination, and that both these principles must be preserved.

Again I ask my hon. friend to substantiate his claim that this bill is modeled after either or both of these reports. It was a ridiculous assertion and had no foundation in fact. The passing of this bill would throw the whole civil service of Canada back to the period of 1908 and you would again have the same old struggle against the hordes of patronage until you established a worth while, businesslike civil service act. Do not let me be misunderstood. I believe there is incorrect administration of the present act; I am not satisfied with it. Sufficient has come to my attention in the last three or four years to convince me that the government is on the right track when it proposes a committee of investigation. But that is an entirely different thing from passing a bill to sabotage the entire merit principle. I am utterly against the bill and am absolutely in favour of an investigation. This bill should be defeated and the committee appointed. We can then, as a result of the committee's findings, determine what amendments, if any, are necessary to the Civil Service Act, and what reorganization of the Civil Service Commission is necessary if a reorganized commission is decided upon.

Secondly, this bill will radically alter the whole method of promotion. It will leave in the hands of the ministers and deputy ministers—and in their hands alone, mark you—the whole power of promotion even within the inside service. Imagine what a hopeless position the whole service would be in if it is to be again subject to the miserable, petty, personal elements which prevailed for so many years before the Civil Service Act came into force.

Lastly, but among the most important of all considerations to which I direct the attention of hon. gentlemen opposite, the passing of this bill will almost completely destroy the effectiveness of the returned soldier preference in respect of at least thirty thousand positions. Why do I say that? This bill does not say that the returned soldier preference shall be abolished, but it does exclude from the operation of the Civil Service Act, under which the soldier preference has existed, the entire outside service, including also, by modification, the merit system with respect to the inside service. What has happened that would justify my statement that this would mean almost the entire destruction of the returned soldier preference? That is a point upon which I wish to dwell; for I am satisfied that no hon. gentleman opposite, on being acquainted with the facts and faced with the actual conditions that will arise, will support this bill. I therefore press this particular point upon them in view of their protestations in the past.

The Veteran, the official organ of the returned soldiers, some few years ago made an analysis into the operation of the soldier preference in respect of positions excluded from the operation of the act. Hon. members of this house who were here in past years will recollect that the late administration, much to its discredit and much to my disappointment and over my adverse vote and speech, did exclude from the operation of the Civil Service Act some 18,000 odd positions. More than that, 12,000 positions were excluded from the operation of the act in one order in council alone. The Veteran decided to make an examination, and they found out this, and

published it in the form of two tables. The first table shows the number of male appointments to the civil service by the Civil Service Commission for the years from 1920 to 1924, both inclusive, as follows:

Year	Veteran percentage of total appointments
1920	49·4
1921	50·21
1922	53·18
1923	57·85
1924	59·2

Average percentage of veteran appointments under the Civil Service Act, 53·97 per cent.

Now take the positions that were excluded from the operation of the act. The Veteran published a table showing appointments during 1924 to positions exempted from the Civil Service Act as reported to the Civil Service Commission. It is as follows:

Veterans	829
Non-veterans	7,116
Women	313
Boys	4
Total	8,262

Percentage of veterans—	Per cent
Of males	10·434
Of total	10·033

So there you have a reduction from 53.97 per cent to 10.03 per cent. It is a fair contention, then, with the evidence in front of us, to state that this bill will largely destroy the effectiveness of the returned soldier preference.

When this bill was up the last time, I referred to the attitude of the Conservative party in regard thereto, much to its credit. The great battery of Conservatism for this bill was Sir Robert Borden, and to him stands the credit for having ultimately forced the issue in this house. I think it was in 1907 that he secured the acquiescence of the entire party in the Halifax platform, which included the following:

A thorough and complete reformation of the laws relating to the civil service, so that future appointments shall be made by an independent commission acting upon the report of examiners after competitive examination.

Speaking on that occasion he said:

I need not dwell on the importance of this. Of necessity some appointments must be left to the responsibility of the executive. Appointments to the judicial bench and certain other high public offices are of this character, and the people have it in their power to compel an honourable and decent performance of this great public duty. There are also many minor appointments which could not for the present be brought within such a system.

[Mr. E. J. Garland.]

But for the rest, I prefer a competitive system of appointment to the present partisan system.

Three-fourths of the time of members supporting a government is occupied in dealing with matters of patronage. Party patronage and party service have more weight than character and capacity. The public service is cumbered with useless officials. I am convinced that we shall perform a great public duty by establishing in this country that system which prevails in Great Britain under which a member of parliament has practically no voice in or control over any appointment to the civil service.

That became the fixed policy of the Conservative party. Sir Robert Borden says that the Halifax platform became the policy of the Liberal-Conservative party, which was thus committed to the principle of civil service reform upon the lines above set forth.

Later on, not satisfied with the general announcement of the fact, the late Sir George Foster rose in the house in the year following, 1908, and moved the following resolution:

That the civil service system of Canada should be based on merit and character alone and all the appointments thereto should be made from candidates whose competency has been established through open competitive examinations conducted under a non-partisan civil service commission.

On that occasion Sir Robert Borden said:

I again repeated my conviction that appointments, both in the inside and outside service, should be based upon results obtained by competitive examination and that the system prevailing in Great Britain should be adopted in Canada.

So the issue was joined. But the battle continued, and Sir Robert Borden said that it was impossible to secure the passage of this effective legislation which we have in the Civil Service Act so long as only one party was in office. It was not until the Union government was formed in the war years that it became possible in 1918 to put over the act. Now only a few years later, comparatively speaking, we have the proposal from the Conservative ranks to destroy the splendid work of all the preceding years and to render almost impotent the Civil Service Act.

Mr. DUFF: What did the Borden government do after its return in 1911?

Mr. GARLAND (Bow River): That was a long time before 1918, before the passing of the Civil Service Act. I have no doubt that my hon. friend is bitten by the same dog that is now biting those people over there. He has not the opportunity of patronage, whatever little there is in it.

Mr. DUFF: That is not an answer.

Mr. GARLAND (Bow River): So long as the party system continues in this country it is essential for the character and efficiency of men in the public service that men of all political parties shall have nothing to say as to appointments to the civil service. Both appointments and promotions should depend upon the merit system, should depend solely upon the merit and capacity of the candidates who offer themselves. If I had the time at my disposal I could continue quoting from the eloquent speeches of the great leaders of the Conservative party. Right Hon. Arthur Meighen made some of the most pronounced and courageous statements in regard to the maintenance of the merit system. The present Minister of Railways (Mr. Manion) made an eloquent plea in support of the merit system. The right hon. the Prime Minister (Mr. Bennett) no later than 1928 made an eloquent speech on the same subject. Speaking in this house on May 8, 1928, he said:

It—

Referring to a resolution aimed against the act.

—means the recurrence of the patronage system, which should not be tolerated in this country. It is not conducive to good service or to the public weal. While there have been many defects in connection with the administration of the civil service the fact is that it is a great advance over anything we have had heretofore in this country. We protest against any effort being made to return to the old condition of patronage.

I echo his words to-day and protest against any attempt, either through private bill, resolution or committee of this house, to return to the old days of patronage.

Not content with that, the Prime Minister —of course at that time he was not Prime Minister—speaking on May 16, 1928, is reported at page 3221 of Hansard as follows:

I do not propose to trespass upon the time of the house further than to say that it is essential that we should maintain in its integrity the principle of appointments to office being made by the Civil Service Commission.

Could anything be clearer or more sharply defined than that? The present Minister of Trade and Commerce (Mr. Stevens) is reported at page 3169 of Hansard as follows:

Undoubtedly the patronage system had more evil attached to it than merit. Appointments under the patronage system are made for the purpose—I think I can put it simply and plainly —of giving jobs to those who are in favour of the ministry of the day, whatever ministry it is. . . . I am opposed to this bill to the extent that it departs from the principle of appointment by the Civil Service Commission.

I think it is only fair to give the statement, one which is certainly well worth giving, of the hon. Minister of Railways and Canals (Mr. Manion). Hansard of May 15, 1928, at page 3173, contains the following:

Because of this strong public opinion in favour of the merit system under the Civil Service Commission, I think the minister should hesitate long before going back to a system which, rightly or wrongly, has become discredited. On the whole I believe the Civil Service Commission have given the country reasonably satisfactory service, and whatever faults they may have—and no doubt no commission is perfect—those faults are few and slight compared with the condition of affairs under the old system.

I thoroughly agree with the minister's statement, and sincerely hope his views have not changed since then. I hope he and his colleagues, the Minister of Trade and Commerce, the Prime Minister, and his colleague in the Senate, the leader of that respectable body. will reject utterly the proposal of the hon. member for Dorchester.

Again, time limits me; had I time I could quote resolutions piling in to myself and other members opposed to this bill, coming from every branch of the civil service in the Dominion of Canada. I could quote reports of commissions and committees which have been appointed within the last fifteen or twenty years, every one of which was opposed to the very principle embodied in this bill. Mr. Speaker, if this house does itself justice —justice not only to its own conscience and intelligence, but to the cause of the civil service in general—it will reject the bill. I purpose voting against it.

Mr. E. R. E. CHEVRIER (Ottawa): Mr. Speaker, the hon. Secretary of State (Mr. Cahan) mentioned my name as one member to sit on a committee which, among its other duties, would have to consider this bill. At once the house must recognize the very difficult position in which other members of that committee and myself are placed. According to the interpretation of the rules of the house, if I vote for the second reading of this bill I shall have committed myself to the principle of it. If I vote against the second reading and the second reading should carry and the bill be referred to the committee of which I am a member, I should be placed in the same embarrassing position. Therefore at this stage I cannot address my remarks to the merits, if any, or the demerits of the bill now before the house. I may add, however, that if ever there was a bill—I do not think I am saying too much—which should have been used for the purpose of establishing the precedent which was established yesterday, this is the bill.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, I should like to make one or two observations concerning the bill now before the house. I believe every member ought to be in favour of maintaining an efficient civil service. The question arises as to how we are likely to effect that end which, I think, ought to be the object of every member of parliament. In my view it is impossible to have an efficient civil service if we revert to a system of patronage and fill vacancies in the civil service at the request or bidding of members. Consequently I feel constrained to oppose the measure now before the house.

At this time I am wondering who is asking for the change outlined by the bill. I have yet to find from any source whatsoever any indication as to who is seeking these changes. I do know, however, that from many sources throughout the length and breadth of Canada there is a strong feeling of resentment and opposition to this measure.

I am one who believes in the merit system; I realize fully that the moment patronage creeps into the system of appointments merit goes by the board. I believe employers and employees recognize that in the filling of vacancies there are two principles to be maintained, namely merit and seniority. In all my experiences as a public representative I have always attempted, when I have had to deal with the filling of vacancies, to be guided by those two factors. As a rule one does not go far astray if he observes those principles. On more than one occasion when I stood as a candidate for public office I have taken the stand that I refused to act as an employment agent for my constituents. I have refused to approach department heads asking for employment for those who happened to be within the boundaries of my constituency. I am of opinion that from a political point of view, the handling of patronage by members of the house does far more harm than good. The obtaining of a few privileges for a constituent does not necessarily make friends for a member. I have found that members who have been able to obtain positions for a favoured few have, as a result of their activities, made more enemies than friends.

One of the chief reasons which has prompted me to rise in my place this evening was a statement made by the hon. member who introduced this measure to the house. He said he would like to have an extension of the patronage now existing, and made reference to the appointment of postmasters as one reason for a change in the Civil Service Act. I have not had as long an experience in this house as have some other hon. members. One incident however came under my observation to which at this time I feel constrained to refer. The hon. member who introduced the measure urged that if appointments were left to the discretion of hon. members of the house—which, of course, would mean hon. members on the government side—better appointments would be the result. To-night there occurs to my mind one appointment which was made and to which I shall make special reference at this juncture. Through a vacancy which occurred in the city of Winnipeg an appointment was recommended by a member of the party in power. For obvious reasons I shall not refer to any names. I learned that a certain gentleman was to be appointed to a responsible position, and to my amazement I was informed that the recommendation made by a Conservative, was in favour of a man who had a criminal record and whose family's record was no better than his own. This man was actually recommended for a responsible position.

Mr. McGIBBON: The appointment would come under the Civil Service Act?

Mr. HEAPS: No, it did not. I should like to amend the act so that we may obviate things of this character. To my astonishment the appointment was made, although people in the district had signed a petition in protest and transmitted it to the minister, and I myself protested emphatically the objectionable nature of the appointment. I told the parties responsible for the appointment, "I do not mind your appointing a Conservative to the office, I expect you to do it, but in the name of decency and common sense appoint an honest Conservative."

May I point out further that the individual so appointed was handling His Majesty's mail. A few days after the appointment his son was released from the penitentiary, and very soon afterwards complaints came from my constituents that this person was also handling the mail. I protested to the responsible minister, but I could not make the slightest impression. Later when I came to Ottawa I called on him and told him that unless something was done to cancel the appointment I would feel obliged to raise the matter on the floor of the house when his estimates were under consideration. Then I received a promise that action would be taken. What happened? On the first of October last a change was made—the daughter was put in her father's place. Now the house is being requested by the hon. member for Dorchester (Mr. Gagnon) to extend the patronage system in order that we may get a

more efficient civil service! At the time the protest to which I have referred was being made against the appointment the chief of police of Winnipeg was asked for the man's record; this was submitted to the minister but nothing could be done to cancel the appointment. I said to the local postmaster, "Go down to the police station and make inquiries in regard to the character of this man." He did so, and was told, "That man's reputation stinks to the sky." Yet he was appointed to this responsible position in the city.

We have been told by the mover of this bill that the Civil Service Commission is at the bar of public opinion. Nothing of the kind, Mr. Speaker. What is now at the bar of public opinion is the action of members of this house in regard to this bill. Are we going to return to the patronage system, or shall we put more power into the hands of the Civil Service Commission. If the personnel of the commission is unsatisfactory, then it does not seem to me that we have to repeal the act; the logical thing to do is to change the personnel so that any defects of the commission may be remedied.

I move, seconded by Mr. Coote:

That the word "now" be left out, and the words "this day six months" added at the end of the question.

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, there seems to be a certain confusion between the administration of the Civil Service Act by the Civil Service Commission and the object of this bill. That reform should be made in the operation of the act and perhaps certain amendments incorporated in order to make it more effective I think is conceded on all sides. But to adopt the principle of this bill and revert to the old patronage system would be a step backward that would stamp the parliament of Canada very unfavourably in the eyes of all civilized nations that have reformed their civil service system. I know something of the operation of the civil service in England, and I think there is unanimity of opinion among all public men there as well as among all other people that civil service reform has been one of the greatest political and administrative reforms adopted in that country in the last century.

With regard to the outside service, the withdrawal of which from the Civil Service Commission is the main object of this bill, to a certain extent I agree with the member for Dorchester (Mr. Gagnon). No doubt the idea of giving, theoretically,—I insist on the word and I am going to explain its application —of giving, theoretically, authority to three gentlemen in Ottawa to make appointments to every petty office, such as the postmastership in a small village or the caretakership of a small public building, is preposterous, because they have to rely upon somebody to advise them; and that is what they do. The idea that these three gentlemen could always appoint the proper men to every small post office from Sydney to Prince Rupert is out of the question. But to say that these appointments should be handed back to members of parliament is something on which I cannot agree with my hon. friend. He says that the member representing the constituency is better informed than any other man with regard to the qualifications of persons for such appointments. Well, if by that he means any member representing a constituency it may be so. But then is he prepared to recommend to the government, and are his friends who uphold his views ready to recommend to any government, that they take the advice of every member of the house, to whatever party he belongs, to the same degree as they would take the advice of their own friends? Maybe he could secure such a promise verbally, but human nature being what it is, he knows very well that in every constituency represented by an independent or an opposition member there would be an uproar among his own supporters if that promise were redeemed; they would complain that the patronage was in the hands of the opposition. I have found that to be the case time and again. I will not insist on that aspect of the question.

The suggestion I make is this. I think all those who would stick to the principle of the Civil Service Act, who think that we should not revert to the evil of patronage, should vote against the bill. But at the same time that does not prevent the committee proposed by the Secretary of State (Mr. Cahan) going into all the aspects of the situation, and if they think proper, they might recommend certain amendments to the act in order to give an opportunity in every constituency for people at large, municipal councillors or others, to advise the responsible heads of the department in the appointment of petty officers. I would have no objection to that. Certainly some changes should be made.

May I say in that regard that the patronage system has not proven effective, even from the point of view of my hon. friend. Take the narrow point of view as stated by the hon. member for North Winnipeg (Mr. Heaps)—and that is very old history—members of parliament have suffered much more by the exercise of patronage than they have gained from it. Naturally when they have just won an election they feel the elation of victory, and

they like to show a little of the spirit of domination in their county; but that does not last long. As was stated by Mr. Louis Frechette, the poet—he was a member of parliament for a short time—for every appointment recommended by him to the government he made one ungrateful person and a hundred others furious against him. He never gained anything thereby. But that is a small aspect of the question.

From the purely administrative point of view my opinion is that much more authority and freedom of action should be left to the permanent heads of departments, not to the ministers. I think ministers themselves are much too bothered with questions of patronage as it is. They should have enough confidence in their deputy ministers and the heads of the various branches of their departments to rely upon them in all that concerns promotions and appointments from a list prepared by the Civil Service Commission, based on the technical merits of the candidates.

That is with regard to the inside service. As far as the outside service is concerned I may tell the house that the method I generally adopted, even in the old days, was to inquire from the people of the community which place was best suited for a post office, and what person was most capable of rendering service to the people. I recommended the person designated by the people of the community, without regard to politics. I would find it hard to say, of all the recommendations I have made, whether they concerned Liberals or Conservatives, for the very good reason that most of them vote for me no matter what may be their politics.

However that is beside the question. I repeat that a greater opportunity should be given the people concerned in local appointments to express their views, and those views should be accepted by the department. Much more responsibility should be given the permanent heads of departments, just as in large corporations like the Canadian Pacific railway, the president and board of directors do not concern themselves all the time with the appointment of employees. They rely upon certain responsible heads of various departments to choose their employees according to their requirements, and the employees are promoted gradually under the two standards indicated by the hon. member for North Winnipeg, that is, seniority and merit. Then they are largely protected through their labour organizations. Now that the civil service has organized itself on a proper basis, some suggestions of that kind might be studied by the committee, and I think the object of my good friend from Dorchester (Mr. Gagnon) might be served. I know him well enough to be sure that his object is not simply to exercise political patronage. Then the committee could report to the house and the house might take action, of course under the guidance of the government, without having to accept the principle of this bill to which, for my part, I am utterly opposed.

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, the time available for the discussion of this bill, scarcely five minutes, will hardly permit any detailed analysis, and I do not purpose to attempt to do so at this time. Lest the time elapse before I have an opportunity of stating my view of the bill I shall reverse the ordinary procedure and, before giving my reasons, state that I am opposed to the principle of the bill and I shall vote against it. It is with some regret that I find myself holding the view that I cannot support a bill introduced by my good friend and colleague the hon. member for Dorchester (Mr. Gagnon), but there is a principle involved of very wide application.

The bill divides itself into two parts. One provision is that all civil service appointments, outside of appointments at Ottawa, shall be removed from the operation of the Civil Service Act. As to the remainder, that is to say, the appointments to the service at Ottawa, even in those cases the right of the commission to make such appointments is very considerably curtailed.

With regard to outside appointments, if this bill were enacted as introduced, what would be the practical effect? It would then devolve upon the member for each constituency, with such advisers as he may gather around him in the way of an executive, to recommend from time to time persons to fill vacancies. It would not be complimentary to other hon. members of this house to urge that, from whatever constituency they may come, they would not use good judgment in such matters or that they would not be competent to make good selections. The dangers from that point of view would seem largely theoretical. I believe that an hon. member faced with the duty of recommending a person for any position in his constituency would be guided by the merit of the individual who might be recommended. It may be urged that it is only natural that a member would nominate someone from his own political party. Perhaps that is quite true, but as I am quite prepared to concede that a Liberal member repre-

senting a constituency can find among his followers men worthy of being nominated for positions of honour and trust, so I think they will concede that we on this side of the house can find such men among our own supporters.

Therefore it is not primarily the question of appointments in respect to which I am apprehensive, but it is the effect upon the service itself. If the political be the first consideration in the matter of appointments, when you come to a change of government the supporters of the member then representing the constituency in question, remembering that certain appointments were made first because of political considerations, will demand, and press that demand with considerable force, that, the new government having the right to exercise discretion and make a change, the change be made. In very large measure the principle will apply that "those who live by the sword shall die by the sword."

SUPPLY—UNEMPLOYMENT

AMENDMENT TO MOTION OF MINISTER OF JUSTICE

The house resumed consideration of the motion of Mr. Guthrie for committee of supply, and the amendment thereto of Mr. Heenan.

Mr. THOMAS REID (New Westminster): When the house rose at six o'clock, Mr. Speaker, I was telling of an incident that occurred in my own constituency in connection with patronage under relief work being carried on by the federal government. I was induced to refer to this because of the remarks of the Minister of Labour with regard to patronage in another district.

A grant of some $6,300 was made for the construction of a wharf at White Rock, and when I visited the job I found that the names of the men employed had been furnished by the district engineer. On making inquiries of the district engineer I was informed that he had been given these names by the Conservative association. Despite the fact that he had been notified, as hon. members were notified, that in all work carried on for the relief of unemployment, federal or otherwise, no discrimination was to be shown, he had deliberately gone to the Conservative organization and obtained the names of the men who were working on that federal relief job. On his own word he confessed it. I asked the Minister of Public Works (Mr. Stewart) to take serious note of this, because patronage may be bad enough in ordinary times but it becomes terrible in times of stress when only those belonging to the party are given a chance to participate in the grant.

I have just received another telegram from the municipality of Burnaby. I received one on Monday last and again to-day, and before quoting them I will state that they are contrary to the advice given to me by the department. I was told that in connection with the $2,500,000 sent to the province of British Columbia, vouchers would not be required to be O.K'd before payment was made to the municipalities. I transmitted that information to the municipality which immediately got in touch with Victoria, when the information was given that such was not the case. The telegram which I received on Monday reads as follows:

> Total amount spent on direct relief to January 31, $65,844, total payment received to date, $32,681. Cost of direct relief shared equally by municipality, province and dominion under unemployment relief acts, 1930 and 1931.

The telegram continues:

> Total expenditure on unemployment relief works, $341,000; total of vouchers already submitted to Victoria, $310,935. Total payments received to date, $132,125.

They were advised that Victoria was waiting for funds from Ottawa before paying out any money. The telegram I received to-day reads as follows:

> McGeough advises that Victoria has received one million dollars. Phoned Deputy Minister of Finance at Victoria who states he can only pay provincial and municipality's share; is still awaiting authority from Ottawa to pay Dominion's share. Instructions received by Victoria forbid them to release Dominion's share till Ottawa passes the vouchered accounts and issues an order for payment. Believe this is the cause of conflicting reports. Payment will be held up indefinitely until this is cleared up.

I would direct the attention of the hon. Minister of Labour to the seriousness of this situation. As long as these conflicting reports exist, the buck will be passed from one government to the other and great distress will be caused to the municipalities. Conditions are somewhat similar in other districts. Last week I received a telegram from the city of Fernie, in the constituency of the Minister of Trade and Commerce (Mr. Stevens), advising that similar conditions exist there. Other municipalities are feeling the stress of this unemployment problem, and I would like to quote a portion of a telegram sent to the Prime Minister (Mr. Bennett) on January 27. This telegram shows that the municipalities had an idea that the government had agreed to pay over the money as soon as the

agreements were signed by Hon. Senator Robertson. The telegram, in part, reads as follows:

We now find municipalities in desperate circumstances owing to work programs being curtailed so that now relief work has practically ceased and municipalities appear to have no alternative but direct relief. We now apply to you to have work relief programs as originally presented and agreed to by Senator Robertson put into force so that we can have work completed as therein laid out. To cease unemployment relief work at this time will not only cause hardship to unemployed but will be uneconomical as many works would be left unfinished. We are distinctly opposed to spending municipal moneys on direct relief as no returns to taxpayers accrue. Other municipalities not included in previous work programs have to care for local cases and want some consideration given at this time to their requirements, and to make conditions worse, provincial road work has ceased. Municipal taxpayers are in no position to finance any undertakings to take care of these situations as the ability of taxpayers to pay was fully demonstrated last year when in many municipalities only sixty per cent of 1931 tax levy was paid. Any additional increase will mean many will lose their home.

Union of British Columbia Municipalities.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, it was not my intention to take part in this debate until the last speaker, the hon. member for New Westminster (Mr. Reid) wandered away from his own district and encroached upon one of my municipalities. Speaking in support of this motion of want of confidence in the government, the hon. member cited the case of a political friend of his, the reeve of a municipality in his district, who has had some trouble in obtaining assistance in the matter of unemployment relief from both the federal and provincial governments. I listened carefully for forty minutes to the hon. gentleman, and after hearing him read many letters and telegrams I came to the conclusion that this was entirely a misunderstanding. The hon. member mentioned a municipality in Fraser Valley constituency and referred to it as being in the same plight as this almost notorious place, Burnaby, of which we have been hearing so much this session. I have received a letter from the reeve of Coquitlam, in which he draws to my attention some trouble which he had had but which proved to be a misunderstanding. This letter is addressed to me, and the first two paragraphs read as follows:

As a result of a meeting with the hon. Mr. Bruhn,—

Mr. Bruhn is the Minister of Public Works in the provincial government. The letter continues:

—at his room in the Vancouver hotel at the time of the visit of the Hon. G. Robertson, federal Minister of Labour, I was made to understand that our municipal proposal under the Unemployment and Farm Relief Act, 1931, amounting to $34,800 would meet with approval on the basis of 50 per cent federal contribution, including labour and material, and 25 per cent provincial contribution for labour only.

On the strength of this verbal assurance we submitted a money by-law to our ratepayers for the balance, for their approval.

I took up this matter with Mr. Hereford, the dominion director, and his letter in reply explains this case. It is addressed to myself and reads:

I am directed by the Minister of Labour to acknowledge yours of February 10 regarding unemployment relief matters for the district of Coquitlam.

The agreement with the province provides for an expenditure of $19,000 for Coquitlam to which the Dominion government contributes 50 per cent.

With regard to the reeve's statement that at the time of the visit of the Hon. Senator Robertson to Vancouver, the reeve was made to understand that the amount which the Dominion government would contribute would be $34,800, I am quite satisfied that the Senator did not intend to convey any such impression as the Senator knew quite well and invariably stated that all submissions were subject to the approval of council.

The undersigned accompanied Senator Robertson on his trip to British Columbia last summer and I have been present during hundreds of interviews, both at Ottawa and all over Canada, and observed that the Senator invariably made it clear that however much he might personally favour a proposal, and however far he was willing to go in recommending it to the government, it was always subject to the approval of council. I cannot, therefore, understand why the reeve should have submitted a money by-law on the basis of what he himself describes as a verbal assurance which is apparently not implemented by the actual agreement.

That explains fully the case of Coquitlam as well as Burnaby, because we find on the tenth of this month the hon. member for New Westminster moving the adjournment of the house to discuss a matter of urgent public importance, namely, the situation that has arisen in the municipality of Burnaby in the province of British Columbia where hundreds who have been employed on unemployment relief work have not, as he states, received wages or payment for work so performed. In the course of his remarks he points out that they had visited Victoria, had waited on the representatives of the federal government and had certain understandings that a specific sum of money would be forthcoming. The hon. gentleman moved the adjournment of the house on the tenth of this month. The other day he read a telegram stating that these conditions were still serious; that nothing had been done for Burnaby. I have under my hand a clipping from a paper published in the hon.

gentleman's constituency, containing a special despatch from one of the districts in Burnaby under date of February 8, or two days before the hon. member moved the adjournment of the house. This clipping is headed:

Burnaby gets $16,000 cheque from Victoria.

That is two days before he told us in the house that those men were still without their pay; that their wages had not been paid, and he tried to compel the federal government to take some action in the matter. This clipping from Edmonds, which is dated February 8, or two days before he moved the adjournment of the house to discuss a matter of urgent public importance, states:

With the receipt from Victoria of a cheque for $16,000, the Burnaby financial situation has eased somewhat. Wages due to municipal workers of the outside gangs and arrears due to relief workers were paid this morning. This afternoon Treasurer R. Bolton will go into the matter of paying January salaries to the municipal hall staff and teachers. He is of the opinion that with the money received from the government and advance payment of taxes, there will be sufficient funds to make these payments.

Mr. REID: May I ask the hon. member a question?

Mr. BARBER: The hon. gentleman also represents another municipality. The reeve of Burnaby, as I said before, is a very strong personal and political friend of the hon. member for New Westminster. In this case we have another—the reeve of Surrey. This is under date of January 9.

Mr. MACKENZIE (Vancouver): What paper is that?

Mr. BARBER: A Westminster paper.

Mr. MACKENZIE (Vancouver): Which one?

Mr. BARBER: The Columbia. There is only one that I know of. It has supported my hon. friend on many occasions. This is from a correspondent at Cloverdale in the hon. gentleman's district, and this is what Reeve Brown says:

Surrey did well despite depression.
Splendid financial report is presented by Reeve Brown.
Reeve Brown, who is a Liberal, absolved the provincial government of all blame in connection with the unemployment relief trouble. There were two sides to every question, he said, and fair judgment must be passed.

That is the situation as regards Burnaby. I do not know that I have anything further to say in that regard; in fact, that covers almost all the hon. gentleman's remarks in his forty minutes. There is just the question of the general situation in British Columbia. I am not going to undertake to discuss the details of that situation.

Mr. MUNN: The hon. gentleman knows better.

Mr. BARBER: The hon. gentleman says I know better. I have been long enough in the house to know this is not the place to thresh out the domestic or other little troubles of one of the provinces. The hon. members for New Westminster and Vancouver Centre spent some time in a provincial by-election in British Columbia and perhaps it is on this account they claimed a scalp for their belt, but the whole result was they were successful in returning a Liberal in a strong Liberal constituency.

Mr. MACKENZIE (Vancouver): By two to one.

Mr. BARBER: The situation is altogether too serious for one to indulge in the cheap political claptrap that our hon. friends have been handing out in the house on more than one occasion. The financial situation as it exists in British Columbia and other provinces is not what we would desire. The finances of our province as well as that of others, of the dominion as a whole and of other countries, have been adversely affected by the world-wide economic depression. The people of British Columbia will agree that the present financial troubles in that province do not all lie at the door of the Conservative party. We had a Liberal party in power in that province for twelve years and to a great extent they are responsible for the financial situation just as the former Liberal government in the federal parliament were responsible for the railway situation that we have at the present time. As I said, we had a Liberal government in British Columbia for twelve years, and it is interesting to recall that during the twelve years they were in office we had only two small surpluses aggregating $452,124, compared with ten deficits aggregating $17,109,399, or a net deficit during the period, of $16,657,275. The expenditures during that period rose from $9,349,000 per annum in 1917-18, to $26,580,400 in 1928-29.

Mr. MUNN: Tell us about the crowd in power in British Columbia now.

Mr. BARBER: The people do not and will not forget for a long time the government that was in power in British Columbia for twelve years. They increased the public debt in that province from $25,521,860 in 1917 to $117,452,558 in 1928. That is the record of the Liberal government in that province, and during prosperous times. While any business man or business government would have made some provision for a rainy day, they kept on with their extravagant expenditures, their

great land deals, and if I wished to trespass upon the time of the house to go into provincial matters, hon. members would be astonished to hear of some of the deals that were put over by the Liberal government during those days.

Mr. MUNN: Might I ask the hon. gentleman a question? It is not a political one. Knowing the situation as well as he does and as well as I know it in regard to unemployment in British Columbia, does he contend that everything concerning the unemployment situation in that province is being properly conducted?

Mr. BARBER: I think it is the opinion of the people of British Columbia that the situation in the province is being honestly handled, and that it would not be very much improved if the previous administration were in office, having regard to their record. But I am not going into that question because it is being investigated at the present time in the legislature of the province of British Columbia. That is the place to air the whole question. My hon. friend from Vancouver Centre (Mr. Mackenzie) says no, that this is the place. But here he cannot meet those directly responsible for the situation. Let him go on the platform with those men who are carrying on that work in British Columbia, rather than take advantage of their absence from this house.

Mr. MACKENZIE (Vancouver): I have done so many a time. I did it a month ago and will do it again.

Mr. BARBER: I have corrected the statements my hon. friend made with regard to Burnaby, Mr. Speaker. I think the hon. member has been more or less misled by the reeve of that place, a friend of his, who I understand, according to the press, is a real example of a one-man government. The council of Burnaby called a meeting the other day and insisted upon appointing a committee to run the unemployment relief work rather than leave it all in the hands of the reeve. I thank you, Mr. Speaker, and I hope the hon. member will take kindly the criticism I have offered.

Hon. P. J. VENIOT (Gloucester): Before going into details of the administration of the unemployment relief money in the province of New Brunswick and especially in the county I have the honour to represent, I wish to refer briefly to the speech made this afternoon by the hon. Minister of Labour (Mr. Gordon). I note that he claimed that the unemployment relief system as now administered has proved a huge success, and he quoted figures to show that some three million days' work had been given to the unemployed in Canada. He gave the number of unemployed receiving the opportunity of doing this relief work as 300,000 odd. But if we dissect those figures, Mr. Speaker, we will find that they mean on an average 23 days' work for 300,000 or 350,000 unemployed, or if you place it on a yearly basis of employment, it means the giving of work to only 25,000 out of 350,000 unemployed, and that at a cost of $70,000,000 to the Dominion of Canada, to the provinces, to the municipalities and to the two railways which took part in providing unemployment relief work. If that is a huge success in administering unemployment relief under the act that was passed in September, 1930, then I would like to know what success really means in that line.

Having dealt with that phase of the minister's argument let me now refer to other parts of his speech. He produced evidence in an attempt to prove that the ex-Minister of Labour (Mr. Heenan) was not telling the truth in connection with the administration of the unemployment relief fund in northern Ontario. But if you will carefully examine the proof, Mr. Speaker, which the hon. gentleman produced you will find that it was all negative evidence. Not one individual could the minister produce of his own personal knowledge to prove the contrary of that which the ex-Minister of Labour had alleged in this house. I was astonished to think that a gentleman occupying the position which the Minister of Labour does at the bar could find no other evidence but negative evidence to substantiate his refutation of the charges made by the ex-Minister of Labour. Negative evidence has no weight in court, and it should have no weight in parliament. The strongest proof that the minister could produce in refutation of what the ex-Minister of Labour had stated was quotations from a newspaper, the editor of which was a defeated Conservative candidate in the last provincial election in Ontario, and of course, being a Conservative attempting to defend a Conservative administration at Ottawa he would not be in any way biased; we can readily understand that. The attempt made by the minister to belittle the ex-Minister of Labour and to lessen the force of the charges of mismanagement of the situation by quoting the evidence to which I have just referred will not in any way lessen the esteem in which my colleague the ex-Minister of Labour is held by every workingman in this dominion. I think the Minister of Labour should have hesitated before

violating the rules of the house in quoting from newspapers in an attempt to prove that statements made by an hon. member on the floor of this house were not in accordance with the truth. But he was so far lost for argument that he had to violate the rules in his attempt to prove that the ex-Minister had not stated to the house the facts as they were.

Let me now deal in some detail with the administration of the unemployment relief fund in the county which I have the honour to represent. I shall discuss that question under two heads: first, the expenditure of public money for unemployment relief purposes under the federal Minister of Public Works; second, the expenditure of unemployment relief money in cooperation with the provincial authorities in New Brunswick.

In taking up the first division of the subject, the expenditure of relief money under the direct supervision of the Minister of Public Works, I wish here publicly to pay my compliments to him and to thank him for the interest he displayed when complaints were laid before him as to the manner in which public money was being expended in the county of Gloucester. I want to thank him for the very determined stand he took when those complaints were laid before him to see that there would be no political discrimination, to see that those who got the money were really in need of it and that it would not be earned in the county of Gloucester by men who had bank accounts and did not require relief work to see them through the hardships of the winter.

On the 24th of October last year I happened to be in Ottawa. Previous to that I had visited certain of the works being carried on in my county, and after seeing the work I came to the minister and made my complaints. Why was I prompted to make those complaints? Because from personal investigation and personal knowledge I learned that the money voted by this parliament to be expended under the direct supervision of the federal Minister of Public Works (Mr. Stewart) to help the unemployment situation was not being expended in the manner the minister and the government had promised.

I found that not only was the foreman of work at Grande Anse employed on the work but his two sons were working also. Within a gun-shot of where he and his two sons were working, unemployed were crying out for bread for their families, and could get nothing. When applications were made to that man by unemployed men who had nothing in their houses for their families to eat, his answer was, "You are on the wrong side of politics." I came here and complained to the Minister of Public Works, and as a result he issued from his office instructions to the district engineer in St. John to proceed not only to Grande Anse but to Petit Rocher and Caraquet, concerning all of which I had complained. Instructions were issued to the foremen in charge at those places that if they did not carry out the directions of the department they would be dismissed. A government engineer investigated and found that as far as Grande Anse was concerned my representations were well grounded. After his visit to Grande Anse conditions changed and those men who were not entitled to unemployment relief were put off the work and replaced by men in dire need of means to keep the wolf from the door.

The engineer was not as successful at Caraquet as he had been at Grande Anse. He visited Caraquet on Wednesday and found that wealthy fishermen, as the term goes in that section of the country, men who had money in the bank, were employed on relief work. He found that not one man working on the Caraquet wharf needed unemployment relief to keep him through the winter, but men who lived from hand to mouth had been refused work. The foreman promised that on the following Monday he would make a change, and would endeavour to comply with the regulations or instructions issued by the minister through the engineer. Monday arrived, but no change was made; Tuesday came and passed; Wednesday came and passed and no change was made. I reported the matter to the district engineer, who sent his assistant to Caraquet and found that the superintendent in charge was not carrying out instructions. As a result work was stopped, dismissals were made and the instructions of the minister complied with, when work was resumed. At this time I wish to thank the federal Minister of Public Works for his action.

An hon. MEMBER: That shows what a good government we have.

Mr. VENIOT: I cannot say as much for my hon. friend across the way, the official government interrupter, who has said that the action of the minister shows what a good government they have. I say it shows the type of officials distributing the moneys this house voted; that is what it shows.

Mr. SPENCE: Those partisan officials belonged to your own county.

Mr. VENIOT: They were Conservatives, that is the worst of it.

Mr. SPENCE: They are all alike down there.

Mr. VENIOT: If they did not stand as well in public opinion as do my hon. friend and his associates from Ontario, I would pity them.

Mr. SPENCE: I do not think you ever will.

Mr. GOTT: There are 86 Conservative members in the legislature—

Mr. SPENCE: You are just playing politics the year round, that is all you are doing.

Mr. VENIOT: If my hon. friend from South Essex (Mr. Gott) would only attempt to control that large tongue of his which is wagged by such a small brain, he would be better off.

Mr. GOTT: Very clever, very clever.

Mr. VENIOT: I know it is clever; that is why it hurts so much. I said I had not as great a compliment to pay to the late federal Minister of Labour (Senator Robertson) as I had to the federal Minister of Public Works (Mr. Stewart). To some extent I think the present Minister of Labour should bear the responsibility.

Mr. GORDON: In other words, prepare for the worst.

Mr. ST-PERE: Yes, the worst is yet to come.

Mr. VENIOT: I state from my place in this house and on my honour as a member that in the county of Gloucester the unemployment relief money during the progress of a by-election was made the greatest campaign fund which possibly could be used in any county.

I make that statement advisedly; I am prepared to stand by it, and if the government chooses to appoint a federal commission I shall be able to bring before such commission evidence to substantiate every word I have said.

I made complaints to the Minister of Labour, and on September 30, 1931, I received the following letter from Mr. Harry Hereford, the Dominion Director of Unemployment Relief:

In the absence of the Minister of Labour from Ottawa on official business, I beg to acknowledge receipt of your letter of September 24, in which you complain regarding political discrimination in connection with work being carried out on provincial highway near your home.

I have investigated this matter so far as I was able to with the details you furnished, and I am advised by the provincial authorities that an individual was appointed at Bathurst to register the unemployed. This individual worked in conjunction with the Poor Commissioner who is appointed, as you are no doubt aware, through the county council, and that the same method is being followed in Northumberland,—

I do not know why he referred to Northumberland.

—and assurance is given that those needing employment most have been given work regardless of political or religious affiliation.

Who was the gentleman appointed to register the unemployed in the municipality of Gloucester? He was a man living in the town of Bathurst, having an office in an incorporated town which had nothing to do with a matter of unemployment relief. No man could enter the office for registration without having to take part in a discussion of the political situation. As to whether or not the individual received work depended greatly upon his comments along political lines.

Mr. HANSON (York-Sunbury): Does the hon. member know that of his own knowledge?

Mr. VENIOT: Yes, "of his own knowledge."

Mr. HANSON (York-Sunbury): You were not there; what you are stating would be only hearsay.

Mr. GOTT: You know a lot about Ontario, too.

Mr. VENIOT: I know nothing about Ontario, and I am only mentioning Ontario in reply to the interjections of my hon. friend —and I think I know enough about him to qualify those interjections as they should be. Now, sir, let me go one step further. On October 16 I sent this night message:

To Hon. Gideon Robertson,
Minister of Labour,
Ottawa.

Doctor W. H. Coffyn, provincial government candidate in by-election now being held in Gloucester county publishes a call to the electors in which he makes the pretence that registration for unemployment relief comes through him as the government candidate. Speakers on government side do not hesitate to tell our people that the amount of relief money to be expended in this county depends upon the election of Dr. Coffyn. In many cases relief money is being earned by people who do not need it, and many who do need it badly are left in the cold. Relief money is being utilized as a vote getter and not as relief, and therefore I feel it my duty to enter a strong protest. The election takes place October twenty-sixth. A dirty canvass is being used that if Coffyn is defeated the relief work will be stopped. Has he any authority by which he can have relief work stopped in this county. Please wire me reply.

Mr. GORDON: May I ask the hon. gentleman who sent the telegram?

Mr. VENIOT: I did.

Mr. GORDON: Oh!

Mr. VENIOT: I knew the truth of what I was saying, every bit of it. I got no reply to that telegram one way or the other. What happened? On the first day of December—

Some hon. MEMBERS: Stop.

Mr. VENIOT: Mr. Speaker, in order that the same privilege of debating this question may be accorded to me as to other members, I ask that you take the necessary action to establish peace and order, perhaps by expelling some of these members.

The ACTING SPEAKER (Mr. MacDonald, Cape Breton South): Order.

Mr. VENIOT: Now, sir, I received no further word from the Minister of Labour until December 1, 1930. On that day there arrived in Bathurst two gentlemen, Mr. J. B. Carter and Mr. Trottier. They called on me at three o'clock in the afternoon and told me they had been instructed by the Minister of Labour to proceed to Gloucester county and investigate the relief work that had been carried on in that county, based on complaints that I had sent to the minister. I said to Mr. Carter, "It would have been far better had the minister sent you at the time I made the complaints. Then you would have found the people at work against whom I complained in my telegrams and letters, and you would have had first hand information." "Well," he said, "they did not send me then; I am here now." I went to my home and compiled five pages of complaints and submitted the original —this is a copy—to Mr. Carter. He undertook to investigate the complaints. He was some eight or nine days in the county of Gloucester. What was the result of his investigation? I asked that his report be placed on the table of the house. Here is what I received as that report:

> Memorandum to Dominion Director
> In reference to attached newspaper clipping,—

I want the house to note those words, "newspaper clipping."

> —you will note that the Honourable P. J. Veniot is reported as saying "At a place six miles from his home," he said, "twelve men with money in the bank were employed under the unemployment relief scheme, and riding back and forth in cars, not one of which cost less than $1,200."

Then he goes on to say that he investigated this and he did find that cars were being used by these gentlemen—gentlemen labourers—white collar workmen, men who although they had money in the bank were taking a bite from the mouths of starving children in the vicinity for the sake of making $2 to add to their bank account. But the curious thing about the whole business is that at the end he says:

> This work was not paid for under the Unemployment and Farm Relief Act, 1931.

Then why did he investigate?

An hon. MEMBER: Because you asked him.

Mr. VENIOT: I did not ask him to investigate. If he chose to take a newspaper clipping and act upon it, and then found that this was not unemployment relief work, what right had he to make that report to the minister? Why did he not report on my complaints with respect to the work on the old Bathurst road leading from East Bathurst for five miles out towards Chatham? Why did he not report on the investigation he made of the unemployment work in the parishes of New Bandon, Bathurst and Beresford? He investigated those. He had the evidence of thirty or forty people before him. Why did he not submit a report of those cases to the minister? That is why he was sent down to Gloucester county. Moreover, in my presence—and there is no mention of it in his report—in reply to the question: How was it that work done in the month of October had not yet been paid for on the fourth day of December?—one of the district engineers replied that the pay sheets were being held up because there were irregularities in them. The engineer under investigation had to admit that on the 26th of October there had been placed on the pay sheets relating to the East Bathurst road and South Bathurst road no less than two hundred names of men that never worked a minute on the 26th day of October. Mr. Carter has that evidence in his possession. Why did he not report it to the minister?

Mr. GORDON: Is it not true that Mr. Carter found on inquiring into the complaints made by the hon. member that the works complained of were being carried on by the province of New Brunswick and not by the Dominion government?

Mr. SHORT: Absolutely.

Mr. VENIOT: Absolutely no. The hon. gentleman does not know what he is talking about. I have here, sir, in my possession, the returns from the Department of Labour submitted by the hon. minister three or four

days ago. I find in 1930-31 there was no less than $47,000 of federal aid, besides the $47,000 of provincial aid, expended on roads and bridges in the county of Gloucester. If what Mr. Carter says is true, that this is all provincial work, then this document is false.

Mr. GORDON: Oh, no.

Mr. VENIOT: This document must be false because that money was spent in the county of Gloucester. The hon. Minister of Labour accepted the projects as they were submitted and the money was paid to the province of New Brunswick. There was over $750,000 worth of projects accepted by the Minister of Labour for the whole of New Brunswick. Of that amount something like $50,000 was to be spent on roads and bridges in the county of Gloucester. I saw the instructions which listed the work on the East Bathurst road as unemployment relief work under federal cooperation, so I know what I am talking about.

Mr. GORDON: One more question and I am through. How much money was spent on the East Bathurst road?

Mr. VENIOT: I cannot say, but I do know that part of the money spent for unemployment relief in Gloucester, with the cooperation of the federal and provincial governments, was spent on the East Bathurst road. Mr. Carter investigated an irregularity in the pay sheet, and on October 26, the day of the election, he found that not one man on that pay sheet had worked one minute. I know that because I stood at the poll where at least 125 of them voted.

Mr. BELL (St. Antoine): What sort of people have you down there?

Mr. VENIOT: They are no worse than the grafters in your province, and heaven knows there are enough of them.

Now let us go on. Part of the unemployment relief money was spent at Blue Cove, and not only was part of that money used politically during a provincial election, but certain candidates for municipal honours who were supervisors of roads used the influence of that money to help their election to the municipal council.

Mr. HANSON (York-Sunbury): What is wrong with that?

Mr. VENIOT: I am not going to attempt to answer a gentleman who wants to know what is wrong with the use of unemployment relief money in that way. He is so biased in his attitude, and so strong in support of his own party, that he could not see anything wrong even if the party were going to hades.

Now let me refer to another feature of the case, and perhaps the minister will want to ask me a question on that also. The Department of Labour has not obtained sufficient information upon which to correctly advance its portion of the money to the province of New Brunswick on the recommendation of the Minister of Public Works of that province. As proof of this let me say that if the department had investigated the two projects I am going to mention the minister never would have accepted the recommendation. I refer to the transmission lines in Restigouche and Gloucester counties, and the Fredericton, Kingsclear, and Oromocto line. The Dominion proportion for these works respectively was $27,522.50 and $28,700, as is shown in papers brought down the other day.

I wish it to be distinctly understood that I am not opposed to the construction of the transmission lines. No doubt they are needed for the convenience of the farmers along those routes, but I do say that no unemployment relief money should be used for the construction of lines which are part of a commercial and profit-making business. Under the laws of New Brunswick the hydro commission have the power to extend their transmission lines, and when they do that in a certain neighbourhood they set aside 12½ per cent as the share of the cost which must be paid by the subscribers on that line. On the basis of 12½ per cent the hydro commission of New Brunswick, which is a government body, receives sufficient revenue to pay interest on capital, sinking fund, replacement value and maintenance over the period of twenty-five years for which bonds are issued. That being the case, and these two projects being money making and profit producing ventures, the Dominion government has no right to hand over unemployment relief money to the hydro commission of New Brunswick when that money could be well used in other ways, perhaps to relieve unemployment in the district through which these lines pass. That is why I say the Department of Labour was not given sufficient information in connection with the recommendations made by the Department of Public Works of New Brunswick.

Now let me give another example of how unemployment relief money was used in Gloucester county, and to forestall any question from the hon. member for York-Sunbury (Mr. Hanson) I will say that I have personal knowledge of these things. Here is the case of a boy under eighteen years of age employed on relief work. Instructions were issued by the

federal government that no one under eighteen was to be employed except where the head of the family was unable to work through sickness. With that provision I agree; it is perfectly right, but here is the case of a boy under eighteen years of age, whose father earns $7 a day, taking the place which should be held by the head of a family.

Mr. GORDON: Is that in New Brunswick, where a man earns that much?

Mr. VENIOT: Yes, it is in New Brunswick, and the same thing has happened in other parts of the dominion. Here is the case of another boy seventeen years of age whose father is employed the year round as a railway man. Here is the case of two sons of a foreman earning so much a day on the work, while the father earns $4.50 per day himself. Here is a case where the father is a carpenter on the work and the son is employed also.

Mr. COWAN (Long Lake): Have you the names?

Mr. VENIOT: Yes, I have.

Mr. COWAN (Long Lake): Give them to us.

Mr. VENIOT: No, I will not. If an investigation is ordered I will give the names then.

I could go on at much greater length, sir, but in conclusion let me say that the statements I have made to the house regarding federal public works have been borne out by the resident engineer for the province of New Brunswick, and again I want to thank the Minister of Public Works for the attention he gave those complaints and the method he adopted to rectify matters. I say now, however, that Mr. Carter did investigate work that was done through the cooperation of both governments, and that he has the evidence of the padding of pay sheets on October 26, which affected 200 men who never did a tap of work. Further than that, I have it from Mr. Carter himself, and he showed me a list of names which he had gathered during his tour in Northumberland. His investigation in Gloucester county disclosed that the work slips which each man had signed contained names which had no right to be there because the individuals were not in need of unemployment relief. He told me that he would report the matter to the minister and have those names struck off the pay sheets and that the province would have to assume entire responsibility for the payment of those amounts. When I asked that that report be laid upon the table of this house I was told that the work was not unemployment relief work. Why did Mr. Carter make that report if it was not in connection with unemployment relief? Why did he go and take photographs of the cars? Why did he obtain evidence as to the age of those cars? It was for one reason, and I hate to suspect that reason. The hon. minister attempted to belittle the member for Gloucester who was attempting to defend not only his own people but the government of Canada. I pointed out that the act passed by this house was being violated; why did they send Mr. Carter down there if it was not intended that this matter should be investigated?

These are the conditions as they exist in the county of Gloucester. When replying to the former Minister of Labour (Mr. Heenan) this afternoon, I was surprised the minister did not tell the house that he knew the scheme had not worked well, that the system had not brought about the results which had been anticipated. With that knowledge within his breast, I was surprised that he did not take the house into his confidence and state what steps the government would take this session to remedy the situation. A statement of that nature would have carried more weight in the country than the attempt he made to belittle the former Minister of Labour.

Mr. R. B. HANSON (York-Sunbury): Mr. Speaker, I would not attempt to take up the time of this house in a discussion of this question were it not for the speech just delivered by the hon. member for Gloucester (Mr. Veniot).

Mr. VENIOT: The hon. member always mentions me.

Mr. HANSON (York-Sunbury): There has been much ado about nothing. I am going to take the house into my confidence and state the truth of the matter.

On October 26 last there was a provincial by-election in the hon. member's county, and for the first time in twenty years he was trimmed, and trimmed to a frazzle. That is why he has attempted to-night to explode the bile which has been gathering in his system ever since that election. After what he has said about his own fellow citizens and his own electors I feel that someone should rise in his place in this house to defend the reputation of the people of the fair county of Gloucester. I do not believe they are nearly as bad as the hon. gentleman would have this house and the country believe. If they are bad, it is because of the tutoring they have received from the hon. member for Gloucester.

I have some knowledge of the unemployment relief situation in the province of New

Brunswick. I have taken special interest in this work in my own constituency, where, I am glad to say, the condition is not quite as bad as prevails in other parts of the province. I happen to know that in connection with the expenditure of unemployment relief moneys in the province of New Brunswick, the Deputy Minister of Public Works, under whose immediate care the expenditure takes place, has issued specific instructions that unemployment relief is to be granted without regard to politics, race, creed or religion. Those are the instructions sent out in the signed manual of the Deputy Minister of Public Works, and I know they have been observed to the letter in the constituency of York-Sunbury. The hon. gentleman will not find one single complaint of the administration of the unemployment relief fund in my constituency, and this applies to direct relief and the relief granted by the municipalities in cooperation with the provincial government.

I do not pretend to have any first-hand knowledge of the situation in the county of Gloucester, but if the truth were known I have just as much first-hand information as has the hon. gentleman. I venture to state that ninety-nine per cent of the assertions which he has made to-night are based on hearsay evidence. In the very nature of the cases themselves it could not possibly be otherwise.

Mr. VENIOT: It was a personal investigation.

Mr. HANSON (York-Sunbury): If what somebody else told the hon. gentleman is not hearsay evidence, then I do not know what is hearsay evidence.

Mr. VENIOT: I saw the work being carried on and I know of individuals who had no right to be working.

Mr. HANSON (York-Sunbury): That may be true; there may have been men there that should not have been employed, but I am not in a position, nor is the hon. gentleman, to say whether this or that man has a bank account. If he is in a position to state that, then he is sticking his nose into somebody else's business, something which he has no right to do.

With respect to the specific complaints made to the department by the hon. member for Gloucester, he admits that as soon as those complaints were made, and because they were made by him as the member for Gloucester, they were immediately investigated. The information I have received from the authorities in the province of New Brunswick is that in all these cases the works being carried on were not unemployment relief works conducted by the province and the dominion jointly, but were purely provincial works. What right has this government to investigate such works? I say to my hon. friend in all kindness, he is in the wrong court. If he has the courage of his convictions, he will have some of his henchmen from the county of Gloucester lay a charge and stake their seats in the provincial legislature.

Mr. VENIOT: They are going to.

Mr. HANSON (York-Sunbury): I venture to say that not one of them has the courage to lay a charge and stake his seat on the outcome.

Mr. VENIOT: Did they not do it last winter?

Mr. GOTT: I thought the hon. member did not like interruptions.

Mr. HANSON (York-Sunbury): My mind goes back to 1919 when the hon. gentleman was Minister of Public Works in the provincial government, and when the hon. member for Victoria-Carleton (Mr. Smith) was a member of the provincial legislature. The latter hon. gentleman laid charges with respect to the Shippigan road, and an investigation was held. Charges were laid in connection with the administration of public moneys in respect to this road in the county of Gloucester, and who do you suppose held the investigation? The Minister of Public Works. That is the method he adopted when he was Minister of Public works, and I should like to contrast it with the method adopted by this government. The investigation disclosed that there were boys of twelve years of age who were on the payroll and drawing a man's pay. There was one child of eight years drawing a man's pay. That is not denied; in fact, it never was denied. I was present at the investigation and the hon. member did not take any part in the hearing.

Mr. VENIOT: Because I had no right.

Mr. HANSON (York-Sunbury): That is the fact. I never made any fuss about it because the hon. member for Victoria-Carleton was present, and he was quite capable of carrying on the investigation.

With these few observations I should like to conclude by saying this, that in New Brunswick, so far as I have any knowledge, either personal or by hearsay, there has been an economical expenditure of the public moneys under the Unemployment and Farm Relief Act. I have personal knowledge of the direct expenditure that was made by the Dominion government through the public

works engineer, and I venture to say that not a dollar of that was wasted and that it went where it was most needed. That is what we on this side of the house undertook to do so far as it was humanly possible. I believe that has been done in the majority of cases and I would hate to think the fair county of Gloucester was any exception.

Mr. J. A. BRADETTE (North Timiskaming): Mr. Speaker, I believe it is my duty to speak on this matter of unemployment in order to give at least the viewpoint of the riding which I have the honour to represent.

I was astonished at the reply given by the Minister of Labour (Mr. Gordon) and at the attitude he has taken in bringing into the political field this question which is a matter of importance to Canada as a whole. It is not my intention to defend the actions of the ex-Minister of Labour (Mr. Heenan), but I believe they do not need any defence; they were judged by the country as a whole during the five years he was in office. The regulations that he has been instrumental in having passed in regard to labour questions will be remembered for many years to come by our Canadian workmen. I might also mention that by his constructive criticism he has been helpful in remedying the bad situation that existed in northern Ontario in previous years, and he should be given praise by the labour men of northern Ontario for bettering their living conditions. I appreciate the love the present Minister of Labour (Mr. Gordon) has for northern Ontario and his faith in that section of the country, but I believe the settlers and all the citizens there love that district; they make it their home, they believe in its future. But again let me state that to the constructive criticism that was made on the hustings and in this house by the ex-Minister of Labour, and even in the Ontario legislature, is due the better accommodation afforded to the men working on the trans-Canada highway in northern Ontario.

I do not wish to open up old sores, but I have clearly in mind, and I believe the people of northern Ontario as a whole remember very distinctly, the words that were uttered by the leaders of the Conservative party during the last general election. Their motto was: What Canada needs is a policy that will provide jobs. The majority of the people believed that statement. The Conservative leaders told the people in northern Ontario most emphatically that if the Liberals were put out of power and the Conservatives elected in their place, they would find work overnight. I am not going to fight all the old battles, but I wish to bring this question up from another angle, so as to make my point clear. In the dying hours of last session we gave the present government a blank cheque as a result of which the people of Canada as a whole expected that there would be no more unemployment throughout the country. During the whole of last summer ministers of the Ontario cabinet and of the federal government went up and down the country telling the people that every man who was unemployed would find employment at once. I am no sob sister, but I must say that in the section which I represent there are many people who are still unemployed and a great number who are near to starvation. The Minister of Labour said this afternoon that there was no starvation in Canada. There is a great difference between prosperity and enjoyment of the ordinary comforts of life. He knows that section of the country and in the rural districts settlers who came in there fifteen or twenty years ago are to-day receiving $7.20 per week. They find it impossible at that wage to have the comforts of life to which they are entitled. I mention these facts because again I must say very sincerely I regret the attitude of the Minister of Labour in his opening remarks.

Mr. GORDON: When the hon. member was in northern Ontario first, about fifteen or twenty years ago, did he have the comforts of life that he now has?

Mr. BRADETTE: Fifteen or twenty years ago we were certainly more prosperous than we are to-day. The situation is not getting any better; in fact, it is getting worse.

The Minister of Labour mentioned the question of patronage. We have suffered from patronage in northern Ontario in the past; indeed, I and my family have suffered from it. But because we aroused public sentiment and educated the people to realize that there was no such thing as Liberal or Conservative money; that every settler and every citizen in our section, whether Conservative or Liberal, was entitled to get a share of the money, I must admit that under the leadership of men like Mr. Tackaberry of Kapuskasing, Mr. Alex. Sterling, Mr. Tom Ripley and Mr. Law of Matheson, officials of the Northern Development Branch, who are active workers, we have no patronage under the present distribution of federal money through the provincial government. But I do not believe the head men of the Northern Ontario Development Department are always familiar with the situation. There are some minor officials who will go so far as to say that no Liberal will be given employment on road work. Once the situa-

tion is known to the authorities, the present sitting members in the Ontario legislature, Mr. A. V. Waters and Mr. A. F. Kenning, no political nomination will interfere with a man working for the Northern Ontario Development department. I gladly make that statement.

My view is that there are three things which are holding back the prosperity of northern Ontario and which are also incidental to the prosperity of Canada as a whole. First of all is the question of agriculture, and I am going to reserve the right to speak on that matter when the agriculture estimates are presented to the house. There is a question I wish to ask of the Minister of Labour to-morrow or a few days hence in regard to the scheme which he mentioned this afternoon and has mentioned on several occasions, in connection with which the party received a great deal of publicity, having to do with the placing of thousands of people on the land in the last eighteen months with the help of the transportation systems. Last year I asked a question in the house and I received no reply. But again following the footsteps of the present Minister of Labour, I wish to speak of the wonderful rural districts in my constituency which are well suited for agricultural purposes. The districts of Cochrane are among the finest rural districts in Canada, showing an increase of 800 per cent in the last eighteen years, but I have yet to see a single person who has been placed on a farm there under this scheme mentioned by the Minister of Labour. I am going to ask the minister, how many people have been placed on the farms in North Timiskaming under the federal government scheme?

Mr. GORDON: I shall be very glad to look up the figures for the hon. member, but I do not have them before me at the moment.

Mr. BRADETTE: It has also been stated that this scheme did not cost the federal administration a penny. Everybody knows that the transportation systems are not going to help finance the settlers further than bringing in their effects. I say as a settler myself, knowing the situation as it is in the rural sections of the country, that it is absolutely ridiculous—that is the proper word—to put anybody on the land unless he is going to receive assistance from the federal or provincial government. There should be a special grant. It is not sufficient to place those settlers on the farms; they must also be helped. The Minister of Labour knows his section of the country as I know mine, and he knows perfectly well that if you take a man from Ottawa, Toronto or any other industrial centre and place him on a farm in northern Ontario, he cannot succeed unless he is helped by the federal or the provincial government. To-day we have not merely dozens but hundreds of families in our section of the country who are near starvation. I intend to take this matter up when the estimates are under consideration. Like the minister I have at heart the settlement of northern Ontario, but I repeat, it is not playing the game with our future farmers to place them on land in northern Ontario, old Quebec or the western provinces unless they get sufficient financial support from the provincial or federal authorities to enable them to carry on at least during the initial years of farming.

I wish to say a word about the pulpwood question. Naturally we have no quarrel with the east or the west. We settlers in northern Ontario have been very glad to see the western farmers getting from ten to twelve million dollars through the bonus on their wheat. In northern Ontario we are in an unhappy situation in that we cannot even give away the primary product that we have on our bush land. If the government find it possible to bonus the wheat grower they should also find it possible to bonus the settlers who have pulpwood for their first crop. In our section outside of a limited market, all pulpwood dealers are at present offering pulpwood at $3.50 a cord, and at that price, as every hon. member knows, it is absolutely impossible for them to butter their bread. One of the planks that was included in the platform of the Conservative party at the last general election was the prohibition of the free export of pulpwood. They declared for a policy that would prohibit the free export of pulpwood so as not to allow it to be shipped to keep American mills operating while Canadian mills are working part time. That statement was made during the last general election not only by my hon. friend from East Algoma (Mr. Nicholson) but by Mr. Finlayson, the Minister of Mines and Forests for Ontario and by the federal Conservative party as a whole; and by reason of those declarations the American market which we had for our pulpwood was entirely disrupted. In my constituency there are three large newsprint mills with a daily capacity sufficient to supply the requirements of all the newspapers of Canada, and under those conditions it is absolutely necessary that we find an outside market for newsprint.

There is another angle to this situation. These mills must necessarily buy within a certain radius of their mills. The mill at

Iroquois Falls, for instance, cannot buy pulpwood east, west, north or south at a further distance than one hundred miles from the mill; consequently the farmers who are outside that area must find an outside market for their pulpwood. The only logical market we have for that pulpwood is the American market. During the last general election every American buyer in the Hearst district along the Canadian National, the Algoma Central, was withdrawn on account of the threatened restrictions on the export of pulpwood if the Conservative party came into power. I speak of my own knowledge. Our rural population are absolutely relying for their existence on pulpwood as the first crop while they are opening up the land, and unless they are able to dispose of that crop they cannot remain on the land. I hope that the Prime Minister (Mr. Bennett) will come out with a clear-cut statement and say that no restrictions will be placed on the export of pulpwood to the United States. Some people may say that there are no restrictions now. That may be so, but the threat of restrictions has disturbed the equilibrium of the pulpwood situation in northern Ontario. Persons competent to speak on this matter made that statement to me several times.

The other day, during the discussion of the potato situation in New Brunswick, we were told that the potato growers were given special freight rates so that they could market their potatoes in Ontario and Quebec. Unluckily for us in northern Ontario there are no preferential freight rates for any of the products that we produce. Last fall I was told by a pulpwood dealer that a contract for fifty thousand cords of pulpwood was turned down because on applying to the Canadian National railway board for a special rate it was denied the freight rates as applied in 1914. I maintain that it is the duty of this government to make the rulings of the railway board flexible enough so that in times of emergency like the present we may be granted special rates which would enable us to market our pulpwood in the American market.

I want to say a word about the trans-Canada highway, which is all important to northern Ontario. Every Conservative and Liberal candidate in the last election declared in favour of it. They were an absolute unit. The only difference of opinion between them was that some were not going far or fast enough. Some visualized the complete construction of the road within three years, others within ten years. The people of northern Ontario remember, whether they heard it from the lips of the present Minister of Labour or the Conservative or Liberal candidates in northern Ontario, that they were all a unit for the building of the trans-Canada highway through that section of the country to provide a connecting link between the east and west, a road that would go through all Canadian territory.

Last year at Winnipeg or Regina the present Prime Minister made a statement that the trans-Canada highway would be routed over the Ferguson highway. The hon. member for East Algoma has also promised us a compromised highway, which I think has been pretty well accepted by the province of Ontario, so far as the route is concerned, but to my regret no work has been done over that section of the Ferguson highway except to straighten and widen some parts of it. South of Hearst in the Coppell section we were hoping that they would commence work on the road building towards Kenora, Fort William and Port Arthur, north of the great lakes. The government owes it to itself as well as to northern Ontario to carry out the promise which was distinctly made, and which the people clearly understood, to commence work on this trans-Canada highway. It ill behooves any member of the Conservative party to come into our section now and say that the Conservative party did not make any such promise. The promise was distinctly made. It is true that there are divergent opinions as to the route. The Minister of Labour himself was outspoken as to the route. It was a foregone conclusion that it was to be over the Ferguson highway. The Minister of Railways (Mr. Manion) has also spoken of the trans-Canada highway going up to Fort William. Nevertheless the fact remains that the government should come out with a clear cut policy in this matter. Before the present High Commissioner for Canada in London left this country he made the statement, in the fall of 1930, that the routing of the trans-Canada highway rested entirely on the shoulders of the present government. So far no government, either provincial or federal, has dared to commit itself as to that routing. I may tell the present government that the people in northern Ontario are becoming impatient, but are hoping they will receive fair treatment. I repeat that during the last election campaign all candidates were in accord so far as the building of the trans-

Canada highway was concerned and its going through northern Ontario.

This afternoon the Minister of Labour quoted several letters dealing with the present situation. I also am going to quote certain articles from a Conservative newspaper. Fortunately in my district there are three good weekly newspapers, the Kapuskasing Tribune, of Kapuskasing, the Northland Post, of Cochrane, and the Porcupine Advance, of Timmins. Those three newspapers have the prosperity and advancement of northern Ontario at heart. The Minister of Railways and Canals tried to create the impression that the unemployment situation was not acute in northern Ontario. To refute that statement I am going to read some of the articles written in those newspapers. Turning to the Porcupine Advance of November 12, 1931, I find the following under the heading "Fair Play Needed":

Apparently the powers that be do not realize the seriousness of the unemployment situation in the north land. There are still hundreds of unemployed at Timmins, at Kirkland Lake, at Cochrane and at other places in the north, and up to the present moment nothing material has been done by the government of Ontario to relieve the situation. In the case of Timmins, one hundred men, out of a thousand or more, have been provided with employment in the past few weeks. What is to be done with the others? Press reports suggest that Hon. Mr. Finlayson indicates that the municipalities will be expected to care for their own married men. Such a suggestion is like Tim Buck's revolution it doesn't mean what it semes to imply. According to Tim Buck revolution isn't revolution but rather a state of mind. Hon. Mr. Finlayson's suggestion that each town should care for its own unemployed does not mean that at all, but rather it implies an inferiority complex or a pain in the neck. It should be remembered that Timmins, for instance, has already cared for all its own and a thousand over. There is not an industry or business or concern in Timmins that is not employing as many as a year or more ago. No men have been thrown out of work in Timmins during the past year or two, practically speaking. Instead there have been fully two thousand men come in here and fully half of these have been absorbed. That means in other words that Timmins has cared for all its own and a thousand besides and now the suggestion is made that the town care for a thousand others from the ends of the earth. Toronto, Hamilton, Ottawa, Winnipeg and scores of other cities have had industries close down or go on part time. Are these cities caring for their unemployed? Thousands of men have been taken from the south and a few from northern centres to work on the trans-Canada highway, but not a man has been moved from Timmins, or Cochrane, or Kirkland Lake to the trans-Canada work. Where is the sense or the justice or the fairness behind the attitude adopted? Who is responsible? There is a growing belief that much of the trouble rests with Hon. Mr. Finlayson. If this is a correct guess, there will inevitably develop a demand that Hon. Mr. Finlayson be replaced by a man with some sympathy for the north, or at least one willing to give this section of country something like a fair deal. The town of Timmins is very willing to do its share and more. It has already contributed more than its fair share to unemployment relief. The government has approved a $60,000 program of necessary work planned by Timmins but even though this is actually designed to relieve unemployment of outsiders who have drifted to Timmins and are now out of work themselves or have displaced Timmins men in employment, the government apparently is seeking to evade its responsibility for these outsiders and to lay the whole burden on the town. Though approving the whole $60,000 worth of work for relief, the government is ready so far to contribute a share of only $20,000 of the amount. The attention of the government is directed to the fact that the people of Timmins are not able to shoulder the burden thrust upon them. There are literally hundreds of people here who find it a hardship to meet tax bills as they are now. Some are unable to pay their taxes at all. The general conditions and special circumstances are felt by many in serious way. Is it fair or right to overburden the taxpayers of Timmins to support the unemployed hundreds who are clearly and surely the responsibility of the province, not the town?

[Mr. Bradette.]

I wish to say a few words concerning statistics which have been recited by the Minister of Labour. He stated this afternoon that as a result of unemployment relief measures, some 334,000 people have been given work. I do not doubt his figure, but all sorts of stunts can be done with them and I should like more elaborate statements. I should like to hear the number of hours worked, the occupations, and so on. I have in mind hundreds of people in my own riding who have only ten or twenty days' work during the year, and who receive $2.40 per day for their work. Married men are allowed to work only three days a week, making only about $360 in a year, if they could find employment for the whole year. Worse than that, however, a single man is allowed to work only two days per week, and in that new section of the country we have a great number of unmarried men who have come among us to hew out a living. I can see no reason why there should be such a restriction against single men.

When the Minister of Labour mentioned that at the large salary of $7.20 per week there is really no starvation I was tempted to think that those people must be near starvation. In my own riding I know that there are families who have not the clothing to go to church or to mix with their friends, and because of that are even deprived of fresh air. I know of people eating potatoes three times a day, and who have been doing so for the last three months. These are facts; and if possible I should like some government

official to go to northern Ontario, particularly to North Timiskaming, and see for himself the conditions existing up there in some of the rural sections.

I believe the Minister of Labour is sincere in his statement. I well remember that last summer during the provincial election campaign in the province of Quebec he told the settlers in that province that if they wanted roads they ought to come to Ontario. I am glad to learn that in his opinion the settlers in South Timiskaming have all the roads they require. I want to say to him that in my own riding there are settlers who have been on their places for the last fifteen or twenty years and who still have to pack the provisions for their families on account of lack of roads. If they have all the roads they require in South Timiskaming I hope the minister, out of his kindness of heart, will use all influence with the federal and provincial authorities to see that the settlers get work on the roads to which they were entitled a number of years ago. I took the statement he made in the province of Quebec at par value; I wanted to believe it represented the actual fact; I hope that every settler in those northern constituencies will have all the roads they require in the very near future. May I say, however, that in this year of grace 1932 in North Timiskaming there are hundreds of settlers who have not the road facilities to which they are entitled.

At this point may I refer to some comments made in the Porcupine Advance of December 31, 1932:

> Anyone who gives any particular thought to the matter will regret to note the sad failure made by the province of Ontario in dealing with the unemployment problem. The Dominion government attacked the problem in a big way and left the path open for the province to deal effectively and successfully with the difficulty. Instead of extended work on a broad scale, the province seems to have been overwhelmed by the situation and the effort to right matters has been spasmodic and panicky. Most of the battle has been left to the municipalities and even the towns and cities have not received the support deserved. In the case of Timmins, for instance, while all the program planned by the town was approved by the commission in charge, only part of it came in for assistance from the government, though the whole program was designed for the relief of people who are clearly a provincial or dominion responsibility and not a local one. The camp is employing over a thousand men more than two years ago, and yet had a thousand men out of work, this meaning that all the unemployment here was caused by men drifting in from other centres. In the apportionment of men for work on the trans-Canada highway there has been no quota from Timmins. Towns and cities where the unemployment has originated have been helped unduly, at the expense of other centres that were ready to care for a proportion of the unemployed of other places. Only a hundred men have been taken from Timmins for work at the special camps of the northern development department. The first hundred men have been returned and another hundred taken in their place, the matter thus resolving itself into a part time employment at a wage rate too low for decent living even under steady employment. With a number of public works very necessary for the advantage of the country—such as the road connecting up the mining camps of Sudbury, Shiningtree, Elk Lake, Matachewan, and Porcupine—it would be possible to provide work for all, to the general advantage. It may be argued that there is not money for these works. In case of such an argument there will be a general demand to know where the money has all gone, and also if there is no money for public works under which men may preserve their independence and the country receive some benefit, there is yet money for direct relief. Indeed a premium is placed on direct relief by municipalities, the government giving a larger grant for such relief than for the better form of relief—the only sensible form of relief—work for the unemployed. The people of Canada do not want relief of the charity type. They simply want some of their own money, and for this they are willing to work for the common benefit.
>
> Hundreds of men out of work in Timmins, though the town has done more than its share for the relief of unemployment by the providing of work! Hundreds out of work in other towns of the north, and elsewhere throughout Ontario! All this after the government has had months to prepare and arrange affairs!
>
> The government should turn over a new leaf for the new year. There should be earnestness and efficiency shown in the work of the relief of the unemployed. Had it not been for incidental matters that provided employment; had it not been for the work undertaken by municipalities; and had it not been for the remarkably mild weather this year, the province would have more serious hardship for a large number of men than the amount that has been encountered, and that amount has been altogether too much.
>
> In the new year the government should take up the unemployment question in a different attitude altogether. No thought should be given to the preservation of profits for any who have already made big money from the resources of the province. There should be no care for the feelings of the high finance group. There should be system and efficiency established, with the sole idea in mind of relieving unemployment by means of providing necessary and valuable work that will benefit the country and people.
>
> The Dominion government has a blank cheque for the relief of unemployment. This blank cheque has been passed on, as it were, to the provinces. Should there be more money spent than the people think has been possible in Ontario from the comparatively small amount of relief provided, and if the end of Ontario's share is in sight, then the province can safely come to the people for more funds. It is certain that the people in general are absolutely opposed to the idea of anyone starving to death, or even suffering hardship. There is a very general feeling that unemployment must be relieved. There are only two ways to relieve it, the one being by direct relief and the other by providing work. The system of direct relief is

against all the ideas of the people of Canada. To the average Canadian the only sensible plan seems to be to provide work. In this the government will receive the fullest support. The government should start the new year right by getting some system into its relief work program and seeing that the ordinary run of men get a fair deal.

Having regard to the severity of the unemployment situation in northern Ontario I desire to give the viewpoint of the rural population. The Minister of Labour said in reference to the letters that he had received from the various organized municipalities that the local authorities were prepared to look after the relief work. But we must not lose sight of the fact that most of the rural districts of northern Ontario are not organized. Consequently all the responsibility for attending to relief work in these sections falls on the provincial government. There are sections in my own riding that have been opened up for settlement for the last twenty years, but they are still unorganized, and up to date the people there have not received anything by way of unemployment relief. In this connection I desire to read to the house a letter I received this morning from the president of the local settlers' association of Mattice. He writes under date of February 20, 1932:

Yours of the 1st inst., duly came to hand, and we greatly appreciate your loyal support to relieve distress in this section, although this is not altogether under the direct control of the authorities at Ottawa. However being aware that you have done all in your power, and in turn we have not pointed out to you the general injustice felt, as we had hopes that a change was to take place locally, in accord with promise made by the engineer in writing; however no change took place and nothing is being done yet to relieve conditions locally. With this in mind we feel that we should draw your attention to the following facts:

1. Relief was demanded for reason already stated, and nothing has been done although promises were made.

2. The northern department of development undertook to complete the gravelling from Mattice, starting at mileage 103 to Opesatika by trucks.

3. Married men were given employment at the gravel pit three days during week and single men two days during week, and the number of men is very small and not providing for a fair revenue to those without revenue.

4. Regular employment on this job, was given to mostly all men from outside (men from Hearst and Cochrane), and Mattice could have provided for some of this employment; why was it not done?

("A" They brought in a man from outside to cut wood for stoves, a single man. Men could have been found at Mattice for this job.

"B" They brought in a man from outside to keep fire going in the camps during the night. Men could have been found in Mattice for this job.

[Mr. Bradette.]

"C" They brought in a man from Cochrane to check gravel at the other end, when there is a man already doing this, in this case we feel it is duplicate work for nothing.

"D" They brought in men from outside to put up a small garage with lumber and a little tarred paper. Men in Mattice could have done this work.

"E" All trucks are employed six days during the week. Though this comes under the necessary relief to relieve local distress, all these men are from outside.

"F" They have a man to operate a tractor for snow ploughing who is more or less idle but on regular weekly pay. This same man has a truck of his own running on the roads hauling gravel, but employing another man in its place, this man is a single man and the son of local road inspector at Hearst.)

5. We understand that relief money voted by the federal authorities was to be spent in the interest of localities affected and in need of work for his own people and the provincial authority was to administer these funds. At Mattice, Fryatt, MacBay, and Reesar, nothing is done to give work to settlers in need.

6. If it was necessary to gravel the road for automobiles from outside, for which settlers have no use, why employ trucks altogether. This work could have been done on a fair basis by permitting the trucks to gravel the long distance travelling east and permitting the teams from settlers to get on and gravel the short distance travelling west, as understood and promised by the provincial authorities, this on about December 1st. At that time they were aware of our need and promised the work; since then nothing has been done to give to the settlers a little revenue. We are in need of revenue by the means of work, if they knew of our need. How long will it take to overcome the distress? Promises do not give a man on a lot something to eat for his family and permit him to meet his obligations.

We have already a case of a settler on a well settled farm, owing to the fact he could not get work for his horses, and not being able to afford to feed his two horses all winter doing nothing, he decided to kill the poorest one. Will this last much longer?

I feel it is not necessary to enter into very many details of this sort, for you know our general conditions. It would require very little to help us to see the year over, and this we ask and must obtain in the form of work.

In a few days now many many teams will be done hauling the little pulpwood there was to haul, and what are we going to do?

We understand that some men made the statement that the settlers in this section were well off and did not need relief work. Why this statement? I presume it is in the form of punishment which is not needed, for we have enough of the actual distress without allowing such statements to be made and taken as granted that we are not in need of work. These statements is merely made by the man or men as their personal views, and are not correct.

My dear Mr. Bradette, is it not possible apparently to obtain satisfaction within our needs? By good will we all urge you to bring up our cause to the proper authorities again, and if necessary take the matter up in House of Commons of Canada. We are Canadians and we want to be Canadians. Through you, our representative, we demand action.

Previous to the last election during the debates in this house certain hon. members put the onus on the government of relieving unemployment on the ground that it had become so serious that it was a national matter. During the last election the Conservative party stated that unemployment was purely and simply a federal matter, and if they were returned to power it would be so dealt with at once without any red tape. I know that the Hon. Mr. Finlayson, Minister of Lands and Forests in the provincial cabinet, has been down to Ottawa on different occasions, and the officials of the northern development branch have told the settlers in my section of the country, and rightly so, that if they did not get the relief work they were entitled to it was because the federal government had not made the necessary grant to the provincial authorities. The Canadian people are alive to the situation and are giving the fullest latitude to the government to apply adequate remedies. On January 31, the Mail and Empire contained the following despatch from Ottawa:

Ontario Asks Funds For Highway Work

Request for Further Appropriation Presented to Federal Cabinet

Finlayson in Ottawa

Ottawa, Jan. 31.—The Dominion Cabinet has under consideration the request of the Ontario government for further appropriations to make it possible to continue work on the trans-Canada highway. Hon. William Finlayson, Ontario Minister of Lands and Forests, was in Ottawa on Saturday, when he laid before some of the ministers the need for additional appropriations.

Hon. William Finlayson, who was in Ottawa Saturday conferring with the Dominion government regarding further finances for the trans-Canada and other Northern Ontario road relief projects, stated last night that he expected a definite reply from Premier Bennett to-day on the situation.

Mr. Finlayson declined to say what appropriation is required to carry the road work on until April as originally scheduled, or what the province had asked the federal authorities to contribute further in this regard.

Premier George S. Henry to-night stated work on the trans-Canada highway in Ontario had progressed with unexpected speed owing to mild weather prevailing throughout the areas in which construction camps are situated.

The result, he said, had been that more money was already spent than officials had anticipated. The original estimates provided funds to carry work on until April 1. The province and the dominion provided the money on a fifty-fifty basis. Mr. Henry said he could not immediately determine the amount of money remaining from the original appropriation, nor the length of time it would be possible to carry on the work without calling for more funds. Eventually, he said, more money would have to be appropriated.

I know the Prime Minister is anxious to relieve unemployment, and therefore I make this statement to him that on the first of April all the money distributed for unemployment relief in the province of Ontario will have been spent, but there will still be unemployment. This is the worst time of the year for our settlers in northern Ontario, for if they are not able to earn sufficient money to buy seed grain and keep their families in food and clothing they will have to abandon their holdings and come down to the already overcrowded urban centres. I make an earnest appeal to the government—and if the Minister of Labour were in his seat I know he would cooperate with me, because he knows the situation as well as I do—I make an earnest appeal to the government that more money be appropriated for the unemployed in the rural and industrial sections of northern Ontario, that more road work be undertaken so that it may be carried on well into June and July. I am making this appeal in the hope that the government, being now familiar with the seriousness of conditions in northern Ontario, will devise a plan to relieve the pressing necessities of the population there, otherwise they will find it impossible to remain on their holdings or keep their property. In the name of my constituents, in the name of the fine type of people of whom the Minister of Labour spoke this afternoon, I make this fervent appeal to the government to take such measures as will enable them to carry on their work of opening up for Canada and for the world that wonderful section of the dominion that we call northern Ontario.

Mr. ALPHONSE FOURNIER (Hull): I shall be very brief in my remarks, Mr. Speaker, but I was induced to speak on this motion after listening to the remarks of the Minister of Labour (Mr. Gordon), who quoted figures to show to what extent the government had helped to relieve unemployment throughout the country. He stated that in 1930 no one knew exactly how long this depression would last or what its intensity would be, and he also said that if it had been a normal depression the measures adopted by the government certainly would have had a good effect and would have relieved unemployment to a greater extent.

The minister stated that $70,570,080 was spent in 1930 throughout the country on relief work, and that the share of this government was about $14,000,000. He also stated that this provided work for 332,000 individuals. He stopped his figures at that point, but I think he should have gone further and stated how many days these 332,000 people had

worked. It would have been found that they had worked only a little over seven million days. Going further, we find that during 1930 these people worked an average of 23 days during the entire year; that was the extent of the relief given the unemployed by relief work. If we were to calculate the amount spent as compared with the number of individuals receiving relief, we would find that each working day given these people cost the municipal, provincial and federal governments about $10, and in 1931 the figures were not much improved. Up to January 1 of this year $60,000,000 was spent on relief work, giving work to 285,000 people, who averaged 11 days work per person. The share of the federal government in that relief work amounted to about $28,000,000.

It must be remembered that in addition to relief work the government gave money for direct relief. In 1930 this amounted to about $2,000,000, according to the Financial Post of January 20. This amount helped some 430,770 heads of families and single people, so that the $2,000,000 spent on direct relief, together with the $5,000,000 provided by provincial and municipal governments for that purpose, helped more people than were helped by the relief work which has been carried on at much greater cost.

After the minister said that no one knew how long the depression would last or what intensity it would reach I was tempted to ask what measures the government would have taken had they known this depression was world-wide; I was anxious to learn what other means they could have employed to relieve conditions. The minister was silent on that matter; he only stated that people throughout the country were kept from starvation through the actions of this government. I must remind the house that when this depression started in 1929 the revenues of the country were going down, so the money spent for relief had to be borrowed. This $70,000,000 was secured in that way and added to the funded debts of the municipal, provincial and federal governments, so there must be added to our obligations a further amount of about three millions, being amount of interest on that borrowed money.

The largest part of this money was spent on public works, such as buildings, highways and bridges. We did not actually need a great many of these buildings and highways, or at least they could have waited for normal times when the cost would have been lower. Surely some other scheme to aid unemployment could have been devised. I still believe the government should have helped by direct grants to the provincial governments and the municipalities, because in that way more people would have been assisted.

As to local conditions in the city of Hull, I may say that we have about two thousand people unemployed or employed on part time. The different industries in Hull are working on part time, and since we have also a certain number of civil servants, we will suffer still more if the proposed bill concerning civil servants is passed. Since September 1 last we have spent nearly $75,000 on direct relief, which amount has been contributed by the municipal, provincial and federal governments, but every day we have unemployed persons stopping us on the streets or calling at our houses for food. They are so destitute that they have not the pride that enables people to bear up under this depression. Hull is not a very rich city; it is composed in the main of labourers, and when our few industries close their doors necessarily these people must rely on help coming from the different governments. Of the two thousand people I am told that about four hundred received one week's work out of four in the city.

As to the city of Ottawa, where unemployment should not be known, I should like to quote from the Citizen of a few days ago. The article is headed "Work for Ottawa Women", and states:

> Yesterday in Ottawa some devoted members of the Local Council of Women opened a workroom where destitute women can be given an opportunity to earn a few dollars weekly. The plan is to give out sewing and mending work. On the first day more than 130 women applied. Some were receiving temporary relief through the welfare bureau, but they are women who want work rather than a charitable ration of food.

Mr. GOTT: Mr. Speaker, I direct your attention to the fact that it is eleven o'clock.

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

Wednesday, February 24, 1932

The house met at three o'clock.

PETROLEUM AND NAPHTHA

Hon. E. B. RYCKMAN (Minister of National Revenue) moved for leave to introduce Bill No. 20, to amend the Petroleum and Naphtha Inspection Act.

Mr. SPEAKER: Shall the hon. member have leave to introduce this bill?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Explain.

Mr. RYCKMAN: The proposed bill is so simple and short that I am surprised my hon. friends raise any objection to it. It deals with amendments to the Petroleum and Naphtha Inspection Act, and it also deals with a 100 per cent Canadian product. The act as it stands at present provides that:

Petroleum shall not be sold or offered for sale for use in Canada, for illuminating purposes—

Among other things.

—(b) if it weighs more than eight pounds and seventeen-hundredths of a pound per gallon.

I want to change that seventeen-hundredths of a pound to four-tenths of a pound. The reason is this, that the consistency of the petroleum in the red sand district of Alberta does not happen to fall within the act, but it would so fall if this paragraph read "four-tenths" instead of "seventeen-hundredths." There is no objection raised by anyone and this amendment would allow a market for this petroleum without the necessity of gasoline being added to it in order to bring it within the requirements of the act as it now stands.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MARINE SAFETY REGULATIONS

Mr. MacINNIS:

1. Has the minister received from the Vancouver harbour commissioners, safety regulations (for safety in loading and unloading ships), with the recommendation that same be established, as a harbour by-law?
2. If so, has the Department of Marine approved said regulations, or is the matter under consideration?
3. If the Department of Marine has not approved such safety regulations, is it the intention of the minister to bring before parliament at this session a bill to ratify the draft convention of the International Labour conference, at its twelfth session, for the protection against accident of workers engaged in loading or unloading ships?

Mr. DURANLEAU:

1. Yes.
2. No. In the opinion of the Department of Justice it is not competent to the Vancouver harbour commission to enact such a by-law.
3. Not at this session. A partial revision of the "convention concerning the protection against accidents of workers employed in loading or unloading ships" is on the agenda for consideration at the 16th session of the International Labour Conference to be held at Geneva, April 12, 1932.

UNEMPLOYMENT RELIEF, GLOUCESTER, N. B.

Mr. VENIOT:

1. Did the government of the province of New Brunswick recommend to the federal government the granting of direct relief to the municipality of Gloucester and the council of the town of Bathurst?
2. If so, what was the amount of direct relief so recommended, and did the federal government accept the recommendation of the government of New Brunswick?

Mr. GORDON:

1. The agreement between the Dominion government and the province of New Brunswick under the Unemployment and Farm Relief Act, 1931, provides that the Dominion shall pay to the province for remittance to any municipality 33⅓% of the expenditures of the municipality for direct relief where suitable work cannot be provided for the unemployed. No recommendations have been made by the province of New Brunswick in regard to the granting of direct relief to any municipalities in the province of New Brunswick, but the federal government is paying one-third of accounts for municipal direct relief as certified by the province in accordance with the agreement.
2. Answered by No. 1.

UNEMPLOYMENT RELIEF, NEW BRUNSWICK

Mr. VENIOT:

How much is due to the province of New Brunswick, to date, for work carried out under Unemployment Relief Act: (a) for work performed in the calendar year 1930; (b) for work performed in the calendar year 1931?

Mr. GORDON:

(a) All accounts for work performed in the calendar year of 1930 have been paid.

(b) Under the Unemployment Relief Act, 1930.	$ 5,410 97
Under the Unemployment and Farm Relief Act, 1931.	240,529 80
	$245,940 77

COKING PLANTS

Mr. MacDONALD (Cape Breton South):

1. How many agreements have been made by the government for the construction of coking plants under the provisions of the Domestic Fuel Act?
2. With what persons or companies were such agreements made?
3. How much money has been paid under such agreements to date, and to whom were such payments made?

Mr. GORDON:

1. Two.
2. (a) The Nova Scotia Light and Power Company, Limited, Halifax, N.S.; (b) Quebec Power Company, Quebec.

3. (a) The total amount of money paid to date under the agreements listed in the answer to question 2 is $21,795.17; (b) To the Nova Scotia Light and Power Company, $11,252.61; To the Quebec Power Company, $10,542.56.

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF

Mr. SPEAKER: As agreed at the last sitting, notices of motion numbers 1, 2 and 3 (Mr. Ralston) will stand, and numbers 4, 5, 6 and 7 (Mr. Casgrain) will stand in the absence of the hon. member.

Motions stand.

STEAMSHIP ALETTE

Mr. VENIOT:

For a copy of all correspondence, papers or other documents, relating to application of the Timber Transport Company, Limited, for a petition of right relative to the ss. Alette.

Mr. MANION: In the public interest I must regretfully oppose the carrying of this motion?

Mr. VENIOT: Why? I know this motion is not debatable, but the minister says it is not in the public interest that this motion should be passed. He should have better grounds than that. What interests are involved?

Mr. GUTHRIE: The motion is not debatable. If it is not agreed to by the government, my hon. friend can put it under notices of motion that are debatable and the matter can be discussed.

Mr. VENIOT: It would save the time of the house if the hon. member gave the reasons now.

Mr. MANION: With the consent of the house, while I am not entirely familiar with the matter at the moment, not having looked it up for some time, I shall explain it very briefly according to my recollection. In 1913 a steamer was engaged to take lumber from Texas to Nelson in Hudson bay. The steamer went up to Nelson with the lumber or timber or a mixture of both and for some reason the cargo was not delivered there. The ship departed but later returned and was beached. The opinion of my departmental engineers was that it was beached intentionally. At any rate, in 1916, after a great deal of investigation, correspondence and negotiation, the matter was settled, and according to the department's memorandum, the department was given a complete release of claims arising out of the chartering of this steamship in 1916.

[Mr. Gordon.]

Mr. VENIOT: By whom?

Mr. MANION: By the agent of the owners.

Mr. VENIOT: Who was the agent?

Mr. MANION: I think Powell was the name. Mr. Powell settled on behalf of the owners of the ship as their representative and as the matter is closed and it is fifteen years old, we take the attitude that the opening up of this case can have no possible advantage to anybody and is not justified.

Mr. SPEAKER: Shall I say "dropped"?

Mr. VENIOT: No, I cannot consider it dropped.

Motion negatived on division.

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. EULER (for Mr. Ralston):

For a return showing the pay sheets of men employed on the breakwater on the south side of Cape Sable island, in connection with the expenditure of moneys during the last six months under the Unemployment Relief Act of last session.

Mr. EULER (for Mr. Ralston):

For a return showing the pay sheets and vouchers in connection with moneys spent in the last six months on the wharf on the west side of Port Dufferin, Halifax county.

Mr. EULER (for Mr. Ralston):

For a return showing the pay sheets in connection with the repairs of the breakwater at West Baccaro carried on during the year 1931.

Mr. GORDON: With respect to Nos. 9 and 11, I doubt seriously whether the business of the house will be advanced by carrying these motions because these matters are now being incorporated in a report relating to legislation on unemployment relief. It would mean a great duplication of work, although if it seems desirable to anticipate the report, we will try to meet the wishes of the mover, but certainly it would add to the expense and probably would not avail much because the report, I trust, will be ready and tabled within a very few days.

Mr. EULER: Might I suggest that in the absence of the mover the motion stand?

Mr. GORDON: Might I ask your indulgence, Mr. Speaker, to allow motions Nos. 10 and 11, which are in the same position, also to stand with the consent of the house?

Mr. STEWART (Edmonton): Only on the understanding that there is not going to be undue delay. Very frequently these returns are delayed and are not brought down until

nearly the close of the session. If the motions are to stand it is understood there will be only a reasonable delay.

Mr. GORDON: The act itself provides that this return shall be made within fifteen days of the act becoming operative. That would mean the 15th day of March. I can assure hon. members that we are doing our utmost to have this return ready long before the time contemplated by the statute. I will table the return just as soon as it is prepared.

Mr. EULER: In the meantime the motions stand?

Mr. SPEAKER: Motions Nos. 9, 10 and 11 stand.

UNOPPOSED MOTIONS FOR PAPERS

DISTILLERY AT BERWICK, N.S.

Mr. ILSLEY:

For a copy of all correspondence, including letters, telegrams, memoranda and other documents exchanged between any person or persons and the government of Canada, or any minister of department thereof, or any of the officials thereof, relating to the establishment of a distillery at Berwick, Kings county, Nova Scotia, or the granting of a permit or licence for the manufacture of intoxicating liquor at Berwick, Nova Scotia, or relating to one Richard Steppanski in reference to such matter or matters since the 22nd day of April, 1931.

CAPE DES ROSIERS LIGHT KEEPER—DISMISSAL

Mr. BRASSET:

For a copy of all correspondence, letters, telegrams, sworn statements, and other documents, including all evidence taken at the inquiry; also the report of the commissioner who held the inquiry in connection with the dismissal of Mr. Joseph Ferguson, as lighthouse keeper at Cape des Rosiers, county of Gaspe.

BEET SUGAR INDUSTRY

USE OF SUGAR MANUFACTURED FROM HOME GROWN RAW MATERIAL

Mr. F. W. GERSHAW (Medicine Hat) moved:

That, in the opinion of this house, the government should in cooperation with the sugar factories encourage in every reasonable way the use of sugar made from home grown raw material.

He said: In briefly introducing this resolution, Mr. Speaker, I wish to draw to the attention of the house the conditions in a new industry, an industry that merits the attention of the members of this house and of the people of Canada on account of its great potential importance.

According to the Bureau of Statistics, in Canada we consume—I am using round figures —971,000,000 pounds of sugar annually. Of that amount about 847,000,000 pounds are manufactured from material which is grown outside of Canada. Some 25,000,000 pounds are exported, chiefly to Newfoundland.

Mr. SPEAKER: Order. I would ask hon. members to desist from loud conversation. It is against the rules, and it makes it impossible for a speaker to be heard in the chamber.

Some hon. MEMBERS: Hear, hear.

Mr. GERSHAW: Some 50,000,000 pounds of pure sugar are imported. It can be said fairly, however, that of the amount of sugar consumed in Canada only about 10 per cent is manufactured from raw material grown in Canada. In the United States they grow the raw material for 20 per cent of the sugar which they consume, and even in Great Britain, a country with a large population and a limited agricultural area, we find that one-fifth of the sugar which they use is manufactured from material grown at home.

The relatively large importation of raw material into Canada for the making of sugar is not due to any lack of fertility in our soil. It is not because our climate is not suited to the growing of this material, because we find that in 1929 the sugar beet grown in Alberta had a larger sugar content than the beet grown in any other part of North America.

The sugar beet was originally a small root vegetable, but by cultivation, and as a result of experiments in plant breeding, the present article has been developed so that when it is grown in the sunny regions of our country it contains eighteen and even up to twenty-two per cent of sugar content.

We need have no fear about the quality of the sugar made from the sugar beet, because we find that manufacturers of sugar, with the assistance of specially skilled chemists, can produce a chemically pure product, a product that is just as pure and just as wholesome as the product of cane sugar. We find also that it conforms to the chemical formula of sugar and that it can be used for any household purpose whatsoever. Those manufacturing sugar from the cane had difficulty in removing the molasses. Those manufacturing sugar from beets had, for a time, difficulty in removing certain of the bitter acids, but these difficulties have been overcome and sugar can now be manufactured from sugar beets that will give satisfaction for every purpose.

I wish, Mr. Speaker, that my words would reach the ears of the housewives of Canada, and that I had the eloquence to persuade

them to insist on using sugar manufactured from beets rather than sugar manufactured from cane, because I believe that if they would do that they would be doing a great patriotic service to a struggling industry in this country. If we used more beet sugar we would, of course, import less of the cane sugar, and it would be interesting to see how this would affect our trade and commerce. We are told that if we are going to sell to other countries we must buy from them, that exports must be paid for by imports. It is interesting to note from what countries we get nine-tenths of the sugar that we use. In 1930, we imported sugar, in the usual classification not above No. 16 of the Dutch standard, as follows:

	Pounds imported
Australia	894,000
British East Africa	26,000,000
British South Africa	78,000,000
British Guiana	174,000,000
Barbados	108,000,000
Jamaica	97,000,000
Trinidad and Tobago	77,000,000
Other British West Indies	77,000,000
Cuba	33,000,000
Fiji Islands	92,000,000
Peru	15,000,000
San Domingo	27,000,000
Other countries	994,000

From those countries we imported that great quantity of raw material for the manufacture of sugar. At this particular time there is a very good reason why the people of Canada should use sugar made from Canadian material. That urgency consists in the saving of the many irrigation projects that are now on the verge of ruin. In Alberta alone provision has been made to place a million acres of land under irrigation, and about half that amount is actually under irrigation at the present time. During the last thirty years millions of dollars have been spent on irrigation schemes. Some of this money was secured from the provincial governments, some from the transportation companies and some from the long-suffering British investors. Those investors and the men who actually carried out the earth-moving developments hoped for profits. On the other hand however they must be credited with vision. They had a picture of those dried-out areas being turned into fertile gardens capable of producing bountiful crops to feed our great population. They had a vision of neatly painted cottages housing a contented people. They felt they were making a contribution towards the building of empire, and money was not spared for supervision, for colonization schemes, for demonstration plots and things of that nature. Years have passed and their hopes have not been realized. Investors and operators alike have been deplorably disappointed by the limited success and the many disasters encountered in connection with these irrigation projects. The land cost the settlers some $50 to $70 per acre; the water cost $1.50 per acre, or $2 per acre per season. Owing to the collapse in prices of farm produce in the last few years wheat-growing is a dead loss. The farmers cannot grow fodder crops to feed live stock because the price of stock has depreciated accordingly. The irrigation farmer must work long hours during the day and often long hours of the night in the mud and water to look after his fields, and he has come to the place where he finds that in spite of his original investment, and in spite of the years of hard work, he has no equity in the land, he does not own his home and has no hope for the future.

[Mr. Gershaw.]

In reviewing the situation, may I say it seems clear that part of the failure in these irrigation districts is due to the fact that they have not been able to grow crops of a high acre value. In the western states beet-growing is the very basis and foundation of irrigation farming. In the state of Montana which, in area, is somewhat similar to that of Alberta, we find that they have 55,000 acres under beets whereas we in Alberta have only about 12,000. We find that they have three sugar factories and we have only one. Growing a crop such as sugar beets would to a great extent save the irrigation farmers and, to at least some degree reclaim or regain some of the investments which outside interests have made. Sugar beets would provide a cash crop for irrigation farmers. The present price of $5.50 per ton is too low to allow a profit, and too low to make feasible the beginning of operations by new factories. True, the growers receive a bonus on account of high sugar content, and if they grow ten tons per acre, which is a usual crop, they receive a cash price of from $60 to $65 per acre. Then, again, the growing of sugar beets would constitute a great link in crop rotation and would help to make possible the proper balancing of farm operations. Growing this crop would provide a system of cultivation which would help to keep down the weeds, wild oats and all foreign growth, and would increase by 50 per cent the productivity of other crops, such as alfalfa and sweet clover, which would be grown in rotation with the sugar beets.

Perhaps the most important effect of the growing of sugar beets would be the advantages derived from the by-products such as the beet pulp, beet tops, molasses and so on.

The production of these by-products would encourage the live stock industry, the development of secondary industries, and would necessitate the use of, and demand for, fuel, lumber and lime. Work would be provided for thousands of Canadians, our railroads would reap some benefit, and undoubtedly the stabilization and development of the farming industry, to a very great exent, would be the result. I have tried to show that we need have no fears about the quality of sugar we can produce from our beets, that preparation has been made to grow large quantities of sugar beets, that we have a market in Canada for nine times as much of this product as we are growing at the present time, and that great advantages would accrue to people in the irrigated districts if the sugar market could be secured.

At this point I wish briefly to mention some of the ways this government could assist the industry. I realize fully that immediate assistance must be given because the people on those farms are about discouraged and cannot longer continue under their present system of farming. The collapse in prices during the past few years has brought them to that condition. I do not think the question of tariffs enter largely into the matter. Canada has entered into a treaty with the West Indies in which the duty on sugar has been definitely stated and, for that reason, it is not likely that tariffs could be used to relieve the present situation. However, there are other methods which could be used to assist this industry. Loans might be made to responsible individuals sufficient to give them an opportunity to start a factory and thus create a market for the farmers in the immediate district. This government has on other occasions loaned money for various purposes. I may point out that in the district of which I am speaking the farm loan board has practically excluded the local farmers from the benefit of the act, so probably assistance along the lines which I have indicated would in a measure compensate them for that exclusion. It may be said at once: Why not let joint stock companies be formed and have them apply to the government for the assistance required? We must remember that those who have capital are extremely cautious these days and will not enter into a new business enterprise unless they know there is a reasonable chance of success.

Another method of assistance is by subsidy. I find in Great Britain this industry is so encouraged. Under the British Sugar Beet Subsidy Act, passed in 1924, a subsidy is granted to home-grown beet sugar for ten years, at the rate of 19 shillings and 6 pence per hundredweight for the first four years, 13 shillings per hundredweight for the next three years, and 6 shillings and 6 pence per hundredweight for the remaining three years. In 1924, the number of sugar beet growers was 4,039, and the total acreage 22,637. Six years later, in 1930, the number of growers had increased to 40,415, and the acreage to 348,920; that is, the growers had increased tenfold in number, the acreage fifteenfold. It is interesting to find that the factories had increased from three to eighteen, the labour employed from 1,435 to 9,900 persons. It is significant, too, that Great Britain has captured the confectionery trade of a large part of the world.

Now, Mr. Speaker, for excellent reasons this government gave a bonus of 5 cents per bushel to the growers of wheat. This assistance, I may say, was much appreciated, and I believe if the government could see its way clear to grant a bonus of $1 or $1.50 per ton to the growers of sugar beets they would bring hope and encouragement to many homes in the irrigated districts. Those people who are now on the verge of despair would be encouraged by such a move.

There is one other method I might suggest by which the government could help and encourage the growers of sugar beets and promote the development of this industry. That is by a system of advertising. It is not a new form of assistance. We have spent money on advertising to encourage the use of Canadian hemp, and the consumption of Canadian grapes and Canadian apples. It would seem to me, therefore, that some of the money that has been voted to the Department of Trade and Commerce for advertising purposes might well be used to encourage our people to use sugar made from the raw materials grown right within our country. Whatever methods may be adopted to this end, I hope they will be sufficient and effective; and I also hope that they will be applied immediately, because the very low price of farm products during the last year or two has made this a very urgent and a very important question.

The great national value of a sugar beet factory as compared with a cane sugar refinery can be easily shown by roughly contrasting the two operations. Cane sugar is grown in tropical countries and imported as a raw product, to be melted, filtered and purified in the refineries. On the other hand, Canadian labour is required in the production of beet sugar, and it starts from the seeding —in fact it starts before the seeding, because the land must be prepared; then we go

through all the processes of seeding, weeding, thinning and cultivating the crop during the growing season, followed by the harvesting operations and the transportation of the crop to the factory. Much Canadian labour is required for all these operations. At the factory the beets must be sliced and steeped and the resultant juice dealt with. In fact 60 per cent of the factory investment is used before the beet sugar reaches the stage at which the refinery first gets the cane sugar, so that twice as many men, twice as much fuel, and double the quantity of supplies are required in the production of beet sugar.

Beet sugar factories are needed in the irrigated district at Brooks and Vauxhall, and probably at Medicine Hat and Lethbridge, or wherever they can be most economically operated. In many cases local capital is not available, but if some assistance could be given along the lines I have suggested I believe more factories would be established, and thus a great service would be done to those Canadians who have invested their all and devoted years of their lives to the growing of sugar beets, only to find themselves now in a very unfortunate position.

I would suggest, Mr. Speaker, with all deference, if the government can see its way clear to give some assistance to this industry, that it be given in such a way that it will reach the sugar beet growers, because they are the ones who most need assistance and encouragement. By so doing I believe the government would, in a limited way, help to solve the unemployment problem, which is the greatest problem confronting the dominion at the present time.

Mr. CHAPLIN: Before the hon. gentleman takes his seat, would he say if he has some direct proposition to make in the way of subsidy or bonus?

Mr. GERSHAW: A dollar and a half a ton.

Mr. THOMAS REID (New Westminster): Mr. Speaker, in supporting the resolution introduced by the hon. member for Medicine Hat (Mr. Gershaw), let me say that Canada has been known as a country suited to agriculture. Many agricultural products have been produced of late, however, for which the farmer cannot find a market, though agriculture in this country is still the primary industry, from the point of view not only of the number of persons engaged in it, but also of the capital invested. I believe I am safe in saying that at the present time agriculture is in distress, and that when agriculture is in distress practically the whole country is in distress.

As everyone knows, sugar is a staple product. According to the returns issued by the Bureau of Statistics, last year our importations of sugar were valued at about $21,000,000. In many parts of Canada to-day we have farmers who cannot find a market for their products, but here is an article which, if manufactured in Canada, would provide a market for at least one product of the soil and would give encouragement to the agricultural industry which is badly needed at the present time.

In British Columbia we have the Fraser valley, which is admirably adapted to the growing of sugar beets. Two or three years ago a United States concern came into the Fraser valley and encouraged the farmers to grow beets, which were shipped to the state of Washington and manufactured into sugar. If we are to depend upon a concern which is not within the control of this country, the growing of sugar beets will not be encouraged at all, and I think it should be fostered on this side of the line. The growing of sugar beets and the manufacture of sugar should be encouraged by the province of British Columbia; it would not only provide a market for a product of the soil but would also provide work for a great many people who to-day are seeking employment.

We import sugar, but there is another product of the sugar beet of which up to the present we have imported a great deal. I refer to beet pulp, which is used in the dairying industry. If we could grow enough sugar beets and establish factories in British Columbia I think a good market could be developed for that product also. I believe this resolution merits the attention of every hon. member of this house, especially those who represent agricultural constituencies. So I have great pleasure, Mr. Speaker, in seconding the resolution.

Mr. J. S. STEWART (Lethbridge): Mr. Speaker, it is with considerable diffidence that I rise to speak to this resolution, because the mover has so clearly placed before the house the facts with regard to the use of sugar throughout Canada. In fact I find myself limited in my remarks to rather a parochial statement, in that I must confine myself to the constituency I represent, which is very much interested in the growing of sugar beets and also in the other subject dealt with by the hon. member for Medicine Hat (Mr. Gershaw), that of irrigation.

I appreciated the very clear manner in which the hon. member placed before the house the needs of the people in southern Alberta, and I should like to endorse many

of his statements. The growing of sugar beets in western Canada, especially in southern Alberta, is not possible except in connection with irrigated lands. Therefore irrigation and sugar beets go hand in hand; they are interlocked, and they are questions which must be decided in conjunction with each other.

I should like to digress for a few moments and speak of irrigation, because in a large measure agriculture in southern Alberta cannot be carried on without irrigation, at least as far as the semi-arid region is concerned. In a large part of that area there is an average annual rainfall of from 13 to 16 inches, and this must be supplemented by irrigation if crops are to be raised. The Rocky mountains to the west supply us with great quantities of water, enabling the irrigationist on the prairie to produce his crops, but even without this irrigation I should tell the house that with a normal rainfall these semi-arid regions have produced many millions of bushels of the very finest wheat in the world. But, owing to the fact that for a number of years in succession we have had a very limited rainfall, the question of irrigation has been brought very much to the fore, and as a result I think in that respect we have expanded and gone ahead far too rapidly and to a much greater extent than we should have.

As the hon. member for Medicine Hat said, the total irrigated acreage of southern Alberta is over one million acres, of which hardly one-half is under cultivation. Of course, the most extensively irrigated areas in Canada are to be found in southern Alberta; other irrigated areas such as the fruit areas in British Columbia and the ranching areas in southeastern Saskatchewan are very small in comparison, and I venture to say that few members of this house and very few people who reside in Alberta have any idea of the size of the irrigated areas in that province and the vast amount of capital invested. The records show that in Alberta we have four corporations that have installed works for irrigation; we have seven irrigation districts and 332 privately owned schemes. Of the four corporate projects, three are under the control of the Canadian Pacific Railway Company, and I should like to tell the house the size of those districts and the area that can be irrigated in each. The Canadian Pacific Railway area at Lethbridge gets its water from the St. Mary river, and contains 99,000 acres. The Canadian Pacific Railway west area contains 300,000 acres, the eastern area 400,000 acres and the area supplied by the Canada Land and Irrigation Company 130,000 acres. Then there are the irrigation districts, the Taber, with 21,661 acres, the Lethbridge northern with 100,000, the New West with 4,501, the Little Bow with 3,090, the Magrath with 6,975, the Raymond with 15,129, and the United with 34,235. In all, with the 332 privately owned schemes, we have 1,090,806 acres available.

Many of these irrigation works were carried on with money raised through the sale of bonds issued by the various districts, and in some cases those bonds were endorsed by the Alberta government. The people who resided in the districts were not able to meet the annual interest charges, and as a result the districts have been taken over by the provincial government and to-day are being operated under government supervision. The money tied up in these irrigation districts amounts to a tremendous sum. When I say that the initial investment in the province of Alberta is over $35,000,000 and that we have spent many millions more in betterment and upkeep, the house will realize just what liability the people of this country have in these irrigation schemes. It is true we have a great asset in these irrigable lands, and this asset runs far beyond the canal that carries the water or the ditches that bring it to the several farms. I also want to point out that there are very few of us who realize the immense liabilities that face those who have to meet the bonded indebtedness thereon. If we are to avoid any danger in regard to the security that is invested, the people who live on these lands must be enabled to grow specialized crops which will bring more in return than the ordinary wheat farmer could get if he were to put all of his land under wheat. These irrigated lands are adapted to the growing of specialized crops that cannot be produced on dry land, and the mistake that the irrigation farmer has made in the past has been that he has confined his efforts to a single crop that would bring in the most return with the least effort, and that is wheat. The last returns we have from the irrigation projects show that in the year 1928—that was the last return we were able to get—more than 66 per cent of the land under irrigation was devoted to wheat. That is a great mistake. The years that have followed have shown that we must find some other crop to supplement that wheat crop. The farmers have recognized that and they are now going in for specialized crops.

Among specialized crops I might mention alfalfa, because we can produce annually from four to five tons per acre of luscious alfalfa

hay from these irrigated lands; and we can also raise alfalfa seed, for in 1931 we took first and second prizes at the Chicago and Toronto fairs for alfalfa seed grown east of Calgary. The first prize for potatoes was captured by a farmer living in the immediate vicinity of Lethbridge; and so far as the sugar beet is concerned I shall show what has been produced within the last year, and what that country is capable of producing in that direction. When we come to specialized crops there are two points to be taken into consideration—first of all agricultural suitability, and secondly the economic value that can be obtained from the growth and harvesting of the crop. As regards agricultural suitability, as the hon. member for Medicine Hat has pointed out, there is no crop that is more suitable for irrigated areas than sugar beets; and so far as economic value is concerned, it is still the best crop, because we find that there is a greater return from its production than from any other crop grown on these lands in the west. And the large acreage that is kept under sugar beet production in the western states, where they have conditions similar to our own, goes to prove that this is the best-paying crop to be found on the North American continent, so far as irrigation is concerned.

I will not go on to tell the house anything about the agricultural suitability of the sugar beet as a crop for the irrigation farmer, but I would place before the house some facts with regard to two farmers living on one of these irrigation tracts, side by side, one on a northwest and the other on the northeast quarter sections north of Lethbridge. The first farmer had this last year 33 acres of sugar beet, which produced 330 tons, giving a return of $1,715; 12 acres of alfalfa, 48 tons, $384; 30 acres of wheat, from land which the previous year had grown sugar beets and from which he secured 46 bushels per acre, giving a return of $438; 24 acres of wheat following wheat, 25 bushels per acre, with a return of $210; 20 acres of oats following wheat, the return being $270; 8 acres of barley following wheat, giving $96, making a total of $3,113, from a farm of 160 acres. Besides this he had 28 acres of sweet clover for pasture purposes. This man keeps from eight to ten milch cows besides pigs, chickens and ducks, and he has a wonderful garden producing all kinds of vegetables. He had an income of over $3,000. Now listen to what his neighbour had. He was a wheat farmer, leaving some of his land for fallowing in the summer; he would alternate, putting in half his land this year and the other half next year.

[Mr. J S. Stewart.]

He had 100 acres of wheat and he received $700. Compare the two: One man with an income of $3,113 and the other with $700.

The sugar beet crop has meant very much to the farmers in the irrigated areas of southern Alberta during the past year. Seven hundred farmers in 1931 on 12,000 acres of sugar beet land produced 105,000 tons and received from the company $630,000. In other words, those 700 farmers received an average of $900 each; or, for each acre they had under cultivation, they received $52.50. The highest previous yield was in 1927 when the farmers produced 7.72 tons per acre. This year, through better cultivation and a wiser use of fertilizer, which we find practically at our doors, being able to secure it from the Consolidated Smelters of Trail, we have increased the tonnage to 8.75 tons per acre, which is an increase of over one ton per acre. We have around Lethbridge what is known as the 15 Ton Beet Club. Membership in this club is limited to those who have grown sugar beets and have produced more than 15 tons per acre on a 5 acre plot. This year we find that the gentleman who secured first prize produced 21.797 tons per acre on his 5 acres, receiving $595 cash; the second prize went to the farmer who produced 19·36 tons per acre, receiving $480 for his plot; the third prize to the farmer who produced 17·641 tons per acre, receiving $440; and the fourth prize to the farmer who produced 17·227, for which he got $430.

The money spent in connection with these sugar beets is vast, and it goes to a great number of people. The sugar company paid $630,000 to these farmers who raised the sugar beets; but these farmers in turn had to pay in wages to the 1,500 men who hoed the crop, the sum of $250,000. That was what was paid out in labour. And coming to the expenses in connection with running the factory, we find that last year the sugar factory paid 335 men $165,000. Their supplies were:

Coal	$45,000
Lime rock	10,000
Bags	75,000
Coke	6,000
Boxes, oils and other supplies	73,500

The amount of freight paid to the railways was made up as follows:

Beet haulage	$105,000

To secure their beets they must haul them over a stretch of territory 120 miles from the centre of operations.

Coal	$ 16,000
Lime rock	6,500
Bags	1,000
Coke	1,000
Sugar distribution	160,000
Boxes, oils, etc	1,500

This makes a total of $665,500 for factory labour, supplies and freight. The grand total distributed through that one sugar plant in the immediate vicinity of Lethbridge was therefore, in the last year, $1,295,500. The year before it was over $1,400,000. The result has been of great benefit to those who grow sugar beets. I am informed by an official of one of the irrigation companies that 80 per cent of the beet growers paid all or part of their irrigation rates during 1931, whereas only 40 per cent of the non-beet growers paid any rates at all, and that the beet growers paid back 98 per cent of the loans they had secured in 1931 from the credit societies, whereas only 40 per cent of the non-beet growers paid back any of those loans.

The manager of the beet factory, in speaking at a meeting a few days ago, had this to say:

> The beet growers here had received $5.50 per ton for last year's beets due to the high sugar content in spite of the low prices of sugar. Mr. Wood here stated that the beets grown in this factory district last year were the best beets grown on the American continent, being the highest in sugar content.

Therefore I can endorse the statement made by the hon. member for Medicine Hat (Mr. Gershaw), but I should like to elaborate further on it. The sugar content of the beets grown in southern Alberta this year was as high as 18.34 per cent; that of beets grown in the United States was 17 per cent, and that of beets grown in Great Britain was 15 per cent, so that in all probability the sugar beets raised in southern Alberta have the highest sugar content of any beets grown in the world. I see an hon. member from Quebec shaking his head. He will be at liberty, when the opportunity arises, to give his views to the house.

For some seven years we have had one sugar beet factory operating in western Canada at the town of Raymond in the constituency which I have the honour to represent. It is needless for me to inform the house that for some years previous we had a factory there, but it did not prosper very well and had to be removed to the United States. This last factory was established there in 1925 and for six years operated as a straight beet sugar concern. But last April, or to be accurate, on April 23, 1931, this sugar beet factory was purchased by the Cane Sugar Refineries of British Columbia, and it is now operated as part of their plant. This sugar beet concern, having been placed with the cane sugar interests, is hardly seeking expansion. I think the management are not very anxious to expand. But the sugar beet growers of southern Alberta are most anxious that we shall have another factory and they are asking for an expansion. The present management limited the sugar beet acreage from 14,000 to 12,000 acres last year, and it may be they will be able to take a few more acres next year because I believe they are about to spend some $300,000 in betterments in their factory.

So far as this question is concerned, I have from the very first avoided interjecting politics into it. It is too large a question to permit of the introduction of politics; it means too much to the people of southern Alberta and also to that very much greater question, irrigation in southern Alberta. But when one finds some officials of a local beet growers' association, who have always taken a great interest in politics, and quite rightly so, using their official position to advance the interests of the Liberal party, either on their own account or by guidance or assistance from the heads of the party in the city of Lethbridge, and seeming to be more anxious to advance the interests of the Liberal party than to secure an expansion of the industry, I think the time has arrived when the member who represents that constituency should stand in his place and inform the house as to the particular situation of this industry. Last session the hon. member for Medicine Hat quite rightly questioned the government regarding their attitude as to assisting the industry. I sat silent, thinking it would be in the best interests of the community that they should hear the definite reply from the minister in charge, the Prime Minister (Mr. Bennett) who was then Minister of Finance. But when politicians who belong to the beet growers and officials of some of the local organizations take an opportunity to publish certain statements in a paper that is not friendly to the government, that is not friendly to the gentleman who leads the party, a gentleman of whom I am extremely proud and to whom I hope to be most loyal, it makes me feel it is time for me to explain some of the details regarding this matter. In that paper they state they are disappointed at and dissatisfied with the attitude of the present government as regards expansion of the sugar beet industry. The first statement which, in all courtesy, I should like to make to hon. members opposite is that if in southern Alberta we have only one sugar beet factory instead of two, it is due to the tariff policy of our hon. friends opposite and to the lack of assistance and support by the former administration to this industry when it was in its infancy. I informed the house that this industry operated for six years as a straight

sugar beet factory. It could have been assisted by the then Liberal government as a straight sugar beet cooperative association, but things were allowed to continue until the project had almost reached the point where it could not operate any longer. I should like to refer the house to Hansard of September 19, 1930, where we have a statement by the ex-Minister of the Interior, the hon. member for West Edmonton (Mr. Stewart), who was the Alberta representative in the former Liberal cabinet. This is what he says, as reported at page 418, in regard to the sugar beet factory at Raymond:

> I know of the establishment of this industry and the success it has been in the locality, and I know how valuable it is to the farmers there. I know also that they have for a year or two been asking that some consideration be given them in the way of more protection. Their machinery, which was secondhand in the first place, was brought into Canada free of duty, and we did lend them some assistance in that regard. I may say to my hon. friend that any information I could obtain with respect to their ability to carry on and to make reasonable profits under the existing duties seemed to be well borne out, and I do know that they intended to expand. I think that perhaps, even without further assistance in the way of a duty, they will expand.

I should like to draw the attention of the house to the fact that they applied, not for one year, but for two years to the former government when this was a straight sugar beet corporation. Let me repeat the hon. member's words:

> I know also that they have for a year or two been asking that some consideration be given them in the way of more protection.

They were long-suffering; they were patient, because they kept at it for a year or two. They applied for assistance, but all the assistance they got was permission to bring in second-hand machinery free. No doubt they also got something else that was free, and that would be God's blessing and the word, pass on, my brother. The former Minister of the Interior goes on to say:

> I may say to my hon. friend that any information I could obtain with respect to their ability to carry on and to make reasonable profits under the existing duties seemed to be well borne out, and I do know that they intended to expand.

That statement was made in this house on September 19, 1930. The intelligence branch of the former Liberal administration was not working up to the proper pitch if that is all the information which the former administration had on the subject. Surely it must have been known to the then minister that a delegation was sent to the United States, to Salt Lake city, for the purpose of trying to induce the Utah-Idaho Sugar Company to establish another plant near the city of Lethbridge. That delegation consisted of farmers from the Lethbridge northern and from some other irrigation districts, as well as members of the board of trade. The delegation brought back a report which was published in the Lethbridge Herald and was given to the board of trade. I find that this report was signed by the vice-president and general manager of the Utah-Idaho Sugar Company, who made the following statement to the delegation:

> As you are aware, the price of sugar both in the United States and Canada has had a fairly steady decline during the past few years due to the world's increase in the supply of sugar, over which we have no control. In addition to this, our Raymond factory has not thus far been able to secure sufficient beets to run to capacity, although the present outlook for the coming year indicates that this condition will be corrected during 1930.

Then listen to this:

> As a result of these conditions, our operations in Alberta have shown thus far a very considerable loss.

That statement was made in January, and less than eight months after, the former Minister of the Interior stated that the sugar beet industry of southern Alberta was getting along very well and could expand without any assistance.

I find that my time is growing short. In conclusion, I wish to repeat my statement regarding the lack of assistance by the former administration to this project. Due to that lack of assistance the industry was prevented from expanding. The second reason lies with the tariff. The former administration gave no assistance except that they allowed this company to bring in secondhand machinery free. But let me tell the members of this house that a delegation met the present Prime Minister of this country within ten days of the time he took the oath of office, about August 15th, 1930, the first delegation from Alberta, so far as I am aware, to meet the Prime Minister. It was composed of representatives of the beet growers and of the manufacturers. These two men, one representing the company, and the other the beet growers, placed their representations before the Prime Minister, and the manager of that factory had the following statement to make to the Prime Minister within ten days of the time the Conservative party came into power:

> The instability of Canadian tariff policy as affecting sugar has been the factor which very largely has prevented progress in the establishment of a domestic sugar beet industry.

If I had time I should like to read that again. He states that the reason the industry was not able to go ahead and expand was that they could not get any assistance from the former government.

Mr. YOUNG: No stability of tariff?

Mr. GOTT: You would not second the resolution. Keep quiet.

Mr. STEWART (Lethbridge): These representatives who came to see the Prime Minister told him of the economic conditions and of the financial loss which they had sustained, as well as of the desire of the beet growers to have the industry expand. But they told the Prime Minister something more than that. They told him about a condition that was allowed to go on during six years of the regime of the former administration. The Prime Minister on September 19, 1930, speaking in this house, said, as will be found at page 455 of Hansard:

> And they were asking, not so much for protection, as for some assurance that they would not be destroyed by unfair competition, which they regarded as possible under the circumstances that prevailed. They were perfectly frank about the matter.

What was that unfair competition? It was competition coming from a great cane sugar concern, competition which was very real indeed, and in regard to which competition our hon. friends took no action during six years that they were in power. Let me tell the former Minister of the Interior that during the early months of the year 1931 cane sugar refined in Vancouver was selling at a lower price in Calgary, because it had to meet the competition of the sugar beet product manufactured in the town of Raymond, than it was selling at points on the main line of the Canadian Pacific within half the distance from Vancouver to Calgary.

Mr. YOUNG: Was that unfair competition?

Mr. STEWART (Lethbridge): By all means. It was competition that was meant to put that industry out of business.

Mr. MACKENZIE (Vancouver): May I ask a question?

Mr. STEWART (Lethbridge): My time is very limited, but if my hon. friend will ask his question after I get through I shall be glad to answer him. The irony of the situation will be seen when I state that on that delegation that went to the United States to ask the Utah Idaho Sugar Company to erect another factory, there happened to be one of the very men who are to-day dissatisfied with this government and with its attitude towards the expansion of the sugar industry, one of the very men of that sugar beet local. He was one of the delegates to the United States, and he knew—he must have known—the dire situation in which that industry was at that time. I wonder if he ever said anything to the former administration about being dissatisfied because they would not come to the help of that infant industry. I wonder if the hon. member for Medicine Hat ever rose in his place in this house in those days and asked the former Minister of the Interior to do something to help that industry that was about to pass out. I wonder if the paper published in our territory, and which is very unfriendly to this government so far as its tariff policies are concerned, ever printed an editorial urging that assistance be given to an industry which was then in its death throes. No. They waited until it was just about to pass out, and then they had to go and get another doctor. An hon. gentleman asks, what did we do? We had less than six months to attend to this matter when the industry passed into the hands of another concern. I am sure that my hon. friend from West Edmonton will not rise in his place and ask that we give any assistance to the sugar cane industry of Canada.

Mr. STEWART (Edmonton): Why wouldn't he?

Mr. STEWART (Lethbridge): Because the people of Canada have been very generous to that industry, and if any assistance is given to the sugar industry at the present time it would be given indirectly to the cane sugar refineries of Canada.

Lack of time prevents me from stating what action the Prime Minister took. He promised the delegation that met him that he would meet their wishes if he could, and not only did my hon. friend from Weyburn believe that, but he questioned the Prime Minister about it. There are also some very astute business men in this dominion who believed it, and as a consequence we find that the sugar beet projects in Canada have now gone out of business. In order that we may have a thorough inquiry into the sugar beet industry might I suggest that the house invite representatives of the sugar beet growers to come to Ottawa to meet with representatives of the cane sugar refineries at Vancouver, British Columbia, as well as representatives from the Consumers' League of Canada, because they are all interested in this question.

Mr. YOUNG: We will be there.

Mr. STEWART (Lethbridge): Let them come here, sit around a table and see if we cannot work out some plan whereby we will be able to do something to assist in carrying that tremendous irrigation load in the province of Alberta.

I have therefore an amendment to move, seconded by the hon. member for East Calgary (Mr. Stanley). The resolution of the hon. member for Medicine Hat is as follows:

That in the opinion of this house the government should in cooperation with the sugar factories encourage in every reasonable way the use of sugar made from home grown raw material.

My amendment is as follows:

That all the words after "that" be struck out and the following substituted:

All questions affecting the beet sugar industry in Canada be referred to the select standing committee on agriculture with instructions to inquire into the action which may be taken by the government by way of customs duties, subsidies, bonuses or otherwise, either in or without cooperation with the provincial governments for promoting the prosperity of the said industry and developing the production of Canadian grown sugar, and report to this house.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, I would not infringe upon the time of the house had it not been for the interjection of my name into this debate by the hon. member for Lethbridge (Mr. Stewart). He and I bear the same name and have been in various parliaments for a goodly number of years. I think he will agree that when I had some authority with respect to matters of this kind, not only in the federal but in the provincial arena, the good people who live in the constituency of Lethbridge received considerable attention at my hands. The irrigation project in which my hon. friend is now so much interested was launched at a time when I happened to be premier of the province; I was premier when the bonds were guaranteed, consequently I had a good deal of interest in the constituency and in the project to which my hon. friend has referred.

Unfortunately that project has not been as successful as its promoters had hoped. May I say to my hon. friend from Lethbridge however, and to this house, that so far as the industries in this country are concerned, my position is only too well known. I never encouraged an industry to come into Canada by any promise that it would be bonused or helped—never on any occasion. My hon. friend will not be traducing my position if he states that I held out any hope that if that industry came to Canada I would at any time as a representative of the province of Alberta be willing to pledge myself that the duties on an import of such magnitude would be increased in order to encourage that industry, or the industry in which my good friend from Essex, who is so voluble, is interested. I wish to make my position clear in that respect. After the failure of the first company which operated at Raymond, the company to which my hon. friend from Lethbridge referred proposed to come to Canada and to move in machinery which already had been in operation in the United States. We were very glad to say to them that by order in council we would relieve them from the necessity of paying duty upon the machinery so brought in. At no time, however, did they receive any encouragement or promise from the then government that they would be given a bonus, or that the tariff duties on sugar would be affected or changed to suit their interests. So much for that.

My hon. friend has said that from the very inception they experienced difficulty. I ask him, Mr. Speaker, why it was that a delegation of farmers went to interview that company and ask them to expand their business? The business, as I stated in the speech from which my hon. friend has quoted, was in a fairly prosperous condition. True, the price of sugar was higher in those days. It is quite possible that if sugar had been at its present price that industry would not have been established in Lethbridge. The fact is, however, that sugar prices were then higher; the prices of farm produce were higher, and I was perfectly correct, from the information I possessed, in my statement in this house that the company did intend to expand.

May I say further that I have never known a manufacturing industry in Canada or anywhere else which was not at all times willing to accept something at the hands of the government by way of greater protection or increased bounty. I have not known one of them to refuse help of that type; the fact is that they are usually around looking for protection. I am one who believes—and we might as well settle this question once and for all, so far as I am concerned—that secondary industries established in Canada which cannot exist through their own efforts had better not come here. They generally cost us more than they are worth, from the point of view of either of creating employment or of creating advantages for the individuals who have to be the purchasers of the goods they manufacture. I make no apology for making that statement at any time, and I will make it in Lethbridge or anywhere else.

If my hon. friend opposite thinks he can make political capital out of what I have said in his constituency of Lethbridge, he is perfectly welcome to do so.

May I say something further to my hon. friend—and this is something which arose from his statement to-day: How does it come about that the company to which he referred was able to operate under a Liberal government, and although they were so generously treated by the present Prime Minister of this dominion ten days after he took office, within two years they are forced to sell out to the sugar trusts? That was the very interesting statement to-day on the floor of this house by my hon. friend. Why was it that for six years that company was able to operate under the beneficent influence of a Liberal government, but within eighteen months after a Conservative government took office, a government pledged to relieve entirely their difficulties, they had to succumb to the great trusts and sell out?

My hon. friend is here to-day pleading that this house should do something because of the unfortunate position in which that industry has found itself, owing to the lack of action on the part of the federal government. That is the situation in a nutshell, and I believe in making that statement I have held strictly to my hon. friend's description of the conditions. I will be interested to know what the government purposes to do to relieve the situation my hon. friend has described; probably they intend to increase the tariff on sugar. If they do I shall vote against such a measure. I am content to take the consequences of what may happen to me. If it is proven that in other ways the industry requires assistance, and such assistance can be given in a manner similar to that in which it was given to the coal industry of Alberta, I will reserve my judgment until I know exactly what such assistance should be. So far as tariffs are concerned I state clearly that I am opposed to the increase of tariff on any commodity. Surely to goodness we have before us to-day an example of the effects of increasing tariffs. If increasing tariffs is helping Canada to-day —then, God help Canada; that is all I have to say. If increasing tariffs is bringing prosperity to any industry, I want to know it, because I have not been able to find it for myself. I learn only that the silk industry, one entirely foreign to Canada—

An hon. MEMBER: And the button industry.

Mr. STEWART (Edmonton): Yes, true; we on the farms will not have to use nails any more. So far as I am able to discover, the system of protection is not the proper method to assist any industry; certainly every attempt of the present government to assist industry in that way has proved a dismal failure.

Hon. R. D. MORAND (East Essex): Mr. Speaker, after listening to the acting leader of the party opposite who, with considerable heat, has been worrying as to why these particular sugar industries were forced to sell out their interests, I can readily understand why the mover of the resolution (Mr. Gershaw) did not get very far during the years his government was in power. First of all I should like to congratulate the Minister of Trade and Commerce (Mr. Stevens) upon the recruits that his creed has made on the other side of the house. This afternoon I have heard from the member for Medicine Hat (Mr. Gershaw) quite a good confession of his creed. However, the hon. member is somewhat timid yet in his new faith. Probably he is influenced a little by his desk mate. The pious wish that he expressed was a gesture to his constituents.

I may tell my hon. friend from West Edmonton (Mr. Stewart) that there is not the least doubt that when the concerns who have the sugar business in Canada absolutely within their hands saw the new party in power and realized the danger of a great increase in the beet sugar industry, they made it their business to secure the sugar beet factories and so control their operation.

An hon. MEMBER: Oh, oh.

Mr. MORAND: My hon. friend laughs. Permit me to tell him that this year that has happened to two sugar beet factories next to my constituency—one in Chatham, the other in Wallaceburg; they have been purchased by the cane sugar manufacturers, and to-day the farmers are being told that there will be fewer sugar beets grown in that country. It is quite easy to understand that those who are interested in the importation of cane sugar and its refining are not interested in the development of a rival industry that interferes with their prices.

I do not propose to take very much time in discussing the sugar beet industry in my part of the country. We have had two factories there, and they have been a wonderful assistance to the local farmers. Anything more that I might say would simply be a repetition of what has been said about the conditions of the industry in the west, and about the kind and quality of sugar beets—and superlatives usually fail after the westerners are through talking.

The sugar industry started in Canada nearly fifty years ago with bounties from the Dominion government. It was developed in Ontario by the Ontario Agricultural college. It was subsidized to the extent of half a cent a pound in this province, until to-day we have a type of sugar beet which contains more than double the sugar content of the beets grown at the inception of the industry. In my part of the country thousands of people depend on the sugar beet industry; the growing of sugar beets gives a tremendous amount of work to the farmers, and the conveyance of the crop to the factories is a source of income not only to the trucking concerns but also to the manufacturers and distributors of trucks. The land for the growing of sugar beets is either irrigated, as in the west, or, as in our part of the country, land which has been improved by very expensive drainage.

For a number of years in my county we were able to send sugar beets into the United States, and quite a large industry was developed along that line; to-day our sugar beets can no longer be exported to that market. As a result of this and other causes the curtailment of sugar beet growing in my part of the country is a real hardship on those engaged in the industry. The farmers have prepared their land for this crop and it is highly taxed, they have secured the machinery necessary for their farming operations, and the trucks for hauling their crops to the factories, and any measure which will in any way not only ensure a continuance of the beet growing industry but also increase the acreage under cultivation would certainly be of real value to our farmers.

I have a great deal of pleasure in supporting the amendment to the resolution, because I believe that if this whole matter is thoroughly threshed out before the agriculture committee much information will be elicited that will be of service to the farmers and others, even including my good friend from West Edmonton. The amendment proposes that the committee study the question of helping the beet sugar industry by way of customs duty, bonus or otherwise. I would suggest that under the "otherwise" the question of quotas be studied. This system may be new in Canada, but it is frequently discussed in Europe. In a study of the quota system made at the last Imperial conference it was particularly stressed that articles to be usefully treated under the system must go through some one definite avenue of distribution. Surely the sugar industry of Canada presents a bottle neck that would very well lend itself to at least a study of the question of establishing a quota for beet sugar grown in Canada. I am told that in France and in Italy from time to time they definitely set the quota of home-grown wheat which must enter into their domestic flour production. When the committee meets I hope they will consider the question whether it would be possible to establish a quota for Canadian grown sugar that our sugar interests would be forced to apply in the sugar they produce and distribute throughout the dominion. The quota possibly could be based at the beginning on the average acreage over a period of five years, to be gradually increased year by year until the percentage of home grown sugar to the imported had reached a certain level. I am not sure whether this is possible, but I think it is worth while studying. It may appeal to our friends on the other side inasmuch as its adoption would not be raising the customs duties. It has the further value that despite the fact that the sugar industry of Canada may be in the hands of a very few persons, they will be forced gradually to increase the number of acres under cultivation and so assure for the farmers of Canada a fair distribution of their own production throughout the dominion. With that addition to the amendment I have much pleasure in supporting the resolution.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, the hon. member who has just taken his seat (Mr. Morand) gave us a very interesting and a very brief history of the sugar industry in Canada. He tells us that it was established many years ago by a bonus, it was encouraged by the technical skill and research work of experts of the Department of Agriculture, it was maintained by bounties received from the provinces, it was sheltered by a protective tariff. Now, we are told that after all this it has become a part of the sugar trust, and is coming before this parliament asking for what? Asking the government to help pay for beets it requires in its business. The resolution of my hon. friend from Medicine Hat is a much more serious matter than would appear on the surface. It aims to have all our refined sugar made from Canadian grown sugar beets, rather than from imported raw sugar, and the hon. member suggests a bonus of $1.50 a ton. A bonus of $1.50 a ton on the sugar we consumed in this country last year would amount to $600,000, while a bonus of that amount on sugar beets would cost us, according to the figures my hon. friend gave, about five times as much, or $3,000,000. But that is not the entire cost. If this resolution

should succeed in its purpose and raw sugar should be shut out, requiring our manufacturers to use Canadian sugar beets, it would cost the treasury of this country in loss of revenue $3,271,000 yearly.

An hon. MEMBER: Oh, oh.

Mr. YOUNG: My hon. friend laughs; let me prove that statement. Last year we imported 8,301,000 hundredweight of sugar, on which the duty amounted to $3,271,000. If that sugar had been imported under the general tariff, from Cuba or some other country outside the empire, it would have yielded a revenue of $9,625,000, but because we bought it within the empire or from those countries enjoying a preferential rate, we received only $3,271,000. In other words, for the privilege of buying our raw sugar within the empire we paid last year the neat little sum of $6,154,000. I hope my hon. friends opposite will remember that this year when they attend the Imperial conference to encourage trade within the empire.

Mr. STEVENS: Does my hon. friend disapprove of that?

Mr. YOUNG: Does not my hon. friend think it would have been better to leave that $6,000,000 in the pockets of the Canadian people instead of in the pockets of people in other parts of the empire?

Mr. STEVENS: I am asking my hon. friend if he disapproves.

Mr. YOUNG: Yes, I do, if that helps you any.

Mr. STEVENS: My hon. friend wants the general rate to apply throughout?

Mr. YOUNG: No; I want the tariff removed all along the line instead of in spots. If you are going to apply a tariff I want it applied equally to everyone.

Mr. STEWART (Lethbridge): The tariff on sugar was reduced during the regime of the Liberal party.

Mr. YOUNG: So much the better. As I said, this raw sugar coming into the country brought in revenue to the extent of $3,271,000. If you shut out that raw sugar and supply our refineries with Canadian grown raw sugar you will lose every dollar of that revenue. We will not get our sugar any cheaper; that money will go into the pockets of the industry, and that loss of revenue will have to be made up in some other way. Again the government would have to resort to new methods of taxation in order to make up the revenue which by this resolution would be diverted into the pockets of private individuals.

My hon. friend from Medicine Hat says that this assistance to the industry is necessary in order to save a tremendous investment in irrigation work in Alberta. He says a million acres can be irrigated there, and that investments have been made with a view to irrigating that area of land, but the trouble is that the land was bought at from $50 to $70 an acre, and the cost of the irrigation work has been so high that the only way they can hope to make the project successful is to grow something that will yield a very high acreage return.

Let us suppose the project is successful; let us suppose we put a tariff on sugar that would enable those gentlemen to put the million acres under sugar beets. What would happen then? Last year we had 40,000 acres in Canada under sugar beets, and my hon. friend says that this acreage produced 10 per cent of our sugar requirements. That being the case, all our requirements could be met by 400,000 acres, but here is a proposal that would have the effect of putting one million acres under sugar beets in Alberta alone, to say nothing of what might be done in British Columbia, Ontario and the other provinces. What would be the result. If this scheme were successful it would result in more sugar being produced than we could possibly consume; we would be forced into the export market, and the sugar beet grower would find himself in the position the dairy farmer is in to-day.

Mr. GOTT: They are exporting now, instead of importing 44,000,000 pounds a year.

Mr. YOUNG: Yes, and we know what they are getting for the butter exported. Our sugar producers would be exporting, and the world price which would be much lower than the domestic price would fix the amount the grower would get.

Mr. GOTT: What would be the price of butter if we had imported 44,000,000 pounds in the last twelve months?

Mr. YOUNG: Reference has been made to the attempt of the British government to assist the sugar industry in England by means of bonuses. I think it was Sir Herbert Samuel who wrote an article a short time ago analysing those sugar bonuses and their effect on trade. I have not the article or the figures before me, but the cost to the treasury was appalling and the benefit to industry was practically nil. It was one of the most colossal blunders the British government ever committed, and the same thing would happen if we resorted to that practice here.

My hon. friend from Lethbridge (Mr. Stewart) said that the sugar industry needed stability of tariff. I am sure the tariff was more stable under the previous government than is the case now. What about the new valuation for duty put on sugar a short time ago? This power which has been placed in the hands of the minister to put a valuation for duty on any commodity at any time is the most unsettling influence we have had for many years in the commercial world. When a man undertakes to bring in a shipment of goods he does not know what the duty will be, even when the ship lands. So unstable is our tariff to-day, with this provision, that from day to day no man knows what he may have to pay in the way of duty. No man can make contracts for the shipment of goods into this country because he has not even a remote idea of what duty the government will make him pay when the goods arrive.

I agree with the statement of the hon. member for West Edmonton (Mr. Stewart) that we should not support any industry here that cannot stand on its own feet. We should not encourage industries to come to this country simply because somebody says it would be a fine thing to have them here. Any industry that is leaning on its neighbours is not a source of wealth to this country; it is a handicap to other industries which otherwise might be self-supporting.

Mr. GORDON: I should like to ask the hon. member a question before he concludes. He says he is behind the statement of the hon. member for West Edmonton with regard to the denying of bonuses to industry. How then does he justify the bonuses to the coal industry by way of subventions, which were introduced when my hon. friend was a member of the former government and which were started by the hon. member for West Edmonton?

Mr. YOUNG: I never was a member of the government.

Mr. GORDON: A member of the governing party, then.

Mr. YOUNG: As regards bonuses to industry, will any man here say that he ever heard me speak a word in support of them?

Mr. ONESIME GAGNON (Dorchester): I have listened with a good deal of interest to the remarks made in this house this afternoon by the mover of the resolution, the hon. member for Medicine Hat (Mr. Gershaw), and I regret very much that he did not see fit to draft the resolution in such a way as to cover the oldest sugar industry in Canada —the maple sugar industry. As hon. members know, this industry was flourishing in Canada even before the arrival of the French, during the time of the Indians. I have consulted a very interesting book published in Ottawa by Mr. J. B. Spencer, The Maple Sugar Industry in Canada. In this work a careful study is made of the progress of the maple sugar industry in Canada. With the indulgence of the house I should like to quote rather extensively from it. The writer says:

> The making of maple sugar, which is confined entirely to the American continent, had a very early beginning, as before the advent of the white man, the Indian had learned to extract and concentrate the sap of the maple tree. On the approach of spring, the trees were gashed with a tomahawk, in a slanting direction, and beneath the opening was inserted a wooden chip or spout to direct the fluid, drop by drop, into receptacle resting on the ground. The sap was caught in a birch bark dish and boiled in earthen kettles. The small quantity of dark, thick syrup thus made was the only sugar available to the Indians, and is stated by early writers to have been highly prized. The first settlers learned from the Indians the art of maple sugar making and followed for perhaps a century their crude methods of manufacture, except for the substitution of iron or copper kettles for vessels of clay or bark. In the early days, before the timber acquired much value, the axe continued to be used for tapping the trees, and the sap was caught in wooden troughs and conveyed in buckets to a central point to be boiled. The boiling was done in large iron kettles suspended from a pole in the open woods, in a sheltered location but with no protection from the sun, rain, snow or the ashes, falling leaves, moss and bits or bark that were driven about by the wind. The products made by this crude method were strong in flavour, dark in colour and variable in quality. In the past 50 years, however, maple sugar making has become a rather highly organized commercial industry. An early improvement was the substitution of the auger for the axe in tapping, coopered buckets taking the place of the birch bark "caso" or hewn sap trough, while the kettle gave way to the evaporating pan which has in late years developed into the modern evaporator with corrugated bottom and separate compartments. Not alone for the conservation of the life of the tree but also for cleanliness in sugar making, the wooden spout has almost disappeared in the most advanced sections; in fact, the present tendency is toward the use of metal in every article of equipment with which the sap, syrup or sugar comes in contact.

I apologize for having quoted at such length from this book, but I wished to impress upon the house the fact that this particular branch of the sugar industry flourished centuries ago. I am surprised, considering that the sugar beet industry has been in existence in Canada for only thirty-five years, that no hon. member, either opposite or on this side, has given any thought to the maple sugar industry.

Mr. MARCIL: Will the hon. gentleman inform the house how many countries compete with Canada in the manufacture of maple sugar?

Mr. GAGNON: From the statistics which I find in The Canada Year Book 1931, it appears that no country in the world is competing with us. I was just going to give a few statistics, however, to show the progress of the industry since 1926. In 1926 the production of maple sugar in Canada was 7,137,303 pounds, and the production of maple syrup 1,765,570 gallons, the total value being $4,896,375. In 1927 the production of maple sugar was 9,831,697 pounds and the production of syrup 2,154,705 gallons, the total value being $4,934,801. In 1928 the money value of both products was $5,584,588; in 1929, $6,118,656; and in 1930, $5,252,620.

Now, taking the production of maple sugar province by province, I find that in Nova Scotia the industry has been making progress, and the same is true of the provinces of New Brunswick, Ontario and Quebec. In other words, the whole of eastern Canada is deeply interested in seeing that the government take proper steps to encourage the expansion of the maple sugar industry of the dominion. Turning to beet sugar production, I find that the Ontario government has given a bonus to the industry, but I would point out that at no time has the federal government extended any subsidy or bonus to the maple sugar industry of Canada. I find also that the tobacco industry has received subsidies, and the same remark applies to the live stock industry. The federal department of agriculture grants certain amounts to live stock cooperative societies, and recently the federal government has allowed the sum of $50,000 for the purpose of promoting the sale of salmon from British Columbia. I submit, therefore, that the maple sugar industry being a national industry, in which thousands of farmers throughout eastern Canada are interested, ought to receive a special protection from the federal government. I recognize that such help ought to come first from the provincial government, but in order to stimulate the trade in maple sugar and maple syrup, this government ought to cooperate with the provincial governments. In the province of Quebec the maple sugar producers have organized a cooperative society which is known as Les Producteurs de Sucre d'Erable de Quebec. This organization has established a refinery plant at Plessisville in the county of Megantic and has recently begun the construction of another refinery plant at Beauce Junction, in the county of Beauce represented in the house by my hon. friend Mr. Lacroix. A great number of the maple sugar and maple syrup producers from the county of Dorchester are interested in that society and I have no doubt that what I say in this regard will meet with their approval. The maple syrup industry yields to the farmers of Dorchester a revenue equal in one month to that derived from the milk industry over a period of twelve months.

As I said a moment ago in view of the fact that the federal government has already subsidized the tobacco producers as well as those engaged in live stock and other forms of agriculture, it ought to help the maple sugar and maple syrup manufacturers of our country. May I also point out that, according to the information I have, the National Research Council a few months ago was able to send a specialist to England to study the wool industry. Wool is produced in every country in the world and is subject to universal competition. On the other hand, maple sugar and syrup are produced only in Canada and are under no competition from other countries. The maple sugar industry, this old agricultural industry is now in need of subsidies or grants in order to extend its production and the sale of its products in the open market. Therefore a few days ago I wrote to the Minister of Agriculture (Mr. Weir) and the Minister of Trade and Commerce (Mr. Stevens) asking for some help in order to encourage the production and extension of the maple sugar industry in this country. In that regard may I suggest to the government that the Department of Trade and Commerce together with the Department of Agriculture should grant a subsidy, say of $10,000 each year for five years. In that way, the cooperative societies at least in our province, not to speak for the other provinces which may take such steps as they deem best, would be in a position to begin researches and experiments towards finding new ways of utilizing this product as well as launching a publicity campaign for the extension of the maple sugar and maple syrup market. Last year, may I repeat it, the federal government gave a subsidy to encourage the salmon industry in British Columbia and I respectfully submit that the same consideration ought to be given to the maple sugar industry in Canada.

As I said at the beginning of my remarks, I am rather astonished that the mover has not seen fit to broaden out the scope of his resolution sufficiently to cover the maple sugar industry of Canada. I do not say that by

way of reproach or criticism, because I understand in Alberta whence he comes, there is no production of maple sugar. But may I suggest to the mover of the resolution that he add to it the following words:

And encourage the production and extension of the maple sugar industry in Canada.

If this resolution is sent to the agriculture committee, I think it would be proper that experts be called upon to give their views as regards the maple sugar industry in eastern Canada and also as to the advisability of asking for a bonus from this government to stimulate the production, perfect the methods of production and undertake a campaign of publicity to increase the sale of maple sugar and maple syrup amongst the Canadian consumers and those from abroad.

Mr. M. F. HEPBURN (West Elgin): Mr. Speaker, before this resolution passes, I should like to say a word or two in respect to the motion itself and the amendment thereto. I deprecate to the fullest extent the fact that this motion has emanated from this side of the house.

Mr. GOTT: On a question of privilege, before the hon. member for West Elgin (Mr. Hepburn) proceeds with his remarks, I want to draw to the attention of the house some observations that he made in a speech recently. This is a question of personal privilege. According to the Border Cities Star of February 23, the hon. member said:

Mr. Hepburn also expressed his regret that Eccles J. Gott, M.P. for Essex South, was not in his seat.

At another place in the same issue of the Border Cities Star there is in glaring headlines:

Hepburn Regrets Gott's Absence from criticism

Mr. YOUNG: We always regret that.

Mr. GOTT: I am not speaking to the seconder of the resolution. The hon. member for West Elgin sought to impress upon the people of southern Ontario that Gott was continually absent from his seat in the house. That is my question of privilege. During my six years in the House of Commons, this is the first time I have ever been privileged to see the hon. member for West Elgin arise to address the house. I may have been absent when he has spoken, but on a question of privilege I want to say that I am a constant attender in the house. I believe in the last five years I have been in my seat in the house twice the time that the hon. member for West Elgin has.

[Mr. Gagnon.]

Mr. POULIOT: I rise to a point of order. As soon as the hon. member has stated his question of privilege, he cannot stress it further.

Mr. GOTT: I have not stated my full question of privilege. The Border Cities Star goes on to say:

"I am sorry," said Mr. Hepburn, "that my friend from South Essex is not here."

Mr. HEPBURN: Was the hon. member here at the time?

Mr. GOTT: I was not. As I say, I never was present in the house when the hon. member for West Elgin was speaking. Is he afraid to speak when I am in the house? That is what I should like to ask him? He goes on to make the most rambling statements.

Mr. STEWART (Edmonton): The hon. gentleman is in order in stating his question of privilege, but he is hardly entitled to make a speech.

Mr. GOTT: I have not yet stated one portion of my question of privilege. As reported in the Border Cities Star, he goes on to say:

It is the same with tobacco, we produce more than we can possibly consume, and now the growers are asking for a greater duty.

Mr. STEWART (Edmonton): Order.

Mr. GOTT: I am not going to develop that further. I have stated my question of privilege and I am going to resume my seat.

Mr. HEPBURN: I suppose it would be in order to congratulate the hon. member on his admirable address. He usually sits in the house listening to the wind whistling through the great open spaces in his head. As to his statement that he has never been in the house when I have been speaking, I believe he has heckled me on many addresses I have made and, indeed, that is his greatest contribution to any debate. He usually gives a grunt; in fact he has been called in this house the "alarm clock from South Essex," and properly so.

I want to deal with the question before the house, that is the matter of a sugar tariff or subsidy or whatever you like to term it. As I said before, I am sorry that it emanated from this side of the house. I can understand the feeling of the hon. member; he is probably trying to represent the interests of his riding. But this brings to my mind a statement by Philip Snowden who said: "One of the evils of a protective tariff is that once the system is introduced, the members are no

longer representatives of their parliament or their country, they just represent the selfish interests within their own ridings." I believe every hon. member will agree to that. I naturally expected that the baby would be adopted and fostered on the other side of the house. It is in line with true Tory uneconomic policy. Before we undertake to stimulate the sugar industry and to bring into the country more sugar industries, it might be well to survey the general situation throughout the world with regard to sugar, because conditions are so internationalized at the present time that we cannot detach ourselves entirely from what is going on in other parts of this great universe. If the production of wheat in the Argentine Republic is high this year, that increased production there is felt immediately and we see a lowering of price in Canada. So it is with sugar.

What is wrong with the sugar industry? This year we have the prospect of the greatest production of sugar ever known in the history of the world, a production of 31,500,000 tons, a quantity far beyond the capacity of the world to consume. Let me touch on the history of sugar during the past few years and if some hon. members can take that breadth of vision, if they are capable of it, one can see at a glance from the figures I give, just what is wrong. In 1910 the world produced a little over 17 million tons of sugar. In 1920 that production had increased to 20 million tons, or an increase of about 2½ million tons. During that period world consumption increased about 20 per cent, and took care of the increased production. But from 1921 on, almost every country increased its tariffs to stimulate production of some product or another, without regard to the law of supply and demand. See how that affected the sugar industry. Between 1920 and 1930 the world production of sugar increased from 19 million tons to 31½ million tons, an increase of 55 per cent in world production. The unfortunate part of it was that, not having any regard to the law of supply and demand, cognizance was not taken of the fact that somebody had to consume that sugar, and during that period world consumption increased only 7 per cent. There is the situation in a nutshell: Production increased 55 per cent and consumption increased only 7 per cent. The world was faced with the greatest over-production in the history of the sugar trade. The price of raw sugar dropped to 98 cents per 100 pounds. We have never had such a low price for sugar, and we have never had such over production, yet our hon. friends opposite say that the cure is to produce more sugar, and that we ought to be generous with the beet growers. There are lots of them in my own riding. I am not catering to any selfish interests in making these remarks; I am speaking from a national standpoint.

First, our hon. friends opposite advocate putting a tariff on sugar, or in lieu of a tariff a bonus of $1.50 a ton on sugar beets. We produce 400,000 tons of sugar beets, and to pay that bonus we would have to take $600,000 from the treasury. Follow that to its logical conclusion. In order to produce in this country our sugar requirements by such uneconomic means, we would have to increase that subsidy by 100 per cent or dip into the treasury to the amount of $6,000,000.

Assuming that this principle is sound, and hon. gentlemen opposite think it is, because they have endorsed it on every occasion, what is it going to cost the country ultimately if we apply the same principle to all lines of production? With a production of 400 million bushels of wheat we would have to dip into the treasury to the amount of $20,000,000 at the present rate of bonus. We had a debate on the wool tariff the other day. If we increased the tariff on wool sufficiently high, it would probably cost the people of this country another $20,000,000. I was not surprised to get requests this morning from the organized dairy interests asking for a subsidy on cheese and butter. Assume we pay a subsidy on cheese and butter. That may cost another $25,000,000.

Mr. SPEAKMAN: Might I suggest that the hon. gentleman's figures as to the wheat bonus are not quite right? He is figuring on the basis of a bonus of 50 cents a bushel, instead of 5 cents, when he says that the bonus on 400 million bushels would amount to $200,000,000.

Mr. HEPBURN: I said $20,000,000. Here we have this principle involved. We have over-production of wheat, and the cure of hon. gentlemen opposite is more production. We have over-production of cheese and butter and their cure is more production of cheese and butter with every dairying country in the world increasing its production of those products. We have the same condition in sugar.

Let us look at this question from another angle. We dip into the treasury to the amount of $76,000,000, assuming, of course, that we can make ourselves rich by dipping into the treasury. The Finance minister will then have to increase taxation, because governments have no money except what they raise from the people through taxation. Increased taxation will increase our cost of

production. I hold no brief for our manufacturers, but I know that they are having a hard time in having to compete in an export market with the manufacturers of other countries which are not subject to the heavy taxation which we have in this country. This world-wide over-production, this struggle for world markets, will become more fierce, and the country to lose out will be the country that adopts just such policies as the one that is being advocated here to-day, which will increase the cost of production and impose a further handicap on our producers when they come to sell in the export market. There are, of course, precedents for such a policy as is now being advocated. Some years ago in Australia they were seized with the bright idea that what they had to do to protect their producers was to increase the tariff, and they increased it up to a 40 per cent level. That increased the cost of production to the basic producers who had to sell their wheat, and their wool and their cheese on the world market. They got no more for their products, but their cost of production was increased by the increase in the tariff. The result was that in Australia the producers got in a bad way and they appealed to the government for a subsidy. The government bowed to the popular will and dipped into the treasury, and the result has been that Australia to-day is in a state of financial chaos, just the same as we shall be in if we adopt policies such as this. In the United States, notwithstanding such an example before them, Mr. Hoover endorsed the Hawley-Smoot tariff bill, despite the fact that it was opposed by every economist of note in the United States. He put that tariff into effect. Did the increased tariff help the basic producers in the United States? No, certainly not. They came right back to the position that we are in to-day. The clamour from the basic producers grew louder and louder, and in order to satisfy them the government of the United States evolved a scheme which meant dipping into the treasury and taking out $500,000,000, which was given to a farm relief board to administer. It attempted to administer that fund honestly, I suppose, and tried to keep up and maintain farm prices at an unnatural level. Did it succeed? Certainly not. While this huge sum of $500,000,000 was being dissipated, the unfortunate farmer in the United States, the dupe of the same kind of propaganda as emanates from our friends across the way, saw all their farm prices go to the lowest levels in this century at least, and now they have to stand taxation to take care of this expensive experiment put into effect by Toryism across the line. In view of two such glaring examples as I have pointed out, is this chamber prepared to endorse and re-endorse such a policy in Canada?

Mr. GOTT: Will the perforated member permit me to ask him a question?

Mr. HEPBURN: Had I an extended waistline like the hon. gentleman I would want to be perforated even more.

Mr. GOTT: The hon. member spoke of the Hawley-Smoot tariff and its application. Will he tell us how many Canadian cattle and how much Canadian butter it kept out of the United States?

Mr. HEPBURN: The hon. gentleman needs a lot of enlightenment, but I am not going to try to enlighten him because to do so I would have to stay here for the rest of my life, and even then I might not get very far. In conclusion, Mr. Speaker, there are just two facts that I would point out: First, that the cure for over-production is not more production, and secondly, that you cannot get rich in any country by taking money out of the public treasury.

Mr. MORAND: After listening to the hon. gentleman's speech I would ask him: Is he in favour of helping the sugar industry?

Mr. HEPBURN: I am opposing the motion and the amendment thereto, absolutely.

Mr. E. J. GARLAND (Bow River): I have just a word to say on this resolution before the question is put. I am afraid that the house has not received all the facts in connection with this industry. I congratulate the hon. member (Mr. Gershaw) who introduced the resolution, because I feel that he was absolutely sincere in his effort to further a certain agitation which has arisen in his constituency, and I congratulate the hon. member for Lethbridge (Mr. Stewart) on having so successfully and completely kept politics out of the discussion. It was a worthy effort on his part, and I am sure that his name will go down in history as one of the rare non-partisan debaters on the question of the tariff.

The history of sugar beet growing in Alberta is exceedingly interesting, and has been roughly but accurately sketched so far. The industry established from the Utah sugar fields by the establishment of a plant at Raymond some time ago appeared to be able to operate for about six years. The production of beets during that period did not reach the capacity of the factory, and about the time

that capacity was being reached the British Columbia refineries stepped into the picture and purchased the plant.

This is the picture I wish to place before the house. This country, wisely or unwisely, has decided upon a policy of protecting the refineries in Canada. The sugar refineries, importing raw sugar from outside and finishing it in Canada, are protected because it was alleged that they were not able to compete against the imported refined sugar from outside. Well and good. Hon. members opposite protest that they did that in the interests of both the refineries and the people. The proposal now comes however to set up competing interests within the boundaries of one country, and to bonus them so as to enable them to compete with protected industries. That is the absurd position into which protection inevitably leads when carried to the extremes now proposed. I would not object if there was any logical reason to believe that the producers of sugar beets would be helped. It cannot be shown however that the growing of sugar beets has, either on the whole or on any average, been a profitable occupation.

Some hon. MEMBERS: Oh yes.

Mr. GARLAND (Bow River): No, it has not. That fact cannot be shown in the Lethbridge district. I have before me the report of a meeting held at Strathmore by sugar beet growers of the district to secure the establishment of a plant in that place. Similar agitations were carried on at Bassano and Brooks to secure the establishment of a plant, presumably to be operated for the benefit of the growers. Actually it would have been for the benefit of one or two persons who hoped to become officials in the newly established company. The only beet sugar company established in the country was bought by the British Columbia refineries. What was the effect of the purchase? To answer that question I quote from a letter dated April 29, 1931, from the Bow Valley Sugar Beet Association:

> The purchase by the B.C. people of the Raymond factory is a severe blow to our hopes and I, personally, am not for one moment deceived by their intentions, as announced in the press, of continuing to operate the factory at Raymond.

The secretary of the Bow Valley Sugar Beet Association, under date of April 29, 1931, wrote the Prime Minister of Canada as follows:

> I am convinced that the purchasers will close the Raymond factory at the earliest possible moment and on the slightest of pretext and that the purchase was put through for the purpose of killing competition from the beet sugar factory at Raymond.

I have no hesitation in saying that the sugar combine, of which the British Columbia refineries are a part, will destroy all other separate industries which may be created either on a bonus or on any other basis. That is not the way to deal with the problem.

Now I come to the producers' point of view. The same gentleman, the secretary of the Bow Valley Sugar Beet Association, wrote from Bassano on May 16, 1931, as follows:

> I enclose herewith sample crop share contract used by the growers and tenants on the Raymond project in 1929, from which you will gather that the total cost per acre, divided as therein set out, amounted to $54.30 on an average yield of eight tons to the acre, which was about the average, and at $7 to the ton the average farmer just about broke even.

And no more. At $7 a ton they broke even, and no more. Since that letter was written however the factory has reduced its price to the farmers from $7 or $7.50 to $5.50 per ton. I have no hesitation in saying that since that time the average beet grower has not made money, and has been very lucky if he broke even. Undoubtedly there have been one or two outstanding illustrations where some money has been made. In almost every industry or occupation in Canada there could be found one or two growers who, through fortunate circumstances, climatic or soil conditions, made a profit. The propounders of bonus policies always pick those few out as striking illustrations. They do not however represent the true state of affairs. The representative from Lethbridge who addressed the sugar beet association of Strathmore was a gentleman named Robertson whom possibly my hon. friend from Lethbridge may know. Mr. Robertson is alleged to be a practical man who has carried on farming operations in southern Alberta for sixteen years, and last year successfully harvested 75 acres of sugar beets. What did he tell that meeting? Did he give them hope or enthusiasm? Listen to what he says:

> . . . . in 1930, 14,000 acres in the Raymond area produced 128,000 tons, distributing to the farmers over $800,000. . . .

Those figures indicate that there was a production of 9½ tons to the acre, which was worth about $800,000 to the farmers. Of course that sounds very splendid in the aggregate. In answer to a question he said:

> Costs would run from $45 to $50 per acre.

There is the statement of a practical farmer engaged in the production of sugar beets who says that costs will run from $45 to $50 per acre, and the farmer receives only about $55 when it is marketed. There would not seem to be much hope there.

There is one further point I wish to impress upon hon. members, namely that the growing of sugar beets is a peculiarly difficult farm operation. The quality of the beet depends upon large quantities of water in the month of September to promote proper pollenization because the beet receives most of the sugar content in that month. For that reason sugar beets cannot be grown in western Canada, except under irrigation, so that water may be put on at proper times. That is probably one reason why costs are so high in the production of sugar beets. The labour entailed throughout the year in their production is of such a character that the average Canadian or American will not participate in it. The result is that during the last several years in the province of Alberta growers have imported oriental and central European labourers to attend to their crops.

Mr. STEWART (Lethbridge): No.

Mr. GARLAND (Bow River): My hon. friend says "no"; I say to him that I saw it myself. More than that, I saw moving pictures produced by the province of Alberta showing workers in the field.

Mr. STEWART (Lethbridge): Where did my hon. friend see the orientals? Were they not raising beets for themselves?

Mr. GARLAND (Bow River): They were employed as labourers to thin and hoe the crop. Will my hon. friend deny that labourers from central Europe are brought in to do the work of cultivating the sugar beets? It cannot be denied.

Hon. members should very seriously consider the bonusing of an industry which will have as part of its purpose the employment of a class of labour we cannot find within this country. I am opposed to the motion. If, however, I can find a seconder I have before me an amendment to the amendment which I will move, as follows:

That the words "select standing committee on agriculture" in the amendment be stricken out and that there be substituted therefor the words "advisory tariff board."

Mr. SPEAKER: Is the amendment to the amendment prepared?

Mr. GARLAND (Bow River): Yes, it is prepared, but I do not suppose anybody would second it because this diligent and active government has so far failed to appoint a tariff board.

Mr. SPEAKER: Then the hon. member does not propose an amendment to the amendment.

[Mr. E. J. Garland.]

Mr. A. E. MacLEAN (Prince): Mr. Speaker, before a vote is taken on this motion, as a representative from the maritimes, I wish to make a few observations. As the hon. member who moved the resolution is one of the most genial and likable members in the house I am sure it is not easy for hon. members on this side to oppose anything he would wish to introduce, especially when it would benefit the people of his own constituency. The argument he put forward is largely that it would help out the irrigation system and possibly give a return to the men who have invested their money in the sugar beet industry.

As has been pointed out by the member for West Elgin (Mr. Hepburn), the largest sugar production perhaps in the history of the world is in sight at the present time, and the difficulty for the sugar producing countries is to find a market for their product. There was a time in the maritime provinces when Cuban sugar was imported, and in exchange we were able to send large quantities of our potatoes and other agricultural products. Under the present practice of applying dumping duties we find sugar is being shut out of almost every market in the world. Cuban sugar has been excluded from our market. Naturally the Cuban government have practically refused to accept any of our maritime province products. As you know, Mr. Speaker, last year a representative from this government was sent down to Cuba to see if an arrangement could be made to find a market for our potatoes. The Cuban paper Mundo carried the following item:

Commercial relations between Cuba and Canada, after expiration of the existing modus vivendi in December, were discussed at a conference between Canadian minister Macdonald, Canadian commercial attaché Marmack, officials of the Departments of State, and of Agriculture, Commerce and Labour, and members of the tariff commission. The state department is said to have indicated that Cuba will not change her tariff policy, but will consider modifications in favour of Canada provided that country makes special concessions as to Cuban sugar, rum and tobacco, and the Canadian representatives agreed to study the question.

If the Minister of National Revenue (Mr. Ryckman) were in his seat I would ask him to tell the house whether, as has been asserted several times this afternoon, and as I have good reason to believe, the dumping duty has been applied in a good many cases. I would also ask if any effort has been made by the government to find a market in Cuba or in other parts of the world for our potatoes, and especially if they have endeavoured to raise the British embargo. We hear our friends

from the west talking about the desperate straits of the farmers in the prairie provinces. I doubt if any farmers are in a more desperate condition than the farmers in the maritime provinces who have been engaged in the production of potatoes on a large scale.

Mr. MOTHERWELL: Are they not the most prosperous farmers in Canada?

Mr. MacLEAN: Not at all. To-day the farmers of Prince Edward Island have millions of bushels of potatoes on their hands, for which they cannot get over 8 or 10 cents a bushel at the very most; the farmers of New Brunswick are in an even worse position, having to sell their crop at 20 to 25 cents a barrel; Quebec is in a similar position.

The Cuban government put before our representative a definite proposition; they asked him if the Canadian government was willing to consider some arrangement whereby a treaty could be worked out. Mr. Macdonald replied: I will present these facts to my government, and they will take them under consideration.

The time has arrived when, if we are going to bonus one branch of industry, we have got to bonus every branch, else we must stop this bonusing system. You cannot bring in discriminatory measures such as are being advocated in this house in favour of one branch of industry and leave other farmers to shift for themselves. You cannot build up their industry and make them prosperous by means of bonuses. Everyone knows the system has failed; it has failed across the line, it has failed in Canada. The only thing we have to do is to face the situation and endeavour to get our products into all the countries of the world, and so give our farmers a chance to compete on fair and equal terms. I believe the time has come when we in Prince Edward Island might very well ask that the local starch industry be bonused. Our farmers are compelled to turn their potatoes over to the starch factory at 5 or 6 cents a bushel delivered; they practically have to give them away. How in the world can farmers exist under such conditions? If any body of men in Canada should ask for a bonus after two or three years of the conditions I have described it is the farmers of the maritime provinces.

I am sorry to be compelled to oppose the resolution and also to vote against the amendment.

Mr. GERSHAW: Mr. Speaker, I must thank hon. members for the way in which they have received this resolution. A considerable number of people have given a good deal of thought to the question of assistance to industry; and the individual who is struggling along and trying to get a new industry established cannot understand why old and well-established industries can get assistance while he is denied help.

I have read the amendment proposed by the hon. member for Lethbridge (Mr. Stewart), and with the consent of my seconder I will withdraw the motion.

Mr. SPEAKER: Is it the pleasure of the house to adopt the amendment?

Amendment Mr. Stewart (Lethbridge), agreed to on division.

Motion (Mr. Gershaw) as amended agreed to on division.

At six o'clock the house adjourned without question put, pursuant to standing order.

Thursday, February 25, 1932

The house met at three o'clock.

CHARGES BY HON. G. N. GORDON

MOTION FOR PRINTING OF PROCEEDINGS AND EVIDENCE

Mr. G. R. GEARY (South Toronto) presented the first report of the special committee appointed to inquire into certain charges made by the Hon. G. N. Gordon, K.C., as follows:

> Your committee recommend that 500 copies in English and 250 copies in French of proceedings and evidence which may be taken be printed, as required, and that standing order 64 be suspended in relation thereto.
>
> All of which is respectfully submitted.

Mr. GEARY moved that the report be concurred in.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I say with respect to this motion for the printing in English and French of five hundred copies of the proceedings of the committee which is investigating certain allegations made by the Hon. Mr. Gordon, that I think it is a waste of public money to print the proceedings of this committee. What useful purpose is going to be served by it? The Prime Minister wishes to have certain facts brought out and no doubt a statement by Mr. Gordon in reference thereto. This will be brought out in committee and the committee can make its report, but surely it is simply throwing away the

money of the people, which it is difficult enough to raise through taxation these days, to spend it on the recording and printing of the evidence of a committee functioning for the purpose for which this committee is functioning. I submit again that this matter should never have been brought into parliament at all, and I believe the less there is of record concerning it the better it will be for the Prime Minister and all concerned. I protest against the printing.

Motion agreed to, on division.

PRIVILEGE—MR. GOTT

Mr. ECCLES J. GOTT (South Essex): Mr. Speaker, on a question of privilege—

Some hon. MEMBERS: Order.

Mr. GOTT: On a question of privilege, or parliamentary procedure, or order, I want to draw to the attention of the house an item that appears in yesterday's Hansard at page 502 under the name of Mr. Hepburn, in answer to a remark that I made. My remark was:

Will the perforated member permit me to ask him a question?

The hon. member for West Elgin (Mr. Hepburn) appears in Hansard to have said, although he did not utter this remark yesterday, as I have verified from the Debates office:

Had I an extended waistline like the hon. gentleman I would want to be perforated even more.

I would like to know, Mr. Speaker, if an hon. member of this house can insert in Hansard any remark he likes in order to make his constituency think that he is a very wise member of this House of Commons. This is a matter that should be decided to-day. I do not think that any member should be permitted to interject into the records of this house any silly statement like that.

Mr. HEPBURN: I might say that I did make the statement. It was heard by members on this side of the house, and Hansard asked me to say just what was said, owing to the fact that there was a disturbance at the time and my remark was not caught by the Hansard reporter.

Mr. GOTT: I stated, Mr. Speaker, that the remark was not reported by Hansard.

Mr. SPEAKER: It will be inquired into.

[Mr. Mackenzie King.]

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MATAPEDIA, QUE., LEVEL CROSSINGS

Mr. MARCIL:

Has the government considered the urgency of proceeding with the work of removing level crossings at Matapedia, Quebec, and will any action be taken this year?

Mr. MANION: May I point out that this is a question which must be decided by the Board of Railway Commissioners and the railway concerned. It is not a matter that is in the hands of the government. I do not feel that it is the duty of the government to decide this question at all.

ROYAL CANADIAN MOUNTED POLICE—COAL

Mr. GARLAND (Bow River):

1. Is the contract for coal supply of the Royal Canadian Mounted Police at Gleichen, Alberta, let by tender?
2. If so, who was the successful tenderer during each of the past five years?
3. What was the price of the tender in each case?
4. Was this the lowest price offered?
5. How many firms tendered for the period 1931-32?
6. Who was the successful tenderer?
7. What was the price per ton of the successful tenderer?

Mr. GUTHRIE:

1. Yes.

2. 1927, Crown Lumber Company Ltd., Gleichen, Alta.; 1928, Crown Lumber Company Ltd., Gleichen, Alta.; 1929, R. S. McQueen, Gleichen, Alta.; 1930, The Crown Lumber Co. Ltd., Gleichen, Alta.; 1931, The Crown Lumber Co. Ltd., Gleichen, Alta.

3. 1927, $7.35 per ton; 1928, $7.50 per ton; 1929, $7.20 per ton; 1930, $7.20 per ton; 1931, $6.40 per ton.

4. 1927, yes; 1928, both competitors quoted same price; 1929, yes; 1930, all firms quoted same price; 1931, both competitors quoted same price.

5. Two firms.

6. The Crown Lumber Co., Ltd., Gleichen, Alta.

7. $6.40 per ton delivered.

NATURAL RESOURCES TRANSFER—LEGAL EXPENSES

Mr. BEAUBIEN:

What sum or sums were paid by the government to any lawyer or lawyers acting for it in connection with the settlement of the transfer of the natural resources to the province of Manitoba?

Mr. CAHAN:

Smart and Biggar, Ottawa, $1,280.84; A. R. McMaster, Montreal, $6,651.80.

UNITED STATES MAGAZINES PRINTED IN CANADA

Mr. GARLAND (Bow River):

1. How many magazines formerly printed and published in the United States are now being printed in Canada?
2. What are the names of said magazines?
3. What is the estimated loss or gain in revenue on this item since the customs duty took place?

Mr. CAHAN:

1 and 2. No magazines as defined by the governor in council, but 47 fiction publications: Ace High, Aces, Action Stories, Adventure, All Story, Argosy, Ballyhoo, Battle Aces, Battle Stories, Blue Book, Clues, College Life, Complete Detective Novel Magazine, Complete Stories, Cowboy Stories, Detective Fiction, Detective Story, Dime Detective Magazine, Dream World, Family Journal, Far East, Fight Stories, Film Fun, Lariat Story, Love Story, Master Detective, Railroad Man's Magazine, Ranch Romances, Rangeland Love Story, Short Story, Sport Story, Sweetheart Stories, Thrilling Detective Tales, Triple X, True Confessions, True Detective, True Experience, True Romances, True Story Magazine, War Aces, War Birds, West, Western Rangers, Western Romances, Western Story, Wild West Stories and Complete Novel Magazine, Wings.

3. a—Estimated gain in postal revenue, September, 1931, to December, 1931, inclusive, $17,500 on these fiction publications; b—import duties collected September 1, 1931, to January 31, 1932: under Tariff Item 184-b, $203,342.17; under Tariff Item 184-d, $3,464.55; sales tax and excise tax figures not available.

STURGEON FALLS, ONT., CUSTOMS OFFICER

Mr. HURTUBISE:

1. Who was customs officer at Sturgeon Falls (Nipissing), Ontario, before the year 1932?
2. Has he been dismissed from his functions?
3. If so, what were the reasons for his dismissal?
4. Has a successor been appointed?
5. If so, on whose recommendation was he appointed?

Mr. RYCKMAN:

1. Mr. Tancrede Dumouchelle.

2 and 3. No, he tendered his resignation.

4. Yes.

5. He was appointed by the Civil Service Commission.

MR. ARTHUR MORIN

Mr. HURTUBISE:

1. Was Mr. Arthur Morin, employed in the health department, Grosse-Ile, county of Montmagny, Quebec, dismissed from his duties?
2. If so, why?
3. Was an inquiry held?
4. If so, by whom?
5. Was a report made by the commissioners appointed to make the inquiry?
6. If so, did the government act on that report?

Mr. MacLAREN:

1. Yes.

2. Engaged in political activity while in exercise of his duties.

3. No, on the written statement of the federal member, he was dismissed by order in council.

4. Answered by number three.

5. Answered by number three.

6. Answered by number three.

SALES OF REVENUE STAMPS

Mr. VENIOT:

1. What revenue was received from sale of revenue stamps for fiscal year ending March 31, 1931?
2. What revenue was received from sale of revenue stamps from June 1, 1930, to January 31, 1931?

Mr. RYCKMAN:

1. $6,156,313.20.

2. $4,147,199.

ST. OMER, BONAVENTURE COUNTY, LIGHTHOUSE

Mr. MARCIL:

1. Has the lighthouse at St. Omer, county of Bonaventure, been transferred from the mainland to the end of the wharf at that place?
2. Who did the work, at what price and were tenders called for?

Mr. DURANLEAU:

1. No. The light was moved to the outer end of the wharf as recently extended.

2. Lightkeeper Jean Arsenault. $150. Tenders were not called for.

ST. OMER, BONAVENTURE COUNTY—PROTECTION WORKS

Mr. MARCIL:

1. Has the municipality of St. Omer, Quebec, applied for a grant for repairing and extending protection work in that municipality, along the Perron boulevard, from St. Omer wharf westward to the property of Omer Arsenault?
2. If so, has this application been granted and who has been placed in charge of the work?

Mr. GORDON:

1. Under the Unemployment and Farm Relief Act, 1931, St. Omer parish, county of Bonaventure, P.Q., applied for a grant for a breakwater to protect road.

2. Yes. The work being carried out by the municipal authorities.

UNEMPLOYMENT RELIEF IN PRINCE EDWARD ISLAND

Mr. MacLEAN:

1. What amount of money was given to the province of Prince Edward Island under the Unemployment and Farm Relief Act in 1931?
2. Has the full amount to be given to Prince Edward Island been paid over to the provincial government?
3. If so, on what date was it paid?
4. What amount was agreed to be paid to each of the incorporated towns throughout the province?
5. Have all the incorporated towns within the province who undertook work under this grant been paid their proportion of same by the local government?
6. Has the province of Prince Edward Island made application to the federal government for money for direct relief purposes?
7. If so, what amount has been granted?

Mr. GORDON:

1. The sum of $125,000 was allotted to Prince Edward Island as Dominion contribution to municipal and provincial expenditures for public works and undertakings
2. No.
3. Answered by No. 2.
4. The Dominion is contributing $7,375 to the cost of public works being carried out in the city of Charlottetown, and $3,750 to works in Summerland.
5. No information.
6. The agreement between the Dominion government and the province of Prince Edward Island under the Unemployment and Farm Relief Act, 1931, provides that the Dominion shall pay to the province for remittance to any municipality 33⅓ per cent of the expenditures of the municipalities for direct relief where suitable work cannot be provided for the unemployed, and 50 per cent of direct relief disbursed by the province in territory where no municipality exists. No recommendations have been made by the province of Prince Edward Island in regard to the granting of direct relief. The federal government is paying direct relief accounts on the above basis as certified by the province in accordance with the agreement.
7. Direct relief paid by the Dominion to date is as follows: Queens County, $552,12; Prince County, $290; Kings County, $243.

MR. JOSEPH BERUBE

Mr. POULIOT:

1. When was Mr. Jos. Berube of Cacouna dismissed as Indian agent?
2. At whose request?
3. For what reason?
4. Has he been replaced?
5. If so: (a) is it temporary or permanent; (b) by whom; (c) when; (d) on whose recommendation; (e) were there many applicants for said position; (f) if so, who were they?

[Mr. Gordon.]

Mr. MURPHY:

1. From January 1, 1932.
2. By order in council on the report of a commissioner appointed under the Inquiries Act.
3. Political partisanship during the last federal election campaign.
4. Yes.
5. (a) Temporary; (b) Mr. Alexis Michaud, Cacouna, Que.; (c) February 1, 1932; (d) The direction of the superintendent general; (e) The Civil Service Commission has advertised the position for permanent appointment but has not yet reported to the department.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN IMPORT COMPANY, MONTREAL

Mr. GARLAND (Bow River):

1. What contracts were let to the Canadian Import Company of Montreal, for the coal requirements of any and all departments of the government during the years 1925, 1926, 1927, 1928, 1929, 1930 and 1931?
2. Has the Canadian Import Company or the St. Lawrence Stevedoring Company a lease of the Bickerdike pier from the Montreal harbour commission?
(a) If so, what are the terms of the lease?
3. Have the Canadian Import Company and the St. Lawrence Stevedoring Company a lease from the Quebec harbour commission?
(a) If so, what are the terms of the lease?
4. Who are the owners of the Canadian Import Company?
5. Who are the owners of the St. Lawrence Stevedoring Company?

PAYMENTS TO GAZETTE PRINTING COMPANY, MONTREAL

Mr. GARLAND (Bow River):

1. What amounts have been paid to the Gazette Printing Company of Montreal during the years 1925, 1926, 1927, 1928, 1929, 1930 and 1931?
2. For what have these payments been made?
3. What is the name or the names of the owner or owners of the Gazette Printing Company?

PENSIONERS' RELIEF—RATES

Mr. SPENCER:

1. What are the rates of pensioners' relief when unemployed, and under what conditions can pensioners receive relief for both married or unmarried men?
2. Is there any special rate governing those pensioners who are living apart from their families, and should these men and their families benefit by the pensioners' unemployment relief?

3. Is the pensioner living apart from his family for whatever cause rated as a single man when seeking unemployment relief?
4. Has the Department of Pensions and National Health through the Board of Pension Commissioners the right to deprive any pensioner of any part, or all of his pension and relief when unemployed, because he may be living apart from his family?

CIVIL SERVICE—EMPLOYEES OVER AGE OF SIXTY-FIVE

Mr. SPENCER:

1. What is the total number of civil service employees over 65 years of age in the civil service?
2. What is the total amount of salaries paid to civil servants who have attained the age of 65 or over?
3. What is the total number of temporary employees at present employed as civil servants?
4. What is the total amount of salaries paid to civil servants temporarily employed?

SEED GRAIN ADVANCES

On the orders of the day:

Hon. W. R. MOTHERWELL (Melville): May I ask of the minister the following question: Are seed grain liens being taken on all resultant crops from seed grain advanced in Saskatchewan? Are such advances due and repayable by the farmers by August 15 of this year?

Hon. ROBERT WEIR (Minister of Agriculture): I regret that I am not in a position to give the details of the arrangements that are being made by the Saskatchewan government in supplying this seed grain.

CIVIL SERVICE COMMISSION

OUTSIDE APPOINTMENTS TO BE MADE ON RECOMMENDATION OF MINISTER

On the order to resume from Tuesday, February 9, the debate on the motion of Mr. McGibbon:

That, in the opinion of this house, all outside appointments should be taken away from the Civil Service Commission and made upon the recommendation of the minister.

Mr. McGIBBON: In view of the fact that the government have promised to send this matter to a committee I wish to withdraw the resolution.

Mr. SPEAKER: Has the hon. member the permission of the house to withdraw the motion?

Mr. MACKENZIE KING: May I ask, Mr. Speaker, if the motion is withdrawn, will it then be possible to send the motion to a committee which is not yet appointed?

Mr. SPEAKER: I understood the hon. member to express a wish to withdraw the motion.

Mr. MACKENZIE KING: That is quite correct, but I understood him to say—it is his own business, of course—that it was going to be sent to a committee, and I do not see how it can be sent to a committee which is not yet formed and that at a time when the motion is no longer on the order paper.

Mr. SPEAKER: Has the hon. member the permission of the house to withdraw the motion?

Motion withdrawn.

Mr. WOODSWORTH: I cannot quite understand that proceeding, Mr. Speaker. As I understand it, the hon. member wishes to withdraw his resolution. There has been no consent of the house to that, and certainly this house has not passed a motion that this shall go to a committee.

Mr. LAPOINTE: No, the motion has been withdrawn.

Mr. SPEAKER: There is no motion before the house that the resolution go to a committee at all. As far as the house is concerned it has consented to the withdrawing of the motion, and that is the end of it.

Mr. WOODSWORTH: But in asking leave to withdraw, the hon. member for Muskoka-Ontario (Mr. McGibbon) said that the understanding was that it was to go to a committee.

Mr. SPEAKER: He was entirely mistaken.

Mr. MACKENZIE KING: That is what I was pointing out.

Mr. WOODSWORTH: I could not catch it.

STABILIZATION OF CURRENCY

PROPOSAL FOR CONSIDERATION ON AGENDA OF IMPERIAL ECONOMIC CONFERENCE

The house resumed from Monday, February 15, consideration of the motion of Mr. MacLean and the amendment thereto of Mr. Irvine.

Mr. H. E. SPENCER (Battle River): The resolution placed before this house by the hon. member for Prince (Mr. MacLean) reads as follows:

That, in the opinion of this house, if the empire is to become an economic unit, the stabilization of currency within the empire is very important and should be one of the first questions for consideration on the agenda of the Imperial conference at its meeting in July next.

Later in the debate the hon. member for Wetaskiwin (Mr. Irvine) moved the following amendment:

That the motion be amended by striking out all the words after the word "that" in the first line and substituting therefor the following: in the opinion of this house the Canadian representatives at the coming Imperial economic conference should move for the stabilization of the currency of all British countries to be on a basis other than gold.

Continuing this debate, Mr. Speaker, I wish first of all to congratulate the hon. member for Prince (Mr. MacLean) upon bringing before this house one of the most important subjects it has been our lot to consider. The matter of currency and credit is very closely linked with the trade, commerce, welfare and the happiness of the people of any country. I am only sorry that we have not heard a single word in support of the resolution he proposed to the house from any other member of the group to which he belongs.

I wish however to congratulate the right hon. leader of the opposition (Mr. Mackenzie King) who in his speech in the debate on the address in reply to the speech from the throne criticized the government by stating that in the speech from the throne no mention had been made of the subject of currency and credit. He drew attention to the importance of this subject and wondered whether in view of the crisis we are going through the government of the day was quite satisfied with the present situation and whether our present condition could not in some degree be traced to the unsound state of currency and credit. In making that reference however the right hon. gentleman travelled a long way from the stand he took only a year ago when I had the privilege of moving a subamendment on behalf of the group to which I have the honour to belong, to the effect that we should go off the gold basis, so far as holding gold behind our currency was concerned. At that particular time the right hon. gentleman criticized me severely for making such a suggestion. Since that time however much water has passed under the bridge; Great Britain and many other countries have gone off the gold basis and, the subject being now more popular, it is of course in order for anyone who wishes to climb upon the proverbial band wagon.

When the Minister of Finance (Mr. Rhodes) decided to take part in this debate, naturally we anticipated something of a constructive nature from him, particularly because of his great ability and because of the important portfolio for which he is responsible. I was therefore very much surprised when, in the short time he spoke, he treated the subject rather lightly and did his best to criticize the efforts of the hon. member who brought the resolution before the house. Continuing the debate, an amendment was moved by the hon. member for Wetaskiwin (Mr. Irvine) upon which I should like to congratulate him, and which, if accepted will, in my view, add weight to the motion. I should like also to congratulate the hon. member upon the very able manner in which he presented his argument to the house. We know that for many years he has given this subject a great deal of thought and from time to time has placed his views before this house. I do not think however that he has ever made a more able speech and one more to the point than he made the other day.

I should like to remind the house of a statement by C. E. Neill, who before his death was vice-president of the Royal Bank, to which reference was made by the hon. member for Mackenzie (Mr. Campbell) and which reads as follows:

If the central banks of all the countries on a gold basis should deliberately adopt a common policy they could within a certain time lag, raise or lower the price level almost at will.

I entirely agree with that statement. Unfortunately, however, countries do not pull together in this regard and prices are not regulated because we have not international cooperative effort. In this connection may I refer to a very able address given by Right Hon. Reginald McKenna, president of the Midland Bank of Great Britain who, speaking to the shareholders of that bank is reported in the Manchester Guardian of January 30, as follows:

We must have a managed gold standard by an international agreement or we must definitely abandon gold and rely on a managed standard of credit and currency without any metallic basis at all.

Further, he stated:

The time has gone by for the child-like belief that as long as a country is on a gold standard all is well.

And, further:

The world crisis is due in part to the inefficient working of our monetary machinery.

Making a study of this subject I come to the conclusion that we face an inevitable collapse of our financial structure so long as we try to tie ourselves to a gold basis. I remember that in the year 1923, when the Bank Act was under revision, and before that time when an investigation was being made into the basis of credit, its function, control, and relation to trade, one

of the witnesses placed before the committee a graph in the shape of an inverted pyramid showing the position of the Canadian monetary system, and indicating very cleverly the way that the monetary system was, supposedly, built on a small basis of gold. It showed, as it would show to-day if a similar figure were drawn, that we have only a small basis of gold in Canada, and that on top of that there is an amount of currency nearly three times the amount of gold, and payable in gold—and I say "and payable in gold" because although private bank currency is not payable in gold it is payable in dominion notes, which are payable in gold. Therefore we might make the blanket statement that all the notes used are payable in gold. On top of that we have bank deposits aggregating to-day about two billion dollars. Then, above that, we have bonds which, in round figures, aggregate approximately $2,300,000,000, all of which are supposed to be payable in gold. It is manifest that all those notes and securities could not possibly be redeemed in gold. Indeed, if we required redemption in gold, that is, if we applied the gold basis strictly, there would not be a solvent bank in this country. Of course, the gold basis is perfectly all right when it is not called upon to function; in other words, it is a matter of imagination, and the sooner we realize that the better for all concerned. That this is so, I need only remind the house that whenever there is a world crisis, whenever we are in a state of war, whenever trade is particularly bad—as it is to-day—then we promptly go off the gold basis; the government passes an order in council or secures legislation declaring that paper currency may be redeemed in other than gold.

It is interesting to realize that our monetary system is made up largely of three things: coin, currency, and credit. Coin to-day, we use to the extent of about $31,000,000; currency varies anywhere from $300,000,000 to $400,000,000; as to the balance, according to the statement made by Sir Edmund Walker in 1923, no less than 96 per cent of our monetary transactions are carried on by the checking system. The amount of money therefore can be increased or decreased entirely at the wish of those who have the control of credit. At this point I should like to bring to my aid a statement by the Right Hon. Reginald McKenna. He asks the question:

> How can the supply of money be increased?

This is his answer:

> The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan creates a deposit, and every repayment of a bank loan destroys one.

I know some hon. gentlemen will contend that that is a reversal of the process that takes place; some of them still think that our loans are all created from savings deposits. I should like to remind them, however, that if that were the fact the more loans you made from pre-existing deposits, the smaller amount of savings deposits you would have. But instead of that, a study of the bank returns will show that the more loans made the greater the amount of the deposits; the more loans cancelled, the smaller the amount of deposits will be. In his book on the Elements of Banking, Mr. H. D. Macleod writes:

> The essential and distinctive feature of a "bank" and a "banker" is to issue credit payable on demand, and this credit may be put into circulation . . . . and serve as money.

The manner of creating money was brought to our attention most pointedly during the late war. At that time we needed a great deal more goods to carry on our part in the great conflict. This involved a larger supply of money, and this supply was secured through the issue of bonds. This action would have had no effect at all on prices so long as on the one hand we put more money into circulation and on the other hand we created an extra quantity of goods; or if after creating these goods we had destroyed them, and had also cancelled the additional amount of money put into circulation; in either case prices would have remained stationary. But instead of that, while we destroyed a great quantity of goods in the theatre of war, 94 per cent of the new money was left in circulation. Therefore we had a larger amount of money in circulation in proportion to the quantity of goods on hand. Naturally this had the effect of increasing prices. Again and again large sums of new money were put into circulation, and each time the same thing occurred—most of the new goods being destroyed while the greater part of the new money was kept in circulation. Consequently at the end of the war we found we had to pay very high prices for everything.

Now, it had taken a number of years to inflate the currency in that way, and the only fair thing would have been to deflate this currency—if deflation was necessary—over a number of years equal to the period during which inflation had taken place. Instead, a drastic deflation was brought about. I might say that a gradual inflation is always a good thing for the producers, for it is always to their benefit to produce for a rising market; on

the other hand, the investors, particularly bondholders, lose to a certain extent, because they do not get any more interest on their bonds to compensate for the higher cost of living. But deflation is always a very bad thing for producers—and they compose the major part of our population—because they do not want to produce for a falling market; by contrast, however, the investors are correspondingly benefited, because their revenue is not diminished and they have the advantage of the lowered cost of living.

Now, what happened after the war? Let me again quote Mr. McKenna. He points out that in Great Britain—and the same thing occurred here:

A policy of deflation could only end in the strangulation of business and widespread unemployment. Such a policy had already received public official sanction. Unhappily, employment decreased month by month as this policy was enforced.

On the same point I desire to cite Mr. J. M. Keynes as follows:

Deflation . . . involves a transference of wealth from the rest of the community to the rentier class and to all holders of titles of money. In particular it involves a transference from all borrowers . . . to lenders.

At this point I should like to pay a well-deserved compliment to Mr. Keynes on the remarkable fulfilment of the prophecy he made in 1919. It will be remembered that in an advisory capacity to the British delegates, he took an active part during the negotiations which resulted in the treaty of Versailles. Then he resigned and wrote a book entitled The Economic Consequences of the Peace, from which I take this passage:

The war has ended with everyone owing everyone else immense sums of money. Germany owes a large sum to the Allies; the Allies owe a large sum to Great Britain; and Great Britain owes a large sum to the United States.

The holders of war loan in every country are owed a large sum by the state; and the state in its turn is owed a large sum by these and other taxpayers.

The whole position is misleading, artificial, and vexatious. We shall never be able to move again unless we can free our limbs of these paper shackles. A general bonfire is such a necessity that unless we can make of it an orderly and good-tempered affair in which no serious injustice is done to anyone, it will, when it comes at last, grow into a conflagration that may destroy much else as well.

In his very interesting book entitled The Story of Canada's War Finance, Sir Thomas White gives us most interesting details of what was done during that period. I should like to give two small quotations from that book. The first is from page 17, where the author says:

In a word, we paid the cost of our military operations by our production during the war.

I often wonder how our returned soldiers felt, coming back from the war, knowing a statement such as this had been made and knowing it to be true, yet having to do their share to pay for the war all over again. Then on page 59 Sir Thomas White said:

The burden of the debt created is passed on to future generations as a legacy and reminder of the waste of war.

I take it, Mr. Speaker, that there is no need for gold at all behind internal currency, and I was very pleased to read Mr. McKenna's speech in the Manchester Guardian, to which I have already referred. He supports this and many other contentions made from this corner of the house during the last ten years. I should like to refer also to another very able man, Sir Basil Blanchet, a director of the Bank of England, who spoke to the Canadian Club of Ottawa only about a year ago. At that time he said there was absolutely no need for gold behind internal currency, that it should be limited only by legislation and that there should be no limitation until there was an ample supply to meet the requirements of the public for a medium of exchange in the transferring of goods and services from one to another. As I said before, gold never has stood up in a crisis; it never will, and the sooner we get rid of it as a pure make-believe the better for all concerned.

No doubt there is value to gold in settling international balances, but the gold we have at present cost us a lot of money, and we are making nothing out of it. We might as well take that gold and use it as it is needed to pay our debts, and in that way we would save a great deal of the interest we have to pay at present. With the amount of gold we have on hand this would make a very considerable saving in our interest charges, for I want to remind the house that last year we paid no less than $124,000,000 in interest on our national debt.

I might quote various other authorities in support of the stand I have taken; I should like to mention Major C. H. Douglas, of London, England; Professor Soddy of Oxford university, Professor Irving Fisher of Columbia university, and many others who have given this matter a great deal of thought.

To-day we are going through a period of contraction of credit. No one, no matter what may be his business, but has had a great deal of difficulty in getting credit for the last couple of years, irrespective of security. What does contraction of credit mean? First it means a crash in prices, then a collapse of

trade and following that, inevitably, a great increase in unemployment. The only silver lining I can see in the cloud at present is that this crisis is man made, and therefore it can be man mended. I do not believe humanity is going to be so insane as to let this crisis reach such a pitch that chaos will rule supreme; I believe some remedy will be found which will prevent the present rapid drift towards a chaotic condition in the world. If I were to make one sugegstion—and I could make many—it would be that the government form what might be termed a finance statistical bureau, whose first duty would be to keep very close tab on price levels and to recommend to the government and to the banks, since those are the two agencies through which credit or currency is issued at the present time, when to contract or when to expand credit, because it is the total quantity of money available to be spent that determines price levels.

In the speech from the throne we were told that world conditions are beyond the control of the Canadian people. That may be so, but our share of world control is not beyond the reach of the Canadian people and, as part of the world, it is up to us through whatever government may be in power to put forward some remedy to try to rectify the situation which faces us to-day. If we cannot make an international agreement we can make the next best thing, an agreement between all the British countries, and at the Imperial conference to be held here next July Canada will have an opportunity to bring forward such a resolution as we are considering to-day, together with the amendment which has been suggested, for consideration by the best brains attending that conference, in order to seek some means whereby the present serious drift will be checked and conditions brought back to normalcy.

In studying this question I have often thought how we have become turned around in so many things. For instance, when all is said and done, money should be nothing more or less than a medium of exchange for goods or services as between man and man. Instead of that, and instead of making money a slave to humanity as it should be, humanity certainly has become a slave to money, or to finance and those who control it.

In conclusion, Mr. Speaker, I should like to direct the attention of the house to some of the practical disadvantages to Canada of the erratic system under which we allow ourselves to be controlled. For instance, we find that it is possible for Australia to dump wheat into Vancouver in competition with the farmers of the prairie provinces, who as we all know are producing wheat to-day at a great loss. That is an extraordinary situation, and it has been brought about largely because of the difference between the currencies of the two countries. I know of one association which sends cattle to Great Britain, and which has lost no less than $19,000 for the same reason. It is because of these reasons that I sincerely hope the house and the government will give very sympathetic consideration to the motion and amendment now before us, so that when the Imperial conference meets in Ottawa in July of this year these matters will be brought forward in the hope that something worth while may be done.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, the tremendous importance of the subject which is included within the ambit of the resolution and the amendment warrants, I think, the most careful consideration of the house, and so far as I am concerned I am anxious to give to it the closest study. I think I can say on behalf of the government that it is intensely interested in and impressed with the importance of the subject. Before giving expression to the few thoughts I have on the subject generally, I should like to offer an amendment to the amendment, because possibly it will place this question in a somewhat better light. The resolution itself was a little innocuous and was very general. I was rather sorry that the hon. member who introduced it (Mr. MacLean) did not enlighten the house as to just what he meant, what he wished or what he hoped for, and consequently I am not able to interpret correctly what he did have in his mind. The amendment is one to which we have no great objection except in one particular, and that is that it is more or less a contradiction. It asks of the economic conference that an effort be made towards the stabilization of the currencies of the British countries, but in the last clause it puts an absolute estoppel upon the gold basis—it must be on a basis other than gold. In other words, the amendment asks the house to request the Imperial conference to study the question but it ties the hands of the conference, so far as Canada is concerned if parliament adopts this resolution as it stands, in regard to the inclusion of gold as a basis for money under any consideration. I have therefore an amendment to move to the amendment, and I offer it not in any spirit of criticism of the efforts of my hon. friends opposite but rather to

bring the question into a form that would be more acceptable. I beg to move in amendment to the amendment:

That all the words after the word "conference" be struck out and the following substituted therefor:

"Should initiate and support measures for the stabilization of the currencies of all British countries in such manner as to facilitate trade between the component parts of the empire and to promote economic unity therein."

As thus amended, the resolution would read:

That, in the opinion of this house, the Canadian representatives at the coming Imperial economic conference should initiate and support measures for the stabilization of the currencies of all British countries in such manner as to facilitate trade between the component parts of the empire and to promote economic unity therein.

I wish to preface by one or two general observations a necessarily brief study of the question of currencies, money and so forth. I believe that if we are to give this matter intelligent consideration we ought to keep in mind certain major factors, certain conditions that exist, whether we like it or not, and endeavour to study the problem from an impartial standpoint and in the light of all these factors. I do not presume for a moment that in the brief time at my disposal I shall be able to present to the house all the factors, but I shall hope to present some of the factors that enter into this very important subject.

In the first place, I would point out that our difficulties to-day are not of a domestic origin; they are largely of international origin. In saying this I am not for a moment seeking to relieve the government of the day of any responsibility; I am not seeking to evade the responsibility, shall I say, for coping with conditions within Canada. But I do wish to face the cold facts, and I say that the most serious difficulty that we have in this country in regard to commodity prices—whether it be lumber, fish, iron, lead, silver, zinc, copper and so on, any or all of these things—the difficulty arising from low commodity prices, is due to international or worldwide factors which must be faced and dealt with before we can hope for any definite change in conditions. Again, I would emphasize the fact that these conditions cannot be changed by any purely Canadian effort; it will require the effort not only of Canada and of the countries within the British Empire, but the efforts of the countries of the world before we can hope to overcome the present difficulties.

May I in passing point out certain facts. It will be recalled, for instance, that during the past few years, that is to say, prior to a year and a half ago—the period following the war and up to that time—Great Britain has made an heroic effort to assist in the financing of the affairs of the countries of Europe. And particularly is this so in regard to Germany. Recognizing that it was absolutely essential that Germany should be given the wherewithal to function economically before she could be expected to pay reparations, Britain rendered assistance to that country heroically, to the degree of jeopardizing her own interests. As a matter of fact, when these loans to Germany and other countries became frozen it resulted in the collapse of the gold standard in England. That was the extent to which Great Britain went. The result of all this was, as I say, that Britain went off the gold standard. Moreover, Great Britain in the meantime found her exports decreasing and her imports increasing to such an extent that it became impossible for her as a country to carry on. Another thing that happened to the mother country was this. As a direct result of her efforts to assist Germany and other countries in Europe there was a flight of capital from Great Britain. In France, for instance, they realized that the British policy was one which would endanger the financial stability of the country and they withdrew their deposits from London. The result of that was, among other things, to force Great Britain off the gold standard. Another very considerable factor in this worldwide financial collapse was the tremendous amount of loans made by the United States in South America and other parts of the world. Perhaps the South American loans were the most disastrous. Many of these loans have been virtually repudiated, involving hundreds of millions of dollars. If they have not been repudiated legally they have simply been allowed to go by the board so far as paying either interest or principal is concerned. The result has been that the United States in turn has lost tremendous sums of money abroad. Then add to that the well known and oft cited fact of the burden of debt which is resting on the necks of the people the world over, nationally, internationally and individually.

I sometimes think that the present day condition, taking the world picture of debt, is very similar to the condition which obtained, if I recall my history correctly, in the little republic when Solon took charge. I recall that one of the first acts on his part was to release the people from debt. So burdensome and terrific had become the debt of the people that many natural born citizens of that country had mortgaged their bodies, their lives, to other people as a security for debt. So

burdensome had the situation become that when he took office he decided that the first step was to wipe out those debts.

I do not cite that historic illustration for the purpose of saying simply, as many do, that the only thing to do now is to wipe out debts. It is not as simple as that. I could enlarge on this theme more fully, but I intend only to state one thing just as a sort of reminder that it is not as simple as it may appear, and that is this: The debts of many people to-day are represented on the other hand, by the savings of people equally deserving. For instance, the savings of estates which are the support of widows and orphans, and so forth, invested through trust and loan companies constitute the debts of people who are the mortgagors and the borrowers. It is not enough to say that debts should be wiped out; one must follow the thing through and recognize the injustices which might be done by a sweeping reform of that character. Nevertheless the fact remains that international debts are resting and bearing so heavily upon the people of the world as to constitute a problem which must be faced and for which we must find some relief or remedy.

I should like to discuss briefly the questions of currency and money as I think it is desirable to have some understanding of the elementary principles which underlie these terms. We use them very often quite thoughtlessly and glibly and fail to realize the important elements involved. From time immemorial the activities of man have been vitally influenced by money in some form or another. I hear certain economists—if I may so term them—say: Let us have barter, let us exchange some of the goods we have here for goods elsewhere. Or they say: After all, trade is nothing but barter. These loose utterances leave the impression that there is nothing involved but the exchange of wheat for silk, or something of that character. Trade is much more complex than that. As I say, from time immemorial money has been an important element in the exchange of goods and from the most exhaustive study I have been able to give to the question I believe it is useless to think of returning to the old system of barter unless we desire to revert to the old standards which obtained when barter was the sole process in the exchange of goods. Money has become a standard or measure of value. At this point may I emphasize this fact: One thing above all else is essential in money, and that is confidence.

Mr. GARLAND (Bow River): Will the minister advise the house what gentleman prominent in economic circles to-day has suggested the restoration of the barter system?

Mr. STEVENS: If my hon. friend had followed me closely he would have understood my meaning. I was endeavouring to be courteous. I said, "there are those whom"—and I hesitated—"I might dignify as economists." As a matter of fact, they are not economists but I did not wish to be personal in the matter. Let us put it this way: There are individuals who presume to speak as economists who have given utterance to these views. My hon. friend evidently feels and believes that they are not economists who make such suggestions.

Mr. GARLAND (Bow River): The whole thought is unthinkable.

Mr. STEVENS: I agree with that, too, so there is no point of difference between us. As I was saying, there is one thing above all else essential in money, and that is confidence. In other words it is quite useless for Canada, for instance, to have a certain type of money which might be quite satisfactory to us and sufficient to handle our internal business, if China, Great Britain, South America, South Africa or any other country would not accept it at its face value as money. The whole secret of the success of the use of money in the settlement for the interchange of goods is that there be confidence in the money used. I should like that point to be kept very clearly in mind.

Another point is this: Money in itself does not increase. There is, I think, a very widespread and false belief that money loaned out and bearing interest increases because of the fact that it bears interest. Money does not increase, the payment of that interest comes from some other source as the result of the production of goods of some kind by the people who pay the interest. In other words, money does not increase or accumulate except by the addition to it of interest which represents, in turn, production by the debtor.

The suggestion is made sometimes that commodities can be used as money or that money should be based upon commodities. I shall have more to say about this in a moment, but at this point I should like to say that from time immemorial, as far back in history as we can read, gold and silver have been largely the bases of money. Only recently I read a very interesting book dealing with the monetary system of China, which goes back to 1200 B.C. I was tremendously impressed with the fact that throughout the

centuries and millenniums that great country has been using money, chiefly in the form of silver it is true, but case after case is disclosed in that historic record where gold played a very important part. Only a few years ago a very definite effort was made to introduce a gold standard in China. I merely mention this in order to emphasize the fact that gold and silver have served humanity in a most valuable way and in a most important manner in the form of money.

I should like to give expression to a thought which may find response in the hearts of some but which may be considered to be heresy by others. This thought is: Money loaned for other than productive purposes constitutes a drain upon production, capital and the interest thereon double the burden upon production.

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: I knew that would please some. I think it is desirable to keep these facts in mind when considering these questions. I do not reason that capital is bad, that in itself it is an odious thing and that so-called capitalists are all bad. That is not at all a corollary. As a matter of fact capital is simply a means of production and money is a channel of distribution and when studying these problems it is essential that we keep this distinction and these two facts clearly in mind. Capital is the means of production, it is the aid by which men are enabled to produce, and money is merely the blood which runs in the veins of the body politic enabling freer and a more equitable distribution of the wealth created by the application of capital, and, of course, labour.

There are, generally speaking, four major schools of thought among economists as to what type of currency should be used in these days, at least, that is the way I choose to divide them. First, there is the existing standard used in most of the leading industrial countries, the gold standard. Then there are those who suggest a paper currency, that is, just the turning on of the printing press. Then there are those who suggest a managed currency, and there are others who hold to the view that there should be a currency with a metallic backing of silver and gold. May I briefly review these alternatives, not that I am at the moment expressing a preference or making an argument for one or the other, but I do wish to present some views which may perhaps be useful in considering this problem.

The gold standard is not an old standard, as time goes. As a matter of fact, silver is a very much older and a more generally used basis of currency than gold, but in the modern development of industry and commerce, gold has for some centuries played a very important part. It has been the chief basis of money for several centuries. The Bank of England received its charter in 1694 as the result of a loan made to the crown to enable England to carry on the war against France. This loan was for £1,200,000 sterling. The loan was made in gold by certain goldsmiths, and in return for this a charter was given to these individuals, later known as the Bank of England. That was the origin of the Bank of England. The loan of £1,200,000 sterling in gold was made to the crown to enable the country to carry on the war. In return for this, the bank got the securities or the notes of the nation, which now forms the basis of the British funded debt. But the bank also got the privilege of issuing its own notes to the amount of its own capital. In other words, it made this loan to the crown of £1,200,000 at 8 per cent, plus a bonus of £4,000 annually for management purposes, so the bank got the 8 per cent and it was empowered to issue its own notes up to the amount of its capital, and that enabled it to make further loans to the public and to its own customers for such sums of money as they might secure. Thus they secured a double rate of interest. That was really the foundation of the Bank of England. This bank, of course, grew as the years and centuries passed, but it was not until 1791 that the London banks began to issue cheque books which was epoch-making in what might be termed banking in the modern sense. This introduced a new form of currency. Much is said to-day about bank cheques being currency. That is perfectly true, but I would ask my hon. friends opposite who sometimes emphasize the significance of bank cheques as currency, how much they would likely be able to buy with a bank cheque of mine in Germany or South America. They might get my friend and colleague who sits beside me and knows me well (Mr. Manion) to accept it as currency, but it is very unlikely that a bank cheque of mine would be recognized as currency outside a very limited circle where I myself am known and where the bank upon which the cheque is drawn could be communicated with to ascertain if the cheque was good. Therefore, we cannot say that bank cheques are currency in the true sense. They are undoubtedly ancillary to currency. They are something which facilitates the movement of goods and the interchange of commerce between nations and individuals, and the same thing applies to bank drafts and bills of exchange, and so forth.

Mr. SPENCER: The hon. member has asked the question, what would his cheque be worth in certain foreign countries? I would ask him how much more recognition would be given to a dominion note, let alone the note of a private bank, in the same countries.

Mr. STEVENS: A Dominion of Canada note could be presented in Buenos Aires tomorrow morning and would receive immediate recognition and be accepted by the banking institutions of that country. It is true that reference would be made to the daily rate of exchange between the two countries, but a dominion note would be accepted without question by any reputable banking institution in any part of the world.

Mr. VALLANCE: At a price.

Mr. STEVENS: As I was saying, it was not until 1791 that bank cheques were introduced, and unquestionably they became a part of the currency of the realm, a secondary part. Undoubtedly they facilitate the movement of goods and the extension of industry and commerce. It should always be borne in mind that bills of exchange, drafts, cheques and so on are a most valuable adjunct—shall I say?—or support to a universal currency, but the usefulness and universality of this class of currency is limited by two considerations, the house upon which it is drawn, and the drawer of the instrument, whatever it may be. Of course, I admit this, that the Bank of Montreal, for instance, drawing a cheque on itself, would have that cheque accepted in almost any centre in the world, but a cheque drawn by myself on the Bank of Montreal would be perfectly useless outside the limited sphere in which I am personally known.

Another point I wish to make is this, that gold in so far as it is attached to currency, is undoubtedly very, very valuable for two things: One is the settlement of international accounts, whether for trade or for debts or whatever it may be, and the other as a background or basis of security for internal currency.

For a moment let me refer to this question of the sufficiency or otherwise of gold. There is no difference of opinion among the most outstanding economists of the world as to the insufficiency of the supply of gold to-day. The generally accepted view is that the shortage at the present time amounts to approximately $100,000,000 per year, and that by 1941, unless there is a very rapid development in the production of gold, such as through some abnormal discoveries, such as the California gold rush or the Australian or Yukon gold rush, with that exception, the shortage by 1941 it is calculated will amount to as high as $300,000,000 per year for the necessities of international trade.

Mr. BROWN: Would it not be possible by international agreement to have the value of gold fixed so that the present limited amount of gold would as equally well take care of a larger amount of trade in the settlement of international balances?

Mr. STEVENS: I do not think so. I would rather not digress into a lengthy explanation to give my views on that point. Briefly, I would not agree to that being the case.

The production of gold now amounts to about $400,000,000 per annum. Roughly speaking, about half of this goes to arts and industries for various uses and in various forms. The other half goes into the currency. I am giving just rough figures. As I said a moment ago, it is estimated that the extension of trade generally throughout the world calls for an increasing use of gold as a basis of currency, and it is generally accepted that there is a shortage of about $100,000,000 for that purpose.

Another point I wish to emphasize is this. The gold system that we hear referred to is not a system which has been deliberately designed and put into operation. I think we make a tremendous mistake in discussing questions pertaining to economics in this house and elsewhere, when we refer to the gold system or the capitalist system as if it were something that had been taken and put into a finished form, something which could be removed and replaced by some plan or system without interfering with or to any great extent disturbing the forces of the nation.

The gold system has grown into the warp and woof of the financial, commercial and industrial life of the countries where it is being used. Unquestionably a departure from it, a correction or disturbance of it, whatever character those changes may take, must and will affect all the various units interested in the country where such a change is made. By that I am not for one moment suggesting that we should simply sit down and do nothing about the gold standard system—not at all. Recognizing, however, that there is an insufficiency of gold to uphold the system as it is operated to-day, and at the same time do justice to internal and international trade, we cannot say that by merely wiping out such a standard and replacing it by a paper system we will correct the evil complained of.

I find I must hasten on, because I wish to cover considerable—

Mr. SPENCER: Would the minister say a few words concerning managed currency?

Mr. STEVENS: I shall come to that; I am now speaking of paper currency. There are those who argue that all that is necessary is to issue a currency bearing the mark of a nation and bearing on it the statement, "This is a dollar bill, and is backed by the general credit of the nation." That may be a somewhat extreme view. At this point may I refer to, and compliment the hon. member for Wetaskiwin (Mr. Irvine) upon his speech delivered a few nights ago. In my view it was, by long odds, the most informative speech delivered in this discussion this session. He did, however, refer to the investigation made by the banking and commerce committee of 1923 and complained, at least to some degree, of the attitude of some hon. members on that occasion who opposed certain proposals, and to which group I belonged. One of those proposals was that we should turn on the printing presses, turn out two billion five hundred thousand dollars worth of dominion notes and pay off the bonded indebtedness of Canada, thus eliminating the necessity for paying interest. That was one of the suggestions to which at that time I took very sharp objection. I wish to point out now that simply by turning on the printing presses and producing currency we will not get money which will be of value in internal or international trade, because such money will then be accepted only upon the value placed upon it by those to whom it is offered in exchange for goods. Hon. members will recall that when Germany, Austria, Poland and other countries in Europe during the years following the war turned on their printing presses and issued great quantities of paper currency, the result was a race between the receiver of such currency and the person who parted with the goods as to who could reach the bank first, or could first get rid of the currency in exchange for other goods. So accelerating was this round of effort that the printing presses could not turn the money out fast enough. The result was commercial and industrial collapse.

Already I have dealt briefly with the matter of cheques and bills of exchange. Some argue that the only currency required would be bills of exchange which represent commodities. At this time I should like to refer to this angle of the question. It is quite true that a warehouse receipt for 100,000 bushels of wheat is a very valuable instrument and one which can be used in exchange for something else. For the sake of simplicity we will bring the number of bushels down to 1,000 so that it will be within the ken of most of us. We will suppose that a man holds a warehouse receipt for 1,000 bushels of wheat which, we will say, is worth $1 a bushel. He has $1,000 in hand. However, he wants to pay $100 on his grocery bill and other bills which have been accumulating; he wishes to buy a plough; he wishes to buy clothing and food for use in his house. Probably there are a dozen things he wants to do. Our present procedure is to deposit the warehouse receipt in the bank and, through the agency of currency which is accepted by everybody at a fairly well stabilized value, that man goes out and buys the things he requires, and pays his debts. So that while we may admit that a bill of exchange representing commodities is, unquestionably, a useful piece of paper as currency, it is not a piece of paper which can be used with facility, or a medium through which trade can be facilitated throughout the world. Furthermore, we may suppose that a man who acquires a piece of this paper does not want to spend it all at once. Wishing to have it last for a period of six months he must be in a position to turn it into something with which, at will, he can buy other commodities. Again arises the absolute necessity of a currency universally accepted and one which can be used at will for purposes of replacement.

Of course it is highly desirable that there should be a degree of constancy in currency. The currency that a farmer, for instance, would receive for his wheat in the autumn which might be worth only half its value in the spring would certainly be a bad piece of currency. It is true that under the unusual and abnormal deflation of the past two years, that is precisely what has happened. A person, for instance, who put a mortgage on his farm two years ago when wheat was, we will say, $1.50 a bushel, received, we will suppose, about $1,500 in the currency of the time, and spent it for some purpose. To-day however he is asked to pay back that debt, and there will be required, roughly speaking, about 4,500 bushels of wheat to pay back a sum equal to the value of 1,500 bushels two or three years ago. Obviously something is radically wrong, and it is that defect we are trying to correct. What is required is a currency which will remain reasonably stable, a currency which will be universally acceptable and one which, as I said a minute ago, will not fluctuate from day to day or from month to month. Yet, those who advocate paper currency, are, I think, inviting the most fickle and most uncertain type of currency.

I should like to deal further with that point, but I must hasten on. Reference has been

made to a managed currency. In this respect I wish to say that from my observations, which during the past few years have been fairly intense, I have not yet heard a really clear definition of what is meant by "managed currency." Nearly everyone who speaks upon the subject uses more or less vague terms, and there is no precise definition of what is meant by managed currency. It would seem that one has one meaning, and another another. I have in my hand the Macmillan report from which I wish to read a brief extract concerning this particular subject. Discussing the question of managed currency I find the following:

> It may be asked whether the aim of central bank policy should not be to return to the more automatic working of the gold standard of prewar days.

The central bank policy is, invariably, connected with managed currency. The general suggestion was that central banks should be erected in each of the major countries of the world—in fact, in all countries through whose offices the management or control of currency should be manipulated or performed. I repeat the extract from the report:

> It may be asked whether the aim of central bank policy should not be to return to the more automatic working of the gold standard of prewar days.

I read that for one purpose only at the moment. Even this committee which leans strongly to a managed currency indicates that it is necessary to have a scheme that will work automatically. And that is really the main complaint that I have against any scheme of managed currency that is at present offered. The report continues:

> . . . Both the Federal Reserve Bank of New York and the Bank of England have developed very considerably the "open market" system which has been found in certain respects extremely effective. It is in itself, however, the antithesis of an automatic system. Thus, we believe, all central banks are faced with the necessity of a greater "management" of their currency systems, involving inevitably greater responsibilities and also a more urgent need of cooperation.

Then they state the obstacle facing central banks, one of which I now cite:

> In this task of management the central banks are faced with possible divergences between the interests of their own country and those of the world outside.

That is the very point to which I wish to draw particular attention. A managed currency presupposes certain things. One is this, that a central bank organization, or a central financial organization, within a country which is enabled to control all banking therein will be empowered so to control the loans that are made and the interest that is charged as to manipulate the currency in circulation up or down in order to maintain a balance between the currency in circulation and the requirements of trade for currency. That, roughly speaking, is what they are called upon to do.

But here is the fatal weakness, to my mind, in a managed currency within a country. It is necessary for the group of individuals who control that central bank or central financial authority to foresee what the needs may be one, two, three months hence, because these things cannot in their very nature be put into operation overnight; the effects of what is done to-day in the loaning or putting into circulation of money cannot possibly be known until a few weeks or a few months hence, and so it is necessary for the banks, or the controlling factor in this matter, to have a prescience that will enable them to see into the future what the possible effects of their action to-day may be.

Let us look at what happened in the United States. The United States have what is called a managed currency. The Federal Reserve Bank system, through their open market operations and the raising and lowering of interest charges, are able to control the movement of currency in or out. What happened in 1929 when the stock boom was—shall I say?—on the flood, when it was becoming alarming? They raised the interest on loans to brokers to 10 per cent, then to 15 per cent, and, if my memory does not fail me, to as high as 25 per cent. And yet, this did not correct the situation, it did not prevent the crash, it did not prevent hundreds of millions, yes, billions of dollars flowing into the wildest orgy of speculation the world has ever seen.

I am told my time is about up. I should like a few more minutes on this point, Mr. Speaker.

Some hon. MEMBERS: Go on.

Mr. STEVENS: I have said, I think, sufficient on the difficulties of a managed currency internally. Then come to this: multiplied by the prejudices and the needs of forty or fifty countries, one can visualize the difficulty. For instance, a managed currency that would take in the United States, Great Britain, Germany, France and Italy would require, in the first place, that the central control factor in each of those countries was able to foresee the effect on currency of loans or of rates of interest within their own territory, plus being able to agree with the central authorities of each of the other coun-

tries as to what should be done to-day for what may happen three months hence. My own opinion is, and I have seen nothing to change it, that a managed currency presents the gravest of difficulties in its working out. If it does not work almost to perfection, then the object for which it is brought into existence is defeated; for if there is a variation in the value of the currencies, then the very difficulty we are confronted with, the exchange difficulty, is present in just the same manner as it is to-day.

There is a fourth suggestion—a currency with a metallic basis composed of silver and gold. As I intimated a moment ago, one of the difficulties in connection with the gold standard, in which I think all the leading authorities are in agreement, is that there is insufficient gold in the world properly to sustain the gold standard and facilitate trade; that is, in its present form of use. Now, one of the reasons for that is that it is possible either for individuals or for countries to hoard gold. Gold is so valuable and of such small compass in proportion to value that it can be easily hoarded. It is a matter of history that countries, for instance, India and China, absorb tremendous quantities of gold. No one knows where it goes; it is simply absorbed and passes out of circulation and out of use; it is lost so far as the world and the services of industry and commerce are concerned. That is well known. It is hoarded because of its high value in comparison to other commodities. But, it is argued by some, if you had as the basis of your currency silver and gold, it would not be possible to corner or to hoard it; therefore you would create a currency the quantity of which would be automatically controlled by the general production of these two metals, that there would be no incentive to hoarding, and thus there would be a wide and general distribution. I am not going into a detailed analysis of the argument any further than to summarize my remarks in this way: When we enter into a study of currency questions I think it is advisable to keep in mind the need of a currency in which there is universal confidence, and that all the factors should be given most careful study and consideration. In offering this amendment we are inviting the house simply to pass on to the Imperial economic conference authority for the Canadian delegates at that conference to initiate and support measures that will bring about a careful and exhaustive study of this very important question.

Mr. IRVINE: I should like to ask a question.

[Mr. Stevens.]

Mr. MACKENZIE KING: I think I was on my feet first, Mr. Speaker.

Mr. SPEAKER: The right hon. leader of the opposition has the floor.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to ask a question also. This is a very important amendment and one which I must say I wish had been preceded by some notice, because I feel that the subject is too important to attempt to discuss on the spur of the moment. In order that I may be quite sure as to his meaning, I should like to ask the minister what significance he attaches to the words "economic unity"? Do they imply the conception of the empire as an economic unit or have they some other significance?

Mr. STEVENS: It means precisely what it says, that is, to promote the economic unity of the empire as far as that is possible by a currency which will be stabilized throughout the empire. In other words, the two points must be taken together. We desire to facilitate the movement of trade within the empire, not to the exclusion of trade with other countries, but because we are meeting as representatives of that group of nations for the purpose of stimulating trade within the empire and thus promoting the economic unity of the empire.

Mr. MACKENZIE KING: Do I understand the minister to attach a significance to the words "economic unity" other than we would attach to the word "unity" in general, or to "prosperity" or to some other word of the kind? Has he in mind, for example, the creation of an economic unit out of the empire?

Mr. STEVENS: I would say this, that if as a result of the deliberations of the conference there was developed a currency which would so extend trade within the empire that the empire should become as a matter of fact a powerful economic unit, it might be taken in that sense, but the question of attaining that ultimate objective is not in contemplation at the moment.

Mr. MACKENZIE KING: Has it any relation to the general subject of tariffs, for example? Does that aspect come into the mind of the minister?

Mr. STEVENS: No, I was thinking solely of currencies in the movement of trade.

Mr. MACKENZIE KING: Then may I ask my hon. friend another question: He speaks of initiating and supporting measures for the stabilization of currency. Has my hon.

friend, or have the government, considered any measure that will have that effect, and could the minister indicate to the house the kind of measure which would be initiated or proposed by the government?

Mr. STEVENS: The conference meets in July, and a careful study is being made of that and many other subjects with the idea of having them ready for presentation when the conference meets.

Mr. MACKENZIE KING: Is my hon. friend in a position to tell us at present, while we are discussing this matter, what the measure would be which the government might propose, or what any one measure might be?

Mr. STEVENS: I think I have already answered my right hon. friend, and I may add that we are not in committee and I am not in a position to answer every question that comes up.

Mr. MACKENZIE KING: My purpose in asking these questions, as I think my hon. friend will recognize, is that I am anxious to cooperate with him and with the government as far as possible in any matter that has to do with the forthcoming Imperial economic conference. The conference is one of the most important gatherings which this country will have, and indeed which the empire will have, for possibly many days, and it is desirable that there should be some measure of unanimity, if that is at all possible, between all parties in this parliament with respect to the measures that are to come before the conference.

I have just said, in regard to the amendment moved by the minister, that it involves important questions of policy affecting matters that are to come before the conference. Up to the present time all the Prime Minister has told us is that we are not to be favoured even with so much as an agenda. This is the first intimation we have had that the question of the stabilization of currency, or that any currency matters, would be discussed at the conference.

Mr. STEVENS: No, no; my right hon. friend is quite unjust in that statement, and also in his reference a moment ago to the unexpected way in which this matter was brought up. His own supporter introduced this motion a week or ten days ago; it was discussed during one whole sitting and it came on to-day in the regular order. There was no attempt unexpectedly to present the matter. Further, may I say to my right hon. friend that the original motion moved by his own supporter, presumably with the consent and approval of his party, contained these words:

> . . . if the empire is to become an economic unit . . .

Those words were more extreme, I might say, than the modified form in which I have placed it. I cannot understand my right hon. friend.

Mr. MACKENZIE KING: My hon. friend refers to the motion introduced by a member on this side of the house, but the amendment strikes out that motion altogether, or the substantive part of it.

Mr. STEVENS: My right hon. friend is unjust to me again. There was an amendment moved by the hon. member for Wetaskiwin (Mr. Irvine) and this is an amendment to that amendment. My right hon. friend is entirely unjust.

Mr. MACKENZIE KING: This goes back to the original motion. The hon. member for Wetaskiwin (Mr. Irvine) has moved an amenment to the original motion which does not leave the motion as it was presented to the house. However, we need not wrangle over a question of words or of form. My point is this: To-day the government is asking this house to give it instructions to initiate and support measures at the forthcoming economic conference which will have to do with the stabilization of currency within the British Empire, the promotion of trade and of economic unity therein. As I have said, that is a very large question indeed, and before this house should be asked to vote on any direction to the government as to what it is to do at the economic conference, we should be put in possession of the particular measure or measures which are to be initiated and supported by the government.

I submit, Mr. Speaker, that the tendency of hon. gentlemen opposite is to ask parliament for a blank cheque or authority to be given the ministry in altogether too many directions. That was the policy of the government with respect to the all-important question of unemployment; we were asked to give a blank cheque and allow the ministry to do as they pleased with it. We have seen what the effect has been of giving the ministry a blank cheque to deal with unemployment. The situation has not been remedied; it has been made worse. Now they ask us to give them blanket authority to deal with the question of currencies at the forthcoming economic conference. For my part I am quite prepared to allow the ministry authority to support

measures which have been brought into this house in the first instance and approved by this house, but I am not prepared to give the ministry authority to initiate and support measures of which this house has no knowledge in advance. In my judgment to do that is to surrender altogether any judgment in the matter of what may be best.

Mr. STEVENS: But this subject was introduced by a supporter of my right hon. friend.

Mr. MACKENZIE KING: I am speaking now with regard to the speech made and amendment moved by my hon. friend this afternoon. If there is one thing above another in connection with his address on which I might congratulate him it is the very manifest way in which he disclosed the fact that of all subjects, this question of currency is one of the most intricate and complicated. Having done that, I submit that before he asks parliament to authorize the ministry to initiate and support any measures respecting currencies, he should be in a position to state to parliament what that measure is so that we may pass upon it. Let the minister bring in a measure which he believes will have that effect, and let us debate it. We may find out that it will serve the end in view; on the other hand we may find out that it will be far from serving that end. My objection to the amendment proposed by the minister, in particular, is that it requests blanket authority to the ministry to propose any measure with the result that parliament will then be put in the position that it has authorized the ministry to take the step it has.

I should like to point out another possibility; the minister may say this is not the intention of his resolution, but in considering resolutions we must be very careful as to their intent as expressed. The resolution states not only that the ministry shall initiate measures but that it shall support measures for the stablization of currency. If this method is to be followed, measures possibly will be brought before the conference having to do with the stabilization of currency which are expressive of the views of India, of Australia, of New Zealand, of South Africa, of the Irish Free State, or of Newfoundland. Is this parliament to instruct the ministry in advance that they are to support any measures simply because they are labelled measures to assist in the stabilization of currencies? The resolution as it reads is an instruction to the ministry at the forthcoming Imperial economic conference to support measures that have stabilization in view. Well, who is to determine whether a measure brought before the conference is or is not a proper one? I say that an instruction of that kind is altogether too wide and too general. It would be a very serious mistake. I do not think it is a method which would commend itself to any of the governments that might be present at the forthcoming economic conference.

The minister, in concluding his speech, gave a rather different interpretation of the meaning of the amendment from that which it bears on its face. He said that it was asking simply that a careful study should be made of the question by the conference. Had he so worded his resolution I would have been prepared to support it most cordially, but such is not the wording or the meaning. I think that is the form in which a motion of this kind should be framed. I believe that among the different subjects to be dealt with at the approaching conference should be this important question of the stabilization of currency, and in my opinion it will require as much thought and attention as can be given to it by those who may be present. But the part of the conference should be in the nature of a study. The conference itself could, as a result of such study, if it so desired, make recommendations to be submitted later on to the various parliaments of the British empire for adoption as they might see fit. May I say to my hon. friend that, having attended two imperial conferences, I may presume to know something of the procedure that is followed at these gatherings; and in this I think I shall have the support of my hon. friend the Minister of Justice (Mr. Guthrie), who holds a similar point of view for I have heard him present it in this house time and again. He has said over and over again—and I support this view—that a conference is essentially what is implied by the term: It is a bringing together of groups from different parts of the empire to consider and discuss certain questions. But in no sense is a conference a cabinet or imperial council; in no sense is it a body to lay down policies for the empire. It is a body to consider, and consider very carefully, what it will be best to recommend to the respective governments represented at the conference. If we are authorizing the ministry to initiate and to support certain measures at the conference we are to all intents and purposes placing the ministry in the position where, when the conference meets, they will have to assert that they have instructions from this parliament to press forward a certain measure and ask that it be adopted by the conference. In my opinion, it is not wise that the ministry should be placed in such a position.

Speaking at this moment in illustration of the point I am making, may I say to my right hon. friend (Mr. Bennett) that if tomorrow we on this side should ask the government to follow a certain course with respect to the tariff or any other matter that might come before the conference, I am sure he would reply immediately, albeit it is not the course he himself has followed, that it is not the business of the government, before going into the conference, to be too definitely committed to any policy or obliged to present a particular point of view—that the government must be perfectly free when it is in the conference to consider all aspects of a situation as they may be presented from different sides.

I believe my hon. friend (Mr. Stevens) has drawn his amendment with the best of intentions, but I have no doubt that on reflection he will agree that it is open to the interpretation which I have just put upon it—namely, an authorization of the ministry to initiate measures of which this parliament has no knowledge whatever, and to press those measures at the conference as representing the views which the Canadian people, through their parliament, have instructed the ministry to put forward. The proposal, as we have it, is also in the nature of an obligation upon the ministry to support other measures that may have that particular end in view, although we do not know what they are. And in the third place it introduces, in rather ambiguous terms, a reference to economic unity, which may be all very well provided that this house is agreed upon the significance and the meaning of the term, but which might prove to be the very opposite should there be at the conference any misunderstanding as to just what is implied. My hon. friend says that there appeared in the original motion the words, "if the empire is to become an economic unit." When I saw the original resolution and read those words in it, I asked the hon. member on this side of the house (Mr. MacLean) what they meant, and he told me they were purely hypothetical or parenthetical and did not commit anyone to anything. I said to him, with regard to the phrase, an economic unit, that the government had put forward some idea of the kind, and that if they had anything of that sort in view this phrase would be the feature of the resolution which the government would seek to have control the whole.

Mr. STEVENS: Was that made clear—that it was parenthetical?

Mr. MACKENZIE KING: Yes, it was, because when the hon. member for Prince began to debate the resolution he said that he would like to withdraw the clause. It was the Prime Minister himself who objected; he would not allow it to be withdrawn.

Mr. MANION: So long as it meant nothing we were going to go on with it.

Mr. MACKENZIE KING: I am sure my hon. friend would be able to go on with anything that means nothing. My understanding of the expression, "the empire as an economic unit," is this. Those who support the economic unit idea hold to the theory that the empire is to become an isolated economic unit, that it should be so organized that it will be possible for the different parts of the empire to trade only or almost exclusively within the empire. They believe that this economic isolation will be brought about by a system of tariffs around the whole, which will be so high as to render impossible trade of any extent with the rest of the world. Those of us who sit on this side are wholly opposed to making of the empire an economic unit in that sense, and I submit that we should not be called upon to support a resolution that lends countenance of support to the theory in that sense of an economic union or unit. As regards anything that will make for unity of the empire, anything that will promote the prosperity of the empire, we on this side are as heartily in accord as are hon. gentlemen opposite. We all want to see the empire united and prosperous, but our view as to how that unity and that prosperity can best be achieved differs diametrically from that of hon. gentlemen opposite.

If my hon. friend presses his amendment in the form in which it now stands, I am afraid I shall have to oppose it, and I hope he will understand quite clearly my reason for so doing. Speaking generally, apart altogether from his resolution, I do not think that this house should be asked to authorize the government to initiate or support any measure of which the house has no knowledge whatever, and I might add of which the government itself at this time has no knowledge. Furthermore, it should not be asked to instruct the ministry to support measures at the economic conference merely because they relate to a particular subject. I am heartily in accord with the whole idea of currency questions being studied at the conference, and any substantial contributions which can be made by the Canadian ministry towards that end will be something which I am sure will be appreciated not only in this country but in all parts of the empire.

Mr. WILLIAM IRVINE (Wetaskiwin): I am not sure whether I have the right now to

ask the minister a question, but I wanted to ask him this question before he sat down. I will put the question and he need not answer it if he does not desire. I understood him to say that I had advocated during the investigation of 1924, I think it was, that Canada should pay her national debt by employing the printing presses. Does the minister mean that I advocated that? If so, I should like to know on what page of the evidence it is to be found because I do not recall even thinking of such a thing.

Mr. STEVENS: I said it was advocated, without referring at all to my hon. friend.

Mr. IRVINE: I was never that foolish, openly anyway; I might have been foolish enough to think it inwardly but never foolish enough to utter it. I have not before me a copy of the amendment which the minister has moved, but as I was able to understand it from his reading it, I do not see why the house should not give it the fullest possible support. When I drafted the amendment which I moved to the original motion I was told by the hon. member for Red Deer (Mr. Speakman) that it would be open to the very objection which the minister has raised. I realized that it would be open to that objection but I moved it nevertheless because I could not conceive how there could be any stabilization of our currency on a gold basis except by putting a fewer number of grains of gold into the pound sterling or the dollar. There may be some other method of remaining on the gold basis, but if there is I have never heard of it.

The minister said that some of us or some of those who think they are economists have said that they regard trade as being barter and that we should go back to the barter system. I never thought of shipping a carload or shipload of eggs across the Atlantic in return for a cargo of automobiles. I never thought of trading in that crude way, but it just happens that I have before me an excellent pamphlet published by H. Mitchell, M.A., professor of political economy at McMaster university. It is entitled The Money Crisis and in his interpretation of money he states:

> Our money economy is really no more than a refined state of barter.

Apparently there are some real economists who hold that view. They do not contend that we exchange goods for goods directly but they say that money itself is a means by which barter is made possible in our highly complicated society.

Before I sit down I should like to refer to the remarks just made by the right hon. the leader of the opposition (Mr. Mackenzie King). May I say very frankly and sincerely that his remarks came to me as the most discouraging thing I have heard in this house since I first became a member. Personally, I have been looking to him for great things during this session, I have been expecting the opposition to bring forward real, constructive suggestions for the remedying of the real danger which exists, not only to Canada but to modern civilization. This question of currency is recognized by the statesmen of all countries as being the most urgent to be considered, but the leader of the opposition has not one single constructive thought to offer. He endeavours to make his opposition as effective as possible in trying to prevent the consideration of this matter at the Imperial conference. He asks for a definite and complete statement of the exact thing which is going to be put up to the conference. As I understand him, he contends that a notice of motion should have been given to a question of such importance. The motion to which the amendment has been moved has been on the order paper for many days, it was introduced by a member of the Liberal party and ample opportunity was afforded every hon. member to acquaint himself with the subject matter and to be prepared to deal intelligently with it. I suggest to the leader of the opposition that with a question of this importance confronting the public mind, and in the face of economic conditions which exist in the world to-day, he should have spent his time last summer studying this matter and should have come to this house with a real policy and given real leadership in the carrying into effect of that policy.

Mr. POULIOT: Is the hon. member suggesting that the leader of the opposition resign in his favour?

Mr. IRVINE: I cannot hear what my hon. friend is saying—

An hon. MEMBER: You are not missing anything.

Mr. IRVINE: —but if it is anything like his usual remarks, it does not matter whether or not I hear him. The right hon. gentleman says that he is willing to support the measure if it means merely that it will be talked about at the Imperial conference, but if there is to be action, no sir—no support for action. We have not as much time as the right hon. gentleman imagines we have to deal with this matter. The people of Canada are looking to the Imperial conference for definite action; the people of the British commonwealth of nations expect great things from this confer-

ence. I will go as far as to say that if great things are not accomplished, it will be a bad thing for Canada and the rest of the British nations. In my opinion this is the most important thing upon which the government has touched this session and yet the Liberal party, supposed to be making a bid for the support of the people at the next election, claiming to be able to lead us out of this terrible morass in which we find ourselves, raises opposition to the only living issue which has been presented on the floor of this house this session. It is a most discouraging thing to any hon. member who expects parliament to stand for something worth while.

In regard to economic unity, the right hon. gentleman says: If you are going to advocate economic unity, why not wait until you have an interpretation of economic unity to which the house will agree? In eleven years I have never seen this house agree to anything, and if before we can do anything we have to wait for an interpretation of economic unity which will meet with the agreement of this house, we are going to wait a long long time before we have economic unity in this or any other country.

I congratulate the minister on bringing this amendment forward. We are not expecting that a question of this importance will be settled completely and absolutely at one conference, but we do want some action. Are we to have to wait until this house comes to an unanimous opinion upon some policy not yet proposed? What will our farmers in the west say to the leader of the opposition? They want to sell their products in England next month, but they cannot do it because the currency is so unstable, and the exchange so adverse. They want action, and the Imperial conference affords the only opportunity for such action to be taken. I think it is the duty of every hon. member of this house who wants immediate action on a question of this importance to support this resolution.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the matter of the stabilization of the currency of the empire is undoubtedly one of very great importance. Few things have done more injury, using the word in a broad sense, than the action taken in Great Britain in going off the gold standard. As a matter of fact, it wrecked the financial structure of practically every country in the world except two, and the loss sustained by Canada and by other parts of the empire was very, very great.

The question of empire currency is not new. It has been discussed at every succeeding imperial conference, but no action has ever been taken nor have any definite results followed. During or prior to the war my attention was directed to the possibility of providing for a pound containing gold to the value of five dollars with the hope that a pound or pax, or whatever name might be given to it, might have circulation in every part of the empire at that value. That had nothing whatever to do with paper money nor has it anything to do with the matter that is now being considered by this house, namely, that direction be given to the government that there be placed for consideration before the economic conference to be held in this city the question of a stabilized currency. The right hon. gentleman I am quite certain was not serious in suggesting that it was possible in February to prepare and submit to this house an agenda for a conference that is to meet in July. Neither would the right hon. gentleman I think, if pressed, and asked to look back on past conferences, say that it had ever been the practice nor could it be the practice to lay before the House of Commons the details of proposals that would be made to the conference.

The question now before the house as expressed in the subamendment of the Minister of Trade and Commerce (Mr. Stevens) is virtually that the question of the stabilization of empire currency be brought to the attention of the conference.

Mr. MACKENZIE KING: That is different—

Mr. MACKENZIE (Vancouver): We are all agreed on that.

Mr. BENNETT: Or that if the question is placed on the agenda by some other country it shall receive the support of those who represent this country at that conference.

Mr. MACKENZIE (Vancouver): We differ there.

Mr. BENNETT: I am unable to understand the language of the amendment if it means other than that. Let us look at what transpired. The hon. member for Prince (Mr. MacLean) introduced the resolution. He read copiously from essays and statements and speeches and reports of eminent men, and he indicated clearly that he had not the least knowledge in the world of the subject matter of the resolution. I am not saying that offensively. That is a matter of fact that will be found by reading the record. The hon. member for Wetaskiwin (Mr. Irvine) introduced an amendment and made a speech which indicated that he had profoundly studied the

matter, but at the end he used words which indicated that his views as to a sound currency were not in accord with those which I believe are held by a majority of the members of this house. Having in mind the very circumstance to which the right hon. gentleman has alluded, the Minister of Trade and Commerce has indicated as clearly as it is possible to indicate anything that there are great difficulties in the way of a stabilized currency. By a stabilized currency it is not, of course, meant that you are going to give a like value to every form of currency or that you are going to have the like terminology for every form of currency, but that you are going to endeavour to establish a stabilized currency in order that the very difficulties to which the hon. member for Prince referred, namely, the great fluctuations in exchange values, should be avoided. I think this house will agree that it is highly desirable that the ends sought should be attained, if possible, by this conference.

I agree entirely with what has been said by the right hon. gentleman that a conference has no legislative power; it has no executive power. It has merely the power to recommend to the respective governments that action along certain lines should be taken, and that has been the case since these conferences were commenced. Their conclusions were not in any sense binding, and no one knows that better than the right hon. gentleman opposite. He knows that as a very condition of these conferences being held, those principles were asserted, and this house is not bound by anything that may take place at a conference until this house has seen fit to agree to what is recommended. When the right hon. gentleman came back from the Imperial conference which he attended in 1926 I think he will be the first to say that nothing had been placed on the records of this house that indicated that the proposals that were there considered were to be considered. There is nothing upon the records of Hansard or the Journals of this house that indicated that the great questions that were then discussed were to be discussed.

Mr. MACKENZIE KING: Oh yes.

Mr. BENNETT: Not in the sense that they were discussed.

Mr. MACKENZIE KING: There was an agenda.

Mr. BENNETT: But the agenda broadened out in its reach and scope in the discussions that took place.

Mr. MACKENZIE (Vancouver): There were resolutions—

[Mr. Bennett.]

Mr. BENNETT: Of course, I am aware of that. Then came the question of the action to be taken. This house was not bound until this house had expressed its approval, and it will be recalled that a debate ensued; a debate always has ensued, Mr. Speaker, on matters of that kind. There is no legislative power in the conference. It cannot bind the members of this house nor the Dominion government, nor can the members who for the time being represent the country at that conference. The prime ministers of some of the great dominions in the commonwealth have from time to time contended that it was rather unsound that only one party should be represented at the conferences, that rather the government of the day should be assisted by the leader of the opposition and that there should be a representation of parliament, rather than of the government, to speak for the country at the conference. But that view has not obtained, and it is not likely to obtain.

Mr. MACKENZIE KING: Hear, hear.

Mr. BENNETT: I am glad that the right hon. gentleman thinks that a sound view. He has always expressed that view, as did his predecessor in office. The principle upon which opposition has been made to that view is this, that the government of the day must assume responsibility for what is done at the conference. When it comes back to parliament and asks parliament's approval with respect to any particular item of business that may have been transacted at the conference or of any conclusions embodied in the form of legislation, the government must assume sole responsibility for its action, and risk its life upon the result if it pledges its position as a government in asking the support of the house to those proposals. That view, I say, the right hon. gentleman has consistently maintained, and that is the view which many other members of various parliaments represented at imperial conferences have from time to time maintained. I am bound to say I used to think that at imperial conferences it would be much better if all parties in the state could be represented. But in discussions that I have had since responsibility has fallen to my lot it has appeared that there might be difficulties to which the right hon. gentleman has in times past referred. Whatever there may be of value in it from an academic viewpoint, as a practical matter it need not now be discussed, for the government will accept responsibility. The government cannot bind Canada to any line of action beyond agreeing to submit to parliament, its own parliament, any questions upon which deliberations have taken

place and conclusions have been reached. That was so, for instance, with respect to matters that were considered in 1930. That was so in connection with the Merchant Shipping Act. The Merchant Shipping Act is highly technical legislation. It was discussed in the 1926 conference. It was discussed in 1929 by a group of experts, and certain conclusions were formulated. It was again discussed in 1930, and certain approvals were given. But Canada could not be bound until such time as this parliament enacted legislation based and founded upon the conclusions which had been arrived at at the conference,—or, variations from them, if this house did not desire to approve.

This resolution, as it stands, asks the House of Commons—directs, if you will; I will use as strong a term as that—directs that Canada's representatives at the next Imperial economic conference to meet in this city shall place upon the agenda paper, or shall initiate discussions dealing with the stabilization of empire currency.

Mr. MACKENZIE KING: If the amendment is redrafted I am content to support it in those terms, but I cannot in other terms.

Mr. BENNETT: I shall proceed a step farther. The statement is also made that if the initiation comes from some other quarter, not that Canada will be bound by what some other quarter suggests, but that the Canadian delegation shall support not the identical measure, but any measure which deals with the stabilization of empire currency—if initiated, for instance, by India, South Africa, or it matters not where. That does not however for a moment imply that we will support those views. But the very fact that the subject is thrown into the melting pot for discussion involves the fact that there will be a free expression of views by men from various parts of this empire as to the possibilities of stabilization of empire currency. It is in that sense that the Minister of Trade and Commerce has presented this matter to the consideration of the house.

This is a question dealing with currency and trade. What we are endeavouring to promote by every means in our power is that on one-quarter of the world's surface, including as it does many countries and a quarter of the world's population, we should, if possible, have a stabilized currency or a medium of expressing values for trade and exchange and, in the words of the right hon. gentleman, "trade being exchange," that these media, if you will, should have values not necessarily in the same terms, but that they should have stable values for the purpose of facilitating the transaction of business and the advancement of trade. That is the position. The language of the amendment to the amendment, which I have not before me, but which I saw before it was moved by my colleague, endeavours to express that view.

It is gratifying indeed to find the right hon. gentleman expressing a desire to co-operate with the government in the success of the conference. I venture to say—and I hope he will not take my comment as being unduly unkind—that his remarks present a marked contrast with observations he made publicly elsewhere, in which the very fact that a conference would be held at all was called in doubt, when he was wondering if there ever would be one. The very name of the conference must indicate its character. It is to be an economic conference to deal with trade and currency, currency and trade, the development of them, the stabilizing, if possible, of our currency, a medium of exchange, or expressions of exchange values between the various parts of the empire—all these matters will be discussed. Whatever complaints may hereafter be made, whatever criticisms may be urged, and however doubtful the right hon. gentleman may have been in times past as to our ability to succeed in having a conference at all, we ought at least, it seems to me, to be entitled to some credit for having succeeded in our efforts. Whatever the conference may bring about, at least we have succeeded in our effort to secure one, and have had it definitely decided that such conference will be held in the capital city of Canada, where, most hon. members will recall, the second conference was held. The colonial conference of 1887 was succeeded by the conference of 1894 which met in the parliament buildings in this city. Those who are curious to see the matters then discussed, who are interested in the development of ideas, and realize that after all, a long time is required to make progress in any particular line of action, would do well, if they have some time at their disposal, to take from yonder library the records of that conference. They will find that there may be and, we hope will be, a realization in 1932 of the hopes, aspirations and views which found expression by the statesmen of the empire in 1894.

Mr. SPEAKMAN: As I understand the Prime Minister's general interpretation of the term "stabilization of currency within the empire," it would mean a stabilization of exchange values as between the different currencies used in the various parts of the

empire. Might not the interpretation be made—and certainly this has been the hope of many of us—that the question of the stabilization of price levels should be included as part of the question of stabilization of currency—as, indeed, a most important part?

Mr. BENNETT: The view is generally expressed that one might follow the other. I think however there is a body of opinion questioning that, as the hon. member, who reads so much, will readily understand. If once we arrive at an agreement for the stabilization of exchange values I should think the matter to which he has alluded would not be as difficult as it has been under fluctuating exchange values.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I have only a few very brief observations to make in this debate. It was my intention to enter upon a detailed analysis of the various factors brought into question by the motion of the hon. member for Prince (Mr. MacLean), the amendment moved by the hon. member for Wetaskiwin (Mr. Irvine) and the subamendment now moved by the Minister of Trade and Commerce (Mr. Stevens). First, however, I should like to congratulate the Prime Minister (Mr. Bennett) upon the, generally speaking, reasonable tone of the address he has just delivered. I wish also to offer to my hon. friend from Wetaskiwin the observation that, despite his obviously superior academic qualifications, there are some of us in the Liberal party who for years have given careful study and thought to the question of currency, and have advocated, as widely as he has, proper reforms in the Canadian currency system. Personally, having played some part in the publication of Liberal policies and theories, I repudiate the animadversions of the hon. member for Wetaskiwin.

I wish also to extend to the Minister of Trade and Commerce my personal felicitations upon his exhaustive and comprehensive analysis of the monetary situation. I think when he took his seat he received as much applause from the benches of the Liberal party as from his own side of the house. It is very encouraging to-day to find in the Canadian House of Commons a minister of the crown who has such a complete knowledge of the most intricate problems which concern us in Canada. Not speaking for the opposition, but only in a personal capacity, I wish it were possible at the coming Imperial economic conference for Canadians, regardless of their party affiliations, and leaving out of their discussions matters of tariff, to concentrate in more than a national manner upon the question of currency reform. Because a significant feature about the Macmillan report to which reference was made a few nights ago and by the Minister of Trade and Commerce this afternoon, is that there is no mention in this brilliant report, presented to parliament by one of the most outstanding committees which ever functioned in the United Kingdom, of the possibility of an empire currency. Subsequent to the report of the Macmillan committee there was formed and established in the old kingdom a committee of the Federation of British industries and the Empire Economic Union. In paragraph 50 of the report of that committee there is a distinct recommendation in regard to the stabilization of empire currency. As the right hon. Prime Minister has just intimated, in previous conferences the question of currency reform was submitted by each dominion, and New Zealand brought it forward at the economic conference of 1923. I am convinced that the greatest danger facing Canada to-day is not the throbbing problem of unemployment, it is the imminent destruction of our social and economic system unless we wake up.

As far as I see the situation—and I am not speaking at all in a partisan sense—the remedies are twofold. In the first place, there are national remedies which can be applied by whatever government happens to be in office; in the second place, there are international remedies. And I am convinced that we cannot solve our weighty national problems except by international thought, international study and international discussion. That is the reason why the Macmillan committee has based all its observations in regard to monetary reform, not on the empire unit, but on the world.

I am exceedingly pleased to know that the question of currency will be discussed at the economic conference next July. I think that all parties in this house are united on that idea. Unfortunately we are divided on the phraseology of the motion and the amendment. Personally I am conscientiously opposed to the motion, and with my limited study of economic questions I am opposed to the amendment of the learned member for Wetaskiwin (Mr. Irvine). I am also opposed —but only as to phraseology—to the amendment so ably moved by the hon. Minister of Trade and Commerce and which now becomes a matter of government policy. We who are adhering to Liberal principles and to certain tariff doctrines are not forgetful that the phrase "economic unity," although it sounds glorious, has a sinister origin. I want to keep this discussion entirely non-partisan, but it

must not be forgotten that that was the slogan used by our good friend Lord Beaverbrook when he was proclaiming his gospel of empire free trade. If my hon. friend the Minister of Trade and Commerce had used any one of these phrases "economic prosperity," "economic well being," "economic welfare," I am confident that every member in this house would be 100 per cent behind him. I suggest that if unity in Canada and in this house is worth while we can very well agree upon the language used by my right hon. friend the Prime Minister when he said that the amendment moved by the Minister of Trade and Commerce means only that instructions be given to the government to submit the question of a stabilized currency to the next Imperial economic conference. I think every single member, regardless of his political affiliations, will support the right hon. gentleman in that interpretation. It would be a wonderful gesture if this house could send a united resolution instructing the administration to submit to the approaching conference the subject of currency reform, and this unanimity could be brought about by changing the phraseology of the amendment moved by the hon. Minister of Trade and Commerce. I trust the necessary steps may be taken to this end, for I am firmly convinced that currency reform is one of the greatest problems confronting not only Canada but the whole civilized world at the present time.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I did not intend to take part in this debate, but I think it necessary to make a few remarks in reply to what the right hon. Prime Minister (Mr. Bennett) has said with regard to the effect on the world of the abandonment of the gold standard by Great Britain. Recently I had sent to me a newspaper published in the north of Ireland, containing a report of proceedings at a meeting held under the auspices of the Unionist Association in one of the constituencies in that country. The chief speaker was a Mr. W. H. Webb, and he reviewed the recent economic and financial events in Great Britain. Dealing with monetary reform he said:

> Monetary or currency reform, both internal and international, was a matter of the greatest urgency. The long drawn out depression, from which we are still suffering, was almost entirely due to monetary causes. The originating cause was this country leading the world blindly back on to the gold standard in 1925.

Mr. Webb also spoke of the two committees which have just been referred to by the hon. member for Vancouver Centre (Mr. Mackenzie), the Macmillan committee and the committee set up by the Federation of British Industries and the Empire Economic Union. He said:

> These committees agree that in a stable, highly developed country like ours a gold backing for our internal currency is no longer necessary, and that a gold reserve is needed for no other purpose than to meet a foreign drain and provide an international standard of values. This means that our internal currency would not be dependent on gold and would not be increased or decreased by inflows or outflows of that metal, and would also keep industrial and agricultural prices free from violent fluctuations due to external influences. It would be possible under such a system to provide sufficient money to support expanding industry and agriculture.

I think, Mr. Speaker, there is not very much doubt that the return of Great Britain to the gold standard in 1925 was one of the most unfortunate policies which was ever adopted by British statesmen. Unemployment increased there as a result of the adoption of that policy. Unemployment in the most highly civilized countries of the world is one of the greatest difficulties we are facing to-day. It is one of the causes for the trouble which all countries are experiencing in balancing their budgets. We have the expense of unemployment relief. The Royal bank in its December circular contains this statement on the British situation:

> By December, 1930, the unemployed numbered 2,500,000 and by the end of September, 1931, the peak, they numbered 2,826,000. By November 16th this total had fallen by 177,000—

This improvement in the British unemployment situation in such a short time is, I think, undoubtedly attributed by the writer to the fact that England abandoned the gold standard. In my opinion it was a splendid thing for England that she did abandon it. In an issue of the Farmers' Sun shortly after the suspension of gold shipments by Great Britain, I find a statement to the Canadian Press by Sir Thomas White, our Minister of Finance during the war years. The report is headed:

> Suspension of gold standard may be blessing in disguise.
>
> Will call halt to dropping price level of commodities, stimulate trade and assist in bringing about fairer distribution of gold reserves predicts former finance minister.
>
> British manufacturers have advantage.

We should not forget that England did not abandon the gold standard because she wished to. The national government was formed for the express purpose of saving the pound, of keeping it at par. Mr. Snowden, Chancellor of the Exchequer, floated a loan of £80,000,000 for this express purpose. That money lasted him only three weeks, and he was forced to abandon the gold standard. Why? Simply

because the Bank of England could not meet the demands for gold. It should not be forgotten that Mr. Snowden, according to press despatches paid for that loan of £80,000,000 a rate of 6½ per cent interest, an unheard of rate for Great Britain to pay in peace time—all for the purpose of preserving this wonderful gold standard. The gold standard, I think has had more to do with world depression than any other thing in our economic system.

Mr. BENNETT: I am sure the hon. gentleman realizes that the sale of securities in foreign countries, and their application for gold in exchange for the purchase price, was what brought about that immediate result.

Mr. COOTE: Yes, and because of the gold standard they were entitled to do that. Any debtor country in the world to-day may be forced into a similar condition at any time foreign investors take the notion, and for that reason I am emphatically opposed to the idea of stabilizing Canada's currency on gold again. It should not be done. I have before me a copy of the Financial Post of September 26, 1931, the leading financial paper in Canada and a very orthodox paper, which says:

Sterling drop far-reaching in its effect. British manufacturer gains temporarily in Canada market.

Then there is also a splendid article on the foreign money ring and the world crisis. I have not time to read it, but I commend it to every hon. member of the house.

Mr. BENNETT: Whose opinion was that?

Mr. COOTE: This is the opinion of Mr. J. B. McLean.

Mr. BENNETT: Was it not written by someone else?

Mr. COOTE: This article carries at its head the name of J. B. McLean. It says:

The Foreign Money Ring and the World Crisis

The present financial flurry is merely another incident in the progress of the international money ring.

The story of this super-banking system has been covered from time to time. . . .

In effect, it has been shown that a group of Austrian-German-Dutch-Greek-born financiers years ago settled in England, then the world's financial centre, among a people rich in character, in good records and great wealth. These foreigners proceeded to exploit and debauch that country—its commerce, its banking, its industries and its public men and public servants.

And so on. I do not want to take time to read all this, but somewhere near the end of the article it states that the forced departure of Britain from the gold standard may be the final act of that money ring which was described. Then I have a copy of the front page of the Financial Times for September 25, 1931. It says:

Departure from gold basis may prove real boon. Basic industries and tourist business should benefit from dollar discount.

Another column bears the heading:

Dollar discount should be great newsprint help.

If there is any industry in Canada, other than agriculture, that seems to need a little help it would appear to be the newsprint industry. I could fill several pages of Hansard with quotations from the press to prove that the departure of Britain from the gold standard was a boon to industry and, to a certain extent, improved the employment situation in that country. If Canada had been wise enough to abandon the gold standard a year ago Canada would have benefited very substantially in the same way. Apparently the policy being pursued by Canada at present is to keep our dollar as near parity with the United States dollar as possible, but perhaps before proceeding to elaborate that point I might say that Canada has not abandoned the gold standard because the government wished to abandon it; she has abandoned it in fact, if not legally, because she had not the gold to meet the demands of foreign investors.

Mr. YOUNG: If my hon. friend objects to stabilizing Canadian currency again on the gold basis, on what basis would he stabilize it?

Mr. COOTE: I will come to that right away, for the benefit of my hon. friend. Rather than give him my own ideas I should like to quote a man who should be regarded as an authority. I refer to Doctor J. P. Day, associate professor of economics at McGill university, who is reported as saying:

A country which abandons the gold standard will find its exchanges fluctuating, but it is at least relieved from worrying about an adverse balance of indebtedness, since the fluctuations of the exchange will look after that.

I should like to commend that to the attention of the Prime Minister, who thinks one of the great problems of this country is to balance our trade. Then Professor Day says:

The first immediate necessity is therefore to restore stability to the foreign exchanges. Does this mean a return to the gold standard? I should not like to say this is a totally impossible event, but I agree with a writer in the Economist who says it would be a nightmare if the treasury and the Bank of England had closed their minds to any other idea.

Probably it would be a nightmare for us also if the Prime Minister closed his mind to any other idea.

For, after all a return to the gold standard would only leave the world where we were a year ago, still faced with a crushing burden of indebtedness and a price level that afforded no prospect of rising. Furthermore, it is very doubtful even if Britain could return to the old parity rate, whether other countries, and especially debtor countries, could.

Then he refers to a suggestion made by Professor Leacock that the pound should be stabilized on gold but that the number of grains of gold in the pound be reduced. I will not read that. Then Professor Day says:

What I should infinitely prefer to see is a sterling block of countries formed. The British monetary authorities would do all in their power—which they are probably trying to do but finding political faction extraordinarily hampering—to keep sterling at a steady purchasing power at home. Other countries renouncing gold would also keep their monetary units at a stable purchasing power and if these efforts were successful, the foreign exchanges would be stable too.

I think that is the only thing necessary, stable price levels in different countries; then the rate of exchange between those countries will remain fairly stable.

Mr. BENNETT: Would the hon. gentleman permit me to ask him a question without annoyance? Surely he will admit that obligations payable in gold must thus be paid?

Mr. COOTE: I am not suggesting any change in that at all. This writer says:

No foreign exchange rates would fluctuate except those of countries on the gold standard and these need not if they like to disregard gold and manage their currencies with a similar aim. Thus the whole world would be aiming directly at the stabilization of the purchasing power of monetary units instead of indirectly as it formerly did when the effort was to keep all currencies with a similar aim.

That is a much better principle on which currency should be stabilized than the gold standard, and I think a return to the gold standard is absolutely impossible unless it is done by reducing the number of grains of gold to the pound, as has been suggested by Professor Leacock and many others. That was only a suggestion; I do not want to commit Professor Leacock to that principle, but that is one way in which it might be done.

There is a splendid article in the Toronto Saturday Night of October 17, 1931, by Professor T. E. Gregory, of the London School of Economics, who says in effect that the gold standard exercised such pressure on the price levels as to imperil the standard itself. Finally it did break the gold standard and made it impossible for the countries of the world to operate under it. It became impossible for England to stay on that standard, and when England abandoned it nearly all other countries followed suit. To-day only a minority of the so-called civilized countries maintain a pretence of being on a gold standard. Of the countries that are on the gold standard I believe the United States is the only one that is really living up to the standard, that is, paying out gold on demand. Even France, who holds such a large share of the world's gold, will not pay out gold on demand except in the form of $8,000 bars, and of course the ordinary person cannot present legal tender to the extent of $8,000 in demand for gold. So that the Bank of France is relieved of the necessity of paying gold to private individuals. Recently, according to an article in the Financial Post, United States $20 gold coins have been selling in Paris for $24. Frenchmen anxious to secure gold coins for hoarding must now pay a premium of 20 per cent to get that gold, even in a so-called gold standard country.

Some of the newer economists are coming more and more to the belief that currencies can and should be stabilized without reference to gold, and I am very pleased to note that Dr. D. M. Marvin, economist of the Royal bank, in a speech delivered recently before the Canadian Club of Toronto, suggested that possibility. According to the report:

He saw the high price of credit in countries on the gold standard as the major cause of the depression and suggested trade would swing upwards when credit was obtainable at more reasonable levels.

He goes on to suggest that the currencies of different countries in the world might be stabilized, practically in the way proposed in the remarks of Professor Day which I have already read to the house. The following observations are significant:

Those countries no longer on a gold basis have means of controlling their own price level, although the machinery for doing so is not perfect and outside of Great Britain and Sweden there seems to be no great number of economists and banking authorities who have given consideration to this phase of the subject. Generally, the attitude of the governments, the press and the public is that a misfortune has overtaken the country which will be overcome at the earliest possible moment. They overlook the advantages which have accrued to them by reason of the premium on gold and fail to realize that they can afford to seek the old parities of exchange with the gold countries only after deflation has been arrested and reversed and the price level of the gold countries brought up to a level with their own. . . . It would seem that the monetary loss to one class, mainly government bodies, will be somewhat more than offset by the gain of another

class, mainly the export industries, but the effect of the premium on gold in checking deflation and improving the price level is a most important positive advantage.

Before I conclude I want to show how agriculture is being discriminated against at the present time; I want to show how it is being ruined by the attempt to cling to the gold standard. The purpose of the gold standard is generally admitted to be that of keeping foreign exchange rates at par as between different countries which are on the gold standard. I noticed in the press recently that General Smuts, leader of the opposition in South Africa, made the statement that adherence to the gold standard by that country was crucifying agriculture; and that is just as true in Canada so far as we can adhere to the gold standard. As a matter of policy, if it applies in South Africa it applies here. In another paper I saw that one of the wool growers of South Africa had pointed out that on sales of wool which they made to England, and for which of course they were paid in British pounds, they were receiving about $4 to the pound sterling, because the pound is at a discount in South Africa. But in Australia the pound sterling commands a premium, and the Australian wool grower, on a similar shipment of wool, is paid at the rate of about $6 to the pound. Anyone can see the advantage which the Australian wool grower enjoys over the wool grower in South Africa. A similar situation exists so far as Canada is concerned, and I would illustrate it with wheat. The effect of the depression in Canada was felt chiefly because of the drop in wheat prices. Wheat is sold on the markets of the world at the prevailing prices. We have been told quite often, and some of us are inclined to believe it, that we cannot set an arbitrary price on wheat. The bulk of our wheat is sold for British pounds. We cannot set the price, but the rate at which we can transfer British pounds into Canadian currency really sets the price of wheat in Canada. When Britain was forced off the gold standard the pound of course collapsed and the Canadian dollar fell part of the way with it. But it has not fallen as far as the pound, and I hope that when the Imperial conference takes place means will be devised to bring our currency down at least as far from the gold parity as the pound has come. At the present time the pound is worth in Canada about $3.97. The old parity of the pound was $4.87, and as a result of the fall, if we send a shipment of wheat to England to-day which, let us say, brings us £1,000 in Liverpool funds, we translate that into Canadian funds at the rate of $3.97, and for that shipment of wheat the exporter receives $3,970. If our currency were at par with Britain, the pound would still be worth $4.87 and we should receive $4,870. It can easily be figured out how much we are losing in our shipments of wheat to England. If we went back on the gold standard the pound would be worth the same as in the United States, $3.45, and for a shipment of wheat such as I have suggested our return would be $3,450. But even as it is to-day, the price of wheat would be increased easily by 15 cents a bushel if our currency were at par with Britain.

Let us see how our trade in cattle is affected. Cattle are on an export basis the same as wheat. The price of cattle exported to England fixes the price of cattle sold in all stockyards in Canada to-day. We have a surplus and the price of that surplus determines the price of all our cattle. When we send cattle to England we are paid in English pounds at prices prevailing over there, and on a steer which brings a net price of £10 in Liverpool to-day the Canadian exporter, when he translates that into Canadian funds, receives $39.70. If our currency were at par that steer would bring us $48.70 a difference of $9 on a low priced steer. Now, we are making all sorts of efforts to encourage the shipment of cattle to England; we are reducing freight rates, cutting insurance rates, and so on, and all these things are a mere bagatelle compared with the question of exchange. If we could go back to the gold standard next week and were on a parity with the United States, what would be our position in regard to cattle? That steer would bring $34.50. Compare our position with the grower in the Argentine. If our currency were on a par with that of the Argentine that same steer would bring $55. How under heaven can the Canadian farmer compete with the farmers in Australia and in the Argentine under these conditions? The farmer in Australia and in the Argentine will put us out of the wheat market if something is not done to correct the situation.

The thing which should be done is to allow our currency to go down until it is at least on a par with the British pound. The Argentine and Australian farmer still would have a very distinct advantage over us. I recall a speech delivered in 1922 by the present Minister of Trade and Commerce, at which time he quoted Doctor Melchoir, the famous German economist. Speaking of Germany's depreciated currency, Doctor Melchoir said that a depreciated currency gave a premium on exports which at the same time ruins the industries of competing countries. Our chief competitors in cattle, wheat and wool, are the

Argentine and Australia, who have that premium on exports which, according to Doctor Melchoir, will cripple the industry of Canada. We have no chance to compete. What I have said with regard to wheat and cattle applies equally to hogs. These are the three mainstays of the Canadian farmer. I think it would apply as well to our dairy products, because they are now on an export basis. It applies also to newsprint and all the products of fishing, lumbering and mining, all our basic industries. The prices of our exports would be increased. It is true there would be some increase in the budgets of our governments, because they would have to pay a premium for foreign exchange to meet the interest on loans payable in New York funds, but the farmer has been carrying this burden long enough.

After all, why should not the value of our dollar depend upon our export and import balances? If the gold standard is removed and the value of our dollar in foreign markets is fixed by our balances in international settlements, that would be only fair. One reason why we went from a favourable to an unfavourable trade balance within the last two years is because of the drastic drop in the prices of our exports, principally wheat. If we had not been on a gold standard a premium on foreign exchange would have been created almost immediately. The wheat farmer sells for foreign exchange. That premium would have increased the price of his wheat and it would immediately tend to hold up the price of his products. The drop in the prices of our agricultural exports would not have been nearly as severe as it has been. More money would have been placed in the hands of the farmer with which to pay his interest, with which to pay taxes and to buy goods. After all, it is only through the purchase of goods that employment can be created in the factories of Canada.

I think this is one of the most important questions which the Imperial conference could discuss, and I hope that as a result of that discussion some measure may be found to improve the currency system of every country in the empire and to obtain as near as possible stable exchange rates. However, before I sit down, I want to warn the government that an attempt to stabilize our currency through making it redeemable in gold would be placing the price level of Canada, our standard of living, our whole internal stability, at the mercy of foreign bankers who could at any time decide to withdraw gold from Canada and break down our price levels and our civilization which has taken so long to build up.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. H. E. SPENCER (Battle River): I should like to take the opportunity which the subamendment gives me to say a few words with reference to the very able speech of the Minister of Trade and Commerce (Mr. Stevens). First of all I wish to congratulate him very heartily upon the splendid speech he made to the house this afternoon. There are one or two remarks of his to which I wish to refer, and if the rules of the house do not permit the minister to reply on this occasion I hope that he will do so at the next opportunity when the subject comes up, which I hope will be this session.

If I heard him correctly, he stated "That money itself is not increased". I would ask him to define what he terms money. Does he include in money not merely coin but currency and credit or anything that functions as money? If he includes all those three, and if I am correctly citing his statement that money itself is not increased, I cannot understand how he comes to his conclusion, when every time we make a new issue of coins at the mint we are certainly increasing the quantity of money, and every time the banks take avantage of their power of note issue currency is certainly increased. Currency is increased every time the banks use the Finance Act provisions which enable them to bring various securities to the treasury board and to get dominion notes. Also in time of war, as in 1914, when our circulating medium was increased by about two billion dollars, surely money was increased. In this connection I would refer to a statement made by Sir Thomas White in his book, War-time Finance, in which he said that Canada surprised not only herself but the whole world when her people subscribed twice as much money as all the money in Canada to various war loans, and then had amply sufficient in addition to carry on a growing business. I would like the Minister of Trade and Commerce to be kind enough to answer those questions when he rises the next time this subject is under debate.

Secondly, he referred to a managed currency. I would ask him if by that he meant currency and credit, because currency itself is a very small part of our monetary medium.

Thirdly, he referred to someone in the banking and commerce committee of 1923 advocating the very free issue and printing of paper money. I would remind the house that no one in this corner during the last ten years to my knowledge has ever for a moment suggested using the printing machines for issuing money without any check whatever. We have always been very, very careful to guard against such a policy.

Before I sit down I wish to refer briefly to a remark that was made by the hon. member for Vancouver Centre (Mr. Mackenzie) this afternoon. He informed the house that the Liberal party had for some time past been giving a great deal of study to this monetary question. I am fully aware that the hon. member himself has been giving some study to it, but except for a few words that he uttered on a previous occasion I had never heard a speech made on this subject by any member of the party to my right until the hon. member for Prince (Mr. MacLean) spoke the other evening. But if it is true that the party to my right is making a serious study of the money question, I wish to say most sincerely that it is one of the best pieces of news that we have had for a long time, and anything that I and those sitting around me can do to cooperate with them in studying this all-important subject we shall be only too glad to do at any time and place.

Mr. SPEAKER: Is the house ready for the question?

Mr. MACKENZIE KING: Before the question is put, has the minister given any consideration to a modification of the words of his amendment in order to have them accord with the interpretation given to the amendment by the Prime Minister? What becomes of record is the resolution as it stands, which is quite different from the meaning being read into it. As it stands, in the language employed by the minister, for reasons I have already given, it is not in a form which we on this side of the house could support.

Mr. STEVENS: I am quite sure that the house and the country will accept the explanation and the interpretation placed upon it by the Prime Minister, and I cannot see any object in making a change in the language.

Amendment to the amendment (Mr. Stevens) agreed to, on division.

Amendment (Mr. Irvine) as amended agreed to.

Motion (Mr. MacLean) as amended agreed to.

[Mr. Spencer.]

BANK ACT AMENDMENT

LIMITATION OF RATE OF INTEREST CHARGED BY BANKS

Mr. H. E. SPENCER (Battle River) moved the second reading of Bill No. 16, to amend the Bank Act.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: No.

Mr. SPENCER: This bill is somewhat similar to one I introduced a year ago. I feel quite confident hon. members did not sufficiently understand the bill introduced at that time, or it would have received more considerate attention. The purpose of the present bill is simply to insert a clause in the Bank Act which will make it imperative for banking houses to keep within the statute in making their interest charges. I cannot think of any other legislation under which transgressors may operate without punishment.

The bill now before us is most important, not from the point of view of keeping the rate of interest down to a certain point, to which I shall direct my remarks in a few moments, but because it seeks to keep inviolate a statute of this country. If we pass laws in this parliament which are ignored because no penalty clause is provided, then we are simply extending an invitation to anyone, anywhere, at any time to break our laws, if he can do so without being punished. It is for that reason I introduced this bill.

The bill as drawn up a year ago called for rather severe penalties, which were criticized by hon. members on the government side of the house. To meet that criticism the penalties for which provision is made in the new bill are very much lighter. For instance, the penalty against a bank breaking the statute has been dropped from $5,000 to $500. The penalty imposed upon a director of a bank has been left out entirely, and the penalty directed towards the officer of a bank who violates the provisions of the statute is that he be found guilty of an indictable offence and liable on conviction to a fine not exceeding $100—a penalty very much lighter than that which appeared in the previous bill. The reference to imprisonment has been deleted.

To my mind the terms of the bill are so reasonable that I cannot imagine the house would wish to turn it down this year. A summary was made last year in the province of Alberta of rates of interest being charged by various banks including the following: the

Bank of Montreal, The Canadian Bank of Commerce, The Royal Bank of Canada, the Bank of Toronto, the Imperial Bank of Canada, the Dominion Bank, and the Bank of Nova Scotia. The returns which came in show that at two places 8 per cent was being charged, in seven places the rate was from 8 per cent to 10 per cent; in eleven places the rate was from 8 per cent to 9 per cent; in six places 9 per cent was being charged; in one place the rate was 10 per cent, and in one hundred and five places the rate was 8 per cent. Those rates are higher than the legal rate of interest, and for that reason I should like to see this clause inserted in the Bank Act to penalize any banking institution or the officers of such institution for going beyond the statute. May I add that similar returns were obtained from the provinces of Manitoba and Saskatchewan.

As I said before I have not introduced this bill because I think 7 per cent is a particularly fair charge; as a matter of fact, I think that rate is altogether too high. I am putting the bill forward however because I should like to see the law in Canada respected, whether it refers to banking institutions or to private individuals. I have in my hand a note which came from the province of Saskatchewan for over $900, with an interest rate thereon of 8 per cent. There is no necessity for such high charges. Although I have not the exact figures before me, we were given figures a few nights ago to show that most of the banks in Canada are paying good dividends, and keeping them up to the standard attained in better times. I very much regret to say that business in Canada is very bad indeed, nevertheless it would seem that these institutions are making charges high enough to provide their regular dividends. As I have altered the penalties in this bill, and because of the justice of it, which I contend, is absolutely sound, I trust hon. members will give it their favourable consideration and allow it to pass.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, owing to the indisposition of the Minister of Finance (Mr. Rhodes), I am, for the moment, content to take his place rather than to ask the hon. member to let his bill stand. During recent years, having regard to the decisions of the courts, I think there have been relatively few violations of the provisions of the Bank Act, as compared with conditions prior to the first decision of the courts as to the legality of charging more than 7 per cent. I agree wholly with what the hon. member has said, that laws placed upon the statute books should be observed whether by corporations or by individuals. They are intended for both and should be respected equally by each; as to that I think there can be no doubt.

There are, however, reasons given by the chartered banks why in some communities they have, as a matter of contract, charged more than 7 per cent; they said if they did not do so they would have had to close their branches. May I add that they have given lists of communities in which that fact is true. Whether or not those reasons would satisfy the hon. member and his friends as to the soundness of the position which has been taken, I am not prepared to say. All I can say is that last year, as he has very properly pointed out, the penalties were out of all proportion to the offences. To-night if I were going to criticize any particular section of this bill—and I do not purpose to discuss it at length—I would say that to make a violation of the act an indictable offence would involve the provinces in very large expenditures of public moneys for prosecutions and, in most instances, I should fancy there would be difficulty in securing convictions. A summary conviction would probably be sufficient to meet all the purposes the hon. member has in mind. Without in any sense committing myself to the principle that he suggests, but agreeing wholly with him that any law placed upon the statute books should be observed, I suggest to him that if he will, without committing hon. members to the principle of the bill, let the house give it its second reading, it can be referred to the committee on banking and commerce, where an opportunity will be afforded to those who are interested to express their views and fully present the case which they may make as to the undesirability of enacting a clause such as suggested so long as banks are asked to be maintained in very small communities where the cost of maintenance is far beyond the profits derived from their operation. If the hon. gentleman is prepared to adopt my suggestion, I would certainly commend that course to the house.

Mr. SPENCER: Mr. Speaker, I shall be very glad indeed to acquiesce in the wishes of the Prime Minister.

Motion agreed to, bill read the second time and referred to the select standing committee on banking and commerce.

MARRIAGE AND DIVORCE ACT

Mr. A. U. G. BURY (East Edmonton) moved the second reading of Bill No. 17 to amend the Marriage and Divorce Act.

Some hon. MEMBERS: Explain.

Mr. BURY: Mr. Speaker, I do not think there is much that I can add to the explanation I gave the house when asking leave to introduce the bill. The amendments are of a very simple nature. The marriage law as it now stands provides that a man may marry his deceased wife's sister or the daughter of a sister of his deceased wife, but does not provide that he may marry the daughter of a brother of his deceased wife. The first amendment is for the purpose of making it legal for a man to marry the daughter of a brother of his deceased wife, as he may now marry the daughter of a sister of a deceased wife. The second amendment is analogous to that in reference to the woman. By the marriage law of Canada a woman can marry now a brother of her deceased husband, or the son of a brother of her deceased husband, but cannot marry the son of a sister of her deceased husband. The second amendment is for the purpose of remedying this anomaly.

Motion agreed to, bill read the second time, considered in committee and reported.

CIVIL SERVICE ACT AMENDMENT

EXCLUSION OF OUTSIDE SERVICE FROM OPERATION OF ACT.

The house resumed from Tuesday, February 23, consideration of the motion of Mr. Gagnon for the second reading of Bill No. 14, to amend the Civil Service Act, and the amendment thereto of Mr. Heaps.

Mr. W. W. KENNEDY (Winnipeg South Centre): I wish very briefly to further discuss certain details of this bill. When speaking to the bill the other day the hon. member for Bow River (Mr. Garland) drew the attention of the house to the fact that if it were enacted it would have the effect of destroying what is ordinarily known as the preference under the Civil Service Act to those who served in His Majesty's forces overseas during the war. If there be any doubt as to the force of the point raised by the hon. member, reference to the act itself will make the position very plain. Section 26 of the Civil Service Act provides:

> Competitive examinations shall be held by the commission to establish lists of persons eligible for appointment.

Section 29 contains this provision:

> Immediately after each examination a list of the successful competitors in the case of a competitive examination, and of successful candidates in order of merit in other examinations, shall be made out and published in the Canada Gazette.

> 2. The commission shall prepare and maintain a special list of persons in receipt of pensions by reason of their services in the war who
> (a) have from causes attributable to such service lost capacity for physical exertion to an extent which makes them unfit efficiently to pursue the avocations which they were pursuing before the war;
> (b) have not been successfully reestablished in some other avocation; and
> (c) desire to be placed on such list.

There provision is made for a special list on which shall be placed those in receipt of pensions who have qualified at competitive examinations. Section 29 provides further by subsection 4:

> In all examinations for entrance into the civil service the persons named on such special list who are found to possess the necessary qualifications shall be named, in the order of merit, on the list of successful candidates above all other candidates; and all other persons who have been on active service overseas on the military forces or who have served on the high seas in a seagoing ship of war in the naval forces of His Majesty, or of any of the allies of His Majesty, during the war, who have left such service with an honourable record or who have been honourably discharged, or when any persons who have served as aforesaid have died owing to such service, the widows of such persons, and who, in either case, obtain sufficient marks to pass such examinations, shall, irrespective of the marks they have obtained, be named in the order of merit, on the list of successful candidates next after any candidates who are on the special list mentioned in subsection two of this section and above all other candidates.

This bill provides that section 63 be added, as follows:

> The outside service shall be excluded from the operation of the act, and the governor in council may make such regulations as are deemed advisable, prescribing how such positions are to be dealt with.

It is obvious that the only preference with respect to those who served overseas, so far as appointments to the civil service are concerned, is created by virtue of and under the provisions of the Civil Service Act. Therefore if all outside appointments be removed from the operation of the Civil Service Act, certainly the provisions of that act will no longer apply thereto.

In fairness to the hon. member for Dorchester (Mr. Gagnon), who introduced the bill, I wish to state to the house that I have had the privilege of talking over the matter with him. He informs me, and certainly I am convinced, that it was never in his mind that the proposed amendments to the Civil Service Act should destroy that preference. But in addition to being generously endowed by nature with a keen mind, the hon. member has the further advantage of a training in law and a mature experience, so I think no

argument is necessary to convince him—and I assume it will not be necessary to convince other hon. members of this house—that we must take the bill as we find it. It is true that the bill itself makes no reference to the removal of such preference, but in connection with the removal of outside appointments from the Civil Service Act it makes no reservation in relation to the preference at present enjoyed. Therefore, whatever may have been the intention, we must face the facts as they are, and if the bill were passed in its present form it would have the effect of destroying that preference.

It is not my purpose to-night to enter into any discussion or argument as to whether or not such preferences should have been granted. That question is not before the house. But the effect being as I have indicated, for that reason alone I cannot support the bill. It is true that the measure contains a provision that with respect to apointments to the outside service the governor in council may make such regulations as are deemed advisable, yet the bill itself contains no reference to what those regulations may be, so I cannot give it my support.

That is only one feature of the bill, though it is an important feature. In their general application, however, other provisions of the bill are much wider. They refer to all appointments to the outside service, that is to say, to all appointments outside the city of Ottawa and its immediate environs. It means that with respect to all outside appointments we are going back to the patronage system. Was it not an advance when the Civil Service Act was introduced? I am indebted to the hon. member for Bow River (Mr. Garland), who has placed on Hansard extracts from the speeches of distinguished members of this house relative thereto. The fact that they are there makes it unnecessary for me to repeat or refer to them in detail, but the general feeling was that in the interests of the public service it was advisable that so far as possible we should do away with the old system of patronage.

Were those men wrong? I am aware of the fact that in the administration of the act the Civil Service Commission cannot be held blameless, in view of certain recent investigations and exposures. But because that is so is it desirable that we do away with the whole operation of the act? Surely it is a question of the proper administration of the act, and not a question of doing away with the principle on which it is based. If in their administration of the act the present Civil Service Commission have allowed considerations other than merit to enter into the question of appointments; if they have allowed considerations other than merit to enter into the question of promotions, the fact remains that whether it be necessary to perform a minor or a major operation in connection with the commission, this is a matter of disciplining that body. I understand that a committee of this house is to be appointed to consider the whole matter of the administration of the Civil Service Act by the commission; I understand from my hon. friend from Dorchester that it will be proposed that this bill be not pressed but that it be referred to a committee, so I am quite content that the matter should be disposed of in that way. I think it is desirable in the interest of the public service and of the administration of the Civil Service Act that the whole matter of its administration be thoroughly and diligently investigated by a committee of this house.

To take from under the operation of the act all appointments to the civil service of Canada outside of Ottawa is to my mind unthinkable. Instances have been given of appointments made under the Civil Service Commission as it operates to-day which have not been creditable, but to my mind those reflections have not been upon the principle but rather upon the administration of the act.

I have heard it urged that hon. members know best who should be appointed from their constituencies. The other evening in discussing this bill I had occasion during the few minutes at my disposal to make reference to that phase of the matter. Frankly, I am not apprehensive to any great degree on that ground so far as original appointments are concerned, but assuming that original appointments, even if left in the hands of individual members, are made on merit, what about the uncertainty of the service if the principle of patronage is to apply? Take a young man in private industry. He enters the service of a firm with high hopes, willing to give of the best that is in him, expecting—what?—that by diligence, by industry and by the application of such abilities as he possesses he will get advancement. But once you introduce again into the civil service of Canada the principle that appointments shall be made on the strength of party service, there follows as day follows night this fact, that when there is a change of government those who owe their appointments to their party loyalty and party service will in many cases stand in danger of losing those appointments. The same principle would apply to either party; unfortunately it is too true. And with what result?

The class of applicants you will get for positions in the service will deteriorate. What young man, ambitious and desirous of advancing himself in life, would wish to join the service knowing quite well that after probably eight or ten, or at the most twelve or fifteen years, he is going to face, to put it mildly, the possibility of being removed from the service? Apart from the deterioration in the class of applicants who would enter the service, consider the situation of public servants working under such conditions, with the apprehension always ahead of them that some day diligence, industry and ability will avail them nothing but that instead, by virtue of the patronage principle, they may be cast out.

To my mind, apart altogether from the first observations I made in regard to the question of preference to returned men, it would be a mistake to pass the bill. I heartily endorse, however, the suggestion that a committee be appointed, that the whole question of the administration of the act be investigated and that helpful suggestions looking to its improvement be there fully considered.

Mr. T. F. AHEARN (Ottawa): I wish to make some very brief remarks respecting the bill now before the house. The hon. member for Bow River (Mr. Garland) and the hon. member for Winnipeg South Centre (Mr. Kennedy) have left me very little to say because I find myself in almost complete agreement with both. I cannot regard this bill as anything but a very long step towards a return to the patronage system, and in my opinion the patronage system is as dead and as much discredited to-day as when it was abolished and the merit system, under the Civil Service Commission, substituted for it. I do not believe that any case has been made out against the merit system. If there is any serious criticism it is directed against the Civil Service Commission and its methods; but those who believe in the merit system have no fear that a committee of this house, taking evidence in the fullest manner, can fail to point out a way to administer the merit system to the complete satisfaction of the people of this country.

I strongly believe that it is the will of the great majority of the Canadian people that entrance into the civil service of Canada shall be open to any Canadian who possesses the qualifications necessary for the position that he or she aspires to, and that adherence to any political party shall not be a consideration. I believe that this is the great point insisted upon by the majority of Canadians, and that most hon. members on returning to their constituencies will find that this feeling is just as strong to-day as it ever was.

I think I am safe in saying that those who are in the civil service stand almost as a unit in opposition to the provisions of this bill. The merit system, to those who have got into the civil service, stands as a guard against favouritism and influence, which I believe would endanger them if the patronage system were restored. Civil servants giving faithful and honest service would lose all feeling of safety, security and fair play.

A man may be a good and efficient party worker but at the same time be utterly unsuited to some position in the civil service which he may aspire to. Yet, frankly, I feel that hon. members would find it difficult to resist pressure from party organizations to recommend that type of man under certain circumstances. My own opinion is that patronage is a snare and a delusion so far as any member of parliament is concerned. You recommend one man for a position and immediately you incur the hostility of ten or twelve others; and you find yourself, so far as your own party is concerned, in greater difficulty than if you had done nothing at all. For that reason, looking at it from the point of view of practical politics, I do not think there is anything to be said for patronage.

I hope and expect that this bill now before the house will be defeated, and if that occurs the committee proposed by the Secretary of State (Mr. Cahan) will be appointed. In that event the Civil Service Commission will appear before the committee and tell its side of the story—because there are always two sides to any story. Until that examination is completed, and findings based on evidence are arrived at, I do not propose to criticize the Civil Service Commission in any way.

A certain amount of political patronage affecting minor jobs still flourishes, unfortunately. I regret to say that a letter from a ward chairman, a member of parliament or a defeated candidate is still as potent to-day as it has been in the past. Nothing has hurt the people of my own constituency more than the fact that, in these hard times, those who are in need of help cannot obtain assistance. I think we should consider ourselves as Canadians first and party men afterwards.

An hon. MEMBER: Oh, oh.

Mr. AHEARN: The hon. member may laugh, but that is my belief. I hope to see the civil service kept open to every Canadian, irrespective of party, who is able to qualify for the positions vacant, and that the act will continue to protect those already in the

service from favouritism and unfair influences. The preference now given to war veterans should be retained. It is a contract which must be kept if we are to keep faith with those who served during the war. The partial wrecking of the Royal Canadian Air Force constitutes a great blow to all service men and surely no further blows should be allowed to fall upon them.

Mr. A. A. HEAPS (North Winnipeg): Mr. Speaker, I am going to ask the house for permission to withdraw my amendment to this bill. I have been informed that it is the intention of the government to propose an amendment which, if passed, would have the same effect as if my amendment had carried. I have been favoured with a copy of the proposed amendment and I note it contains the provision for the appointment of a committee of this house to inquire into practically all phases of the administration of the Civil Service Act. I welcome such an investigation and I therefore ask leave to withdraw my amendment.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, perhaps it might be well to read the amendment which has been submitted to the right hon. leader of the opposition (Mr. Mackenzie King) and to the leader of the party in the other corner (Mr. Gardiner). The motion for six months' hoist having been withdrawn, I beg to move, seconded by Mr. Ryckman, the following:

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

The appointments to, and the control and direction of, the civil service of Canada, and, generally, the administration and operation of the Civil Service Act, be referred to a special committee consisting of seven members of this house, to be appointed hereafter, with instruction to inquire into and report concerning the repeal or amendment of any of the provisions of said act or the substitution therefor or addition thereto of other provisions, as the committee may deem advisable, with power to send for persons, papers and records and to report from time to time.

The effect of the passing of this amendment will be to block the second reading of the present bill, and the question, not of the present bill, but of the Civil Service Act as set out in this amendment, will be then referred to a special committee of seven members.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as the Minister of Justice (Mr. Guthrie) has mentioned his submission of this amendment to myself as leader of the opposition, I should like to say that when that was done I expressed to the minister, as he has just said, the view that in my opinion such an amendment would be satisfactory to hon. members on this side. I should like it to be understood that in expressing that view I had no desire to curtail in any way the debate or discussion.

Mr. GUTHRIE: The debate could proceed on this amendment.

Mr. MACKENZIE KING: It was not an agreement in any sense to bind hon. members on this side of the house to any arrangement.

Amendment (Mr. Heaps) withdrawn.

Mr. SPEAKER: The question is now on the amendment moved by the hon. Minister of Justice (Mr. Guthrie).

Mr. MACKENZIE (Vancouver): Mr. Speaker, I am in entire sympathy with the amendment moved by the Minister of Justice, but I have grave doubts if it is in order on the second reading of this bill.

Mr. BENNETT: It is covered by May.

Mr. MACKENZIE (Vancouver): I am asking His Honour, not a private member.

Mr. SPEAKER: I have no doubt it is in order.

Mr. F. W. PERRAS (Wright): Mr. Speaker, I am very happy indeed to associate myself with those who have preceded me and to say that I stand four-square in favour of the merit system. I have a good many civil servants in my constituency who have given faithful and diligent service to the crown. Some of them have been employed for a number of years; others have been in the government service for shorter periods, but they are all doing their work in a most satisfactory manner and are entitled to be protected. My principal objection to the present bill is that those who would enter the service in the hope of securing permanent employment would never be sure of their position. After serving a number of years and after buying property and entering into numerous obligations on the strength of a permanent position, they might find themselves on the street and their families placed in very painful circumstances

I believe in the merit system, I think it is the fairer way of making appointments, and in the long run it is productive of the best results. It is also more satisfactory for the employees themselves. After giving many years of faithful service it is only fair that they should obtain the promotion to which they are entitled. Under this system the employees

are satisfied and I am sure that a satisfied employee gives much more attention and care to his employer's business than one who is discontented. It is because I am one of those who firmly believe a faithful employee should be protected that I am in favour of the continuance of the merit system.

If any objection can be raised to the present system I think it would be to the provisions of the law itself. I am opposed to the bill but I would not object to this matter being referred to a special committee so that any difficulties now present may be removed. I would not, however, want anything done which would adversely affect the present merit system, and I will vote against any attack made upon it.

Mr. E. A. PECK (West Peterborough): I want to say a word or two on this bill. Speaking generally, I am not in favour of the bill receiving the endorsation of this house, but there is a matter which I think should be taken into consideration by the committee, at all events, to which this whole question is going to be referred.

I do not think the member for the district in which an appointment is to be made should be entirely ignored. After all, the member should have some say as to who should be appointed. He is as a rule a person of reasonable intelligence, and more than that, he is the choice of the people of the district. Surely, therefore, he should have some voice in the selection of those who are to carry on the business of the government in the riding that he represents. The inside service is not under consideration in this connection at all, but when there is a vacancy in the outside service, what happens at the present time? There is a perfunctory kind of examination; some representative of the department concerned, I suppose, goes down to the district, probably knowing nothing of it or of the candidates, and after making a few cursory inquiries goes back and reports to the Civil Service Commission that such and such a person is the one he thinks should be appointed to the position. He has not the means of knowledge which are open to the member for the district, because generally the member has been brought up in that district and is very well acquainted with the people who are likely to be applicants. So I submit that the committee should consider this question; that after a list of eligible candidates has been prepared by the commission it should be submitted to the member for the district, or at least the first three or four names on the list, so that the member may express his opinion as to the merits of the candidate. In that way we would avoid having someone appointed who is not really under all the circumstances the most suitable person for the position. I think the member can be relied upon to select a suitable candidate. He is responsible to the people he represents, and I am sure he can be relied upon to decide on the basis of merit.

Hon. W. D. EULER (North Waterloo): I suppose there is very little to be gained in prolonging the debate after the announcement by the Minister of Justice (Mr. Guthrie) that he proposes to appoint a committee to inquire into the administration of the Civil Service Act and possible changes that may be made in it, but I should like to state my own view that it would be a backward step to make any drastic change in the principle of the Civil Service Act.

I am at a loss to know whence come the objections to the act. Perhaps I should not put it in that way. So far as I can ascertain, there has never been any great objection on the part of the Canadian people to the purpose and operation of the Civil Service Act as it is to-day. The objections come almost entirely, I believe, from individual members of the House of Commons, who seem to believe that they are in a better position to make these appointments than the members of the Civil Service Commission. There may occasionally be some truth in that statement, but as a general principle I think it is absolutely incorrect, because with the best of intentions—I give credit to most, in fact all, of the members of the house for a desire to discharge their public duties with absolute honesty—it is entirely unavoidable if you return to the system of political patronage that the pressure will be so great that the chief thing to be observed in making recommendations to the Civil Service Commission will not be the merit and ability of the candidate to perform the duties of the office, but rather whether he has performed the right kind of political service for the party involved.

Mr. PECK: Not necessarily.

Mr. EULER: Not necessarily, but I am afraid that that will be the case in very, very many instances.

The Civil Service Act was enacted, if I remember correctly, in 1918, under the Union government, as it was known. I think it has worked fairly well, although in 1921, again if I remember correctly, there was an attempt made to drive what was known then as a coach-and-four through the Civil Service Act by what was known as the Spinney bill. I happened to be a member of the committee to which the Spinney bill was referred, and I

opposed the recommendation made by the committee at that time. In that recommendation was a clause to the effect that the Civil Service Commission should have the power to divest itself of authority to appoint certain employees to the civil service if they regarded such action as being in the public interest. I hope that no such recommendation will be made by the committee which is now to be appointed, because that would transfer authority from parliament to its creature, the Civil Service Commission. If any changes are to be made, they should be made by parliament itself.

I am not here to say that there are not difficulties in the administration of the Civil Service Act. After an operation of some thirteen or fourteen years I think it quite likely that changes in the act could be made with advantage to the service. Possibly I might be able to point out some myself. The statement has been made at times that one result of the enactment of the Civil Service Act as it is to-day has been to transfer the patronage from the members or the ministers to the heads of branches in the departments, and it may be that that has sometimes been the case. I can conceive of cases where the heads of branches, to whom after all is committed the giving of the ratings where promotions are concerned, may, if they do not do their duty, exercise favouritism either on political or on personal grounds. I am almost certain that that at times has been done and that in isolated instances favouritism or patronage has been exercised by the head of a branch rather than by the minister himself. But despite any weaknesses that may exist in the operation of the act, I still hold that the advantages to be gained by the provisions of the act are so much greater than any defects there may be, that there is really no argument with regard to the matter. There may have been difficulties, there may have been disadvantages, there may have been abuses in the administration of the act. If so, they should be disclosed before the committee.

It seems to me that there is a good deal of money wasted to-day. For instance, to-night I received in my mail notice of an appointment to be made to the wardenship of one of our penitentiaries. It is pretty much a waste of time and money to print and distribute these notices. We receive them almost daily at home, and they are of absolutely no use to anybody. That practice might just as well be discontinued, because we have nothing whatever to say in the making of the appointments. I have a certain degree of sympathy with the member for West Peterborough (Mr. Peck) when he says that the member might very well be consulted by those making inquiries in his neighbourhood as to appointments to certain vacancies. I can see no particular objection to that so long as there is no duress or compulsion, so long as the member is not clothed with any authority to dictate to those making the investigation.

I am entirely opposed to the principle of this bill and I am absolutely in favour of the amendment which will refer to a committee the matter of investigation and possible amendments to the act.

Right Hon. R. B. BENNETT (Prime Minister): I have heard observations made by hon. gentlemen opposite with respect to the position I have frequently taken in connection with civil service appointments. I have advocated the merit system on more than one occasion in this house and out of it. During the last fifteen months I have had occasion to examine the operations of the statute, and I think perhaps this house is overlooking the fact that after we concede the merit system is the proper system, the next question is: Who is to determine merit? That is where the difficulty has arisen, and it is a real difficulty.

Let me give this house an illustration: In a certain town of this dominion it was necessary to appoint a caretaker for a public building. A representative of the Department of Public Works met the applicants and, having seen them and discussed their qualifications, placed one of them in charge temporarily. That man, had, first, the qualification of being a returned soldier; secondly, he had had some experience in the sort of work required; thirdly, he was of proper age, and lastly his scholastic attainments consisted of a public school education. He wrote the application in his own handwriting. There were other applicants for the same position; they, too, wrote their applications in their own handwriting, as required; at least some of them were returned soldiers. The temporary employee was rated by the public works examiner as being better qualified for the position than anyone else. Suddenly however an educational test became necessary for the job of caretaker, and a clerk in this city was named to determine the educational qualifications of the applicants. Without seeing them, and without any examination other than looking at the application forms which they had filed, he gave an applicant other than the one who was temporarily in charge eight points more than

that temporary employee. The result is that the temporary appointee was put out of his position, and the appointment was given to the one who had the educational qualifications determined in his absence from looking at his application form; and mark you, the selection was made not by the Civil Service Commission but by a clerk who receives compensation I think wholly in keeping with his merits, and who was appointed for reasons which need not be discussed.

There you have the merit system; there you have an instance where the merit of that caretaker was determined by a clerk in Ottawa who never saw the applicants, and who determined that the educational qualifications of the one appointed were superior to those of the unfortunate young man who was in charge, who was also a returned soldier and who had as good an education, I would say —because I have photostatic copies of the original documents—as the one who succeeded in securing the position.

It must be apparent therefore that something must be done by which the merits of contending applicants may be decided by proper methods. It was that case and other cases of the same type which made me so desirous of having this matter considered by a committee. We are shocked when we think of a man giving absolute satisfaction in a position, and who is actually better qualified by experience, being removed from it because, after looking at two application forms and without seeing or examining the applicants in any way, the educational test of one is said to be superior to the other.

I am now advised by the commission that the educational test has been removed in connection with positions of that kind. The result is that if that unfortunate returned man now had his position he would be able to keep it, but because attention was directed to this abuse he is now out of a position and another man who was not seen by the examiner and was given a rating of eight points higher than his competitor, on educational qualifications, is now working. I am bound to say that very ugly rumours were about as to what determined the difference of eight points; I leave them out, however, as they have nothing to do with the matter under discussion, I merely mention the circumstance.

Matters such as that have brought suspicion and distrust to the minds of many people concerning the commission, and have necessitated action being taken. Only the other day complaints were made as to the high expense of its operation. We gave notice to that branch of the public service, as we did to others, concerning temporary employees. To-day we are advised that they can effect retrenchment to the extent of $9,000 per annum by the withdrawal of a certain number of temporary employees. That represents the interest on only $180,000, but indicates clearly why the public outside of Ottawa has become so deeply interested in what factors determine merit. I could recite a great many more cases of a similar character. Mistakes will happen; we must allow for them. Difficulties have to be overcome by experience in the operation of a statute. The present statute has been in force thirteen years, and the circumstances to which I referred happened only last year. As I say, there are others just like it. It is for that reason the government has concluded it owes a duty to the merit system to see that the factors which determine merit are factors not under the control of a hidden hand which operates through an official drawing an insignificant compensation, and with power to determine the life or death, officially, of applicants for positions. It is for that reason the government asks that this bill be referred to a committee so that these matters may be considered.

Mr. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, I listened attentively to the speeches of the members who preceded me in this debate. Some were in favour of the bill introduced by the hon. member for Dorchester (Mr. Gagnon) requesting this house to amend the Civil Service Act by excluding the outside service, others, perhaps for personal reasons, express contrary views and oppose the bill.

In no manner do I wish to criticize the Civil Service Commission! Far be it from my thought, because I feel certain that in the discharge of their duties they have acted honestly to the best of their ability and in the interests of the public. However, I wish to state—even at the risk of shocking the house—that the Civil Service Act rests on a false principle, that is deceit. It was framed with a view of depriving members of both present and future governments of the responsibilities inherent to the administration. I state that the act is contrary to the principle of self-government, because a government conscious of its responsibilities must be vested with the authority necessary to appoint its officials or employees.

Far from being opposed to the merit system, I should like to see all applicants for positions in the public service, submit to the required tests; however, I would insist

that these examinations be corrected by those who are responsible for the administration, by those who are accountable to the people, and thereby best suited to choose, among the applicants, candidates who are as well qualified as those chosen by the present commission.

I am therefore in favour of the bill because it is in keeping with the principle of self-government, and, because, notwithstanding the Civil Service Act, former governments as well as this government, have always managed to find positions for their friends. When the question of promotion arises, the heads of departments, for instance, are requested by the Civil Service Commissioners to report as to the qualifications required by the candidates, and I may state that often, under previous governments and the present one, favouritism was shown on such occasions to friends of the government which happened to be in power. Bearing in mind our responsibilities as legislators, we should avoid deceiving the electorate and enact legislation based on sincerity and honesty of purpose, so as to satisfy everybody and also in the best interests of Canada.

I therefore again state, sir, that this act is unjust—not to say hypocritical—and has but one aim, that of deceiving the members of Parliament and the candidates who aspire after civil service positions. In closing my remarks, I again state that I am in favour of this bill, however, I would not support it if I thought it had been introduced in order to reestablish patronage in the civil service. I believe in the sincerity of the sponsor of this bill and I am convinced the merit system will be retained in the administration of the civil service.

Instead of applying this system "at large" as at present, it should be applied in each department in such a way that the civil employees would be fairly dealt with, not be disappointed in their rights and not be dismissed for trivial reasons, like a large number of postmasters have been since this government is in power.

An hon. MEMBER (Translation): Do not forget that under the late government dismissals also took place.

Mr. DENIS (Translation): For these reasons, sir, I am in favour of the principle of the bill, and I trust that in the future this government, as well as the government which will, I am certain, replace it in two years, will have the right to appoint its employees in keeping with a merit system which takes into account the government's responsibility towards the people.

Mr. A. U. G. BURY (East Edmonton): Whatever sentiments, Mr. Speaker, we may individually entertain towards either the bill under discussion or the motion which was moved by my friend from Muskoka-Ontario (Mr. McGibbon), I think we can all agree that they have both served a good purpose in bringing up for discussion on the floor of the house, and we hope for some practical settlement, a question that has been—not to use a more inelegant term—long over-ripe for settlement. It is a question of very great importance to the public service of the dominion. I hope that the amendment which has been moved by the hon. Minister of Justice (Mr. Guthrie) will carry the support of the house. Not that I believe that it is the best way of dealing with the matter, but because it is a step in the right drection and may enable us later to take a further step.

The questions raised and the issues involved in the bill itself and in the resolution affect the interests vitally and profoundly of a large body of our fellow citizens, many of whom have devoted practically all the active years of their life to the public service, and some of whom have built up a record for industry and effective and honest work of which any nation might well be proud. But those questions and issues concern not merely this great body of public servants, but the public service as a whole and the interests of the dominion. Therefore it seems to me that parliament can do nothing less than give to them the most serious consideration, the most searching inquiry and the strictest non-partisan and patriotic thought.

When the hon. member introduced his resolution he ventured the assertion that he was assured of the support of nine-tenths of the members of the house. I doubted it at the time, but I said to myself: Well, if that be true, I am one of the twenty-four and a half members who constitute the one-tenth. I may be only the half member of the despicable minority, but I can take no other stand than I now take. I find, however, during the course of this debate that my hon. friend grossly exaggerated the amount of sympathy and support this resolution would evoke, and if I am any judge of the sentiments of the house I am quite satisfied that the resolution moved by the Minister of Justice will carry.

There were two propositions put forward by the hon. member for Muskoka-Ontario from which I wish at once to dissociate myself. He said that the present act, the present civil service system, was a relic of war hysteria, that the parliament of 1918 was stampeded into taking up a position which was extreme,

which it never should have adopted, and from which we must now retreat. It may be that there is a certain measure of truth in the fact that war sentiment had its effect upon the measure introduced in 1918; it would have been unnatural if that had not been the case. Men felt profoundly at the time. But, Mr. Speaker, while we may give the greatest possible weight to the argument that post-war sentiment played its part in determining the provisions of the bill and the nature of the civil service system set up by the act, this argument has to do with details and not with the principle of the act itself. As I listened to the hon. member for Dorchester (Mr. Gagnon), I could find nothing in his speech dealing with the principle of the system or of the act, though I did find much that dealt with the administration of the act and with details.

If that be true, and if the controversy to-day has to do with details and not with principle, does it not rather savour of a too drastic remedy to suggest that we should sacrifice the principle in order to rectify the details? Is it not a little like proposing to cut off Cromwell's head in order to remove his wart? We remember that the Protector had pretty strong views as to how he should be treated. He said to Lely, the great Stuart painter of the time, "Paint me as I am. If you leave out the scars and wrinkles I will not pay you a shilling." "Paint me, wart and all." If anyone had suggested that in order to increase his beauty the wart and other blemishes should be removed by taking off his head, I can well imagine the sentiments he would have expressed. But the bill, and the resolution which has been dropped, both proposed to sacrifice the principle for the sake of the administration of that principle.

Mr. McGIBBON: Does my hon. friend wish to indicate that the dropping of responsible government by appointing the Civil Service Commission was a detail?

Mr. BURY: I am coming to the second proposition which my hon. friend made, and I will answer his question when I come to it.

Mr. McGIBBON: Be sure you come to it.

Mr. BURY: I will answer my hon. friend's question; I will not shirk it in the least. I have given one answer to the first proposition, that the Civil Service Act was a relic of war hysteria. Another answer, given by my friend from Bow River (Mr. Garland), seems most conclusive and convincing. He showed that the principle of the act was laid down in 1907, seven years before the war broke out, by Sir Robert Borden in the Halifax platform, and was re-affirmed by Sir George Foster in 1908 before the first rumblings of the 1914 war were heard. Even if you put the first signs of the great war at the annexation of Bosnia and Herzegovina, as some of us did at the time, the answer still applies. Seven years before the war this principle was proclaimed, and it was reasserted one year later.

I was not in Canada in 1907; I only came in 1912. But I remember that when I took an interest in provincial and federal politics in the beginning of 1913, almost as soon as I arrived in the city where I still live, I discovered that there were two problems which obsessed the minds of the Conservatives of Alberta. One of them was the return of their natural resources, for which they were fighting, and the other was the introduction of a proper civil service system that would do away with the abominable system of patronage. I flung myself heart and soul into the fray in support of the second of these proposals, and in 1913 I had an opportunity to assert to a large assembly in Edmonton that the people of Canada might as well expect to get decent public service from their civil servants under the patronage system as they might expect to distil attar of roses from a skunk. Perhaps that is a figure of speech more forcible than refined, but it is absolutely true. I am not reflecting upon the civil servants of 1912 or 1913, or any other year up to 1918.

Mr. SHAVER: Will the hon. gentleman permit a question? I think he compared the civil service of to-day with attar of roses.

Mr. BURY: I did not compare the civil service of to-day with attar of roses at all.

Mr. SHAVER: At any rate this is the question I wish to ask: Does the hon. gentleman consider that the personnel of the outside service to-day is more efficient than it was twenty years ago?

Mr. BURY: I am not saying they are more efficient; I am saying that I do not reflect upon the civil service of 1912 or 1913 or subsequent years to 1918. In many respects we were given good service, but we did not get it because of the principle of patronage. We got it in spite of that principle, and because of the fact that notwithstanding the patronage, ordinary men are honest, and ordinary men want to perform the duties for which they are paid, however abominable the system under which they are appointed and maintained in office.

There was a second proposition made by my hon. friend from Muskoka-Ontario,

which brings me to the answering of the question he put to me a few minutes ago. He made the statement that the reason why we should change the present system and go back to patronage in respect to the outside service was that the member for the constituency was best fitted to say who should fill positions in that constituency. That was a staggering proposition to me. Perhaps I have not been in the house long enough to sustain shocks of that kind, but when he made that statement I indulged in a little introspection. I began to argue, "Well, if the member of a constituency is the man most capable of saying who should fill positions in the outside service, or in any part of the service, it would appear to follow that if a member is not the man most capable of saying who should fill positions, he should not be the member; he is out of his place." I began to wonder whether after all I was properly in my place in this house because I could not convince myself honestly that I was most capable of filling all civil service positions in the city of Edmonton. Now you know it is rather a serious thing to undermine the confidence of a member of parliament in his divine right to sit in the House of Commons. We are all so perfectly certain that our election made us the proper representatives of our constituencies, that we are the best fitted to represent the people there, and it is not nice to have that confidence undermined. But the doubt did not trouble me very long because I have come to the conclusion that it is no part of the business of any member of the House of Commons to make appointments to the civil service. It is no part of representative government; it has no connection with the principle of representative government. That is the answer I make to my hon. friend's question which he put to me a few minutes ago. It is no part of the principle of representative government, no part of the democratic principle that the members of the House of Commons should appoint the civil servants of the country. If that proposition were true, then the ideal towards which we should strive, in the form of our civil service, we should get from the United States instead of from the mother country; and if I had to choose the line of direction along which I should wish the civil service of Canada to develop, it would certainly not be southward but towards the other side of the Atlantic, towards the motherland which has built up a civil service second to none in the world. England has been working on the civil service problem since 1855. She has had commission after commission since that time. I have the list of them here but I will not detain the house by reading it. Let me say, however, that there is no people that has the genius for practical government in so great a degree as the British people, and there is no phase of public life in which the people of Great Britain show their practical sense so well as in the sphere of administration. And they have shown it in its full essence and flower in their civil service system. That is one reason why I should prefer, instead of the amendment moved by the Minister of Justice and the appointment of a committee of the house to inquire into this subject, that a commissioner be sent over to study the English system of civil service on the spot, to meet the civil servants of England on the spot, and on the spot to see how that system works. He could then report to the government what he had discovered in regard to the methods of operation of that system.

Let me quote the words of Sir William Clark, High Commissioner for Great Britain in Canada, in an address given at a luncheon on May 29 to the Civil Service Federation. He said:

> Someone will always grumble whatever the system may be, but I have no hesitation in saying that ours commands the general confidence of the service—

That is a most important thing; but can you honestly say that the present system in Canada has secured and holds the confidence of the majority of the civil servants of Canada? I cannot say so from my little experience and from the expressions of sentiment that have come to me from one and another of them.

> —and as civil servants you will agree that confidence in this respect is wholly essential for the maintenance of service morale.

But if the argument is true that the member of the constituency is the best man to make appointments, the man most capable of making them, I am faced with grave difficulties. In my constituency there is a post office and I venture to say that, if I started to make appointments to that post office, the hon. member for West Edmonton (Mr. Stewart) would come and say to me, "Bury, this is not the post office of East Edmonton but the post office of the city of Edmonton, and I should have a say, just as much as you, in the appointments that are made in the city of Edmonton". There are Indian reserves that may lie on the border of a constituency. It may be that an Indian reserve spreads into another constituency. Well, who is to determine the appointee there? Let me ask the house another question. If that principle is true, why stop at the outside civil service? Why leave poor Ottawa out? If the member

is the best man to make appointments in the outside civil service, why not in the inside as well? I cannot see why there should be a distinction. I cannot justify the discrimination against the city of Ottawa and the large number of civil servants who make up the civil service staff in this city.

The ideal of a civil service is twofold: to get the best men and to get from the best men the best service which each of them can give. And I venture to say that we will attain neither end through a system of patronage. You will not get the best men. Often the best men in a constituency have no particular regard for politics at all; they are not interested in politics. They occupy towards politics the same relation that the great mass of the people do who are not partisans on either side, the people who swing elections. I have tried again and again to get my people to understand that elections are not won or lost by the partisans but are won or lost by the movement of the great non-partisan body of the electors of the country who must be convinced of the soundness and the justice of a policy before they will support it. The best men in any constituency may not be partisans. They may say to the partisans of a political organization, as Mercutio said:

> A plague o' both your houses . . .
> They have made worms' meat of me.

A plague o' both your houses—they have made politicians' meat of me; between the two of you I am killed. That is or may be the attitude of the best man in the constituency, and if that is true what chance has he of appointment? We are not living in the millenium; we are not living under conditions of Utopia; and while I am willing to admit that I have not noticed any barbed tails or cloven hoofs, I have not heard the rustle of any wings on either side of the house. I know perfectly well what would happen. Whatever hon. members may say, and however much they may protest that the principle of patronage would be honestly and honourably exercised, human nature being human nature and political exigencies being political exigencies, in the heat of an election or in the crisis of one approaching, I know perfectly well what would happen, and from the crown of my head to the sole of my feet I am opposed to any movement looking to the return of the patronage system. You will not get the best men. What kind of service are you going to get? The essential for good services is singleness of eye. Will you get it? No; every one in the service will have one eye on the results of the next election and the other on his work; one eye will be on his duties and the other on the movement of political sentiment throughout his particular constituency and throughout the country. Instead of singleness of eye we shall develop what might be termed the civil service squint; and may we be forever preserved from that. There can be singleness of eye only when a man knows that as long as he is doing his duty well and faithfully, no power, political or otherwise, can disturb him. We will never have the best service available until that is a fact.

It is said that it is not proposed to give a member the power to dismiss. Why not? If he is the best man to appoint, why is he not the best man to dismiss? Where are we going to draw the line, and what right have we to draw a line? Is a man who has won a federal riding by one, two, three or a half dozen votes to be divinely invested with some strange power which he did not have before the election to enable him to know who is the best man to appoint? If so, then I ask: why is he not the proper person to dismiss? Once the power of appointment is given it will not be very long before the power of dismissal creeps in. Even if it did not, it would be hanging over the heads of the civil servants. There would be continual temptation to curry favour because they would feel they were at the mercy of political tides and political sentiments; they would feel they were at the mercy of some man who through some passing wave in the tide of political feeling had been put into power.

I intend to support the amendment of the hon. Minister of Justice, not because I believe it to be the best amendment possible, but because I hope that when its purpose is effectuated a commission will be sent to England to obtain first hand information in connection with the working of the English civil service.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, as the hon. member for East Edmonton (Mr. Bury) has given to the house his reasons for supporting the amendment of the hon. Minister of Justice (Mr. Guthrie), I should supply to the house some evidence to show the disregard into which the Civil Service Act has fallen. The evidence which I will present does not cover all members of the cabinet, as it would take such a long time to make a complete investigation, but may I give a few instances in connection with the department of the Postmaster General (Mr. Sauvé) which, I think, will dumbfound hon. members on both sides of the house.

On November 23, 1930, the minister stated that fanaticism was Canada's worst enemy,

and in the same month he declared that he would defend a faithful employee of the government against even his own personal friends. That is, if a Conservative member or a Conservative defeated candidate asked for the dismissal of an honest employee, the Postmaster General would reply: Shut up, do not say a word; that man is a faithful employee and I am bound to defend him against your complaint; you have no reason to complain and I will stand by my promise. When in Cornwall the minister made a very nice speech and he told of how his heart bled when anyone mentioned dismissals. He said he had the courage not to dismiss a faithful employee who was doing his duty. I should like to quote from a translation of that speech, as follows:

> From the moment I took office as Postmaster General, I promised justice, economy and honest administration. On that occasion I declared that the civil servant, postmaster or other employee who performed his duties as required and who had not violated the law by taking an active part in politics had nothing to fear from me, that I would protect him even against my own friends. The postmaster who did not take part in perpetrating an injustice by accepting the place of one of his fellow citizens, unjustly dismissed, had nothing to fear. The letter carrier who in the fulfilment of his duties of distributing mail from door to door did not become the active agent of any political party, had nothing to fear.

In presenting this evidence to the house I will not mention names as I have no desire to reflect on anyone, but any hon. member who desires particular information can obtain it.

In a certain country post office the postmaster had a daughter of about sixteen or seventeen years of age. This daughter frequently visited the post office and she became very much interested in the correspondence of the boys and girls of the village. One day a friend borrowed her coat and found it to be extra heavy on one side. Upon investigation she found in one of the pockets between fifty or sixty letters addressed to different boys and girls in the neighbourhood. Complaints were made, the postmaster was dismissed and another appointment made by the Civil Service Commission. Was this man unjustly dismissed? His daughter had intercepted letters in the post office, and what happened to him was not because of his politics. He lost his job. He was replaced by a competent man. Last year there was an investigation about the latter. Ten witnesses were heard. One of them was this man's predecessor, the former postmaster, who had lost the post office. What was his evidence? He said: I have no knowledge that the postmaster is guilty of political partisanship. And that man lives the second door away from the post office. He had no reason at all for not telling the commissioner what he knew about the postmaster who had succeeded him, because he knew that he had lost the postmastership on account of the doings of his daughter. He was under oath before the commissioner and he told the truth, and that was his evidence. The mayor of the municipality, who is a Conservative chieftain or leader, gave exactly the same evidence. Nine witnesses out of ten gave exactly the same evidence. Only one witness stated that the postmaster had shown around a paper giving figures as to what the local member had obtained for his constituency, and that was denied right off by another witness. The commissioner asked the witness: Did the postmaster canvass you to vote for the candidate? The witness said no, and the commissioner came back and said: Are you sure that he did not canvass you? The witness again said no. The commissioner then asked: Do you remember that he did not canvass you? And the witness said no, I do not remember that. Here is his statement as drafted by the commissioner:

> I do not recall having talked politics with the postmaster at the post office. I am his brother-in-law.

The only witness who gave that so-called evidence against the postmaster was a newcomer to the village. He came from another parish where he had left no good souvenirs. He was the only one who made a complaint against the postmaster and he was interested in making it. His evidence was not corroborated, on the contrary was denied. What happened? The postmaster, who is a former mayor of the municipality, was dismissed, and he was replaced by the very same man who had accused him, the only one who had accused him, in spite of the fact that all the Conservative leaders in the community who lived near to him said that to their knowledge he had taken no part in politics.

The Postmaster General says:

> The postmaster who did not take part in perpetrating an injustice by accepting the place of one of his fellow citizens, unjustly dismissed, had nothing to fear. The civil servant, postmaster or other employee who performed his duties as required and who had not violated the law by taking an active part in politics had nothing to fear from me, that I would protect him even against my own friends.

In this case the majority of the favourable witnesses were the friends, and the best friends, of the Postmaster General. They were against dismissal, but evidently the

Postmaster General acted against his own friends in that case. A petition was signed by a large majority of the people within the post office area, by the curé and many others to prevent a change of post office, but it was disregarded and the postmastership was given to a man who had made an interested and a false complaint against the postmaster. What I have said so far is only to make the mouths water of those hon. gentlemen who are honouring me with their attention. Now I have something much nicer to tell them.

As every member of this house knows, the Post Office Department has sent to all postmasters throughout the country a circular letter advising them that they are strictly forbidden to take any part in federal or provincial elections, and that those who had done so had better resign in order to save the cost of an expensive investigation.

Here is the case of a postmaster at a place I will name, St. Eusèbe-de-Cabano. The postmaster, who was also mayor, received such a circular letter and he resigned. What happened? He was replaced by a man whom I will name, and for a very good reason, as the hon. members will see. He is called Paul Langlois, and he replaced the former postmaster on June 30, 1931. A month and a half later or so the provincial elections were taking place in the province of Quebec, and Mr. Langlois could not show in any better way his gratitude to the Postmaster General than by canvassing for the provincial Conservative party. Langlois was replacing a man who had received a notice of dismissal because he was supposed to have taken some part in the election, whether federal or provincial I do not know. Here is what he did, and I am very sorry that the hon. Postmaster General has left the house with his portfolio under his arm. I hope that some of his friends will call him back here so that he can hear what I am saying.

On or about August 12 of last year Langlois, the postmaster, went to Rivière-Bleue in his car to get some liquor to be used in canvassing. He was accompanied by three men named Thimothée Dubé, Pierre Dubé and Jos. Albert Dubé. I do not wonder what their political affiliations are, but naturally at election time one is rather suspicious about such joy rides. When they came back with the liquor, Dubé's rig was at Langlois', and the new postmaster transferred the liquor from the auto to the rig, probably keeping some for his own use. Though all this took place at night, it was clearly witnessed by someone who reported it very accurately. I would ask the Postmaster General this question: If a man must resign his position as postmaster upon a charge not specified but perhaps because he has been accused of canvassing in the federal or provincial elections, will the Postmaster General take the same steps with regard to a postmaster who has carried liquor in his own car to be used in political canvassing?

If the mouths of my hon. friends opposite water a little bit, I have something even more relishing to tell them. In my constituency there is a parish named Sully, situated on the Transcontinental railway. There were rumours abroad that the postmaster of that place was to be dismissed. He also was mayor, and a very dignified gentleman who did not incur any blame, so far as I know. His removal seems to have been founded on the old principle that to the victor belongs the spoils, and although the Conservative candidate was defeated he was, nevertheless, the victor so far as the granting of postal offices to this or that one was concerned.

In that parish there was another gentleman named Isidore Jean, a returned soldier whose regimental number was 2245410. He served two years at the front, performed his duty as a good soldier, and as the parish is not very large he knew there were some intrigues afoot to dismiss the postmaster. Naturally, as charity begins at home he thought he had better take his chance and, as a result, wrote to the Minister of Pensions and National Health (Mr. MacLaren), to the Prime Minister (Mr. Bennett) and to the Postmaster General, saying, in effect, "If you intend to dismiss the postmaster in charge of the post office I shall be very happy to file my application for that position." Although the letter is in the French language, as it is not very long I shall read it. This letter is from Isidore Jean to the Postmaster General, and is dated November 2, 1931:

(Translation):

Honorable sir,

On February 17, 1931, the right hon. Prime Minister's secretary wrote to me that he had forwarded to you my application for the post of postmaster at Sully in the event of this position becoming vacant.

On October 5, the same gentleman suggested that I should communicate directly with the secretary of the Civil Service Commission and with yourself, since you have complete jurisdiction over your department.

On October 28, the Minister of Pensions' secretary wrote to me that he had forwarded to you my letter and the others attached for your kind consideration.

On March 4, 1931, your acting deputy minister wrote to me that there was no vacancy in the post office at Sully at that time and that should it become necessary to make a

change the appointment of the new incumbent would be made by the Civil Service Commission. He further added that my application had been noted and that it would be referred to the commission should the circumstances warrant it.

On September 28, your deputy minister wrote to me that should it be necessary to make a change at Sully, the permanent appointment of the future incumbent would be made by the Civil Service Commission which would advertise publicly the vacancy occurring in that locality, and that the minister had taken careful note of my application.

On October 14, your deputy minister again wrote to me that my application had been referred to him by the private secretary of the minister and that he wished to draw my attention to his letter of September 28.

The officials of your department wrote to me on three different occasions this year that in the event of a vacancy occurring the appointment of a postmaster at Sully would be made by the Civil Service Commission. Should you decide to make a temporary appointment, while awaiting the ratification of this appointment by the Civil Service Commission, may I have the honour to remind you of my application for the post of temporary postmaster at Sully, in case you decided to replace the present postmaster, and this, on the score of my record of services at the front where I fought during two years. My regimental number is the following: 2245410.

I am, sir,

Your grateful servant

(Sgd.) Isidore Jean.

What happened? That man was told by the departments of Pensions and National Health and of the Postmaster General that in the event of a dismissal, and a vacancy in the post office referred to, the matter would come before the Civil Service Commission for the nomination of a new postmaster. What was done? The application of the man who had a creditable war record was entirely disregarded, and the Postmaster General appointed another man who had had no service at the front. In my view this would have been a fit case to bring before the British Empire Service League to show that the Postmaster General paid no attention to the soldier's application to fill the vacancy which occurred in that post office. This particular case deserved serious consideration because the applicant was a poor soldier who is at present unemployed; therefore the reasons for his appointment were two-fold. It is indeed unfortunate that his application was disregarded by the Postmaster General in spite of and against the provisions of the Civil Service Act.

Not only did the protégé of the Postmaster General carry liquor in times of provincial elections, and not only does he disregard the Civil Service Act so far as it applies to veterans, but there is something to relate even better than that. It is this: My contention is that in this country public offices should be held either by Canadians by birth or Canadians by naturalization, and that aliens should not be allowed to occupy public offices. I have in mind an instance which occurred at Pointe Lebel, and because that place is in the constituency of Charlevoix-Saguenay I am sure my hon. friend from that constituency (Mr. Casgrain) will be pleased to hear about it. The former postmaster was dismissed and replaced by a man named Grenier. That man came from France some years ago, and I am told from reliable sources that he has never been naturalized. I communicated with the Department of the Secretary of State to learn if Grenier of Pointe Lebel was naturalized. I am under the impression that my hon. friend from Charlevoix-Saguenay will vouch for my statement that this man Grenier came from France some years ago, and was never naturalized. When we came to the naturalization branch of the Department of the Secretary of State we asked if they had any record of Grenier, and they replied that from the year 1915, when records were first kept they had no record. I was told to communicate with the Bureau of Statistics, but when I approached that branch of the service I was answered that information could not be given because the information on the sheets filled out for statistical purposes, or for purposes of census, was given in strict confidence. As a result I could not get the information I desired. The evidence, so far, is that there is no record of Grenier in the Department of the Secretary of State and it is a fact that Grenier is not a Canadian by birth or naturalization and is not entitled to public office. Rather than allow Canadians by birth or naturalization to enjoy public offices the Postmaster General deprives them of their rights and gives preference to foreigners. It is not at all surprising that the returned soldier feels he is not receiving fair treatment.

But there is more than that Mr. Speaker. Last year, speaking on the budget, my hon. friend, then Minister of Fisheries, now Minister of Finance (Mr. Rhodes), said:

> I am sure my hon. friend from North Waterloo (Mr. Euler) and his leader would have been the first to take exception with, during the last session under the previous government, hon. members on the other side of the house who had fastened the responsibility upon the then government for the utterances of my hon. friend from Témiscouata (Mr. Pouliot), when he made attacks upon the premier of the province of Quebec.

Was he referring to a memorandum based on the fact that aliens in the province of Quebec were entitled by statute to be ap-

pointed to public office? I communicated with the premiers of the other eight provinces asking what stand they took in the matter, and this is the answer I received from the hon. gentleman who was then premier of Nova Scotia and is now Minister of Finance in this government:

> Absence from my office in other portions of the province has prevented me from making earlier acknowledgment of your letter of June 26th.
>
> The ground you take with respect to the holding of office by aliens is, in my opinion, undoubtedly sound.

I hope my hon. friend will have the courage to stand by the views he then expressed and support me in my demand that the Postmaster General be required to furnish all available information about that man Grenier, as to whether he lives under a false name, when he came to this country, when he was naturalized, and on whose recommendation he received his appointment.

Let me conclude my remarks in the sweet language of France by giving an excerpt from an article published by the hon. Postmaster General:

> Je le répète, avouons franchement nos erreurs afin de bénéficier autant que possible même de nos fautes.

This may be translated:

> Let us be frank about our mistakes in order that we may get as much benefit as possible from them.

A fine sentiment! I hope he will have those words recorded in homespun and place them in front of his desk that he may ponder them frequently. I must ask the Postmaster General to be serious. Most of his colleagues seem to have greater respect for the Civil Service Act. So should he. He is not a bad man. He should be strong enough to resist his friends. I am sure that when he made the promise he was confident of his strength to keep it as a man. Now, why doesn't he do so? He should do it for the reason expressed by the hon. member for East Edmonton. I listened with very much interest to the hon. member's speech. He said it would be a very bad thing for the civil service if civil servants could not live in peace and be free of anxiety about their future, that only in this way could they give the thorough service that the country expected from them. I submit that that is a very strong argument in favour of the Postmaster General doing what he is requested to do. The reason is that after a man has been in the civil service for a number of years it is difficult for him to return to his former occupation. What I am trying to convey is well-expressed in French —those men become "déracinés." The civil service of Canada is as good as that of any other country in the world, and it should be protected against those greedy and lazy persons who by intrigue seek to bring about the dismissal of industrious and capable civil servants in order that they may be appointed to the vacancies so created. I hope tomorrow morning, Mr. Speaker, the Postmaster General, who is not in his seat to-night, will read Hansard and take heed of what has been said this evening.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, had the motion for second reading of the bill been proceeded with I should have been compelled to vote against it. I wish to express the pleasure I derived from the speech delivered by the hon. member for East Edmonton (Mr. Bury). I am sure we all regret that the occasions are not more numerous when he participates in debate. Those of us who were here with him in the hectic session of 1926 will remember the many fine speeches he then delivered, and I feel certain we regret that the limitations imposed upon a supporter of the government prevent us from hearing the hon. gentleman oftener.

I am heartily in sympathy with the sentiments he expressed. I should like also to commend the speech made by the hon. member for Bow River (Mr. Garland), in which he set before us very clearly the position with regard to the Civil Service Commission. I believe I am safe in making the statement that only a minority on either side of the house is in favour of doing away with the Civil Service Act and returning to the old patronage system. I know that is true of this side of the house, and I am happy to believe from the speeches made to-night that it is also true of the other side. I have always been strongly opposed to the patronage system. While it may be true that the act is not working perfectly at present, there is no reason to suppose that as time goes on it may not be administered more efficiently. I think there is every reason why an investigation into the working of the act should be undertaken. Undoubtedly there are just causes for complaint, and if these were threshed out before a committee I hope the result would be beneficial to the service as a whole.

I do not think the government has handled this matter in the best possible way. At the outset they very well could have removed from the minds of hon. members any fear of the possibility of the merit system being destroyed. Perhaps it was necessary to

give the hon. member for Dorchester an opportunity to fulfil the pledge which undoubtedly he made to his constituents, that he would do his best to secure a return to the patronage system. I think we had his own word for it last session that he made such a pledge, and perhaps it was necessary that he should be allowed an opportunity to keep it. At the same time I think if a little different course had been pursued by the government we would have had our minds satisfied on this question at an earlier time, and perhaps there would not have been the necessity for so much discussion on the merits of the case.

Mr. PETER McGIBBON (Muskoka-Ontario): Mr. Speaker, it was not my intention to take any part in this debate until a number of hon. members seemed to prefer to discuss me rather than the question before the house. One of the principal objections has been that the member is not the man best qualified to make any appointment that may be necessary in his riding. The hon. member for East Edmonton (Mr. Bury) was particularly strong on this point. I am quite willing to concede, Mr. Speaker, that the hon. member is capable of speaking for himself, and I have no quarrel with the decision he makes when he says he is not capable of making the appointments that may be necessary in his constituency. That is his prerogative and his privilege; as he sits in judgment upon his own capabilities and renders a verdict of that nature, far be it from me to dispute its accuracy. I think possibly that is quite true, but the unfortunate thing is that in such a case he is not the one who suffers; the people who send him here suffer, and that is rather too bad. It is too bad that any riding in Canada should have a representative who admits on the floor of the house that he is incapable of filling positions which may become vacant in that riding.

Mr. BURY: I did not say I was incapable of doing so; I said I was not the person best fitted to make the appointments.

Mr. McGIBBON: My hon. friend says he is not the best person, so obviously he is not the best member.

Mr. BOUCHARD: He was thinking of you as the best.

Mr. McGIBBON: I have no objection to my hon. friend speaking for himself, but I do object to him speaking for me. He is not capable of doing that. I say further, Mr. Speaker, that this is not a matter of appointments or of patronage; there is a bigger question involved. It is a question of the principle of responsible government.

Mr. POWER: Hear, hear.

Mr. McGIBBON: I thank the hon. member for Quebec South (Mr. Power); I have always admired his judgment and found it good. I take that very seriously. Responsible government is something for which great struggles have been waged in the past in every country in the world. The three great objects of the revolution of 1690 were responsible government, the supremacy of the House of Commons and the assurance that the House of Commons should represent the voice of the people.

In connection with these appointments, who is responsible? Is there any responsibility any place?

Mr. BURY: May I ask the hon. gentleman a question?

Mr. McGIBBON: Do not make it too hard.

Mr. BURY: Is there not responsible government in Great Britain?

Mr. McGIBBON: Yes, but Great Britain has not a civil service like ours. The hon. member started to discuss the civil service of Great Britain; he only showed that he did not know anything about it. I object to these men speaking for me; I object to them speaking for the people in my riding, and in spite of what the hon. member for Lisgar (Mr. Brown) has said I believe that three-quarters of the members of this house would vote for this motion if they were given a free ballot. It is only party exigencies that keep them from doing so. They know it is the best thing.

Look at the appointments which have been made by this Civil Service Commission. Does anyone in the house not remember what happened in the last few years, when the Postmaster General rose in his place and told of the hundreds of postmasters who had been dismissed because of shortages in their funds? Does that reflect great credit upon the Civil Service Commission? Within the last week or so we have had a second scandal aired. Did we have that sort of thing in the past? Would not appointments made in the past by representatives of the people compare favourably with those that have been made by the Civil Service Commission?

Another objection I have is this: I do not like the communications which the civil service of Ottawa have had the impudence to mail to me and other members of the

House of Commons. I am not seeking to interfere with the inside service, and I say they have no business to interfere with the service in my riding. If there is one thing that disgusts me more than another it is the attitude that has been shown by the civil service of Ottawa towards the proposed cut in their salaries. Where is the man or woman in this country to-day making as much as they were making three or four years ago? Let me say further that more than 99 per cent of the money which pays these civil servants comes from people outside of this city. The civil service does not belong entirely to the city of Ottawa; it belongs to the Dominion of Canada. They should remember that it gives them work in good times and bad, in good weather and bad. They are not like the people we are feeding at the public expense in northern Ontario to-day, who find their pay docked for every stormy day when they cannot work. I say, sir, I have been disgusted with their attitude in a crisis of this kind when this country, like every other country in the world, is in financial difficulties. They are not willing to take voluntarily and joyfully a cut that is not equal to the decrease in the cost of living.

Mr. BOUCHARD: Has my hon. friend read the speech from the throne which states that the country is very prosperous?

Mr. McGIBBON: I fail to see any intelligent connection between that question and the remarks I was making.

I want to say again, sir, that this is not a matter of patronage. I do not think there is any hon. member of this house who wants the disagreeable job of making appointments. As I have said, patronage will kill any member if he gets enough of it; there is no doubt about that. But the people in my riding want me to assume that responsibility and I should be a coward if I were not prepared to do so. They want me to be their representative and they want me because they have some control over me; and when the day comes that I do not do what they want they will put me out. But they have no control, nor has any other constituency any control over the people who are making appointments to-day. And, Mr. Speaker, patronage has not been done away with. Why do we try to fool ourselves? Every hon. member knows that it has not been done away with. Every hon. member knows also that the educational test or the merit test in the outside service is not worth a snap of the finger.

I agree with the leader of the opposition (Mr. Mackenzie King) in that speech he made a year ago, that too much has been taken away from the people's representatives. I believe that, with profit to this country, some of that responsibility could be restored. Everyone knows that when a member has to make an appointment he is going to make the best he can. I shall be told that when the Conservatives are in power a Conservative will be appointed. I grant you that; he would be in my riding anyway. But supposing there were a better one in the Liberal party—

An hon. MEMBER: You would not appoint him.

Mr. McGIBBON: Never mind whether I would appoint him or not. But I contend that if you got the second best man in every riding in this country you would get a higher class than under the Civil Service Commission. I am sometimes disgusted at the way debates will turn and twist in this house. It seems that at times one leader will throw it this way and another will give it a twist in some other direction; and then we get on a high moral plane as in this debate and almost immortalize the Civil Service Commission, though it has been one of the disgraceful black spots on the government of the country. Everyone knows it. Where could you find anything such as was exhibited in the courts a little while ago?

I do not want the house or the country to think that I want the job of going out and beheading people. Decent people—and members of parliament are decent—do not do that sort of thing. Moreover, when a man is in a position for three or four years he loses connection with the past, and no decent member of parliament is going to kick him out even if he belongs to the other party. I have been disgusted with that argument. I do not believe there is a man in this house who would do such a thing without grave cause, and then he would do it very reluctantly. For these reasons I am glad that this question is going to a committee where all phases of it can be discussed, and when the committee reports to the house no doubt it will be able to advise along better lines.

Mr. SPEAKMAN: May I ask the hon. member one question. I understand that he is in favour of the elected representative of the people exercising his functions within his constituency in making outside appointments. In his opinion would that apply to every elected member or only to the elected members supporting the government in power? And, in that case, would he believe in the system which has been followed at times, of the defeated candidate on the government side

receiving that power of making these appointments although the people had rejected him as their representative?

Mr. McGIBBON: That is not hard to answer. I have said three or four times that personally I do not care where the member sits. But there is this to be said about it. Whether a Liberal or a Conservative government is in power, you are demanding of your representative in every riding certain services to be done and I do not see how you can overlook him in regard to the responsibility for making appointments.

Mr. J. OSCAR BOULANGER (Bellechasse) (Translation): Mr. Speaker, the opportunity of supporting the bill of my hon. friend and neighbour the member for Dorchester (Mr. Gagnon) would have pleased me much, unfortunately, I fear this opportunity will not be afforded to us, as the amendment moved by the hon. Minister of Justice is probably tantamount to full burial honours for the bill. I would have been pleased, I stated, to be given the opportunity of supporting the bill because, two years hence, it would have given us a chance of rectifying the injustice perpetrated by this government which dismissed, without reasons and contrary to the Civil Service Act, a considerable number of employees.

I entirely agree with the sponsor of this bill and with my hon. friend the member for St. Denis (Mr. Denis) in their statement that the Civil Service Act rests on a false principle. I listened attentively to my hon. friend from Dorchester when he introduced his bill. He established rather a strong case against the Civil Service Act and the commission. I expected to hear him ask for the repeal of the act and the disestablishment of the Civil Service Commission. I was amazed in reading over his bill to find that he did not recommend the repeal of the act, not even the suppression of the commission, but simply requested the exclusion of the outside service from the operation of the act. However, I would have supported this measure because it is a step forward in the right direction.

Again do I state, the Civil Service Act rests on a false principle. If the government is vested with the responsibilities of the administration, the public employees share with the government in this administration of the affairs of the country. If the government is to be held responsible for the work of its cooperators, I fail to understand why it would not be so as regards their appointment and their selection as they think proper. Moreover this act lends itself to deceit as the hon. member for St. Denis (Mr. Denis) stated just now; it is one of these insincere measures that governments enact once in a while with the fixed mental reservation of disregarding it. The election act is another instance; the government themselves are the main offenders. They, themselves, have made the most frequent inroads on the provisions of the Civil Service Act, they are the first to disregard it and to show their contempt.

To illustrate my argument, let me cite two cases. First, I shall draw the attention of members to the Votes and Proceedings of this house, of July 30, 1931, at page 661:

> Weights and measures inspection (including International Bureau of Weights and Measures)—further amount required for the salary, including the appointment of Charles Hippolyte Couture, Inspector of Weights and Measures, Quebec district, Quebec city, at $1,560 per annum, from April 1, 1931, notwithstanding anything to the contrary in the Civil Service Act.

The following are the facts: If I am well informed, there was a vacancy in the Bureau of Weights and Measures, at Quebec. The Civil Service Commission, having advertised the position, and received applications, held an examination, after which a list of those eligible was drawn. At the head of this list was a veteran by the name of Mathieu Parrot, of Quebec city. Parrot was awarded 86 points, he was at the head of this list, moreover, he was given the preference owing to his being a veteran. This did not suit Couture's backer who wanted to have him appointed, at all costs. It was then that his supporter found a flaw in the Civil Service Act, as I have just pointed out, and had his friend appointed, notwithstanding anything to the contrary in the Civil Service Act, and against the wishes of the commission itself. This is a case where the government themselves disregarded the Civil Service Act.

On the same day by a special vote, another appointment was made contrary to the Act; this is another instance of the disregard of the legislation enacted by the government. You will find in the Votes and Proceedings of the same date, page 656, the following:

> To appoint hereby J. L. A. Tanguay, a clerk, grade 4, in the minister's office at Quebec from August 7, 1930, at $1,860 per annum, $3,100.

I must mention, by the way, that our friends who so highly criticized a certain act of the Quebec legislature because it had a retroactive effect, were in no way bashful in the present case to give a retroactive effect to this appointment. This is a further instance showing how the government conforms to the laws they enact. We therefore have a right to say that

the Civil Service Act is utterly hypocritical, and that the government is the first to disregard its provisions. Let me further add that these two gentlemen appointed by a special vote of the house, one on the motion of the Minister of Justice (Mr. Guthrie), the other on the motion of the Minister of Trade and Commerce (Mr. Stevens), are two common election workers (cabaleurs) of the lowest order. They are, to all intents, political appointments. Couture, again, if I am well informed, was dismissed in 1926, because he was the cause of disorder at a meeting held by the Hon. Lucien Cannon, in the county of Dorchester. He was employed, previous to that, by the weights and measures branch and lost his position for having taken an active part in politics and being the cause of disorder at a public meeting. One had recourse to this dodge or underhand dealing, after his dismissal for political partisanship, in order to reappoint him in the weights and measures branch, notwithstanding the Civil Service Commission's protest and in violation of the act, thereby doing a grave injustice to the veteran Mathieu Parrot.

Let us now examine the case of Tanguay with whom I am better acquainted, since he is a political organizer in my county. Tanguay was appointed to the minister's office as a fourth grade clerk. If I am well informed, Tanguay controls the patronage in Quebec, that is he is a middleman and performs the dirty work of the Conservative party. In my county a dozen postmasters were dismissed without cause, and contrary to the Civil Service Act, and, according to what I heard, these dismissals took place mainly at the request of Mr. Tanguay himself. At the last provincial election, in 1931, Mr. Tanguay was the principal speaker of the Conservative candidate in Bellechasse; he meddled in the election, spoke at all meetings and thereby took an active political part. I took upon myself the responsibility of denouncing him to the Prime Minister of Canada (Mr. Bennett), who through his secretary, wrote to me that he had referred my complaint to the Minister of Justice. The other day I inquired whether my complaint had been received, whether an inquiry would be held and Tanguay dismissed, in the event of my complaint being substantiated. The Minister of Justice informed me that the Department of Justice had no information with respect to the complaint lodged against Tanguay. Nevertheless, it had been lodged with the Prime Minister, and his secretary had written to me that it had been referred to the Minister of Justice. Let us suppose, for a moment, that the Minister of Justice had not received this complaint, the question which I placed on the orders of the day, some time ago, was a sufficient notice to the government of my complaint of political partisanship lodged against Tanguay, and the government is bound, in honour, equity and justice, after occasionally dismissing public employees for trivial causes, to hold an inquiry on a complaint lodged by a member of parliament and supported by the evidence.

The government should order an inquiry and dismiss this employee, if my complaint is well grounded.

The postmaster of Beaumont was dismissed under the plea that he had decorated his residence on polling day, in September 1926, but, on that day the person referred to was not yet appointed as postmaster; he was only appointed the following month.

The postmaster at LaDurantaye was dismissed, because his son, who is married and is not living with his father had in his automobile—the automobile of the son, not that of the father—the photograph of the leader of the opposition (Mr. Mackenzie King). An inquiry was held by three defeated candidates. You may judge how slim were the chances of this poor postmaster in such an inquiry!

A large number of postmasters were dismissed without cause, and here is a public employee in receipt of $1,860 per year, who openly and brazenly takes part in a political campaign. A complaint is lodged against him by a member of parliament, a complaint founded in fact, and it is impossible to obtain an inquiry; we cannot even obtain a straight and honest answer from the Minister of Justice (Mr. Guthrie) to a question put to him the other day with reference to this matter.

I protest, sir, against such government methods, especially when to all purposes it approves the Civil Service Act. Since the government is opposed to the repeal of this act, why should it not be the first to comply with the letter and spirit of the act, and grant to civil servants, who are so unfortunate as to be Liberals, all the protection to which they are entitled.

The government should also see that civil servants whom they appoint conform to the law. Since it is wrong for a Liberal to be even suspected of political partisanship, surely civil servants appointed by the government should themselves bow to the law and not be guilty of obvious and glaring irregularities as those referred to.

Although opposed to the principle of the Civil Service Act, I am in favour of having a commission in order to classify candidates

and have them undergo a test. I simply ask that appointments be subject to the jurisdiction of the government; that the latter be held responsible and given the final word in such matters.

It is held that the Civil Service Act was passed with a view of abolishing the patronage system, this is a mistake. Patronage has not been abolished, it has simply changed hands. It was taken away from members and placed in the hands of heads of departments, chief clerks and high officials. The civil service commission should be given a competent board of examiners and inspectors, it should control the tests of candidates to the various positions and it should be given the necessary authority to rate these candidates. At present, the commission has not the required staff to carry on this work. Examinations and classification are being looked after by civil servants. The latter themselves control the patronage. When an appointment is to be made, the commission sends all the examination papers to the chief clerk concerned and it is the latter himself who determines the grade and makes the appointment. Again do I state patronage has not been abolished, it has simply changed hands; it is replaced by a system of deceit—as the hon. member for St. Denis (Mr. Denis) stated a short while ago—and productive of deception; it is therefore only reasonable that this system be changed.

Amendment (Mr. Guthrie) agreed to.

Motion (Mr. Gagnon) as amended agreed to.

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

Friday, February 26, 1932

The house met at three o'clock.

BANKING AND COMMERCE

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the name of Mr. Mackenzie (Vancouver Centre) be substituted for that of Mr. Rutherford on the select standing committee on banking and commerce.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET EXPENDITURES AND INDEBTEDNESS INCURRED IN 1931

Hon. R. J. MANION (Minister of Railways and Canals) moved for leave to introduce Bill No. 21, respecting the Canadian National Railways, and to authorize additional provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.

Mr. MACKENZIE KING: Explain.

Mr. MANION: Mr. Speaker, this bill is really one which in the past has been put through the house as a supplementary estimate, where necessary, for the Canadian National Railways. The object of the bill is to authorize the Canadian National Railways to raise an additional $11,372,000 for the purpose of paying various accounts for the last year which the estimates of last year did not meet. This bill is introduced for the purpose of allowing the railways the $11,000,000, which they require.

Probably I had better go a little farther in my explanation because, although I was informed by my officers that there were plenty of copies of the bill, I am now informed by the Clerk of the house that they are not available. With the consent of the house I should like to proceed a little farther. The fact is that in last year's estimates the Canadian National Railways were allowed the sum of $68,000,000, and they find they now require this additional $11,000,000 odd to meet the requirements of the past year. May I read one or two clauses from the bill, which I think, explain the situation:

The net additional income deficits including bond interest but not including interest on the Dominion government advances, is $20,000,000, against which—

That is $20,000,000 extra. There was an allowance last year in the Canadian National Railways estimates for a deficit, so far as interest to the public investor was concerned, of about $31,000,000. They find however that it is in the neighbourhood of $51,000,000. It is obvious therefore that about $20,000,000 is required to cover that amount. Against that however there is $13,000,000 odd under the authority of the proviso contained in last year's bill. That proviso permitted money which was not used for other purposes, and which was contained in the estimates of last year, to be utilized if the deficit turned out to be more than the estimated deficit. That provision allowed a $13,000,000 credit against the $20,000,000 extra deficit. Then there are some smaller amounts for equipment principal payments, sinking funds, and the like, amounting to $492,077.30. For the purchase of new equipment the amount is set at $11,014,284.11.

May I explain that the purchase of equipment by the Canadian National Railways is usually done on what is known as the Phila-

delphia plan. A payment of 25 per cent is made, and the remaining three-quarters is financed by lien notes usually issued—in fact, I think always issued—by the banks in the United States. The Canadian National Railways carried those lien notes without the guarantee of the government. However, because of financial conditions in the world, generally, and in the United States particularly the amount of $11,000,000 cannot be borrowed in the United States to-day, and therefore it comes back as an ordinary estimate to be paid by the Dominion government. That adds another $11,000,000 odd. Against that however there is $7,331,000, which was borrowed last year, and which was not spent for purposes authorized. There is in this bill a clause permitting the utilization of that balance. I do not wish further to enter into the matter because figures are confusing. The result is however that a net balance of $11,000,000 is required to-day by the Canadian National Railways as a supplementary estimate.

Mr. STEWART (Edmonton): Did I understand the minister to say that the money was used to pay interest to the public?

Mr. MANION: Yes, to pay interest to the lending public, and for other purposes.

Mr. BEAUBIEN: It is for the calendar year 1931?

Mr. MANION: Yes.

Sir EUGENE FISET: Is this over and above the $10,000,000 authorized by order in council?

Mr. MANION: Over and above what?

Sir EUGENE FISET: Over and above the $10,000,000 authorized last year by order in council?

Mr. MANION: I do not understand my hon. friend.

Sir EUGENE FISET: A meeting was held, and at that meeting we were asked to endorse the action taken by the department to finance the Canadian National Railways. Does that include such an amount?

Mr. MANION: I am afraid I do not know to what my hon. friend is referring.

Mr. RALSTON: Is the bill to provide for the payment out of the consolidated fund, or to provide for funding this amount, and borrowing?

Mr. MANION: Funding and borrowing, yes.

[Mr. Manion.]

Mr. CAYLEY: Is there any provision made for payment of the back interest in default on the Toronto suburban electric lines?

Mr. MANION: No.

Mr. HANSON (York-Sunbury): Does the statement of the minister mean that the Canadian National Railways failed, to the extent of $79,000,000, to pay their way last year?

Mr. MANION: No, it means that the interest to the public last year is short by $52,000,000, in round figures. The interest was $57,000,000, and they have about, in round figures, $5,000,000 towards that amount. That does not include interest to the government. The interest to the public is about $57,000,000, and there is a surplus on operating of about $5,000,000 which leaves about $52,000,000 which the government of Canada has to meet. In addition to that there are statutory obligations which brings the total higher than that.

Mr. GARLAND (Bow River): When the minister refers to "interest to the public," does he really mean that, or does he mean interest to the bondholders?

Mr. MANION: Bondholders are the public.

Mr. GARLAND (Bow River): Quite true.

Mr. MANION: I shall make it clear. There is owing by the Canadian National Railways the amount of $57,000,000 annually in interest to the bondholders, the public purchasers of the bonds.

Mr. BENNETT: Bondholders other than the Dominion government.

Mr. MANION: In addition to that there is interest owing to the government of about $32,000,000 which has never been paid and, frankly, I do not expect ever will be paid.

Mr. MERCIER (St. Henri): Does that mean a deficit of $1,000,000 per week?

Mr. MANION: Yes, there has been a deficit of about $1,000,000 per week in interest to the public. When I refer to the public I am referring to the lending public. The other $32,000,000 to which I referred is in connection with the Dominion government.

Motion agreed to, and bill read the first time.

Mr. SPEAKER: When shall the bill be read a second time?

Mr. MANION: I wish to ask the consent of the house to have this bill read now a second time. As I am asking an indulgence I probably ought to make some further

remarks, because I see my right hon. friend the leader of the opposition (Mr. Mackenzie King) shaking his head. Ordinarily I would not make this request, but the Canadian National Railways have informed me that this money will be required very early in March. This is only a supplementary estimate, and there will be full opportunity afforded to discuss the matter when the regular estimates come down, probably within the next two or three weeks. The request was made to my department only within the last few days, and therefore I say it is not our fault that the matter comes up late. They require the money as soon as possible and the earliest date we can get it, even if it were given its second reading to-day and submitted to the special parliamentary committee, would be next Tuesday. The bill would be referred to the special committee on railways and shipping which meets next Tuesday, and would report back.

Mr. EULER: Has that committee been appointed?

Mr. MANION: Yes. On behalf of the Canadian National Railways I urge that this bill be given its second reading, and be referred to the special parliamentary committee on railways and shipping.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): We are most anxious, so far as is possible in conformity with the practice and rules of parliament, to facilitate the work of the house. May, however, I say quite frankly to my hon. friend that hon. gentlemen opposite have developed a habit of rushing measures into discussion in the house, and not permitting time for the due consideration which should be given. The government has a knowledge of the business of the country, and my hon. friend in particular is responsible for knowing about the business of the Canadian National Railways. If he had any reason to believe that a bill such as the one now before us would be forthcoming he might have extended some word in advance to those of us on this side of the house whom he expects to accommodate him. If the government know there are matters of importance which will have to be dealt with by a certain date, if they are anxious to expedite matters, we will try to accommodate them if they will intimate to us in advance particulars of the case. I do not think, however, it is in the public interest that measures as important as the one to which my hon. friend has just referred should be other than safeguarded by the stages of procedure provided for by the rules of the house. I do not see that this measure is going to get any more prompt consideration by passing the second reading at the moment and having it referred to the committee of railways and shipping to-day than if that step is taken on Tuesday next, which is a government day. The bill itself is not printed, it is not distributed, and we have had no opportunity to look at it. I think my hon. friend will have to tell the railway management that there is a grave responsibility upon parliament to consider carefully every stage of Canadian National Railway financing—a responsibility that is not consistent with unduly rushing through the house measures pertaining to the railway.

Mr. MANION: While I sympathize very sincerely with my right hon. friend so far as the need of parliament discussing this or any other measure of the kind is concerned, I do not intend that the government shall take any responsibility whatsoever for the late introduction of the bill. The Canadian National Railways management had just put the matter before us in time for us to get the bill ready, and in fact, as my right hon. friend says, there has not been time to get it printed and distributed, although I was instructed that it had been printed. I simply tell my right hon. friend that the Canadian National Railways management claim they need the money. If my right hon. friend takes the attitude he does he is perfectly within his right, but I repeat, I do not intend that the government shall accept blame for the delay. As I have said, the Canadian National management put the matter up to us within the last few days.

Mr. MACKENZIE KING: May I say, Mr. Speaker, we each have our responsibilities, the Canadian National has its responsibilities, the minister his, and we have ours. So far as the opposition is concerned, our responsibility is to see that all public measures are carefully considered and fully discussed according to the rules of procedure of the house. It is on that ground that we take our stand. As to the division of responsibility between the railway and the ministry, I leave it to my hon. friend to claim or disclaim any share in that regard.

Mr. SPEAKER: Legislation can only be advanced one stage except by consent. Consent having been withheld, the second reading will be at the next sitting of the house.

ORDERS IN COUNCIL

APPROVAL AS REQUIRED BY DOMINION LANDS AND DOMINION FOREST RESERVES AND PARKS ACTS

Hon. T. G. MURPHY (Minister of the Interior) moved:

That the following orders in council laid on the table on the 5th day of February, 1932, be approved:—

Orders in council which have been published in the Canada Gazette between the 21st day of January, 1931, and the 17th day of December, 1931, in accordance with the provisions of section 75 of the Dominion Lands Act, chapter 113, R.S. 1927.

Orders in council which have been published in the Canada Gazette between the 21st day of January, 1931, and the 17th day of December, 1931, in accordance with the provisions of subsection "c" of section 21, of the Dominion Forest Reserves and Parks Act, chapter 78, R.S. 1927.

Motion agreed to.

UNEMPLOYMENT AND FARM RELIEF

CONTINUANCE ACT, 1932,—INTRODUCTION OF RESOLUTION

Right Hon. R. B. BENNETT (Prime Minister) moved:

That it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I say, Mr. Speaker, with regard to the resolution you have just read, that it involves the expenditure of public moneys, and before it can be passed the Prime Minister, or whoever has charge of it, must announce that the measure has received His Excellency's assent and give the customary notice.

Mr. BENNETT: I was about to rise to say that this is only by way of notice to indicate that the resolution will go to committee of the whole at the next sitting. His Excellency has been advised of the measure, has given his approval thereof, and commends it to the house.

Mr. SPEAKER: The resolution as it appears on the order paper is not in the regulation form. It should be:

Moved by Mr. Bennett, seconded by Mr. Guthrie, that the house will at the next sitting resolve itself into committee of the whole to consider the following resolution:

That it is expedient to introduce a bill to amend chapter 58 of the Statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Is it the pleasure of the house to adopt the motion?

Motion agreed to.

SEED GRAIN ADVANCES

On the orders of the day:

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, in yesterday's Hansard at page 564 the Minister of Agriculture (Mr. Weir) makes the following statement:

I regret that I am not in a position to give the details of the arrangements that are being made by the Saskatchewan government in supplying this seed grain.

Is it the intention to supply that seed grain through the Saskatchewan government or through the Saskatchewan relief commission?

Hon. ROBERT WEIR (Minister of Agriculture): The Saskatchewan relief commission, Mr. Speaker, is a body under the control of and appointed by the Saskatchewan government.

DEPARTMENT OF AGRICULTURE

REPORTED INTENTION TO DISMISS FORTY-NINE AGRICULTURAL EXPERTS

On the orders of the day:

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, I desire to direct a question to the Minister of Agriculture (Mr. Weir). It is based on an article in the Toronto Daily Star of the 25th instant, as follows:

The federal government is preparing to dismiss forty-nine trained agricultural experts from the Department of Agriculture, Senator Hon. Cairine Wilson told the Ontario Women's Liberal Association at luncheon yesterday in the King Edward hotel. "All are highly trained men," said the Senator, "and nearly all are graduates of Canadian universities."

Will the minister say if there is any truth in this report?

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, the statement that is attributed to Senator Wilson is not correct and is very much a misrepresentation of the truth.

CORRECTION—MR. WEIR

On the orders of the day:

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, in Hansard at page 411 the following statement is attributed to the hon. member for Témiscouata (Mr. Pouliot):

To such an extent was that true that the Minister of Agriculture (Mr. Weir) allowed a large quantity of butter to come out of storage without paying duty.

I feel confident this must be a misprint, because it has no foundation in fact.

ROYAL CANADIAN AIR FORCE

RETIREMENT OF NON-PERMANENT OFFICERS AND MEN

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I should like, Mr. Speaker, to ask the Minister of National Defence (Mr.

Sutherland), whether the government has in any way altered its attitude as to giving more favourable treatment to the officers and men of the Royal Canadian Air Force who have received notice of dismissal as from March 31?

Hon. D. M. SUTHERLAND (Minister of National Defence): I do not know that the government has announced its attitude, Mr. Speaker. About sixty-nine officers and one hundred men have been notified that their services will be dispensed with on the first of April, and every possible consideration is being given to them.

Hon. W. D. EULER (North Waterloo): A few days ago I asked the minister with regard to the dismissal of certain men who claimed they had received two weeks' pay, and whether their claim was founded on fact. He was kind enough to send me a statement—really to the effect that it was. It seemed to me at the time that this was scant consideration for men who had been employed for many years. He has just said in reply to a question by my hon. friend from Shelburne-Yarmouth (Mr. Ralston) that full consideration is being given. May I ask if such consideration contemplates any departure from the attitude he announced a few days ago?

Mr. SUTHERLAND: Mr. Speaker, I may have given a wrong impression to my hon. friend from North Waterloo (Mr. Euler). The officers who are leaving the service get one month's leave with pay for every five years of service, and in addition, of course, if they have any annual leave coming to them in the past year that leave is added. With regard to the airmen, under all circumstances they are allowed three weeks' leave with pay, and if they have extra leave coming to them, of course, they are credited with it. That leave will start so that it will coincide with the closing of their period of service on March 31.

Mr. EULER: The minister says a month's leave or a month's pay is given if the man has served five years. Is that month the minimum or do they receive a proportionate leave or salary if their period of service has been less than five years?

Mr. SUTHERLAND: If their period of service has been less than five years they may get less.

Mr. EULER: They might get only two weeks?

Mr. SUTHERLAND: It is possible.

Mr. RALSTON: Arising out of the questions asked by my hon. friend from North Waterloo, and the answers of the Minister of National Defence with regard to the leave given the officers and men of the air force, may I ask the minister if the consideration which is being given in the way of leave is not simply the ordinary, usual provision in that respect? It is not any special consideration in view of the summary and wholesale nature of the dismissals?

Mr. SUTHERLAND: It is the usual leave, of course.

CANADIAN NATIONAL RAILWAYS

NORTH BATTLEFORD-EDMONTON BRANCH LINE CONSTRUCTION

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I should like to ask the Minister of Railways a question arising out of a question I directed to him the other day. I do not think the answer then given was as complete as the minister would like to have it. Between North Battleford and Edmonton sixty-nine miles of roadbed is ready for steel, and I understood the minister to say that he did not expect that any construction work would be undertaken this year, whether it was expected the line would pay or not pay. I should like to ask the minister whether that was what he meant, or whether consideration will be given to construction work in areas where the chances of paying are one hundred per cent.

Hon. R. J. MANION (Minister of Railways and Canals): I did not make the statement that there would be no construction in any area whether or not it could be expected to pay. As far as I remember I simply stated that in view of the serious financial condition of the road the management had not recommended to us the continuation of practically any branch lines at present.

Mr. McINTOSH: Then apparently there will be no construction this year even in areas where it might be expected to pay?

Some hon. MEMBERS: Order.

Mr. McINTOSH: I am just asking for information. You can keep refusing all you like; that does not bother me.

AGRICULTURAL IMPLEMENT REPAIRS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Is it the intention of the government to bring into effect the new tariff schedules covering repairs to all agricultural implements, as proposed last year?

Right Hon. R. B. BENNETT (Prime Minister): So experienced a member as the hon. gentleman would hardly be expected to ask that question. These are not questions that should be asked until the budget is brought down, and then they are answered before they are asked.

Mr. VALLANCE: I am being asked today, by those who are vitally interested, if this is the intention of the government. I merely asked the question of the Prime Minister, and I think his answer was quite unwarranted.

ADMIRALTY ACT AMENDMENT

Hon. Hugh GUTHRIE (Minister of Justice) moved the third reading of Bill No. 15, to amend the Admiralty Act.

Motion agreed to, bill read the third time and passed.

THE PUBLIC SERVICE

PROPOSED DEDUCTION OF TEN PER CENT IN INDEMNITIES AND SALARIES

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to introduce a measure to authorize deductions of ten per cent from the amounts of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year 1932-33.

And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

He said: Mr. Speaker, in moving that you do now leave the chair to enable the house to resolve itself into a committee of the whole to consider the resolution which has just been read, I do so in the absence of the Minister of Finance (Mr. Rhodes) who is still indisposed and confined to his bed. Since the opposition have indicated that they do not propose to consider items concerning salaries in the estimates of the two departments now before the committee of supply until such time as the policy of the government has been made known with respect to the reduction of civil service salaries by ten per cent, I am moving this motion in the place and stead of the Minister of Finance. I greatly regret that it falls to my duty to do so, because the Minister of Finance had prepared himself more adequately than I to explain the resolution to the house.

I should like to preface anything I have to say by the observation that the civil service of this country has now become a very large body; approximately 65,000 people are affected by this resolution. The civil service is a body of which this country has become justly proud, because there are many employees in the service who discharge onerous and difficult duties with credit and distinction. On the other hand it is beyond question that the service has become overmanned in many departments. That, I think, is a commonplace. That the Beatty commission, charged in 1930 with the responsibility of determining the extent to which the service could be reduced or improved, has not made a report is well known to every hon. member of this house, but that there are larger numbers on the payroll of the country than the necessities demand I think has been felt by every thoughtful investigator for many years.

That does not detract from the value of the service that is rendered by the painstaking and thoughtful men and women who serve the state with loyalty and who do not look upon their positions merely as opportunities to enable them to see what they can get from the treasury, but there are those who do take that attitude, and ultimately that matter must be determined by suitable and proper investigation. After all, the civil servants of this country are the instruments by which the business of government is carried on, just as in every business there are employees, clerks, managers and executive heads, for the purpose of directing the activities of that business. So the state through its government has the right, which it exercises, of employing from time to time men and women to discharge the obligations that are necessary for the conduct of public business, and as I have said, in the main these duties have been discharged satisfactorily to the Canadian people.

During the last few days we have had much discussion as to the principles that should govern in appointments to the service, in promotions and in the payment of compensation for services rendered. The committee that was appointed, and that reported upon professional compensation, indicated that in their opinion the professional class, having

regard to the salaries commanded in other walks of life, were not adequately compensated, and certain recommendations were made. I think it goes without saying, and at least my observations lead me to believe, that there is no question at all as to the fact that there are certain classes of the public service that are not adequately paid. They could command a larger compensation in other walks of life, yet in these days it is apparent that the compensation given is not so much out of line as some people have thought. There is a measure of security of employment; there is a certainty of not too long hours and there is also provision for a pension. To this the individual makes a contribution, but he does not pay the whole cost; the state itself makes continuous contributions from year to year to the superannuation funds in order that these pensions may be paid.

Then, of course, there is the other class which, in the opinion of most people, is overpaid. It is not my purpose, however, to do more than say that that is a matter which will be subsequently investigated at an opportune time. The principle upon which compensation has been awarded in the past and salaries paid has been, in my judgment at least, too elastic to bring about reasonably proper results. I know of salaries that are being paid to those in the service which are out of all proportion to the salaries paid to others also in the service. Those who are receiving, for instance, $250 a month or $220 a month, as compared with those who receive $150, are not called upon to discharge, nor do they discharge obligations at all commensurate with the difference between the two levels of salary.

Leaving that for the moment, we find that during the last two years, owing to the great pressure of depression upon the public purse, and owing to the difficulty of raising taxes beyond a certain measure, there has been, not only on the part of governments but by private enterprises, an effort to curtail and, by the practice of economies, to restore a balance between income and outgoings. The Canadian Pacific Railway Company a year ago instituted such economies; the Canadian National Railways last year instituted economies in that direction; and further economies have been effected by the findings of boards in connection with the running trades. Recently a board was sitting in Montreal when its duties were suddenly ended by an agreement being arrived at whereby a ten per cent reduction was accepted by the clerical staffs of the railways, the question then being under consideration by a conciliation board. In private enterprises throughout the country, apart from the great transportation companies, the same principle has been followed. The public service is called upon, therefore, to consider the conditions that now exist in the light of the treatment accorded by other employers to their employees, which has been governed not only by the economic necessities of the various enterprises to which I have referred but also by the fact that there has been a considerable reduction in the cost of living. The figures furnished by the Department of Labour indicate that at the present time the cost of living, as compared with 1926, is as follows: Food costs, a reduction of 30·4 per cent; fuel costs, a reduction of 5·8 per cent; rent, $\frac{7}{10}$ of 1 per cent; clothing, 23·6 per cent, and sundries, 2·2 per cent. Weighted, as is done by statisticians in an endeavour to arrive at an average comparable with other averages, the average given is 14·4 per cent; and so far as wages and salaries generally are concerned, the statisticians report that the average reduction throughout the country is approximately ten per cent, or perhaps a little more.

The proposals contained in this resolution contemplate a reduction of compensation awarded to the public service of ten per cent in the case of all those who receive upwards of $1,200 per annum, and inasmuch as under $1,200 a ten per cent reduction might effect some hardships, the state or the treasury is absorbing the five per cent for superannuation, leaving the net contribution made by the individual receiving $1,200 or less per annum five per cent of his annual salary. In other words, if he receives $1,200 per annum his contribution to the welfare of Canada will be $60 or $5 per month. That applies to all classes and all persons except the representatives of the crown, judges, and the members of the military, naval and air forces, and the Royal Canadian Mounted Police. It will include all payments, regardless of designation. Some employees receive regular salaries plus various allowances payable either in cash or in kind. These additional payments may be designated as salaries or allowances, or other similar terms may be used; but if they form part of the remuneration attached to the office they will be subject to the ten per cent reduction. I may say that where living allowances are provided for, obviously the living allowance would not be included in the amount from which the ten per cent would be deducted. But where there is a sum added to another sum for the purpose of determining the amount upon which the superannuation

allowance is paid, then that will be the sum from which the ten per cent reduction will be made. In other words, everything that is received by the individual that might be classified as remuneration, compensation or salary, for the purpose of enabling the contribution to the superannuation fund to be determined, will be the sum or the amount from which the ten per cent will be deducted.

So far as the exceptions are concerned, the representatives of the crown in the various provinces are not subject to that deduction; and those of us who are familiar with the costs and expense involved by any Canadian who has accepted the office of lieutenant governor will agree, I think, that although he pays income tax upon that sum he has not—at least so far as I have been able to ascertain—except in one province ever been able to succeed in maintaining the office on that sum or in fact on one very much larger. The judges are not included in this measure. It has been contended by legal authority, and an article in the last issue of the Law Quarterly Review goes into the matter rather fully, that it would be a breach of the statutory rights of judges to undertake to make a curtailment in their salaries in this way. There are, however, other methods by which the matter may be dealt with, and the government has not finally determined what action it may take in that regard. The ten per cent reduction will also apply to all those bodies or agents or trustees of the government that are discharging functions in the name of or for the government—for instance, the grain commissioners, the railway commissioners, the harbour commissioners. Obviously, however, there is no jurisdiction on the part of this administration or of any government to impose this reduction, if it is so called, upon the employees of the Canadian National Railways. They are dealt with by their own organizations—that is, the executive of the railway itself. But I should like to make it clear that the ten per cent reduction will apply in all other cases of employees of the public service, direct or indirect, with the exceptions I have just mentioned.

Superannuation benefits will not be affected. The contributors will make their contributions on the salaries received after deducting the ten per cent, and those retired will receive benefits based on the regular compensation rates before the reduction.

Mr. STEWART (Edmonton): Will the Prime Minister please repeat that.

Mr. BENNETT: The contributors will pay contributions to the fund on the amount that they actually receive, being the present salary range less ten per cent, but they will receive benefits based on the regular compensation rates before the deduction. And, as I have already indicated, the superannuation contributions of persons whose remuneration does not exceed $1,200 will be paid from the consolidated revenue fund, thus relieving them of one-half of the deduction applying to the public service generally. There are, of course, many cases in which there may be what I shall call purely administrative difficulties. In the measure to be founded upon this resolution it is proposed that the treasury board may make regulations to meet any difficult cases which may arise in connection with the adjustments which will be incident to the application of a principle of this kind to so large a number of persons.

I will next point out the extent to which the revenue will be affected and what it will mean in the way of increased revenues to the dominion. It is estimated that about $83,000,000 will be the gross amount from which deductions will be made, and that there will accrue to the revenues approximately $8,300,000 by reason of this reduction. On January 18, 1932, we had 36,595 permanent employees and 6,058 on a temporary basis, making a total of 42,653 receiving salaries and wages amounting to $66,808,653.01. There are a large number of seasonal and casual employees not included in the list to which I have referred, receiving various rates of pay. These total about 1,820 computed on a permanent basis—the temporary basis fluctuating from day to day—and receiving remuneration amounting to $1,297,743.50, while the temporaries, as of January 18 last, received $7,374,847.21.

Mr. VENIOT: What were the first figures given by the right hon. gentleman?

Mr. RALSTON: Was not that figure of seven million included in the other figure?

Mr. BENNETT: The $1,297,743.50 is received by 1,820 permanent employees, for the purpose of convenience classified as seasonal and casual employees; those who come and go received for the year, $7,374,847.21. This makes a total for 44,473 employees receiving $75,481,243.72. Then there are revenue postmasters totalling 12,300 in number who receive in round figures $6,000,000. The indemnities to senators amount to $384,000, and to members of the House of Commons, including compensation paid to ministers and to the leader of the opposition, $990,000. The in-

cidentals in connection with the printing bureau and matters of that kind amount to approximately $873,000. The grand total is 57,565 employees receiving $83,728,000.

Mr. EULER: Are the rural mail contractors included in that list?

Mr. BENNETT: No.

Mr. POWER: Are the labourers receiving prevailing rates included in that list?

Mr. BENNETT: They are not included in the figures I have given. The total number of employees which I have just given is estimated by the departmental officials to be somewhat lower than what should be estimated. In 1930 a return was prepared with much care for the Beatty commission, and this gave the total number as 64,946. After making allowances for duplications and staff reductions, the departmental officials estimate the present total to be upwards of 62,000, receiving something over $83,000,000. The future of these employees has been taken care of by the provisions of the old superannuation act, the new superannuation act and the retirement act, with which this house is more or less familiar.

The general attitude of the civil service of this country as manifested by the official representations made to-day to the government and by communications received from all parts of Canada, indicates a sharp division of opinion. The official representations made to-day probably have been seen by hon. members, but every mail brings, not only to myself but to all members of the government, communications from men and women indicating a willingness, nay a desire to make some contribution in this time of stress to the country which has protected and supported them and in which they have found such ample opportunity for self-expression and development. It has been marvellous to read some of the communications which have been received. It would not be right or fair to indicate the names of the persons who have so communicated with the government, but some of these communications are so striking as to warrant their being referred to. One woman gave a striking example of what I might call the attitude of the average Canadian employee to the problem of the maintenance of this country's position and its integrity financially. She says:

It is now, and has long been, a cause of deep thankfulness that I have a salary to be cut, and that in these times of stress, when burdens are so great, not only in Canada but throughout the British Empire, whose honours and greatness we share and enjoy, that we can share and share gladly in the pinching. Ten per cent of my salary now seems but a small premium to pay for the security and comfort enjoyed by me in my years in the service. Since we have enjoyed the good years, shall we not also have the lean?

Mr. MACKENZIE KING: Will the right hon. gentleman be kind enough to give the name of the writer?

Mr. BENNETT: I said distinctly that I would not.

Mr. MACKENZIE KING: It is unparliamentary to read a communication without giving the name of the writer.

Mr. BENNETT: It is not.

Mr. MACKENZIE KING: I ask Your Honour to rule on that question, whether or not it is unparliamentary for a communication to be read in the house without giving the name of the writer.

Mr. BENNETT: It is not, unless it is a public document.

Mr. LAPOINTE: The application of that rule has been insisted upon many times by the right hon. gentleman.

Mr. BENNETT: It is not a public document.

Mr. SPEAKER: The Prime Minister (Mr. Bennett) has indicated the distinction; the document quoted was a private and not a public document, and the name of the writer need not be given.

Mr. MACKENZIE KING: Is it to be understood that hon. members are to be free to read communications in the house without giving the names of the writers? I have always understood that that is one rule to be held inviolate—I know it has been so applied to myself—that no communication should be read without giving the name of the author.

Mr. SPEAKER: The practice has been to withhold the name of a person making a private communication.

Mr. LAPOINTE: Never.

Mr. MACKENZIE KING: It is not a private communication; if it is, it should not be read in the house.

Mr. BENNETT: If a private communication is addressed to me and I have the leave of the author to read from it, I assume I have the right to do so.

Mr. LAPOINTE: It becomes public when read.

Mr. BENNETT: I believe there is a rule in Great Britain which prevents members reading from newspapers, but that is not the matter with which I am now dealing. I have pointed out that there is a substantial body of public opinion in this country, employed in the public service itself, which realizes that this country is now passing through a difficult period and that it is desirable that some contribution should be made by them to the public welfare. Those receiving salaries of $1,500 and $3,000, as the case may be, are exempt from the payment of income tax; those in the higher levels make contributions to the state through the income tax, but those in the lower levels make none. I have yet to see any one of my fellow Canadians with whom I have discussed the matter who regards $5 a month as an unfair contribution to make to the Dominion of Canada at this time. That has been my observation.

I was speaking of the second class of civil service employees throughout the country and I indicated that in every city and town—and I say that deliberately—there is a large number who realize the desirability of making this contribution, and who are proud that they are living in a country where they are enjoying what they do enjoy and to make this contribution to its well-being. Those are the two sharp contrasts. I am also not unmindful of the fact that a very serious effort has been made to make this a political issue. As to that, all one has to do is to read what has transpired in the city of Ottawa during the last forty-eight hours. All one has to do is to read a statement reported in the newspapers, as made in a public gathering by a member of this house, that a nearby county would of course be able to be secured by the opposition at the next election because a large number of civil servants lived there, taking it for granted that by reason of what had been done they would vote against the present administration. This administration has measured the effect of such action and it will not be deterred from doing what it conceives to be its duty because it knows a very earnest effort will be made to introduce politics into the discussion of the matter.

But I am not unmindful of another thing and that is, that in England where the civil service has been said to be, as it is, a most exemplary service, a committee generally known as the May committee was appointed, and the report of that committee dealing with the civil service recommended not only that changes should be made by way of reductions but also that the civil servants like every other citizen of the realm should pay income tax beginning at £125, which I think was the final figure fixed upon, or the equivalent slightly over $600. At the end of last year I saw some evidence of the anxiety of not only this class of citizenship of Great Britain but of other classes receiving small emoluments, to assist the state in its troubles and their willingness was one of the most remarkable and amazing things that one could view. It expressed itself by savings, by self-denial, by sacrifice of immediate comforts for the benefit of the state.

In this instance the bill which will be founded upon this resolution has force for one year only. As the resolution itself indicates, the bill will expire on the 31st day of March, 1933. It has no vigour or life beyond that date, and I do not believe Canadians employed in the civil service of this country will be less desirous, less anxious, or less enthusiastic in their zeal, to make a contribution to the well-being of Canada than are those who are affected by similar reductions in the compensation they receive in Great Britain in consequence of the May report.

Recently in the great republic to the south, probably notice has been taken by many members of the effort that has been made to save millions now wasted in connection with the various executive activities of the government. That is the way in which their effort is spoken of in the reports that come from Washington. In every country efforts of this kind are being made. The sum of $8,000,000 represents the interest on $160,000,000. At this time, when not only are revenues urgently required, but the capacity of the average person to pay has become less and less; when the successive crop failures in seventy-six municipalities in one province have limited the productive result of efforts to an extent never before known; when the demands made by the nationally-owned railway upon the exchequer are, of which we have already seen indications, millions and millions of dollars; when it cost the Canadian people by taxation or borrowing at least $1,000,000 a week for every week in 1931, to provide for the requirements of the nationally-owned railways and those moneys or the interest upon them must be provided immediately by the taxpayer, then, indeed, the interest upon $160,000,000, which will represent the contribution which the public service will make to the welfare of Canada during the year, is a sum of very great importance. We do not believe it will work any hardship; we believe the provision that has been inserted with respect to the superannuation allowance for those receiving

under $1,200 will relieve any possibilities of hardship. Despite the apparent efforts to introduce politics and to make political issues in this capital city of Ottawa—

An hon. MEMBER: Where did the right hon. gentleman get that?

Mr. BENNETT: Did the hon. member read the report of the Liberal meeting the other evening in Ottawa?

Mr. BRADETTE: The right hon. gentleman must have read about it in Brockville.

Mr. BENNETT: I am referring to the Liberal meeting held here and addressed by members of this house during the past week. If the report is erroneous, I am sure the hon. gentleman will be only too glad to deny its accuracy. I am merely pointing out that, despite that, I believe the great body of opinion of the civil service leans to the view that this is not an unreasonable contribution to make under present conditions, nor will it lie within the mouths of those who oppose this measure to charge that there has been reckless expenditure of public moneys, for whatever else may be said, every department of the public service up to this moment has lived well within the estimates voted at the last session, which were substantially less than the estimates of the previous year which were not prepared by the present administration. What is more, I think it will be found as the session progresses that there has been a real and vigorous effort to effect economies in the public service, and if these economies are not popular and do not conduce to the popularity of the administration, we conceive our duty to be far greater than that which is involved in the popularity of a government. From day to day, week to week and month to month we have continued to discharge the duties which devolve upon us, endeavouring not only to maintain the economic structure of this country and its credit, but to enable it to meet its obligations in every part of the world in the terms of the contracts creating them.

In addition to that we have been called upon to support, financially and otherwise, the western provinces of this confederation so that, despite the extraordinary depression through which they are passing and the difficulties they have to encounter, their credit may be maintained. Now, at the very threshold of a new year, so far as crops are concerned, we are confronted with the request that not thousands or hundreds of thousands of dollars be provided, but that millions of dollars be provided to enable the husbandmen between the lakes and the mountains again to sow their seed, trusting to the harvest which, for the last three years, has not resulted from their efforts. These are the difficulties under which we live; these are the difficulties under which we carry on. And we believe that when there is an understanding—as there will be—as to just what the situation is, hon. gentlemen who sit opposite will not be proud of any opposition they have urged against efforts made to provide, by methods indicated, a contribution to the welfare of this country to maintain its integrity and existence as a dominion in a time of the greatest stress through which the ship of state has laboured.

We believe that, and we are content to leave the issue with those who ultimately are to decide it. We have gone forward and discharged an unpleasant task, an unhappy task. We realized the responsibilities placed upon us because of conditions which are now world-wide, and are known by every thoughtful man to be universal, that are not measured in terms of what took place in 1929, 1930 or any other year, conditions the like of which have never been known to the mind of men. Realizing all that, we have endeavoured, Mr. Speaker, to the best of our ability, to provide that there shall be a balanced budget brought about by economies and by the utmost care in the public estimates, there being reductions in them such as this house has never witnessed before, and to which we hope to give effect. The taxation we believe will not be so unreasonable as to shatter the hope and courage of the Canadian people, because there is a limit to what a new people in a new country numbering only about 10,000,000 can stand.

Realizing all these considerations, we submit this resolution to the house in the earnest hope that it may be considered fairly, free from prejudice or any efforts directed towards political advantage, seeing in it what it really is—a measure for the purpose of adding to the revenue of this country without doing hardship to any person. We have felt that a class which has received protection and security through all the years should make a definite contribution to the revenues of Canada, and I feel certain, as I said to the representatives at the meeting this morning, that as they do it gladly, when these dark clouds have passed away and this time is forgotten, they will look back with pleasurable pride upon the contribution they have made to the prosperity of the country they love so well.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I regret I have again to refer to the opposition being taken unawares with respect to measures brought up for discussion. At the time of adjournment last night when the business of to-day was mentioned by the Minister of Justice (Mr. Guthrie) who was the acting leader in the house at the time, he spoke as follows:

> The procedure to-morrow will depend on the health of the Minister of Finance (Mr. Rhodes). If he is able to attend, we will take up the resolution standing in his name; if not, I fancy it will be postponed.

I submit, Mr. Speaker, that from that statement there was reason to believe that if the Minister of Finance (Mr. Rhodes) was not in his seat to-day the measure now before us would not be proceeded with. I remember at the time one of my colleagues remarked to me that it was somewhat extraordinary that the Prime Minister himself had not indicated he would take up this measure, in the event of the Minister of Finance not being in his place. In previous sessions he was not reluctant to assume most of the work of the ministry, and we were somewhat surprised that the Minister of Justice had not said that, in the absence of the Minister of Finance, the Prime Minister would take up the measure; it is the more surprising this was not said if such was the intention. I can only say that this is another illustration of the way hon. members opposite seek to treat this side of the house, so far as the discussion of public measures is concerned. In the long run I do not think anything will be gained, but I would say to hon. gentlemen opposite that in the matter of cooperation in the work of parliament they are setting an example which unless they change their ways very materially they may some day live to regret.

Mr. Speaker, I am not at this time rising to oppose the principle of this resolution—the principle, broadly stated, being that in a time of great stress throughout the country when men and women in all walks of life are making sacrifices, the public service of Canada should along with others be prepared to make some sacrifice. I believe our public service in Canada is just as public spirited as any service in the world; in fact, I would not go to England for an example of public spiritedness by public servants. I think our service is quite prepared to do its part to meet any emergency, and I am sure they have shown time and again that they are prepared to do so with a glad heart. There will be however a number of questions which will come up for consideration when the resolution is in committee, and we shall reserve discussion until the bill is introduced.

The Prime Minister himself foresaw one of the obvious criticisms certain to be directed against a measure involving an all-round reduction in the public service, when he spoke of the possible mention of reckless extravagance and expenditures on the part of the present administration. He said it would not do for anyone to raise that question. This afternoon, I am not going to dwell upon the point, but I do not hesitate to say that if the Prime Minister had been less lavish in his promises during the election campaign; and had since he has been in office refrained from doing some of the things which we on this side of the house pleaded with him not to do, there would have been no necessity to take this particular step to help meet the existing situation.

I need not remind the house that, time and again during the debates last session when the ministry was introducing measures in the nature of grants to the provinces, grants in aid for sundry purposes, we on this side of the house stated most emphatically our view that under existing conditions such grants were not justified. We said the ministry would be pursuing a wiser course if it refrained from adding to the obligations of the federal treasury until such time as the budget could be balanced. One has only to look over the records to see the extent to which obligations and undertakings of one kind or another have been entered upon by hon. gentlemen opposite in their dealings with provinces, municipalities and in other ways to appreciate the fact that if the government had been as circumspect last year, as it is becoming this year, the public service of Canada might not to-day be facing such extensive reductions as those now outlined.

I am somewhat surprised that my right hon. friend wished to bring on this resolution this afternoon in the absence of the Minister of Finance (Mr. Rhodes), particularly in view of the fact that it was only this morning he and some of his colleagues were waited upon by a deputation representative of the civil service of Canada. I assume the deputation was received about eleven o'clock in the morning and that its representation lasted for some little time. Now, one thing is perfectly clear, the Minister of Finance who has this measure in hand has not yet become cognizant of what those representations were or had any chance whatsoever to consider them.

Mr. BENNETT: I should like to advise my right hon. friend that a memorandum of the representations was sent to us some days ago—to the Finance Minister as well as to myself.

Mr. MACKENZIE KING: My right hon. friend says a memorandum was sent.

Mr. BENNETT: What they did to-day was to read it.

Mr. MACKENZIE KING: I do not want to go into the question of whether or not the Minister of Finance has been in council since the memorandum was received. I believe if that question were pressed we should find that since receiving the memorandum he has not been in council, nor had any opportunity to discuss with his colleagues any of the representations made. However, it is quite clear that so far as the delegation of this morning is concerned the government's mind was made up before the delegation itself appeared. I feel sure as well that not only had the bill been drafted but that it was printed before the delegation waited on the government.

I should like to take very strong exception to what the Prime Minister said about the making of political capital out of this measure. It does strike me as an extraordinary method of introducing a public measure—

Mr. LAPOINTE: Hear, hear.

Mr. MACKENZIE KING: —for the Prime Minister of Canada to begin a discussion on a great question like this by raising the cry of political capital. May I say that so far as I have heard any expressions of opinion from this side they have been very restrained, and to the extent to which anything has been said it has indicated that in the view of the opposition there was a very strong reason why at least those who are enjoying high salaries and are in a position to make a contribution to the state should be given an opportunity so to do. I have not heard one word in this house to indicate that in any way the opposition were opposing the broad principle of some contribution being made to the public treasury by those in the public service. What we have been concerned about, and what the public service is concerned about, is the justice of the particular contribution which is to be made. As I gather from the resolution, the purpose of the government is to make a horizontal cut. I believe—and I think the view is shared by all hon. members on this side of the house—that something in the nature of a graded contribution having regard to the salaries received, would be more equitable and more just. It is from that point of view, and that point of view alone, that we intend to criticize the government on the measure which it is now introducing.

Speaking here the other day, I said that so far as members of parliament were concerned, and so far as I myself as leader of the opposition was concerned, I thought it was quite right that along with the ministers all of us should, as the representatives of the people in this parliament, make a contribution that would be helpful in relieving the present very serious situation throughout the country. I would extend that to all those who are in high places.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: My hon. friend has mentioned a list of persons—lieutenant-governors, judges, members of the naval and military forces, the mounted police and others, who will be exempted from this proposed horizontal cut. I shall wait until we get into committee to discover on just what basis these exemptions have been made, but I should like to say at once that, speaking of lieutenant-governors, His Excellency the Governor General has set a noble example—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: —by making clear what the one who is in the highest office of state is prepared to do. With regard to the government houses throughout the dominion, I would say during a time like this it might be well to close them up altogether six months of the year. I see no reason why their social functions should be kept up at this time. When people are finding it as hard as they are to-day to make ends meet, and to get a bare living, it but adds to the bitterness and poignancy of their distress to read accounts of elaborate social functions carried on in government houses when in such quarters economy might very well be practised. I do submit that all of those in high places owe it to the country generally at a time like this to share in this contribution. There is such a thing as noblesse oblige. My right hon. friend keeps referring to the old country. A tradition has come to this land from the old country of noblesse oblige, and I am inclined to believe that the people of Canada as well as the people of Great Britain will be measuring what there may be of noblesse oblige on the part of those in high places by the extent to which at a time like this they are prepared to make sacrifices.

My right hon. friend was not wholly clear, at least at the beginning of his speech as to the purpose of this resolution. My right hon. friend started in by saying that the public service was over-manned.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen opposite say "hear, hear." Now, assuming that that is true, are we to understand that this is a measure for cutting down the public service of Canada? Because if it is it is a very different measure from what I have understood it to be up to the present time. I have regarded this as a measure for a percentage deduction from the existing salaries of those in the public service; I have not regarded it as a measure to lessen the total number of persons in the public service. I do not say that an investigation to that end might not be very profitably held and economies effected where it may be possible, but I do take exception to having the public assume from the words of the Prime Minister that he at the present time under this measure is trying to reduce the public service, when as a matter of fact so far as the measure itself extends it will not reduce the size of the service by a single individual.

My right hon. friend spoke of some salaries being out of all proportion to the work or service being rendered in some positions in comparison with the work or service being rendered in other positions. That may be perfectly true, but I do not understand this measure to be one having to do with any readjustment of salaries. It has nothing whatever to do with that, and I do not see why my right hon. friend in his remarks should seek to convey to the country an impression that his government is dealing with that particular matter in this particular resolution. Because they are not doing anything of the kind.

My right hon. friend also spoke of the economies which are being sought to be effected in the public service. Are we to understand that this is a measure for effecting in the public service, economies which will continue through the years, or is it, as it purports to be and what my right hon. friend in his concluding remarks said it was, a measure to occasion a deduction of a portion of the salaries for one year only? If it is a measure to effect economy in the public service, that would imply that these salaries are being reduced with a view to having them permanently maintained at a lower level. I say the ministry in that regard cannot be too emphatic or too clear in making its exact position known.

I gathered from the concluding remarks of my right hon. friend that it is not intended by this measure to bring about in any way a permanent reduction in the level of salaries throughout the public service; I take that from his statement that this measure would have effect only until March 31 of next year. The Prime Minister says it will have no vigour of life beyond that date. Again I should like to accept the Prime Minister's word, but I am not too sure of what may happen at the end of that time, and I refer to it at this moment in order that there may be some record of this aspect having been considered at this time. I speak as I do because on this very order paper of to-day there is notice of motion that on Monday next we consider the amending of an act passed last year so as to extend its provisions from the month of March to the month of May of this year. When the measure to which I have just referred was before parliament last year we were told in very plain language that it would expire on March 1 of this year; at that time the Prime Minister was quite emphatic that the provisions of the measure would not apply beyond that date. He stated that parliament would be in session when March came around and there would be no need for extending the measure beyond that time. So I say, with that motion on the order paper, indicating a position diametrically opposite to that which my right hon. friend took at the time of the introduction of the measure, we must be particularly cautious in accepting my right hon. friend's words as to the length of time for which the present measure will be in force. However, I do accept them, and I hope my right hon. friend will see to it that what he has said in that regard will be given full value and effect when the time comes.

I do not wish at the present time to begin a debate on this measure. I think I have made it clear that to the broad principle of a deduction from public salaries to help meet existing conditions we of the opposition are taking no exception, but we will wish to examine very critically the effect of a horizontal cut of ten per cent, especially where it is applicable to those who are receiving small salaries and to whom it must mean much more in the way of sacrifice than to those who have higher incomes. The ten per cent cut, to a man who has an income above a certain amount, does not mean anything in the way of actual sacrifice; its effect may be shown in his accounts, but in actual privation it means nothing whatever. On the other hand,

as respects salaries, of a limited size, a ten per cent cut is a very substantial contribution to make, and where people are living on salaries which simply provide them with a livelihood at the minimum standard of living it means a very great sacrifice. So far as families thus situated are concerned, while they may have escaped debt heretofore, because of this reduction they may get into debt immediately; where they have found it possible to contribute to the education of children, that education may have to be foregone, and so on. I need not enlarge upon the point of which these are only illustrations; I am just indicating the point of view from which we on this side of the house feel this measure ought to be considered. We believe that in considering a deduction of this kind regard should be had to the size of the salary and to the existing standard of living, particularly the minimum standard.

I do not wish to continue at greater length, but there is one further thing I feel compelled to say. It is this: If the salaries of civil servants are to be cut because of necessary retrenchments all along the line, and if non-essentials are to be avoided, I think we might well forego immediately the carrying on of some of the investigations that are being held at the public expense in order to satisfy some feeling of wounded pride, or some other sentiment, or feeling on the part of the Prime Minister. According to his own words the right hon. gentleman would have the country believe that the ministry is setting the country a very noble example. I say to him that the inquiry into the Gordon charges, so-called, is just beginning; it is going to mean a very considerable waste of public money; it is going to involve the printing of evidence in English and French; it is going to involve the bringing here of witnesses and we do not know how much in the way of time of stenographers and others engaged upon the work of that particular committee. It is going to occasion debate which will involve further additional expenditure. I say to the Prime Minister, in the matter of examples, let him begin with himself and eliminate that item of expense. Let him see if what will be thereby saved, cannot go to some of those in the publice service whom it would be possible to benefit if that amount were not taken out of the treasury.

Mr. A. A. HEAPS (North Winnipeg): I do not suppose the government will expect much sympathy from the Labour group in connection with the resolution now before the house. We object very strenuously to the proposed cut, particularly as it affects the lower grades employed by the government. Not only do we object to the cut in salaries itself; we also object strenuously to the method adopted in order to bring about these adjustments. We feel that the government took a most arbitrary method of bringing these reductions into force; we feel that if the government proposed to reduce the salaries of civil servants this should have been done as good employers throughout the country usually do it, that is, by entering into negotiations with the employees and trying to arrive at an amicable adjustment of any differences that might arise. I believe the principle of collective bargaining has become so prevalent that the government at this stage should have set the example by following the practice, instead of saying, "You can take it or leave it."

That action is setting a bad example throughout the country. In addition, I am afraid this reduction will have many consequences which I fear the government as yet do not fully realize. I should like to point out one or two facts in that connection. At the present there are a large number of employers of labour who have agreements with their employees, and in some cases these agreements also cover men who are employed by the government. The men who are employed by the government and who may belong to a union will have their wages reduced by ten per cent. Other employers may not reduce their wages, and consequently we will have one set of government workers receiving ten per cent less in wages than another set of workers employed by a private concern. In that way I am afraid this reduction will create a tremendous amount of confusion in many parts of the country. I do not believe the government realized this when the cuts were proposed.

I feel sure that when the government decided to make this salary adjustment they had certain ideas and a certain objective. I have to look at this from a somewhat different angle than from the government's point of view. If the government intends to stabilize conditions in this country then I claim that their action in reducing wages by ten per cent will have the very opposite effect, because the more you reduce wages, the more you reduce the purchasing power of the people, the worse conditions will become. In other words, it is only accelerating the process of what is commonly termed the vicious circle. If the government really wanted to stabilize conditions in Canada one method they could have adopted would have been an increase in

purchasing power among the great masses of the people. The example they have now set, however, in reducing wages will have the very opposite effect, for I am told by employers of labour that they intend to follow suit and cut down wages in exactly the same proportion as the government now proposes to do so far as the civil servants of the country are concerned.

The Prime Minister (Mr. Bennett) this afternoon was good enough to submit to the house extracts from the May report presented to the British government not very long ago. I wish he had enlightened the house more fully in regard to the comparative income taxes paid in Great Britain and Canada. It seems to me that if the people of Canada are to be called upon to make sacrifices these sacrifices should begin not at the bottom but at the top. On this occasion, however, the sacrifices are going to be practically all at the bottom, and there will be practically none at the top. The Prime Minister read a letter from some humble employee in the government service saying how proud the public servants would be to make the sacrifice of ten per cent. Well, I did not hear anything in the form of a letter from any of the judges in Canada. I believe that the Canadian people will readily respond whenever a real crisis confronts them.

Now how did other countries face a financial crisis when it came? For the benefit of the Prime Minister and of the house I will give a few figures with regard to income tax in Great Britain in comparison with the income tax paid in Canada. It is all very well to talk about people who receive certain sums in England and to compare that with conditions here, but we are now considering the question of raising approximately $8,000,000 by means of a reduction in the salaries of civil servants. In Canada a person in receipt of an income of $5,000 pays $32 per annum in taxes; in Great Britain on a similar income he would pay $649.69 which is about twenty times more. In Canada the man with an income of $10,000 pays $232 per annum, and in Great Britain $1,764.16, or rather more than seven and a half times as such. The man with an income of $15,000 in Canada pays $632 and in Great Britain $3,281.95, or five and one-fifth times as much. On an income of $50,000 in Canada the tax is $6,703, while in Great Britain it is $18,891.79, or two and three-quarter times as much. On an income of $100,000 a year the man in Canada pays $19,064 as compared with $48,777 in Great Britain, which is nearly two and a half times as much; while the income of $500,000 in Canada is taxed to the extent of $162,952, and in Great Britain $292,882, which is nearly double the amount.

That will give the house some idea in regard to sacrifices. If the government were anxious to raise $8,000,000 this was one way they could have gone about raising it, by taxing the incomes of those best able to bear the burden at this particular time.

Recently the people of Australia were faced with a serious financial crisis. What did they do? I have in my hand the reports of two speeches which appeared in Hansard of the Australian commonwealth, and I think it would be rather interesting at this time for us to see how Australia has decided to meet the conditions that have prevailed and no doubt are still prevailing there. I quote from page 5 of the report the remarks of the Right Hon. J. H. Scullin, then Prime Minister, speaking to the House of Representatives on June 18, 1931:

> I shall outline the main features of the plan. In the first place, there is to be a loan for the conversion of the whole of the commonwealth and state securities, amounting to about £550,000,000, which it is proposed to convert into a new stock, returning, with one or two minor modifications, a rate of interest 22½ per cent less than that now received. The banks have agreed to reduce their rates of interest on deposits and advances, and there is to be a reduction of the interest charged on private mortgages, and a reduction of adjustable expenditure by all governments.

At page 7 of the same record Mr. Scullin is again reported:

> I do not think it is necessary that I should speak at great length, but I make the point that this is the first definite attempt to bring the bondholders into any general scheme of contribution to meet the fall in our national income. We are putting forward a bold proposal. It may, in the minds of many, be a revolutionary proposal; but it is not a dishonourable one. It is not a proposal for repudiation. It is an honourable proposition, asking the bondholders of this country in a time of national crisis, to convert their bonds into new stock bearing a lower rate of interest.

In Australia, it will be seen, bonds amounting to £550,000,000 have been converted into new bonds bearing interest at a rate 22½ per cent less than that paid before. This was done to meet the financial crisis there. But when we have a financial crisis in this country what action do the government take? When they go to the money market of the dominion they actually offer the people who have the money a higher rate of interest than that to which they have been accustomed for many years. When the government bring down their estimates there is a considerable reduction in every line of expenditure, and they are

now asking the man receiving a salary of $100 per month to make a sacrifice of 5 per cent of his income; yet they increase the interest charges to bondholders in Canada, which charges are now $13,000,000 greater than they were the year before. In other words, the government are asking employees with low wages to make sacrifices while they are increasing the returns to the wealthy classes in the dominion. I repeat, therefore, that if we are going to ask anyone to make sacrifices we should see to it that these sacrifices begin first of all at the top and work down gradually to the bottom, assuming it is necessary for the people at the bottom to make sacrifices at all. Suppose we in this country followed the example of Australia and converted the bonds held within the confines of this dominion into new stock bearing interest reduced by 22½ per cent as in Australia? Why should bonds be any more sacred in Canada than they are in Australia? Well, suppose we followed that example, on our annual interest charges of approximately $135,000,000, there would be this year a saving to the exchequer of at least $20,000,000; and I say that until such time as those people who own bonds in this country are compelled to receive a reduced return in the form of interest charges, which must be derived from the productive capacity of the dominion, we have no right to ask our employees to accept reduced wages. Approximately $20,000,000 could be saved in that way, and if the income tax was increased to the levels to which the Prime Minister is evidently willing to agree, in my opinion it would not be necessary to ask the employees of this country to sacrifice from seven to eight million dollars of their salaries.

The Prime Minister made the statement that the low paid employees of this country receive the protection of the government. I contend that it is the great masses of the people that give to this country the protection it has. The reverse is true of what the right hon. gentleman has said; it is the great masses of the people who are performing the useful services in our midst who are helping to build up this country. To ask the charwomen and the elevator men to undertake a sacrifice at this time is, I think, starting at the wrong end because these people are performing a useful service.

The people who are receiving the protection of this country are the bondholders, and this measure is giving to them still greater security.

Mr. HACKETT: Will the hon. member tell the house what percentage of Canadian bonds are held by Canadians? In order to help him to answer I will tell him that of the bonds of the Canadian National Railways, two-thirds are payable outside of Canada, principally in New York.

Mr. HEAPS: I thank the hon. gentleman for the information, but I was referring to bonds held internally. I referred to the sum of $135,000,000 as being approximately the amount paid in interest charges on federal obligations, and I stated that with a reduction of 22½ per cent, as was undertaken by the Australian government, a saving could be had of approximately $20,000,000. This percentage of reduction applied to the total amount would give a saving of approximately $30,000,000. I allowed for two-thirds of the bonds being held within Canada, but I believe the exact percentage is somewhat higher. Speaking in Ottawa some time ago Sir Joseph Flavelle gave a figure considerably in excess of that given by myself. I understand quite well that we could not attempt any reduction in the case of bonds held externally, and I omitted any reference to such indebtedness.

I was referring to the protection given to the bondholders while practically no protection is given to the people who work for low wages. The Prime Minister referred to a ten per cent reduction in the cost of living as is shown by the figures of the Bureau of Statistics, but I should have liked him to go to the same source of information to find out what it costs a family of five to live in ordinary decency. The figures submitted at various investigations which have been held from time to time go to show that there is no justification to cut any salary below $1,800 per year. That is the minimum figure given by statisticians which will permit a family of five to live in ordinary decency and comfort. When wages are cut below a certain level standards of living have to be reduced.

If the government had submitted a measure to exempt from this reduction those receiving salaries of $2,000 per year and less, no doubt the opposition to such a proposal would not have been as strenuous as it is likely to be to this particular measure; if the Prime Minister had come to the house with a proposal to ask all the people of this country, including the bondholders, the bankers and the financiers, to make some sacrifice, then some of the objections might have been cut away from under our feet, but when he comes to the house with a proposal whereby those employed by the government and earning $100 per month or less are to be cut five per cent, and all those earning over $100 per month, ten per cent, then I say there is no justification

for such action. While the leader of the opposition (Mr. Mackenzie King) has taken the stand that he would be in favour of graded reductions, I take the stand that until the government has asked a sacrifice on the part of those able to bear it I am opposed to any effort to reduce the salaries of the employees of the government.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, I have no criticism to offer of the government's action in suggesting a reduction in the salaries of civil servants, and of all others in the public service, and in the indemnities of members of the House of Commons and the Senate. I believe that the average member of parliament represents people whose incomes have been cut from ten per cent to as high as seventy-five per cent or in some cases one hundred per cent; indeed, there have been instances where the total income of people has been eliminated. I believe the majority of the civil service appreciates the fact that some reduction is necessary, but I think it might be made on a more equitable basis; there should be a larger reduction at the top and a more modest reduction at the bottom.

I protest against the exemption of the members of the judiciary from this contribution to the public service. We have in Canada the following judges receiving the salaries indicated:

1	$15,000
6	12,000
18	10.000
113	9,000
2	8,000
3	7,000
133	5,000

I hesitate to think that the members of the judiciary are lacking in that devotion to public service and patriotism and love of country so necessary in a time like this, and I contend that the government should call upon these men to make a corresponding sacrifice. I do appeal to the Prime Minister to change the policy in this regard and to call upon the members of the judiciary and some of the highly paid members of the military forces to make similar contributions. His Excellency the Governor General has seen fit voluntarily to hand back $5,000 of his salary to the public treasury. Surely the comfortably situated and highly paid members of the judiciary are not going to stand by and collect all their salaries while these other contributions are being made. I therefore, appeal to the government to change their policy in this regard and to ask these men to make a similar contribution.

[Mr. Heaps.]

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, I wish to say a few words in connection with this resolution. To one who has always been in the ranks of the working class to object to wage reductions is nothing new; as a matter of fact, we have always had to do this regardless of whether times were good or bad. Times were never so good that our masters could afford to give us an increase in wages unless we were able to take it. For that reason, talking against a proposed reduction in wages has possibly become a habit with us. I am not however apologizing for the habit if it shows itself at this particular time. We do not altogether object to a reduction in wages for civil servants. Speaking personally, I have no objection to the reduction in the indemnity of members of parliament, because I realize that we receive very much more than the average person we represent and really I do not think it is a good policy that the representative should have a much higher standard of living or enjoy greater comforts than those he represents. There are many reasons for that.

In opposing the civil service salary cut, we believe possibly no great hardship will be incurred by those who are receiving high salaries, but when we come to those lower paid people, we realize that they cannot accept a cut without a reduction in their standard of living. The Prime Minister (Mr. Bennett), speaking to this resolution, read from one of several letters which he had received stating that this cut was welcomed by many. I have also received numerous letters, just as I presume other members have, and I shall read excerpts from one. This man writes to ask me to use my "voice, vote and influence against a cut in our already low salaries." He says:

> For your information I may state that I am employed at certain work at $80 a month. Five per cent of that salary is deducted for superannuation.

I understand that this bill is going to take care of that, nevertheless the ten per cent cut will take place. He goes on to state how some of this already low salary is used. He says:

> Five dollars a month for car fare, rent $20 a month, association dues and insurance, $1.75 a month, leaving us less than $48 a month for food, clothing, church and lodge dues and other things.

Then he goes on to say:

> We are not living very high even now. The work we do attending sick men requires special

training, also demands that we live clean, respectable private lives, so that a 10 per cent cut will put us down to pork and beans and possibly beans without the pork.

This is the situation so far as all these lower paid civil servants are concerned. As I said before, for those who are receiving $3,000 or $4,000 a year, a cut of ten per cent will not mean very much; it will mean they will have to cut out some slight luxuries; but for those lower paid people it will mean they will have to reduce in regard to various essentials of living, and this in a country where we have too much of everything so that we do not know what to do with it.

I should like to point out that when the speech from the throne was read, we were told that conditions in this country were improving. I hope we are not going to get a reduction in salaries or wages, which means a reduction in our standard of living, every time conditions in the country improve. It was also mentioned that all government employees do not come within the scope of this reduction. As those who have spoken before me have pointed out, in this class there are the judges, the mounted police, the military and naval officers and possibly their staffs. It seems to me rather strange; in fact, there is something sinister in the fact that judges, police and military and naval officers should be exempted at a time like this. Is it not just possible that with the ever-decreasing standard of living, with the ever-increasing hardships on the masses of the people, the government had in mind that they would not take kindly to it and it was decided it was necessary to have satisfied judges, satisfied police and satisfied military and naval officers to take care of the situation? Nothing else can be read into this, so far as I am concerned. This man in the letter which I have just read indicates the manner in which this situation has been received by many people.

I have not the figures for the income tax returns for 1931, but I have them from the Canada Year Book for 1929 and 1930. I notice that the number of those receiving incomes of from $30,000 to $50,000 increased from 847 in 1929 to 1,016 in 1930, an increase of over forty-three per cent. I wonder if the Prime Minister had any communications from those people saying that they were willing to sacrifice, in these times of distress, some of their enormous incomes. Not only did the number of those who were receiving $30,000 to $50,000 increase, but the number of those receiving $50,000 increased from 523 in 1929 to 603 in 1930.

I do not wish to take up the time of the house. I just want to add my protest at this time as I realize many others will wish to speak on this question, but I protest against the reduction in the wages and salaries of those who are at the present time, as the hon. member for North Winnipeg (Mr. Heaps) has stated, receiving $1,800 or less per annum.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, on some occasions it might have been sufficient if one member from this corner or from the Labour group should have spoken, but on an important matter of this kind I feel every one of us ought to protest to the utmost against any such action on the part of the government. No other proposal brought down by the government quite so fully illustrates the class nature of the government of this country as does this one to cut the civil service salaries as now proposed. It is only the other day that in Great Britain Lord Marley made this statement:

> We have got a bankers' government carrying out a bankers' policy, to meet a bankers' crisis, caused by bankers' mismanagement.

Mr. BENNETT: Lord Morley has been dead a little over ten years.

Mr. WOODSWORTH: Did I say he made the statement? Then I withdraw that.

Mr. GARLAND (Bow River): Is that statement not to be attributed to the younger Lord Morley who recently made a statement of just that character?

Mr. WOODSWORTH: Lord Marley.

Mr. BENNETT: Yes, Lord Marley who was the Minister of Air at one time. That is not Lord Morley.

Mr. GARLAND (Bow River): In any case the statement is true.

Mr. WOODSWORTH: There seems to be some doubt as to which Lord Marley it is and just when the statement was made, but I am quoting from a review of last year's notable sayings as contained in The Observer, a prominent old country Sunday newspaper, a statement which was reproduced in the Western Producer. I presume therefore that this article before me covers what Lord Marley—not Lord Morley—uttered. It may be of interest to the Prime Minister to know that in this clipping one of his own statements is quoted. Reference is made to the fact that the millionaire Prime Minister of Canada said, "I have always paid my income tax with pleasure."

Mr. BENNETT: Hear, hear.

Mr. WOODSWORTH: That is correct, is it?

Mr. BENNETT: Yes.

Mr. WOODSWORTH: Well, we will presume Lord Marley's statement is correct, too.

Mr. BENNETT: I corrected the hon. member by saying that Lord Morley died about ten years ago. Lord Marley is another gentleman, altogether.

Mr. WOODSWORTH: I was not talking about Lord Morley.

Mr. BENNETT: That is the name you first used.

Mr. WOODSWORTH: No, I said "Lord Marley."

Mr. BENNETT: The hon. member may have intended to say that, but he certainly did not.

Mr. WOODSWORTH: Any hon. member who has, as I have, read a great deal concerning Lord Morley, would not have referred to an utterance by Lord Morley made only last year. I am reading from the statement of Lord Marley, whom I do not know.

The statement before me was taken from a well known English newspaper. I do not think it is quite proper that the Prime Minister of Canada should try to discount my authority; fortunately however I have the clipping before me, and I shall refer to it—I do not care whether it was made by Lord Marley, or by someone else. I quote as follows:

> We have got a bankers' government carrying out a bankers' policy, to meet a bankers' crisis, caused by bankers' mismanagement.

If that is true of any other country, I believe it is preeminently true to-day of Canada because, undoubtedly here the bankers have had a clear road. They have been given a free hand to carry out their policy; no one has interfered in any way. Under our Bank Act they were practically unrestrained, and under our Finance Act they could manipulate as they pleased; so if there is trouble it is their responsibility, and not that of the ordinary people. The present government and, I must confess, the former government also, in their financial policies took the word of the bankers. The ordinary people have not had any voice, and yet when we get into difficulties the ordinary people are made to suffer and the bankers go scotfree.

Previous speakers in this corner of the house have protested against cutting the salaries of those civil servants receiving small amounts. I think it would be well to put on record the salaries received by some of these people. To give this information I quote from a statement prepared by the Amalgamated Civil Servants of Canada, and which, I have no doubt, was received by all members of parliament. It reads in part as follows:

> The salary range of a grade 1 clerk is from $720-$1,020 per annum. An employee in this class, due to receive a statutory increase of $60 is first of all reduced by 10 per cent, or $72, then loses his $60 increase, a total reduction of nearly 17 per cent.
>
> Canal lightkeepers whose range is $840-$1,200 per year are reduced by 10 per cent, then lose their increase of $60, making a total reduction of $144, or 16 per cent.
>
> Customs clerks and examiners whose range is $1,200-$1,740 per annum are first reduced by 10 per cent, then lose their increase of $120, a total reduction of $240, or over 18 per cent.
>
> Customs guards and truckmen whose range is $1,080-$1,500 per year are first reduced by 10 per cent, then lose their increase of $120, a total reduction of $228, or 19 per cent.
>
> Cleaners and helpers whose range is $900-$1,140 per annum are first reduced by 10 per cent, then lose their increase of $60, making a total reduction of $156, or 15 per cent.
>
> Postal helpers whose range is $1,020-$1,320 per year are first reduced by 10 per cent, then lose their increase of $120, making a total reduction of $222, or 19·5 per cent.
>
> Letter carriers whose range is $1,080-$1,500 per annum are first reduced by 10 per cent, then lose their increase of $120, making a total reduction of $228, or 19 per cent.
>
> Postal clerks whose range is $1,080-$1,740 are in the same circumstances as are letter carriers.

On the other hand, to indicate the range of salaries of the higher paid employees I should like to quote from a return given only a few days ago to the hon. member for New Westminster (Mr. Reid). This return shows that there are 805 employees of the government receiving salaries of $4,000 or over. The article which appeared in the Ottawa Evening Journal of February 25, is as follows:

> The return showed the following in the various classes of $4,000 all over Canada: From $4,000 to $4,900, 537; from $5,000 to $5,900, 126; from $6,000 to $6,900, 72; from $7,000 to $7,900, 22; from $8,000 to $8,900, 10; from $9,000 to $9,900, 14; from $10,000 to $10,900, 12; from $11,000 to $11,900, one; $12,000 and over, 11.
>
> The return does not take into consideration in all classes of the $9,000 a year salary paid to 18 cabinet ministers and to the $13,500 paid the Prime Minister.

I submit, Mr. Speaker, that to make a flat rate reduction of ten per cent is altogether unfair. The percentage one has to pay on his income is not so important as the amount which is left for a man to enjoy after his taxes or reductions are paid. If the same percentage is taken from the lower paid employees the result is, as my colleagues have pointed out, a very great hardship. The Prime Minister pays his income tax with pleasure.

He may accept his cut in salary and will not be worried in the slightest—not in the slightest. He will have plenty of pleasure left. Of course I know he derives his pleasure from his work, but if he took it in other ways there would still be opportunity, even with the amount allowed him by this government, to carry out a fairly normal and full life. That however is not true of the lower paid servants, and it is they we should keep in mind. The treatment accorded to them is manifestly unfair. I would suggest, as I did the other day, that we might very well cut down on some of the expenditures of cabinet ministers. Last year a discussion arose concerning the item of $2,000 per year for cabinet ministers' automobiles. It is very easy to follow the example of the merchants, namely to mark up your goods and then deduct a percentage. The result however is that the price of the goods, even after the deduction of the percentage, is higher than it was before the original alteration was made. It seems to me a similar practice has been in operation in some of our departments. Salaries have been marked up; now they are marked down, but the higher paid are very comfortable even after the marking down has taken place.

The hon. member for North Winnipeg (Mr. Heaps) has suggested there should be no cut in any salary under $1,800, the amount upon which a family in Canada ought to be able to live decently and with the ordinary amenities of life. I would offer the suggestion however that there should be no cut in any salary under $1,500. In salaries ranging from $1,500 to $3,000 a cut of five per cent could be made; in my opinion that would not be too heavy; then from $3,000 to $4,000 an additional five per cent making a ten per cent cut. Then above $4,000 I would suggest that we might very well make an additional ten per cent cut on each additional $1,000 of salary. I am putting the figures in that way —they are arbitrary of course—because that would leave members of parliament who receive a $4,000 indemnity with their ten per cent cut. So I cannot be in any way accused of lessening the cut of hon. members. But if we made a graded cut along these lines, we would be bringing a little nearer something like equality of sacrifice, although even then if some of these men receiving $6,000, $8,000, $10,000 or $12,000 a year were subjected to a cut of sixty to eighty per cent they would still have a very great deal more left than the people whose salaries it is now proposed to reduce by ten per cent.

I would join with my colleagues in urging that we do not have any exemptions such as are proposed. I would exempt lower paid employees, but I certainly would not exempt the classes it is proposed to exempt—judges, army and navy people and the mounted police. I cannot see any reason for exempting those classes. Take the salaries paid in the Department of National Defence. I have been in fairly close touch with the estimates as presented year by year, but I confess when the newspapers yesterday published the return I was almost staggered when I compared the salaries received by people in the Department of National Defence with those received by people in other departments, for example, agriculture and immigration. In the department of National Defence we have no fewer than one hundred and thirty-nine people receiving between $4,000 and $4,900; thirty people receiving between $5,000 and $5,900; fifteen people receiving between $6,000 and $6,900. I would say that we have here an army of swivel-chair generals—that is about all you can call them. A returned officer called me up only yesterday in regard to this very matter. He said, "I am an ex-soldier, I know what it is to go to the front and all that it involves, but I want to protest against this kind of thing being perpetuated in this Canada of ours." The ordinary members of the militia force have been demobilized, but a great many of the officers have never been demobilized. What do they do? We all know the organization is a rather sketchy one, and it has been boasted that we have a very small force. Yes, we have a comparatively small force so far as privates are concerned, but we have a very large force of officers, and still more proportionately of higher officers. Before long these men are due for retirement, when their pensions will be based on the very high salaries they are now receiving. For the life of me I cannot see why in justice the salaries of these men should be untouched when poor postal workers and others doing constructive work throughout the country have to submit to this very, very heavy cut in their salaries.

I know it may be said that some of these salaries, those of judges and others, are statutory in character. Well, Mr. Speaker, I cannot see why an act once passed by this house, sometimes under great pressure or influence, should be as the law of the Medes and Persians—unchangeable.

Mr. YOUNG: Our indemnities are statutory.

Mr. WOODSWORTH: Yes, and they have been changed. These others are also statutory and might be changed just as readily.

Mr. YOUNG: Are not they all statutory?

Mr. WOODSWORTH: I was going to point that out. In a very real sense those who receive salaries as members of the civil service are in the same position as judges; their salaries are in a sense statutory, and their increases are statutory. Some of these civil servants, both high and low, gave themselves to the service of the country years ago; a great many of them have rendered faithful service; now, without any consultation, without their being given any chance in any way to make modifications, they are suddenly deprived of the right to their statutory increases and, in addition, have their salaries cut ten per cent. It seems to me if there is any idea of keeping contracts we are bound to keep contracts of this kind. I am not one of those who think a contract should be forever binding. It seems to me, with the variations which take place in our general social arrangements, and especially with the variations which have taken place in recent years in the purchasing power of money, that all contracts should be subject to frequent revision; that is the only fair thing under the circumstances. But I cannot see the slightest reason why anyone should urge that the salaries of particular groups cannot be changed because they are statutory, while those of other groups may be changed at will.

One of the most serious features about these cuts—and I have no doubt it is one of the reasons why they have been made—is the effect on employees outside the civil service. To no small extent this action by the government will be taken as an excuse for employers all over the country to reduce salaries. This is not merely an evil when looked at from the standpoint of the individual employee; more than that it is an aggravation of the disease with which we are now afflicted. The trouble to-day is the lack of purchasing power. I think the residents of the city of Ottawa are being taught a very salutary lesson in economics, because they are learning that this cut in the payroll means so many million dollars less to the local shopkeepers. What is true in local matters is equally true right across the country. If we had an increase in public works, and in salary expenditure it would mean an increase in purchasing power, and it might possibly start the wheels of industry moving again.

I know that looked at from the standpoint of the government in an effort to balance its budget something must be done, and I know the Prime Minister, looking at the matter from the standpoint of his own business, may say: Well, we have to slash; this is the only way we manage to balance our budget in our own private affairs, and we have to do it in our public affairs. I submit there is a fallacy in that statement that should be exposed. It is quite true that economy may be a good thing for me as an individual. But it is equally true that economy practised by a government and on a wholesale scale is to-day a fatal thing, as is recognized by all the leading authorities on economics. A government at a time of crisis, of trade slackness, should stand behind any movement to increase the general purchasing power of the people, it should embark on public works and other undertakings to supplement what is being done by private individuals. That is the only way in which this private competitive system may continue to run, because under this system we have always had these slack periods, and if these slack periods are in any sense to be ironed out, it must be by a central government. But our government is doing precisely the same thing that every private employer is doing—cutting right and left. The economic effect will be disastrous.

But while we are cutting wages, Mr. Speaker, it seems to me we ought to remember that there are what have been termed the "wages of capital." These are going scot free. As my colleague suggests, they are going sky high, for after all the decrease in dividends of the big concerns is not very marked. For instance, the decreased percentage paid by the banks is not very substantial; they are keeping well up to their regular average. But it should be remembered also that to-day the purchasing power of the dollar is almost twice what it was a few years ago. I do not think that most people have become quite seized of what that involves. We talk about a man with a $1,000 bond having the right to get his interest. It is said that that is guaranteed. Yes, but his interest on it at 5 or 6 per cent is worth to-day in its purchasing power almost twice what it was at the time the bond was issued.

Mr. MORAND: Does not that apply to labour also?

Mr. WOODSWORTH: No, certainly it does not.

Mr. MORAND: It is a funny thing if it does not work both ways.

Mr. WOODSWORTH: No, it does not. There is a measure of truth, I concede, in what the hon. member says,—that is in so far as that the cost of living has gone down. I quite admit that.

Mr. MORAND: In direct proportion to the value of the dollar.

Mr. WOODSWORTH: These things do work both ways, but let me point out that while there has been a gradual coming down of the cost of living, it never has dropped for the ordinary people, the working classes, anything like the way it has dropped for the bondholders.

Mr. MORAND: But surely in purchasing power a dollar is worth the same to a bondholder as it is to a workingman.

Mr. WOODSWORTH: No, because there are different things for which the workingman uses the dollar; there is the difference between wholesale and retail prices, and so on. But there is still another point which I do not think my hon. friend has considered. It has been impossible in the past for the workingmen to push up their wages quickly when the dollar was going up, so there always has been what the economist calls the time lag. Wages were pushed up very slowly. There is an element of truth in the argument that to-day the man who is actually working is proportionately a little better off than he was a year or two ago, but a very large number of people are not working, or are working part time. Even under these relief arrangements men are working on short time, so that the annual income which the average worker is receiving to-day is below what it was a year or two ago.

Mr. MORAND: But you are discussing the question of the men who are working.

Mr. WOODSWORTH: Not of them alone; I am discussing the larger aspect. But I say that there are men all over this country, as the hon. gentleman who has interrupted knows perfectly well, who are working only three or four days a week, or six or eight months in the year, and in those cases the annual income has dropped. I think he will concede that. He comes from a constituency which contains a large working class.

Mr. MORAND: I know that, but we are discussing men who are working now.

Mr. WOODSWORTH: We are discussing the entire situation, I quite admit that there is something in the contention that the wages of the man who is working full time are worth more to-day than they were a year or two ago, and to that extent the objection is well taken. But I would point out, for the great majority of big concerns in this country capital is steadily at work. They have had their reserves in times of plenty; they have seen to that, and those reserves generally have been sufficient to tide them over the lean years, so capital has been receiving its return pretty regularly. I know that is not true in the case of the workingmen.

The situation is this: There are two ways of balancing a budget. One is by cutting down expenditures, whether on public works, salaries and wages, or something else, and the other is by putting an additional tax on those who are most able to pay it.

Mr. MORAND: Would it increase the purchasing power of the country if the income tax were increased, interest rates reduced, and so on?

Mr. WOODSWORTH: Yes, certainly it would. Supposing our expenditures this year were the same as last year. That would mean that the employees who are being turned off to-day would be still in receipt of salaries; it would mean that the various public works would be proceeded with, and that much more purchasing power would be distributed.

Mr. YOUNG: Where would this purchasing power come from?

Mr. WOODSWORTH: For the moment I am speaking of the balancing of a budget, and I would repeat that there are two ways in which the Prime Minister could balance his budget. One is by cutting down; the other is by increasing the taxes on certain individuals who can pay. I am speaking now only of the balancing of the budget, and the Prime Minister has chosen the first method, that of cutting. He may be able to balance his budget in that way. I would suggest that there might have been another way of balancing it, and that is by a very heavily graded income tax, or a special tax on our bonds. There is no reason why we should not tax our bonds to-day.

Coming back to the consideration I advanced a few minutes ago, I would say that if we cut the value of the bonds in two it would not be unfair; that is, a man having a $1,000 bond could be given $500 in exchange; in view of the purchasing power of the dollar that would not be unfair. But altogether aside from the change in the value of the dollar I would say there is no valid reason why we should not put a tax of two per cent, three per cent or five per cent on our bonds, and if we did that it would enable us—

Mr. BENNETT: I would like to ask the hon. gentleman a question in order to be sure I followed him. Did I understand him to say that the man who had saved $1,000, took it out of the savings bank and bought a bond with it should be given a $500 bond in exchange, and that this would be just and right?

Mr. WOODSWORTH: If the Prime Minister had been following my argument—

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: In any case I shall gladly go over it again.

Mr. BENNETT: Is not that what my hon. friend said?

Mr. WOODSWORTH: Going back for a moment, this is what I said: When a great many of these government bonds were issued the value of the dollar was very different from the value of the dollar to-day. I think the Prime Minister will admit that. So, that being the case, those bonds are worth roughly speaking twice as much to-day as they were at the time of issue. I think that is true also. Then I would say it would be no great hardship if the value of those bonds should be cut in two.

I would say this to the Prime Minister: There is no doubt that to do this would work considerable individual hardship, because possibly a man might have gone to a bank yesterday and bought a bond; so that in view of that possible hardship which might be involved in any scheme of that nature I think a better way would be an increased tax on income. That would be fairer all around.

Still another method might be adopted. I am not sure that I agree altogether with my hon. friend from Macleod (Mr. Coote), but I am inclined to think that a very considerable measure of inflation might be an even fairer thing than the income tax. Leaving aside the question of its ultimate economic effects, I think perhaps a measure of inflation would be the fairest way all round, since that would allow those people who have money to-day to get the real value of that money and not a fictitious value.

Let me come back for a moment to where I was when the Prime Minister interjected his question. It seems to me that to-day we should levy our taxes upon those who have money. They are enjoying their wealth because of privileges of some kind or another, and because of the protection of the state. It has been said that if we had not had the war we would have had no wealth in this country. Those people have enjoyed whatever benefit there has come from the war, though I believe it has been precious little. They are enjoying all the protection of ordered government; in a great many cases they are enjoying special legislation which has enabled them to make money. When it comes to a time like this why should they not be taxed? I say that would be the only fair thing to do, tax them. So far, however, the Prime Minister has shown no indication of adopting such a course.

In one of the newspapers someone has figured out that by this proposal to reduce salaries the government will save between $7,000,000 and $8,000,000. This is not a very large amount when it is considered that in a great many cases it will result in much hardship. Someone has also suggested that a very small tax, even two per cent or three per cent, on bonds along the lines I have indicated would bring in something like $50,000,000. It would mean a great deal more than the saving effected by this proposed cut, but the Prime Minister refuses to take this way of balancing his budget. The situation is not unlike that which prevailed a few weeks ago in Great Britain, when it was stated that the only way to balance the budget was to make reductions in the unemployment insurance and in other directions.

I am hoping that from coast to coast across this country there will come a protest against the sort of treatment being accorded the common people of Canada.

As I said at the beginning, we have never had placed before us, legislation so clearly in the interest of a class as that brought down by the present government. The Prime Minister would object to individuals advocating what is called class war, setting one class against another, and I would suggest that actions such as this are doing far more to set one class against another than all the soap box speakers that could be stationed from Vancouver to Halifax.

An hon. MEMBER: No.

Mr. WOODSWORTH: Certainly, because such legislation reveals what is really meant when there is talk of "equality of sacrifice," and that everyone should take his cut and keep smiling. We know that in reality such talk is the meanest kind of subterfuge to cover up inequality and to try to becloud the minds of ordinary honest people as to what is being done. I hope that even at this stage the house will take some steps to protest very decidedly against this sort of thing. I should hope that some members opposite, particularly those who come from working class constituencies, and who must realize what their own people are thinking about, will venture from their vantage ground to protest very vigorously—I would say, to the point of resigning rather than to acquiesce in a dictatorial policy of this kind being put over the country.

Hon. W. R. MOTHERWELL (Melville): At this stage of the prospective bill I shall have to reserve my remarks in regard to the details of the measure until the bill itself is before the house. All that appears before us is the resolution, and in my opinion, so far as it affects the civil service, it is utterly bad. I make that statement without any reservation and I will give my reasons very shortly.

In the first place, you cannot possibly impose a straight flat rate of reduction like ten per cent, or any other percentage for that matter, on all civil servants regardless of whether they get $1,000 or $20,000. It is utterly unfair; I have never heard of such a proposal either in war time or in peace time. Why impose it now? It is said that the ship of state is in danger. Well, are you going to cripple the crew numerically or degrade it in any way if you want to save the ship? Yet that is what is being done by this resolution at this critical time in the history of the country. Would not the government be better employed strengthening instead of weakening the civil service as they are doing in this proposed legislation?

I have another protest against the resolution and that is that it is intended as a mere sop to those of the civil service who receive salaries of less than $1,200 a year; it is offered them as a means of making them satisfied with a ten per cent reduction. They are supposed to feel that it is all right because they will get half of it back. But do all of them get it back? From inquiries I have been able to make, inquiries not yet fully complete, about two of them will get the five per cent back for every one who will suffer the full ten per cent reduction. The fact is, many are not eligible for the superannuation subsidy which is proposed in this resolution because they are not insured. Now, what is the sense of giving them something with one hand and taking it back with the other? Why not start off with a small cut and graduate the reduction as applying to the service generally? Instead of doing that the government are merely pretending to give with one hand while they are taking away with the other. I object to this most strenuously. As I say, it is merely a sop, a safety sop intended to save the face of the government in introducing a proposal for a straight flat reduction of ten per cent that cannot be defended by any body of representatives such as this.

May I refer to one class of men who will suffer very severely by this cut. I have in mind that class dealt with in the report of the Beatty commission. They are a class of men for whom possibly, at this particular time, it is not popular to appeal, because they are getting fair salaries. Nevertheless for decades now the technical men in the civil service of Canada have been at a disadvantage; they have not received justice in the matter of salaries. During the years 1928 and 1929 we were losing many of them because government salaries were below those paid outside. It was therefore decided by the government of that day to appoint a commission to inquire into the merits of the question, and an interim report of that commission, the Beatty commission, was submitted, recommending an increase in the salaries of a certain number of these civil servants to go into force immediately. This went into instant effect—I refer to the technical men in the research council. That branch of the government service was being newly organized by the hon. member for North Bruce (Mr. Malcolm), who was anxious to have them paid such salaries as would attract the best qualified men in the country. Consequently they got the increase recommended by the commission. Another large body was recommended for an increase, but for reasons which I need not go into, and because of the incompleteness of the investigations that have taken place since the present government came into power, nothing further has been done so far as they are concerned. These are technical men who have been devoting their lives to the service of the country. Now, I ask, why reduce the morale of such a splendid and important branch of the civil service? These men—I believe there are about 2,500 of them—have not only had their proposed increase suspended during the last two years but now they are being asked to submit to a further cut, as though they had not suffered enough already.

This reduction is utterly unfair all along the line to these classes I have mentioned. I do not like the whole thing a little bit; it is unjust and, so far as I know, entirely unheard of. But there is another aspect of the matter. If the government intended to bring about this reduction with the least possible upheaval in the country, why did they not treat the civil service just as the railway employees were treated some two months ago? Those employees had the right to appear before certain tribunals and have their case argued by competent men, and after discussing the pros and cons they agreed to a ten per cent cut. Have not the vast number of men and women employed by the government of the country a right to be

treated with equal justice and courtesy? Of all the civil service organizations in Canada, until to-day not one of them, so far as we learn from the newspaper reports, has been consulted or been encouraged to consult with the government. If this government realized the value of these organized bodies the first thing they would have thought of was consultation with them; they would have said, "Let us take counsel with these men who are being affected." The first thought that would have occurred to myself would have been this: What effect will this have on the state itself? Forgetting the civil service for the moment, can we afford at this time to weaken the ship of state by this action? And the next question I would have asked myself would have been this: Should we not treat these competent public servants, who are vitally interested in the proposed reduction of their salaries, courteously by consulting with them? How can this reduction be made to bear upon them with the least hardship? That is what the government would have asked itself if it had a heart at all, but it looks to me as if they have nothing but a gizzard where the heart should be, in dealing with the civil servants. Why could they not have put themselves in the places of these men and women whose salaries are being reduced? Take that body of men to whom I have referred, those civil servants for whom increases were recommended by the Beatty commission and who have been waiting patiently for the turn of the tide which would justify their receiving those increases. What is their position? Insult has been added to injury, by withholding the statutory increases and, on top of that, to impose this ten per cent reduction. I feel sure that if they had been brought into the councils of the government and had talked the matter over with them, as human beings had a right to expect, the whole question could have been amicably settled, and the government itself would not have been placed in such an objectionable and invidious position as it is to-day, trying to defend this flat rate cut which is entirely indefensible even with the five per cent sop, because it does not apply to at least one-third of those who receive salaries under $1,200 and to none at all over that amount. This superannuation proposition I repeat does not mean a thing to that vast body of civil servants receiving over $1,200 per year.

There does not seem to be a redeeming feature in this resolution, and if the bill is as bad as the resolution, I intend to oppose it, even though I stand alone. If the bill is anything like its forerunner, a great injustice will be inflicted upon the civil service of Canada.

I think I have said enough to indicate that I do not approve of the manner in which this cut is being made, and I do not think there is one hon. member who really believes in the flat rate of ten per cent, whether the salary received is $1,000 or $20,000. I had the opportunity the other day of meeting some of the letter carriers, and they tell me that rents in Ottawa have not gone down. I hold no particular brief for these men, but I happen to know some of them. My own experience in Ottawa is to the same effect as to rents, and I think this fact is confirmed by the figures given to-day by the Prime Minister (Mr. Bennett). The price of cheap clothing has been reduced slightly, but taxes have not gone down.

Mr. SANDERSON: Butter has gone down.

Mr. MOTHERWELL: Yes, butter and other farm products have gone down, but that does not compensate these men for the loss of their salary ranges.

It seems to me that this government has a wonderful faculty of going about a thing in the wrong way. Take the conference in London, it went at that hind end foremost. Take the proposed reduction in the income tax schedules last session; there again they blundered so badly that they were forced to back away so quickly from themselves as to wear out their breeching straps. If it was not for pride, they would also, I believe, back away from the stand they take on this flat rate salary cut.

The Prime Minister apparently enjoyed seeing his name on the cheques which went out to the farmers in payment of the five cent bonus on wheat, and I wonder if the Minister of Finance (Mr. Rhodes) is going to enjoy seeing his name on these superannuation cheques—I fancy not.

Mr. E. R. E. CHEVRIER (Ottawa): Mr. Speaker, I do not intend to delay the house at this stage, but will wait until the bill is presented for second reading. I should like however to appeal to the Prime Minister (Mr. Bennett) to reconsider this matter before the bill is introduced and endeavour to mete out some measure of justice in the application of its provision. Namely some grading in the deductions. Before taking any further part in the discussion, I should like an opportunity of reading the memorandum which has been submitted to the Prime Minister by the civil service. I had nothing to do with the prepara-

tion of this document; I have not seen anyone who was directly or indirectly connected with its preparation; and I saw it for the first time when a copy was handed to me this afternoon by the hon. member for Quebec South (Mr. Power). I am sure the terms of this memorandum must be quite fair and I should think the Prime Minister and the government ought to consider the representations made before introducing the bill with a view of more equitably dividing the burden. I speak dispassionately in the matter as I have in all others, and it is with the utmost sincerity that I ask the Prime Minister to give to the representations submitted to him to-day the most humane consideration.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, I desire to make a few observations on the resolution before the house—

Mr. SPEAKER: I would point out to the hon. member that the resolution itself is not before the house; the motion is that the Speaker do now leave the chair for the house to go into committee to consider the resolution.

Mr. McINTOSH: Well then, on whatever is before the house. I will deal first with the remarks made this afternoon by the Prime Minister (Mr. Bennett). He tells us in an informative way that there is a sharp division of public opinion in regard to the policy of the government on this matter. I believe the right hon. gentleman is right in making that statement as I have no doubt there would be a sharp division of public opinion if this action had been taken in the days of prosperity rather than to-day. In order to clinch his argument the right hon. gentleman read a letter, but I fail to see why he should read only one letter. If any conclusion is to be based upon the letters received by the government, we should have them all.

So far as the policy of the government in making this ten per cent cut is concerned, I believe I am voicing the sentiments of hon. members on both sides of the house when I say that the membership of this house is quite willing to accept the cut. We stand on solid ground in that respect, but I believe the government has started in the wrong way—it has started to work from the bottom up rather than from the top down. That is the usual action of the present government, it does things in a wrong way. We have been told that there are three qualities in every human individual, that he is a kind of triangle, as it were. First, he has intellect which gives him vision and enables him to have some objective in life; second, he has sentiment to give him a little fire and a little sympathy and, third, he has an executive side to his nature which enables him to work out his objective in life.

Mr. SANDERSON: What about vanity?

Mr. McINTOSH: The hon. member asks me what about the vanity of the individual. I would say there is a goodly display of that at times in this chamber. In this instance, it appears to me that the government has the wrong objective and there does not appear to be any sentiment, any fire or any sympathy in the makeup of the government, or it would not have done what it has done. As far as an effort to attain something is concerned, they are leaning upon the civil service for help in the working out of their policy.

Instead of cutting the salaries of civil servants by ten per cent; instead of dealing with men who have not a living wage; instead of handling in anything but a sympathetic way men who are receiving $1,500 or $1,600 or $2,000 a year, why not, when you are going out gunning, go after the millionaires and the multimillionaires? Why not have a capital levy in this country if we need $10,000,000 or $15,000,000 or $20,000,000 to balance the budget as we do? I think the Canadian people realize why we need money to balance the budget to-day. The reason is that the fiscal policy of the present administration has been a bungle; that we are in the hole financially and that we must now ask the civil servants to come through with a cut of ten per cent to help balance the budget by giving a total of $8,000,000 or $10,000,000. Why not go after the millionaires who have unproductive capital, who are not using this money in a productive way, and get your $10,000,000 or $20,000,000 or $100,000,000? Why not go out after the big fellows who have the money and who are not using it to build up Canada as they might, rather than after the men who are receiving a small salary, who have not had their statutory increases during the last year and who have on their hands obligations which they must meet? I would think there is an avenue there along which we might profitably go in order to get all the money we want. More than that, we would be asking the men who can pay to put up their money. If the men who have their money in unproductive channels to-day and who love Canada and are patriotic

will not come forward and put up their money, why demand of the civil servants to be so wonderfully patriotic? If they are patriotic in this respect, should we not look for greater patriotism from those in high circles? I should think we would.

Furthermore, the Prime Minister tells us that to save the economic structure of Canada we must have a ten per cent cut in the salaries of civil servants over $1,200 a year. I do not think so. I think the economic structure of Canada would be just as strong without this ten per cent cut as with it. Moreover, I believe there are other ways of strengthening our economic structure. One weakness in our economic structure to-day is that we have a wrong tariff policy. I believe we have a tariff policy that has helped to make the world condition what it is. There is no use in trying to save the government of the day by talking about world conditions. It cannot be done, because the government of Canada for the last two years has been helping to make those world conditions—to make them what they actually are. One way to strengthen the economic structure of Canada would be to put into effect a brand new tariff policy, to remove the high protection that we have at the present time and to give the country a breathing space in a commercial way, in a trading way, thereby helping to balance our budget by developing and building up international trade.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

MARRIAGE AND DIVORCE ACT

Mr. A. U. G. BURY (East Edmonton) moved the third reading of Bill No. 17, to amend the Marriage and Divorce Act.

Hon. J. C. ELLIOTT (West Middlesex): I wish to ask the sponsor of the bill if it is true that we are now going a step in advance of the law in England with regard to marriage and divorce. Under section 2 of this bill a marriage is not invalid merely because the woman is a sister of a deceased wife of the man, or a daughter of a sister or brother of a deceased wife of the man. Section 3 adds the words "or sister of a deceased husband of the woman." It seems to me that this bill goes farther than it should go. It is only a few years since the marriage by the husband of a deceased wife with a sister of that deceased wife was prohibited. This bill goes practically to the extent of permitting marriage with either a nephew or a niece of a brother or sister of a deceased wife. That is much farther than the law of England now goes, and I can see no reason why we should go so much farther than they have gone.

I refer my hon. friend the promoter of this bill to what has taken place in England. In 1919 the case re Phillips was tested, and was reported in 1 Chancery at page 128. This case does not validate or declare valid a marriage with a deceased wife's sister's daughter. Then, the law in England was amended, and the Deceased Brother's Widow's Marriage Act was passed there in 1921, two years after the decision in the Phillips case, and there is no mention made of the permission now given to the marriage of the nephew or niece of the brother or sister. I think we are going entirely too far; I know of no reason why the law should be extended in this way, and I want to voice my opposition to the bill as it now stands.

Mr. BURY: Mr. Speaker, I think the hon. member for West Middlesex is not quite correct. I did not expect opposition to the bill at this stage or I should have had full information on the English law on the point, which in fact I have in my room. My recollection is however that there is an amendment to the marriage law in England later than the one to which my hon. friend has referred, and that in point of fact so far as the man is concerned the marriage law of England now extends the validity of the marriage much farther than my hon. friend believes. The last amendment to the marriage law of England gives a list of the parties with whom the widower may contract a marriage. The bill before us is much less extreme, if I may use the term, than the provisions of the English law.

Mr. ELLIOTT: Does my hon. friend say that the law of England now permits a marriage with the daughter or son of a brother of a deceased wife?

Mr. BURY: I was referring to my hon. friend's objection concerning section 2. I have not my notes in front of me, but my recollection is quite clear—because I looked into the matter a few days ago—that the law of England so far as the man is concerned goes much farther than does this proposed amendment, and includes the provision contained in this bill.

As to the extension of the marriage law of England in relation to a woman, I am not

prepared to say that the law goes any farther than this proposal; in fact so far as the woman is concerned, I am not prepared to say that it goes as far. As I have indicated, the extension to the man, curiously enough, is much greater than that contained in the proposed amendment.

Motion agreed to, bill read the third time and passed.

THE PUBLIC SERVICE

PROPOSED DEDUCTION OF TEN PER CENT IN INDEMNITIES AND SALARIES

The house resumed consideration of the motion of Mr. Bennett that the house go into committee to consider the following proposed resolution.

Resolved, that it is expedient to introduce a measure to authorize deductions of ten per cent from the amounts of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year 1932-33.

And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, continuing the observations I was making before recess may I just touch again upon the point raised by the Prime Minister that there was a sharp division of public opinion throughout Canada concerning the policy the government initiated in connection with the ten per cent cut in the salaries of the civil servants.

Mr. BENNETT: I said within the membership of the service itself.

Mr. McINTOSH: I accept the Prime Minister's statement—within the ambit of the civil service of Canada. I observed that to cut five per cent or ten per cent from salaries of $1,200 and under, or above $1,200, was in my opinion a very weak way to get $8,000,000 or $10,000,000, and thereby square the budget. I emphasized the fact that the government in its efforts to balance the budget was beginning from the bottom up rather than from the top down, and I ventured the opinion that when the government was out gunning to get money to square the budget they would have done well to have the courage of their convictions and extend some sympathy towards civil servants who are not getting any more than a living wage; that they ought to have possessed the executive ability to take action the very opposite to that which they did take, and to tap the bigger sources of wealth, to go after the multi-millionaires, the millionaires, the half millionaires, the quarter millionaires and the other fractional millionaires to get the $8,000,0000 or $10,000,000 to square their budget.

If it is fair to cut salaries of civil servants five or ten per cent and to ask them to take such a cut patriotically and in good nature, then I should say that those with the capacity to pay should receive their obligations proportionately patriotically, and be possessed of the same fine Canadian spirit to come forward and give the best financially within their power to overcome the emergency in Canada, their native land. I do not care what they have done in Great Britain or in the United States; we are looking after our own business, and it is not what they have done across the line or across the ocean that counts, it is what we ought to do as Canadians to be fair to our fellow Canadians, who perhaps are not earning sufficient salary to look after their family obligations. In a matter of this kind it is very important to build our superstructure on a solid foundation. I would go further—perhaps the Prime Minister himself and some of the members of his cabinet might set the pace financially to square away the budget; the Prime Minister contributing a million and other members accordingly; and while they are about it they might induce eight or ten other men of affluence to contribute $1,000,000 apiece. These contributions would be more than ample to render unnecessary the desperate economies that are being effected at the expense of our civil servants in order to balance the budget for 1932. All the government needs in order to get money from such sources is vision, courage and sympathy—sympathy with the great body of our people who are passing through such difficult times.

When touching on the question of the economic structure of Canada, I stated that I did not believe the political sovereignty or the economic integrity of the dominion depended upon any five or ten per cent cut in the salaries of our civil servants. We have to get beyond this paltry idea of penalizing the civil service in this manner and making out that we are wonderful fellows. We know the inevitable result of this policy will be that every school teacher, every clerical worker, every industrial employee throughout the country will suffer to a certain extent. Salaries have been cut already by private employers, and they will be cut still further by the course

the government is now taking. This will have a very serious effect upon the buying power of the nation at large, an effect so serious that it confirms me in my view that the government should have sought such means to balance their budget as would not impair the purchasing power of our people.

I think one of the most effective ways to strengthen our economic structure would be immediately to pull down some of these towering tariff walls, these retaliatory and provocative hindrances to trade that have been built up by this government during the last few years. They began their work at the special session of 1930. I submit, Mr. Speaker, that if this vast dominion is to become a united nation from ocean to ocean, this can be assured only by a moderate tariff policy. I am not opposed to a moderate tariff policy. In fact I am ready to go to any place in the dominion and take my stand on a moderate tariff policy. Both as a Canadian and a westerner I am strongly opposed to any policy that will restrict trade to such a degree as to cut in two our volume of imports and exports within a couple of years. But notwithstanding the fiscal blunders of this government, I am not a bit alarmed about our economic structure. I do not believe it is about to fail—I have more faith in my country. Neither do I believe that if we do not make this cut in civil service salaries the country will go to the bow-wows—not by any means.

Besides tearing down these towering tariff walls, these insulting tariff walls—may I say? —I would go a step further. We could get money to the amount necessary to balance the budget by increasing our income taxation, by going after the men in the enjoyment of large incomes. Graduate the income tax sharply enough to get the money from those who can afford to pay it, and so scale it down that the rate of tax will bear a proper relationship to the smaller incomes.

I agree with the member for North Winnipeg (Mr. Heaps) in his statement that the method of procedure adopted to reduce civil service salaries by ten per cent is an arbitrary method. The government did not proceed in a dignified way, in a way that one would expect the government of Canada to proceed. I think the first step in a policy of this kind should have been a conference between the cabinet and the representatives of the civil service federation, and at such conference I am confident that a mutually satisfactory arrangement by discussing, conferring and concluding, could have been arrived at as a basis for introducing legislation. This course would have been somewhat along the lines of the provisions of a bill introduced into this house in 1928 by the hon. member for Winnipeg North Centre (Mr. Woodsworth). It was known as Bill No. 4. It was discussed in the house and then referred to the industrial and international relations committee, of which I had then the honour to be chairman. We took evidence under oath, and it was the consensus of opinion in the committee that there should be further discussion in regard to the constitution of such a council with a view to the establishment of a national civil service council. The then Liberal government was in favour of such a council, and once the necessary preliminary work had been done such a body could have been established by order in council. The committee so reported and thereupon the hon. member withdrew his bill. The committee also recommended that a committee should be established composed of equal representatives of the government, of departmental heads and of representatives of the civil service association, at which any grievances could be discussed and disposed of in a friendly way in the interests of Canada as a whole. It was further recommended that a drafting committee should be established to draw up a constitution of such a council for submission to the governor general in council. After the governor in council approved of that constitution all that would be necessary would be an order in council, and the foundation would be laid for a national civil service council representing all the civil servants of Canada, and if necessary further consultative machinery could be added in order to broaden out the council and make it representative of the civil servants from coast to coast.

I understand, Mr. Speaker, that practically all that work was done. The committee was set up; a drafting committee was organized; the constitution was evolved and the necessary order in council was passed, but beyond that nothing happened. In other words the present government did not create a national civil service council, and as a consequence other than the federation which met the government this morning there was no outstanding body representing the civil servants of Canada to meet the government and have this matter gone into thoroughly.

Had that body been set up I think there is no question but that it would have had the right in a matter of this kind to ask for an audience with the cabinet, and that audience could have been held long before the bill was decided upon, long before a resolution was brought into this house, and long before any

arbitrary action was taken by the government. Since that was not done, as a member of this house I felt it incumbent upon me to rise in my place and say that I believed the time had arrived when that machinery should be established. Then the right would be guaranteed the civil servants of Canada, in any important question of this kind, to hold an audience with the cabinet and go into the matter of salaries or anything else in a practical and considerate manner.

That concludes my remarks in connection with this resolution; anything further I have to say I will reserve until the bill is in committee. I think, from the discussion we have had up to the present, that we may look for a frank and full consideration of this question in order that the people of this country may know exactly what are the intentions of the government in respect to this salary-cutting legislation.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I desire to detain the house only a very few moments in connection with this resolution. At the outset I should like to say to those who have spent their lives in efforts to improve the conditions of working men and women and to provide employment for them, a reduction of wage rates or of salaries is never a pleasant thing, or a move in which we like to participate. But in relation to the situation with which we are faced today, representing as I do a constituency composed entirely of working men and farmers, I should like to say that in my judgment nothing this government has done or can do will receive greater commendation throughout the country than the action they are taking in reducing the salaries of all public servants, who must be paid from money contributed by the working men and the farmers of this country.

I have a picture before me of the men and women in the constituency I represent, railway employees, men working in lumber camps and in mines, and farmers throughout the scattered parts of the district. These men are harassed every day of their lives, because of conditions at present prevailing, to meet their tax bills; and after all these are the people who must pay taxes. A great deal has been said about starting at the top, taxing the large incomes, taking away the money from those who have it. I should like to say to the house, from the slight knowledge I have of general business conditions throughout this country, that the income tax receipts will be very much less in the year ahead of us, and in the year following, than they have been in the past. The higher you endeavour to put the income tax the less you will get from it, because the men who are presumed to have these large incomes in many cases are not earning incomes at all. There is no class of men in this country who are finding it more difficult to meet the situation than those who are presumed to be the wealthy men, responsible for endeavouring to carry on industry in this country.

Let me return for a moment to the people whom I represent, the farmers in nor'hern Ontario who are struggling every day and every night to meet the situation with which they are confronted. They are forced to pay their proportion of the taxes out of which the salaries of all civil servants in this country are paid. The workingmen are in the same position, and when I go back to my constituency, as I am going to-night and meet these workingmen face to face, I know exactly what will be their viewpoint. Already they have been forced to accept very severe cuts in their wages; it could not be otherwise. Hon. members speak as though a business man, an employer of labour, can fix his rates of wages high or low, just as he chooses; they seem to think that the farmer who must go out and employ labour on his farm can do the same thing. It matters not which it is; they can pay their employees only what they receive for the goods they are producing, and they cannot pay more. For example how will the Canadian National Railway pay its income tax during 1932 and 1933? Where is it going to get the money with which to pay the salaries and wages that must be paid? The rates of wages have been cut, and how could it be otherwise? The only alternative would have been to add to the taxes of this country; that is exactly what it involved. Let me repeat that no one likes to see salaries reduced. I am one of those anxious to see working men and women get the highest rate of remuneration it is possible for them to receive, but we are faced with a situation which makes that impossible. Where are we to get the money for them?

Something has been said about reducing the interest rates on government bonds held in Canada. An hon. member of this house undertook this afternoon to prove that a widow, if you like, who is receiving an income from bonds which she purchased from the proceeds of an insurance policy, could buy more goods with each dollar she received from that source than a workingman could buy with the dollar he received for working in a factory, a mine, the woods or anywhere else. A more ridiculous proposition could not be suggested. Let me ask this: From whom would this money be taken if we repudiated

fifty per cent of the interest on government bonds held in Canada? I think I have sound reason for saying that the great majority of these bonds is held by workingmen, widows, institutions taking care of small estates, and so on. I will give the house one illustration. I live in a community in which every citizen is a workingman. When the recent national service loan was floated, in the aggregate that small community took up something over $250,000 worth of those bonds. I took the trouble to find out who were the people who purchased those bonds. They were working people who had lived frugal lives, building up a small reserve which would care for them in their old age, or which they could pass on to their widows and children, or with which to assist in the education of their children, if you will, as someone mentioned this evening. Unpleasant though it is to see salaries reduced, and anxious as every right thinking man is to see business and general conditions brought back to the place where salaries can be again increased, I repeat what I said at the beginning, that in the interests of the people of this country nothing that this government has done, has created or can create a better feeling than the action of the administration and of the parliament of Canada in reducing our own incomes and the incomes of all those who are paid to serve the people of the dominion. The discussion that has taken place would suggest to one that the civil service of Canada was in a sort of holy of holies which the ordinary man dared not enter. I have the highest regard for the men and women who serve the country, but they are just men and women like all the rest of us, and they have a right to be called upon to make some of the sacrifices which other men and women in the country are making.

I should just like to refer to a remark made by the leader of the opposition (Mr. Mackenzie King) this afternoon in discussing this matter when he took the Prime Minister (Mr. Bennett) to task for giving notice of a resolution extending the time within which the federal government will assist in taking care of the unemployed from March 31 to May 31. He charged the government with failure to anticipate, when the relief measure was originally introduced at the last session of parliament, that it would be necessary to extend it that period of time. If I recall the debate that took place in this house, this was the position taken: that the grant made at the last session of parliament should extend only until parliament at this session should have had time to review the situation and to see what was necessary. It is because the people of Canada have a government administering their affairs who have courage to meet these situations as they arise that they have confidence in them. And may I say here that when I go home to-morrow, as I am going, and pass through the region of northern Ontario where tens of thousands of men are employed who could not otherwise be working, the very fact that this government is making that extension will be the best bit of news these men have had for some months, and they will realize that the government is continuing to assist them to secure the means of ordinary livelihood, meeting in part the necessary taxation through a reduction in the salaries of civil servants, until conditions are such that they will once more be engaged in normal and regular employment.

Mr. CHEVRIER: May I ask the hon. gentleman this question? When he returns to his constituents will he deliver to them the same speech he delivered to them before the elections of 1926 on civil service matters?

Mr. NICHOLSON: Just exactly the same, and if it will please my hon. friend let me say here that if an opportunity is presented I shall be very glad to deliver the same speech in the presence, if he will guarantee it, of his own leader.

Mr. RALSTON: To show your high regard for the civil service.

Mr. NICHOLSON: Yes, and no man in this country has a higher regard for the civil service.

Mr. RALSTON: You have changed your mind.

Mr. NICHOLSON: I have not changed my mind, no. I will repeat word for word what I am presumed to have said with regard to the civil service on condition that hon. gentlemen have their leader in his seat.

Mr. RALSTON: You want an audience.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I have just a few words to say on this question and I shall say them very calmly, because there is nothing on my conscience that worries me. Let me assure the house at once that, in discussing this important question, I am not talking petty politics. I have been sent here by my constituents to express their views on the policies put forward by the government, and from time immemorial it has been the right of the people's representatives to discuss such policies freely. I do not regard any measure brought forward by this

government as sacred or tabou, as we say in French, so that no one can venture to discuss it. I have the greatest respect for the members of the government, but merely because a measure is introduced by any member of the government it does not follow that we should kneel before that measure and say, "sacred, sacred; this is sacred and no one shall touch it or discuss it." That is going pretty far, and as I have been brought up in a family that has been in this country for many generations, a family that knows what freedom is, I intend to exercise that freedom as I have done all my life. No one, therefore, will prevent me from saying just what I think of the resolution which is now before the house.

I would not object to the cut, although I am not a rich man, for I am a good enough sport to take it as cheerfully as anyone else; but I do not consider that it is a national duty to accept all the enactments of this government without protest, and to kneel down before them in silence with our arms crossed in perfect submission. I do not see why we should be expected to accept their dictates meekly simply because they tell us it is a national duty to do so. To many of us who are in this house, it is not a glory but rather an embarrassment to have to speak, but it is a duty which we are bound to discharge; and when we pay our debts there is no triumph in it but just satisfaction. So that there is a great difference between glory and ordinary duty. That brings me to the source of the present evil.

I am not going to censure the government to-night for any promises made during the last election, but after that election they tried an experiment, as they had a right to do. They had the support of the country in the election and one of the articles of their platform was an undertaking to protect everyone by increasing the tariff. They were free to give that undertaking and the people were free to support them in it, and I believe it was only fair for them, when the special session was called, to increase the tariff. When the question was put by Mr. Speaker at the time there were some hon. members who said —although this was not recorded in the journals of the house—"carried on division," and one of those who said this, as witnessed by the correspondent of Le Devoir, of Montreal, in large letters, was the humble representative of the county of Témiscouata. I took that view because at that time I did not believe that a high tariff was the panacea for all the ills of this country. At any rate, the government saw fit to try that experiment and increased the tariff. I quote from Hansard the words of the Prime Minister on moving the motion for supply on September 16, 1930, at page 238:

> Our tariff measure is not a general revision of the tariff, but deals only with such items in the tariff as it is believed will ensure additional employment to a large number of men and women in Canada.

The end in view was good; the intention was commendable; but the result was bad. It is not my fault; it was an experiment which it was thought would succeed but which did not. And now we have to take things as they are. That is why I say that when we are discussing the present situation we must go to the source of the evil, because you must get to the root of a disease before you can cure it. We are in trouble at the present time, and I admit that other countries are in trouble too. Whoever has eyes to see can see that it is general, is repeated daily. Evils have existed in this country for some time, but they are growing still worse.

In replying this morning to the delegation which interviewed him, the Prime Minister said:

> We are making the cut as a matter of national necessity—

The word "national" should have been dropped, although the word "necessity" is all right. The remarks continue:

> —and we do not think it unreasonable to ask the loyal—

"Loyal" is a little too strong.

> —and enthusiastic support of 60,000 of our fellow citizens to cooperate with us in helping Canada to weather the storm by a year of self denial.

When is anyone enthusiastic about self denial? I read that phrase with the greatest astonishment, and I will read it again. It is as follows:

> We do not think it unreasonable—

I think it is unreasonable.

> —to ask the loyal and enthusiastic support of 60,000 of our fellow citizens—

Who are to suffer the cut.

> —to cooperate with us in helping Canada to weather the storm by a year of self denial.

They are being asked to be enthusiastic in helping Canada out of the hole. They are asked not only to wave the flag but to be enthusiastic about helping the country to weather the storm. These storms do not come with the tide, they come from the high heavens probably as punishment for our sins.

Mr. SPEAKMAN: Did the hon. member say that tariffs came from heaven?

Mr. POULIOT: I was trying to show the difference, but let me say that tariffs are very high up. The Prime Minister asked 60,000 civil servants to give a year of self denial. If that is done, no doubt Canada will be headed for heaven. The Prime Minister's remarks continue:

> There is no doubt that the civil service is greatly overmanned in this community and that at a not distant date there must be a reduction.

Neither I nor any other hon. member in this house is able to say whether or not the civil service is overmanned. How the reduction he suggests is to be made will be the subject of an investigation, but why decide that the service is overmanned before the investigation is held? After the investigation has been held and everything has been considered, then will be the time to consider whether or not the service is overmanned, but not before that.

At times I poke a little fun at hon. members on the other side; I give them knocks and receive many in return, but it is all part of the game. It is all a matter of sportsmanship, and I hope no one will be hurt by my speaking as freely as I do. The right hon. gentleman's remarks continue:

> From communications the government has received from former civil servants I am of the opinion that a reasonable reduction can be made without impairing the efficiency of the service.

I had thought that the government would be too serious-minded to pay much attention to reports which might come from former civil servants who perhaps had been dismissed for good reason. Such people are not the most reliable source of information as to the real situation which exists in the service.

The Prime Minister stated that the employees of the Canadian National Railways would not be affected by the proposed cut. This is only fair, because these men, through the brotherhood, have already agreed to a ten per cent cut to be effective from some time last year, and similar action was taken by the Canadian Pacific Railway employees. When they have already suffered a cut in their salaries it would be very unjust to impose another reduction.

I would like to see this government follow Mahatma Ghandi's example and set aside one day each week as a day of silence. Then they could concentrate, they could think over what is to be done, they could withdraw within themselves in order to have a clear understanding of the policies to be submitted later to the house.

An hon. MEMBER: What about his goat?

Mr. POULIOT: Since a cut is to be made, perhaps we can dispense with the goat.

This cut is being accepted quite willingly by the civil service, but not with any enthusiasm. It is done as a matter of sportsmanship and in the hope that future policies of the government will be taken as a matter of course and not as mere emanations from the Divinity. As my leader said one day in Quebec, we are all equal; the Prime Minister in the House of Commons is the first among equals. We do our best in our own way and according to our own principles to promote the welfare of this country and I give hon. gentlemen opposite credit for doing all they can in that regard. But there is one way in which the public business could be much better conducted, and it is this: instead of bringing up a matter of national duty and importance and asking us to vote this or that right away, we should be given time enough to consider properly all the proposals that are submitted to us. There would be nothing better for the government than to submit their proposals to the house in time to afford the opposition an opportunity to offer their humble suggestions. Then the government could accept or reject those proposals. So long as they are in power they have the responsibility for the management of the business of the country, but it is the duty of the opposition to offer constructive criticism and this is why we take the liberty to discuss very freely and sincerely the matters that are submitted to us.

After these preliminaries, there is one thing which I wish to ask the government and it is this, that they kindly consider the matter of grading the salary cuts of the civil servants. This is a matter of the utmost importance. Another thing—and I have to mention it again this evening—is this: it is a great mistake for the government to tell the people that there will be a reduction in the number of civil servants, for the reason that I mentioned yesterday, namely, that when people are not sure that they will be able to retain their positions, they do not give the same good service as they do when they have minds untroubled by such threats. In my travels to and fro throughout Canada I meet many people and the feeling amongst them at present is not as good as it was last year. Why? The people are still patient, but I do not know how long this will last. We have an honest, law-abiding population, one that respects the social order, and I hope conditions will improve so that we shall not in

Canada see the excesses committed in other countries. But men cannot suffer indefinitely. I am not talking party politics; I am speaking of very serious conditions. I know people who have come from rural municipalities or urban centres to Ottawa to enter the civil service. They have obtained positions where they can live honourably, where they can bring up their children, feed and clothe them, make good citizens of them, and then in a moment, without notice, they are deprived of their positions. Their career is broken. I admire the mother who takes care of the home while the husband is out at work earning money to keep his family. I admire the woman who is perhaps a greater business manager than is the manager of any bank. Those women are admirable and are to be found alike in Ontario and Quebec, and throughout the country. They make sacrifices in order that both ends may meet when the pay envelope is brought home. These men of whom I speak, when they enter the civil service from the rural municipalities, have been uprooted and are therefore unable to take up their old occupations again. When they enter the civil service they do their duty; they try to improve their lot by working as good public servants should do, and when they are deprived of their positions, their careers are ended. What happens? We see these men who are too proud to beg, unable to do anything. Such a condition is very sad and these men now expect and hope that within a short time the government will be able to restore conditions as they were some time ago in order that they may live in the same happy state as that in which they lived before.

I hope that social unrest will not prevail in this country. We are very fortunate now that the people are still law-abiding, that they respect the established order. Why is this? It is because our people have deep religious convictions. I respect people who do not have my creed. There was formerly a member of this house who was a leader of the Orange order and I asked him if he did not think it was better for the social order that people should have a creed instead of having none, and he said most certainly yes. I shall not mention that man's name, but it is evidence that it is only their creed and faith in the future that make the people respect the social order. There are, however, times when hunger, trouble, discouragement might overcome all that. I trust this will never occur in this country and this is why sincerely, seriously and earnestly I beg the government kindly to consider at once the case of the poor and humble classes in order that we may avoid social unrest in Canada.

Mr. W. F. GARLAND (Carleton): Mr. Speaker, I trust I may be pardoned if I do not follow the hon. member for Témiscouata (Mr. Pouliot) in his address. The only place that I shall agree with him is in his one day of silence and I honestly believe, after his speech of to-night, he has pretty nearly a week's silence coming to him.

This afternoon we heard the statement of the Prime Minister (Mr. Bennett) in bringing down his legislation with regard to the cut in the salaries of the civil service. Knowing him as I do, when he, realizing as he does the financial and unemployment situation, stated this afternoon that the administration intended to do what they conceived to be their duty under the circumstances, I felt it incumbent upon me to say a few words on behalf of some of the civil servants of this country.

I have special reference to married men and others with dependents who are receiving, say up to $1,320 a year. In some cases there are sons or daughters of those who are already in the service and the former are receiving salaries of say $1,200 or $1,260. There are other cases of which I know where perhaps there are two young ladies in one family, each working for the government at $1,200 a year. In such instances no hardship is involved in cutting those salaries by ten per cent. But I request and urge the government, in the administration of this legislation, if possible to exempt married men or others with dependents who are receiving salaries up to $1,320 a year. If they cannot see their way clear to do that I should like them at least to exempt the married men or civil servants with dependents whose salaries are only $720. I should like also to include those employed in the char service, who come to work before a great number of people are up in the morning, who leave their homes in time to be at work about 6.30 in the morning and who work until 9 o'clock. If the government, in its wisdom, could see its way clear to exempt those people, it would be doing a great favour. I have outlined the classes whom I think the government will help, if it is within its power to do so.

Some statements have been made concerning the exemption of the judges of Canada. In my view if they are exempt legislation should be brought in to reduce their salaries.

Mr. STEWART (Edmonton): Hear, hear.

Mr. GARLAND (Carleton): I think perhaps, however, the judiciary of Canada have enough patriotism to volunteer to accept a ten per cent reduction. An excellent example was given to them by the Governor General of Canada, and I believe that our judges in their wisdom will give their share without any change in our statutes.

Sitting in this house and listening to hon. members opposite I have often wondered how many champions there would be among them if the civil servants did not have votes. I am of the firm belief that my hon. friends opposite would not be so enthusiastic.

Mr. YOUNG: Would they have any on the government benches?

An hon. MEMBER: Certainly.

Mr. GARLAND (Carleton): Certainly they could not depend on the hon. member for Weyburn (Mr. Young), because he can see nothing beyond the narrow principle of free trade. In fact, if he would consult Hansard he would find that some of his statements indicate he is not familiar with the different articles used in his own occupation.

An hon. member has said that if civil service salaries are reduced ten per cent there will be a reduction in purchasing power. In my view that is not correct; we are not reducing the purchasing power. The money which came from our civil servants came from the general public, and the money they spend goes back to the general public. If taxation on commodities such as suggested to-day were adopted, that money would not go back to our people.

This afternoon the leader of the opposition (Mr. Mackenzie King) said that hon. members opposite did not wish to use this issue as an excuse to play party politics. May I read from the Ottawa Journal of February 25, 1932, a statement made by the junior member for Ottawa (Mr. Ahearn):

> In a brief speech Mr. Ahearn thanked members of the Twentieth Century Club for their support in the last election, and since then.

Mr. AHEARN: I certainly did.

Mr. GARLAND (Carleton): The article continues:

> He predicted the return of Liberal M.L.A's. in the three Ottawa ridings, in Russell and possibly in Carleton in the next provincial election, because he said he heard that "civil servants, of whom there are a lot in the county, are not altogether satisfied with present conditions."

Mr. AHEARN: Are they?

Mr. GARLAND (Carleton): I say to the hon. junior member for Ottawa that, as a Liberal, he has the privilege to go out and contest that riding at the very first opportunity, and we will watch the result with interest; we will see whether or not he will be returned. I have enough faith in the civil servants of the county of Carleton, knowing their patriotism, knowing their loyalty to the traditions of the Liberal-Conservative party, knowing that they have returned a Conservative candidate since the year 1867, and that they will do it for the same length of time in the future, to have no doubt as to how my hon. friend would be received.

At the same meeting the recognized leader of the provincial Liberal party appeared, and made the following statement:

> Those of us who come from outside ridings have a sympathetic understanding of the problems of civil servants, and are behind Mr. Chevrier in his efforts on their behalf, was the statement of Mitchell Hepburn, provincial Liberal leader.

I wonder if the provincial leader will make the same statement in all rural constituencies of Ontario. I venture to say he will not. He did not hand a very large bouquet to the junior member for Ottawa, because he appeared to be behind only the senior member. I should like the members for Ottawa to realize that my chief reason for supporting the government in this resolution is that the general public in this city and the surrounding district realize that these are difficult times. Perhaps the junior member for Ottawa could explain why a certain Ottawa electric railway company reduced their pay ten per cent last summer, and reduced their staff by forty per cent.

Mr. AHEARN: That is not so.

Mr. GARLAND (Carleton): Yes, reduced their staff forty per cent.

Mr. AHEARN: That is not so.

Mr. GARLAND (Carleton): What did they do with a few poor people of this city who on a few occasions carried passengers? Those people were brought into court. I say to the junior member for Ottawa that he is the last man who should say anything concerning the reduction of salaries. In this city to-day the Canadian Pacific Railway is reducing salaries by ten per cent; men who had steady runs out of this city for the last twenty years are receiving similar treatment. I have in mind a young man who worked on the Canadian Pacific railway for sixteen years, and who to-day is shovelling snow around the parliament buildings. Why? Because there was no work on the railroad, and he is willing to make a dollar wherever possible.

Mr. CHEVRIER: May I ask the hon. member who gave him the appointment?

Mr. GARLAND (Carleton): Yes, I can tell the senior member for Ottawa who appointed that man. The member for Carleton appointed him; and if there is any other man in the county of Carleton who finds himself in a

similar position, and needs a day's work, and if men are required to shovel snow I will extend the same help to him. The two hon. members for Ottawa are worried because when they walk up to parliament hill they do not know any of the persons shovelling snow.

The produce of our agricultural communities in the adjoining counties cannot be sold for a price sufficient to pay for the labour it entails. The majority of farmers in the county of Carleton are having great difficulty to pay their taxes and threshing bills. They are taking a cut of more than ten per cent; contractors are taking a cut of more then ten per cent; factories in the west end of the city are operating only three days a week. Civil servants realize those conditions, and so far as I can learn they are willing to take a cut. Do hon. members opposite believe for one moment that they are the only champions of the unemployed? They are not. They did not know there were any unemployed before the last election; in fact we were very close to the election date before they realized the state of unemployment.

Mr. YOUNG: We have no trouble knowing it now.

Mr. GARLAND (Carleton): No, and it would never be rectified until doomsday if the hon. member for Weyburn had anything to do with it. What has happened in the west? —family upon family without food. Do hon. members think the civil servants do not realize that? Civil servants know about conditions in the west and they are willing to take the cut in salary on the conditions laid down by the Prime Minister this afternoon—namely, that it will be for one year. They are willing to make a sacrifice. I have confidence and faith in the civil servants of Canada, and I know that when the year goes by and the Imperial economic conference is over, conditions will brighten and they will be satisfied. They have never got anything from the opposition. A few days before the last election the then Prime Minister, now the leader of the opposition, gave to the charwomen a bonus or back salary for three months. In doing this our friends opposite had no thought whatever of helping those women; they were concerned about securing the return of their two local candidates.

For the reasons I have stated, Mr. Speaker, I shall vote for the resolution.

Mr. F. G. SANDERSON (South Perth): In the few remarks I propose to make, Mr. Speaker, I shall endeavour as far as possible not to inject any political bias.

Mr. SPENCE: It would be something new.

Mr. SANDERSON: I pay no attention to my good friend from Parkdale (Mr. Spence). I think this question should be discussed without any political bias at all. We are going through a very trying time, perhaps the most trying in our history, and it behooves every one to make certain sacrifices. I am not going in any way to criticize the proposed reduction of ten per cent. In fact from my observations while in Ottawa during the past few years I think the civil servants are willing to make the sacrifice without much murmur. Of course, no one likes a cut in salary—I think every one will agree with me in that. I rather think the civil servants expected a ten per cent cut, I am quite sure members of parliament were expecting it. I will go further—but I hope in this I am wrong—that if conditions do not improve within the next twelve months hon. members of the Commons, hon. senators, and civil servants will have perhaps to take another cut.

As to the exemptions, I cannot understand why the government has adopted such a course. We have been told by the Prime Minister that the officers of the army and navy are to be exempted from this ten per cent salary reduction. I should like to know from the government side how this exemption can be justified. The Prime Minister, I see, is not in his seat, but the Minister of National Defence (Mr. Sutherland) is. He may come to the defence of the army and navy. The officers of the army who are exempted from this salary reduction are largely what we used to call the "brass hats." We have a lot of them here in Ottawa and in every military district throughout the country. They are well paid; if I had the time I could go through the list and give the amount of pay and allowances they receive. I suppose they work at least a day or a day and a half each week; they are supposed to "swank" rather than work. If the government can show me any reason why these public officials should be exempted from the ten per cent cut, I shall be glad to hear it. Then we have the naval officers. Who they are, what they are and where they are I do not know.

They may be on the high seas.

Mr. DUFF: The last place they were at was Salvador.

Mr. SANDERSON: I think there was a social function about a hundred miles from there and they sailed away to take part in it. I should like to know from the government their reasons for exempting these two classes of officers. I am open to conviction if it can be shown to me conclusively that they should be exempted from this salary reduction, but

in the absence of any explanation I can conceive of no reason for their exemption. Then I come to members of the Royal Canadian Mounted Police. Now, if there is any body of public servants in this country who for years and years back have made sacrifices as Canadians, it is the members of this force. But I am inclined to think they will come forward and volunteer to take a ten per cent cut in their pay. Why they should be exempt I do not know, but I should like to know. The next class within the exemption is the judiciary. I know that when one gets up in this house and speaks about the judges he is on rather thin ice so far as the legal fraternity among the members of this house are concerned. I am a layman. I am inclined to think that the judges of this country, most of them at least, might have their salaries cut to the extent of ten per cent.

An hon. MEMBER: Make it twenty per cent.

Mr. SANDERSON: No, I will put it at ten per cent. They are drawing good pay, they are not overworked, and if there is any body of men who should show an example in the way of sacrifice I rather think it is the members of the judiciary. Why they should be exempted from this ten per cent salary cut I do not know. Probably the Prime Minister will give the house his reasons for exempting them. He said the other day, in answer to a question, if my memory serves me aright, that their salaries should not be decreased by ten per cent because they were statutory salaries. I do not think that is any reason at all for their exemption. As a matter of fact all these salaries are statutory. I think the judges should come under this reduction of salary to the extent of ten per cent. I am not going to dwell on that because I know I shall be open to criticism from certain quarters. But this is a time of sacrifice when everyone must bear his share of the common burden. This afternoon the Prime Minister read a letter from a lady—who, he said, is in the civil service—saying she would be glad to make the sacrifice. I should like to know if the government have received any letters from judges volunteering to take a ten per cent cut. The Prime Minister is not in his seat. I do not know who is leading the government, whether it is the member for Pictou (Mr. Cantley), or the Minister of National Revenue (Mr. Ryckman), or the Minister of Railways (Mr. Manion).

Mr. RYCKMAN: All together.

[Mr. Sanderson.]

Mr. SANDERSON: You may be all together, but there is one man leading the government all the time. Will the Minister of National Revenue tell me if he knows whether any communications have been received from judges volunteering to take a ten per cent reduction in salary?

Mr. RYCKMAN: None came to my department.

Mr. SANDERSON: Will my hon. friend from Lincoln (Mr. Chaplin) say whether he received any communication?

Mr. CHAPLIN: None came to my department.

Mr. SANDERSON: I am sorry the hon minister from South Essex (Mr. Gott) is not in his seat.

Mr. RYCKMAN: I will speak for him; none came to his department.

Mr. SANDERSON: Then may I ask the hon. minister from Long Lake (Mr. Cowan) if any came to his department?

Mr. GOBEIL: I might tell the hon. gentleman that as a member of parliament I received one letter from a justice of the peace.

Mr. SANDERSON: I want to congratulate my hon. friend on being taken into the government. However, the point I am trying to make is that in my judgment—and I am speaking for no one but myself—the judges should share in the ten per cent cut in salaries, and I think there is also another method by which a saving could be effected.

This afternoon the right hon. leader of the opposition (Mr. Mackenzie King) spoke about government houses and about lieutenant-governors. I am inclined to think that under present conditions in this country all the lieutenant-governors should be asked to resign. I want to say to the government—and I am sorry the Prime Minister is not in his seat—that speaking for myself only, as coming from the province of Ontario, but speaking also for a number of my own supporters, I think no appointment should be made to the position of lieutenant-governor of Ontario until at least business conditions have improved. I know many hon. members across the way have been mentioned as probable lieutenant-governors. The name of my hon. friend from Parkdale (Mr. Spence) was mentioned; as a matter of fact I think it was only a joke, but his name was mentioned. I hope he will use his influence with the Minister of Justice (Mr.

Guthrie), whom I am glad to see in his seat, so that no appointment will be made to the post of lieutenant-governor of the province of Ontario.

I do not think I have anything further to say, Mr. Speaker. I am glad to see that my hon. friend the Minister of National Revenue (Mr. Ryckman) is in a jovial mood. As a rule he sits in the house looking as though he has lost all his friends, political and otherwise. To-night he has something to laugh at, Mr. Speaker, and if in addressing these few words to the house I have done nothing more than to make the Minister of National Revenue smile, I am glad I spoke.

Mr. BOUCHARD: They are free to-night; they have no leader.

Mr. SANDERSON: Yes; my hon. friend suggests that they are free, that they have no leader. But when my right hon. friend the Prime Minister walks in, as undoubtedly he will before eleven o'clock, you will see the members of the government sit up like good little boys in school, and there will not be much of a smile on the face of my good friend the Minister of National Revenue, or of any other member of the government.

I have stated my views in regard to judges; I have stated my views in regard to naval officers and permanent force officers, and in regard to lieutenant-governors. So far as I am concerned I have no criticism to offer in regard to the reduction of ten per cent in the salaries of civil servants. I quite understand that it will mean some hardship for those receiving salaries of perhaps $1,200; they will get a five per cent cut, and I would go so far as to say I would be quite willing to exempt those classes. But whatever is done in that regard I hope the exemptions I have mentioned will be included, as they should.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I want to take up the time of the house very shortly in connection with the principle of the resolution which the Prime Minister (Mr. Bennett) has proposed shall be considered in committee of the whole. The principle to which we on this side of the house particularly object is the principle of a horizontal and arbitrary cut regardless of the size of salary affected. That is a principle which has been too freely adopted by this government in connection with other measures affecting the public service and the administration of government.

Our complaint—and we will continue to make it—is that our friends on the other side seem willing to take a running jump at almost any policy and put it into effect, and then sometimes take a step backward and make some corrections, or at other times—and more frequently—to stick to it through thick and thin, with resulting detriment to the people affected. I submit that in this case the government have already shown that they are not quite happy with regard to the proposal made by the Prime Minister some little time ago, the proposal which appears in the estimates, whereby ten per cent is simply cut off every civil government vote. Already they have begun to take a backward step in the second part of the resolution before the house. My hon. friend from Carleton (Mr. Garland), who spoke a short time ago, mentioned politics, and the Prime Minister spoke of introducing politics into this matter. I wonder if perhaps it was not because the civil servants have votes that this second paragraph was included. Does anyone think that paragraph would have appeared had it not been for the fact that hon. gentlemen opposite are just as sensitive to public opinion when expressed through the polls as anyone else in this house or in this country? I say, Mr. Speaker, that the second part of the resolution, the sop which is now thrown by way of contributing five per cent towards the superannuation funds of certain officials, is an attempt by the government to take a step backward, and is an admission that they went too far.

That has only come about because the opposition have steadfastly set their faces against the voting of any estimates which recognize salary cuts until this resolution and this legislation should be brought down, and already we see the fruits of that policy. I submit that it should be elementary in government and in the administration of public affairs, particularly in taxation, that taxes should be imposed on those best able to bear them. This is nothing but a taxation measure which is imposed upon a certain class in the community because they happen to be civil servants. There is an old adage about tempering the wind to the shorn lamb, but that was completely forgotten in the proposal first announced by the Prime Minister.

I submit, Mr. Speaker, that the arbitrary way in which this government went at this matter is just an illustration of what has been done with regard to other matters, to which I will not refer to-night. Can you conceive of anything less fair and more inequitable than that the people who are to be affected should see it broadcast all over this country that the ten per cent cut was going into effect, have the estimates brought down with

ten per cent deducted, and then have the Minister of Justice solemnly announce that he would hear the people who were affected? They appeared this morning, by their representatives, to present their case, while upon this very order paper was the resolution providing for the reduction in salary, and I have no doubt that the bill to be founded upon this resolution has been already printed. You might as well speak of a court giving people an opportunity to bring their witnesses and present their case while all the time the judgment of the court is written, ready to be pronounced as soon as the presentation ends.

My hon. friend from Carleton pretends to speak for the civil servants; he says they are perfectly willing to take this cut. I sincerely hope that is so, because it looks as if they are going to get it whether they want to take it or not. But I do say that I doubt very much whether he is in a position to speak for the civil servants and to say whether the reduction is one that does approve itself, particularly as regards the feature to which I am referring, to the great body of civil servants of the country.

This principle is all wrong, of imposing a horizontal cut in salaries regardless of their size. Suppose a man receives a salary of $720 a year; he has to contribute the sum of $96 to the revenue of the country. Does anyone pretend for a moment that a man can as well afford to contribute $96 out of an income of $720 as the man drawing a salary of $10,000 can afford to contribute $1,000? There is certainly a scale of living in this country which is absolutely necessary. Certain absolute requisites a man must have if he is to keep his family, and these things must be provided first. As was well said by my hon. friend from North Battleford (Mr. McIntosh), the principle seems to be to start from the bottom and work upwards instead of from the top down. What is being done by the government with respect to the reduction in salaries is precisely the same sort of thing that has been carried on right along; it is exactly the same thing as was done by the Minister of National Defence and by the government in connection with the air men of whom I spoke the other day. That is an illustration of the arbitrary way in which our friends opposite are acting in regard to matters of taxation and these so-called economies.

The Prime Minister read a letter which he said came from some lady who wrote that she was glad to have a salary to be cut. I am sorry the right hon. gentleman is not in his seat, but I would ask him whether as a lawyer he regards this as the proper sort of evidence to bring against the great body of civil servants of the country—a letter written by a lady whose name he will not give, whose condition of employment we know nothing about, about whose responsibilities in life we are absolutely ignorant, when I venture to say that the Prime Minister himself, in common with others in this house, has received letters by the score from civil servants all over the country protesting vigorously against the cut because of what it will mean to them in their daily lives. I say to the right hon. gentleman, and I submit to the house, that he should not have brought forward a letter of that kind, an isolated case, and presented it to this house or to the country as an evidence of the way in which the civil servants of Canada generally feel in this matter.

Misery likes company, we know, and we are all receiving the cut; but everyone has been suggesting that someone else should make sacrifices. It reminds one of what Mark Twain said about being perfectly willing to sacrifice his wife's relations. In this case, the lady to whom reference has been made might sincerely have felt like making the contribution; but there are a lot of married men in this city and throughout the country with large families and very grave responsibilities, who cannot afford the cut no matter how patriotic they are. I have spoken of the air force as an example of the arbitrary actions of the government. My hon. friends opposite rush headlong at salaries, striking off ten per cent, and it means headlines in the papers the next day and possibly some applause in some quarters. But is it scientific? Is it intelligent? Is it considerate? Is it a thing that ought to be done in the interests of public business? Take the men in the air force; they were officers who were under contract for three years, men who had enlisted for that length of service, men who had seen service overseas, half of them married men with family responsibilities who had expected that their employment would be fairly permanent and many of them on the strength of that expectation had acquired little homes of their own. They have no other profession than their training in the air force and they were working for their country to the very best of their ability. These men receive summary notice that in six weeks' time they are to be cut off the salary list altogether and they find themselves adrift in the world without any support whatever. Now, that is not the way to use Canadians. What would any employer of labour have done?

Mr. MORAND: What has he done?

Mr. RALSTON: This is what he has done. He has said to his superintendent or his supervisor: We have to reduce our staff. Show me the married men; tell me who have been longest with the firm; point out those who have responsibilities, and then we will try to temper the wind to the shorn lamb, endeavouring as far as possible to adjust matters, dropping some who have not as great responsibilities, and others who have not been as long with us, or who have not had service overseas. That is what the employer of labour has done. But he has not made an absolute brutal and ruthless cut or dismissal regardless of salaries, contracts, abilities and responsibilities. And I say that is what is being done. It is because my hon. friends opposite do not realize that there is such a thing as human flesh and blood in this country as well as questions of economics and all the other things they talk about in connection with government. They say, "we are going to do this and that or perish in the attempt," and they do it regardless of whom it hits.

I submit that the time has come in this country when we ought to call a halt to that sort of thing. My hon. friend from Témiscouata (Mr. Pouliot) gave some excellent advice. It would be well for the country if the government would stop for the space of just one day and give consideration quietly and soberly to the things that are being done instead of rushing at them, particularly in regard to these so-called economies. After all, we are dealing with human beings, Canadian citizens, and when you reduce by ten per cent the income of a man who gets $720 a year, or when you throw out into the world a man who has served his country well, it is time to point out that the same sort of human feeling and sensibilities that move the employer of labour should actuate the government.

Coming back to the air men, may I point out that the only employment open to these men in Canada at the present time is with the federal government. I would not mind it so much if there were not plenty of work for them to do and if they were not needed in the service of the country for the development of its resources. But I have seen, as other members of this house have seen, the excellent work which has been done by the air service, work which could not have been done, in the development of this country, without their invaluable assistance. There is not a country I know of that has made such a varied use of aviation as this dominion has done in connection with the development of our natural resources. Let me give one or two illustrations to indicate what little consideration has really been devoted to these matters. One would have thought that the government would first have considered the usefulness of these men and what they are doing in the development of this country. Hon. members know that the air force has been used most successfully in connection with the mapping of the country and the opening-out of new mining areas. You could not lay off mining areas, you could not plot them, you could not allot them nor stake them out without a map. Take the Red Lake district for example. Three or four years ago there was a request that it be opened up. A request came for a map of the district. How long would it take to make such a map by means of ordinary foot survey? About three years. The matter was handed over to the Department of the Interior and through that department to the air force, and the map was ready in a space of a little more than six months. The claims were staked out and the district was opened for development. I have in mind an engineer who wanted to make an inspection in that district. He was coming from Vancouver, having been asked by his firm to make an examination. He knows that from the time he gets off the train at Minaki until he gets on again it will take three weeks to go into the district and out again by the usual method. He wires for a plane, the plane meets him at Minaki and takes him into the Red Lake district, and he makes his examination and catches the very same train the very same day at Sioux Lookout and is on his way to New York—all this by reason of the aviation service rendered by these very men who have been dropped because the government gives no thought to their usefulness in the development of Canada.

With regard to the great northwest, of which you know a good deal, Mr. Speaker, we have lately had mineral discoveries of importance at Great Bear lake. I have no doubt that the Department of Mines will bear out the statement that it is absolutely necessary that we maintain our air service if we are to develop that country. The same thing may be said in connection with the air mail service. Civil government aviators developed air mail routes throughout the country, investigated conditions, mapped out the courses, provided the necessary information to enable contracts to be let, made experimental flights themselves, selected sites for emergency landing fields and laid the foundation for a splendid airmail service in this country of vast distances. A similar statement may be made in connection with

the forest patrol. Something like a quarter of a million miles have been photographed and a quarter of a billion acres have been under patrol. These are some of the things which the air service has been doing and I have no doubt that the records of the departments of the Interior and of National Defence will show that years of work were ahead of this service.

Yet in the face of this great service which is being rendered, 69 officers and 100 men are told that they must go. I submit that such action is poor business and is very short-sighted. If something of that kind had to be done it should not have been done so arbitrarily. The matter should have been given the same consideration as would have been given by an employer of labour to a similar problem.

I submit that the government should give further consideration to this matter. The hon. member for Carleton says that he is going to vote for this resolution but he asks the government on his bended knees to give further consideration to the lower salaried class. I think the government would be acting in the interests of Canada to heed his suggestion.

With regard to the air force, in the interests of humanity, in the national interest and furthermore in the international interest, the government should reconsider this whole matter. At the present time there is talk abroad that these air men who have been thrown out in the world are about to enlist in the forces of another country. No one can blame them because it is the only thing they can do, that is the only profession they have. They say: If our own country does not want us, if our country leaves us in the lurch, we will have to take the best employment we can get. I submit that that will not be a good thing for Canada regardless of whether or not it is legally possible.

Mr. McINTOSH: It is not a Canada first policy, either.

Mr. RALSTON: As my hon. friend says, it is not a Canada first policy. On that ground alone the government should reconsider this matter. The other day the Prime Minister intimated that there would be some difficulty in the adoption of this course by these men, but there is no law that I know of which prevents enlistment in the service of another nation when that nation is not technically at war. I submit that the right hon. gentleman was wrong in giving that impression. But regardless of the legal position it would be regrettable for these men to leave this country under these circumstances and the dominion might be precipitated into an embarrassing international situation.

I contend that everyone in the public service who has given faithful service is entitled to due consideration. The circumstances should be inquired into, the conditions should be investigated and full consideration given to the whole matter before a horizontal cut is made or wholesale dismissals take place.

Hon. D. M. SUTHERLAND (Minister of National Defence): Mr. Speaker, I should like to say a few words in reply to part of the address given by the last speaker (Mr. Ralston), but not because of its importance, as I consider the hon. gentleman's address from beginning to end was nothing but a piece of cheap party politics and an endeavour to make capital out of the troubles of a group of men who are in difficulties at the present time. I maintain that it lowers the reputation of the hon. gentleman to bring such a thing into this discussion in such a way. Last Friday he attempted to interject this matter into the discussion then taking place in the house under the guise of its being a matter of urgent public importance, but he did not succeed in getting it before the house because of Your Honour's ruling.

If the hon. gentleman had the interest of these air men at heart he would have gone about the matter in a different way. He knows very well that if a member of this parliament desires to get anything before the house or to advance any interest that is non-political, all he has to do is to go and see the particular minister and put the case before him. Many hon. members on the other side have done this very thing with me and other ministers, and I defy them to say that they have not received every courtesy.

Mr. RALSTON: The hon. minister was asked on two occasions from this side of the house for information in regard to this matter, and he made the most non-committal answers; he said he had no information to give.

Mr. SUTHERLAND: Within two hours of my being asked the question I wrote to the hon. gentleman who had asked it, giving what information I had. I gave information to the hon. members for North Waterloo (Mr. Euler) and Kenora-Rainy River (Mr. Heenan) at the earliest possible moment.

Mr. RALSTON: What was that information?

Mr. SUTHERLAND: In bringing this matter before the house the hon. gentleman has not had the interests of the air force at heart; it is simply an effort at self-glorification and an attempt to gather part of the advertising which the Chinese situation has been receiving.

This reduction in the air force is not properly a matter to be discussed at this time; it is a matter which should be taken up when the estimates of the Department of National Defence are before the committee. However, as it has been interjected into the debate I will give the cause for the reduction which has been made.

Mr. RALSTON: We have been waiting two weeks for this.

Mr. SUTHERLAND: As the hon. gentleman has said, the air force has done a great deal towards the development of the north country. He instanced a number of ways in which this has been done, such as map making, exploring of various air routes, air photography and many other useful services. This air force developed to a large extent as an aftermath of the war. I have no objection to make to the expenses incurred by the air service during the few years following the close of the war in the establishing of air clubs, the inaugurating of airports and other features of the service, but in this regard the estimates for previous years are interesting and instructive. In the year 1928-29 the estimate for aviation amounted to $5,042,731; in 1929-30, they amounted to $5,921,163, an increase of $878,432. In 1930-31 the estimates amounted to $7,475,700, an increase over the previous year of $1,554,537. The depression which now exists in this country started to show itself in the fall of 1929, and surely prudence and reason would have dictated that under circumstances of that kind instead of an increase of $1,554,537 being made in the estimates for aviation, they should have been reduced.

Mr. RALSTON: Does my hon. friend know that was for the development of Trenton?—and he is keeping up that development.

Mr. SUTHERLAND: Trenton will be very seriously cut down.

Mr. RALSTON: But my hon. friend is adopting Trenton instead of Borden.

Mr. SUTHERLAND: If the hon. gentleman, instead of developing Trenton, had stopped the development at that time, a great deal of the trouble we are having at present would have been obviated.

Mr. RALSTON: The hon. gentleman had better ask some of his supporters about that.

Mr. SUTHERLAND: How any hon. gentleman in charge of the department could at a time of stress, when the depression had already started, give an increase of a million and a half dollars, is beyond my comprehension. The only way in which it can be explained is that in the year 1930 an election was coming on and the hon. gentleman wanted to pad the estimates at the public expense. Surely any man with reason or judgment would at such a time have enough grasp of the situation at least not to increase that estimate. If the estimate had then been decreased by $1,000,000 or $2,000,000, a good deal of the trouble that we are now having would not have occurred.

Mr. RALSTON: Would my hon. friend suggest the reductions he would have made?

Mr. SUTHERLAND: I certainly would have reduced the estimate very materially at that time.

Mr. RALSTON: In what items?

Mr. SUTHERLAND: I consider any man who used reason at all in the administration of the department would have used it then.

Now we come to this year. The government is faced undoubtedly with a very difficult situation, and every minister who has charge of a department has had to do his share in meeting it. A minister is in this position: many people think that I, for instance, represent in the house the Department of National Defence, the navy, the army and the air force. I do not do that. I represent the people of Canada in dealing with those branches. When a question of this kind arises, the rights of the country as a whole must be borne in mind as against those of the defence department, and therefore there can be no doubt as to what the decision must be. If there is a portion of the Department of National Defence the maintenance of which cannot be justified at a time when there are men, women and children having difficulty in getting enough to eat and wear, that portion must go and when it is part of the air force that can be spared at this time, it must go. You cannot get away from that, and I think the wisdom of the decision will be recognized by the people throughout Canada. That was the condition which made the cut imperative. The hon. gentleman has said that we are breaking contracts. My hon. friend is a lawyer and he knows much better than that, because I presume he wrote or at least is familiar with this contract on which all the air officers who are being let out were taken into the force.

Mr. RALSTON: I can assure the hon. gentleman I did not write any contract.

Mr. SUTHERLAND: If the hon. member followed the happenings in this department when he was in charge, he would be familiar with it. This is the form to be signed by the applicants for a non-permanent commission such as these gentlemen had:

To The Director,
Royal Canadian Air Force.

1. I, the undersigned, hereby apply to be attached to the permanent active air force for continuous air force employment for such period as my services may be required but not exceeding three years.

Therefore how can we be breaking a contract, as the hon. gentleman has said, when the contract distinctly says it is "for such period as my services may be required but not exceeding three years"?

Mr. RALSTON: What does my hon. friend say about enlistment?

Mr. SUTHERLAND: The form continues:

2. In consideration of the said application being granted, I hereby undertake and agree:

That, I will serve in continuous air force employment for a period of three years, if so required, under the conditions of service prescribed in the King's Regulations and Orders for the Royal Canadian Air Force, and at the rates of pay and allowances prescribed in the pay and allowance regulations for the Royal Canadian Air Force.

This shows that no contract in the slightest is being broken, and I may say that in the case of at least thirty out of the sixty-nine who are being let out, the three-year period has already expired or will expire in the course of a few days. Therefore I maintain that the department was entirely justified and was in no sense breaking a contract.

Mr. CHEVRIER: May I ask whether these men are being let out because their services are no longer required, or because there is no money to pay them?

Mr. SUTHERLAND: I cannot see the point in that question. Their services can be dispensed with, and undoubtedly the reason is that the money must be employed in a way that we consider more important and vitally necessary at the present time. That is the situation.

The hon. gentleman asked me with regard to the air men. He also well knows that in the regulations there is a clause for the air force that any man may be dismissed whenever his services are not required. That is in the King's Regulations and Orders for the Royal Canadian Air Force, section 392, subarticle 13—"his services be no longer required."

[Mr. Sutherland.]

I may say that during the hon. gentleman's term in the office that I now have the honour to hold, a difficulty arose in the department and he had to let out very suddenly quite a large number of men. That was in 1928 or early in 1929, and advantage was then taken of that same regulation as it exists with regard to the permanent force of Canada. He acted in every sense in the same way as the department is acting at the present time. Therefore I maintain that everything he has brought up now is not for the interests of the air force but for the old game of party politics and nothing else.

The statement has been made that these men were let out without notice. That again is incorrect. As I stated in the house this afternoon in answer to a question of the hon. member for North Waterloo (Mr. Euler), the officers were given one month's leave for every five years they had put in, and they were of course also given any leave that might have been due to them for this year. They were treated in exactly the same way as any man of the permanent force who was leaving the service; in other words, they received their terminal leave and I do not think any business man or employer of labour in this country could do more than that or be fairer about it. As regards the 100 airmen, they will get three weeks' leave with pay.

May I mention another point to show that the air force has not been badly used, at least in a certain particular. They have not paid anything in to the superannuation fund as the permanent air force officers have done. Therefore, during the time they have been in the service they have really been getting more in cash than have those other men. That is the way they are leaving the service, and if there is any other way we can make the best of a bad job—because no one likes this any worse than I do, and I have every possible sympathy for them—I should like to know it. If it were not for the absolute necessity for economy this would not have been done. I can say no more about the matter. That is the situation as I understand it and what I think has justified the department and the government in the stand that they have taken.

Mr. RALSTON: Is it also the case that the officers will lose about $400 of expenditure for uniforms?

Mr. SUTHERLAND: I presume a man who has been in the service has a uniform. I submit in closing that the argument of the hon. member was made entirely for party purposes, and is not worthy of the attention of the house.

Mr. CHAPLIN: Would the minister tell us—

Mr. RALSTON: I rise to a point of order. My hon. friend referring to my remarks, three times used the expression "cheap party politics."

Mr. SUTHERLAND: Yes, that is what I meant.

Mr. RALSTON: I did not interrupt my hon. friend, but I ask you, Mr. Speaker to point out to him that his language was unparliamentary, and that he cannot impute motives to a member of parliament. Furthermore, I deny in the most emphatic terms that anything of that nature was in my mind; there are no air men in my constituency. I ask you, sir, to request the minister to withdraw those imputations.

Mr. SPEAKER: Perhaps the minister's remarks wherein he imputed motives to the hon. member for Shelburne-Yarmouth (Mr. Ralston) were not quite within the rules of parliament. It may have been that he was carried away with some warmth; I would suggest however that he withdraw the remark.

Mr. SUTHERLAND: I do not remember saying—

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: My recollection of the minister's remark was that the hon. member for Shelburne-Yarmouth had been actuated only by cheap party politics. I was surprised at his statement.

Mr. SUTHERLAND: I do not see how that can be wrong, Mr. Speaker. Under what rule could that be considered wrong?

Mr. SPEAKER: My ruling in this instance is that the remark is unparliamentary.

Some hon. MEMBERS: Withdraw.

Mr. SUTHERLAND: I bow to your decision, Mr. Speaker. If I have put my language in the wrong way, I regret it.

Mr. ELLIOTT: Do you withdraw it?

Some hon. MEMBERS: Withdraw.

Mr. CHEVRIER: I rise to ask a question—

Mr. CHAPLIN: I wish to ask the minister—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Withdraw.

Mr. CHAPLIN: He has withdrawn; what do you want?

An hon. MEMBER: He has used the word "if."

Mr. CHAPLIN: I should like to inquire from the minister what—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I understand the minister to withdraw.

Some hon. MEMBERS: No, no.

Mr. SPEAKER: For the information of the minister may I say the rule is as follows:

> The imputation of bad motives, or motives different from those acknowledged, misrepresenting the language of another, or accusing him, in his turn, of misrepresentation, charging him with falsehood or deceit; or contemptuous or insulting language of any kind; all these are unparliamentary and call for prompt interference.

In my opinion the language of the minister was not parliamentary, and should not have been used.

Some hon. MEMBERS: Withdraw.

Mr. SUTHERLAND: I have already expressed regret, if the language was unparliamentary.

Some hon. MEMBERS: Withdraw.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I should like to say a few words, even at this late hour, in regard to this matter. Before proceeding to my remarks however I should like to assure you, sir, that the last thing in the world of which I would accuse any hon. member opposite would be playing party politics.

Mr. RALSTON: The same to you.

Mr. MANION: Whether it be cheap or dear, I do not know. At any rate, I certainly should not accuse them of playing politics. I think I heard a few hon. members opposite both this afternoon and this evening state that we were playing party politics when we cut the reduction on smaller salaries from ten per cent to five per cent. So, apparently, after listening to the dispute which has just taken place, I might fairly come to the conclusion that some of them are not so particular about their own statements as about the statements of other people.

I have listened with a good deal of interest to the discussions to-day, and have noted the different viewpoints of the different hon. members on the other side of the house. The hon. member for Shelburne-Yarmouth (Mr. Ralston) pointed out that we were treating the civil servants with cruelty, and with no more human kindness than would be shown by a private corporation. I am afraid I can

hardly agree with my hon. friend, because there are many private corporations in this country to-day which have completely closed their plants.

Some hon. MEMBERS: What?

Mr. MANION: Which have closed their plants.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: Yes, and quite a few had closed their plants completely before my hon. friends went to the country.

An hon. MEMBER: Oh no.

Mr. MANION: The only trouble was that the hon. gentlemen over there could not see it, but the people did; that was the difference.

Mr. STEWART (Edmonton): And they are regretting it now.

Mr. MANION: I have not seen any signs of regret.

Mr. STEWART (Edmonton): Have you not?

Mr. MANION: They may not be very much enamoured of us, but they will never turn us out for that group over there.

Mr. STEWART (Edmonton): The first part of the statement was true.

Mr. MANION: Mr. Speaker, I had intended to reply to the remarks of the hon. member for Shelburne-Yarmouth concerning private industry. As I have said, many of them have closed their plants. Business throughout the world is dull—not only in Canada, because I believe it is better in Canada than in other countries—and private industries are not as generous as the hon. gentleman would have us believe. They have to pick their good men, and take them according to seniority, as our railways have done. In my office every day, as Minister of Railways and Canals, I have protests against the actions of both railway companies, because they are laying off married men, returned soldiers, and the like; they have to take seniority into account. So I do not think the hon. member for Shelburne-Yarmouth is quite correct when he says we have been more cruel than private corporations. As a matter of fact, the reason that labour people have always preferred government ownership to private ownership is because the former has always been, under this government or any other government, more friendly to labour than has been the latter. This afternoon the leader of the opposition (Mr. Mackenzie King) took another attitude. He made the statement that we should close government houses throughout the country, and the hon. member for South Perth (Mr. Sanderson) backed up the statement. Well, in these days that is a real touch of demagogism, because it smacks of politics. My hon. friends opposite would say. "Let us close up the government houses; let us throw these rich men out on the street." As a matter of fact, many people in Canada would not approve, and would not think we were acting in the interests of the working people of our country if we closed the government houses. Those houses are generally occupied by men who can afford to spend a good deal of money, whether it be well- or ill-gotten, and in spending that money they give employment to many people. Servants are employed, merchants are given an opportunity to sell their goods, and the like. How would conditions be improved by closing the government houses? Of course, for my hon. friends to talk about closing government houses is, at the present time, good politics.

Mr. BEAUBIEN: May I ask a question?

Mr. MANION: Yes.

Mr. BEAUBIEN: If those people have so much to spend are they not in a position to take a ten per cent cut the same as ordinary civil servants?

Mr. MANION: Yes, but that is a statutory matter. I have no particular objection; I am as good a democrat as my hon. friend, and I have no particular objection to applying the ten per cent cut to them.

The hon. member for North Battleford (Mr. McIntosh) said, "Let us get the millionaire." He was not playing politics—oh, no! He said, "Let us get after the millionaires." There are not many millionaires, so common people like ourselves who are not millionaires are rather pleased to get after them. Of course I would not think of accusing the hon. member for North Battleford of playing party politics when he said, "Let us get after the millionaires and let them pay a million dollars each." I know his statements were all made in good part, and he was doing it for the good of the country—oh, yes. Of course he was not thinking of getting a vote, when the time comes, from the labour people; of course his remarks were not made in that spirit.

The fact is however that, when all is said and done, it is not as easy to extract money from millionaires as he has pointed out. Not being a millionaire, I should like to go after some of them myself. The fact is that the millionaire is hit pretty hard, if one wishes to look at the facts fairly. His income

taxes are heavy, and as he buys more imported goods than the ordinary working man, he pays more taxes on those goods. So in the words of the member for North Battleford the millionaire is "got" to a not bad extent.

Then I listened to the member for South Perth (Mr. Sanderson), the Ontario whip of his party. Coming from a rural section he did not play politics, but he did not condemn the ten per cent. Oh, no, not at all! He is good at asking questions of this side of the house. I will ask him a question: Did he oppose or support this ten per cent cut? I do not know.

Mr. SANDERSON: I will tell my hon. friend. If he had listened attentively to me—

Mr. MANION: I did.

Mr. SANDERSON: —he could not come to any other conclusion than that I did not oppose the ten per cent cut.

Mr. MANION: That is exactly what I thought; I thought the hon. gentleman was actually supporting it. In other words, coming from a rural section, not caring, of course, for votes, not playing cheap politics at all, his game—I withdraw that word; it is not parliamentary;—his idea was that he could agree with members on this side. No politics over there! Oh, no.

Mr. CHAPLIN: It is policy, not politics.

Mr. MANION: That is right, it is policy for the next election. However, as I pointed out, there are various differences of opinion among my hon. friends opposite in regard to what should be done. To be serious for a few moments—

Some hon. MEMBERS: Hear, hear.

Mr. MANION: Well, if my hon. friends opposite had been listening over on this side of the house to the rather unconsciously humorous speeches they have been making the whole day, they would think a little seriousness might well be injected into this discussion.

It is to be remembered that this ten per cent cut is for one year only. That has been made very clear to those who will suffer by this reduction—and taking ten per cent off any one's income entails, I suppose, suffering of a kind. But it cannot be forgotten that Canada, like the rest of the world, is in a very serious condition at the present moment. The whole world is suffering from a depression such as it has not experienced in centuries. We are in the habit of saying this is the worst condition that the world has ever had to face, but certainly the depression is very serious and very far-reaching. It has been brought on by the war, by reparations—

An hon. MEMBER: The tariff.

Mr. MANION: I do not know that I would even deny that many of the tariffs that have been imposed since the war may have had their effect also. Then there is the unfair competition from Russia—a country which my hon. friend from Winnipeg North Centre (Mr. Woodsworth), who is not in his seat, loves so much. But he comes back to Canada, I notice. Furthermore there is the very low price of commodities now prevailing, which is probably the greatest affliction that the world generally is suffering from at the present time. As a result of all these conditions we have unemployment, and it has to be relieved in Canada as in other countries. The United States is said to have seven or eight million unemployed, Great Britain with free trade—

Mr. YOUNG: The United States with a protective tariff—

Mr. MANION: I was going to say that Great Britain with free trade has a higher number of unemployed than the United States in proportion to population.

Mr. MACKENZIE (Vancouver): Oh, no.

Mr. MANION: Yes, in proportion to population.

Mr. MACKENZIE (Vancouver): No. I have the actual figures.

Mr. MANION: I know the actual figures.

Mr. MACKENZIE (Vancouver): What are they?

Mr. MANION: The United States, 7,000,000; Great Britain, 3,000,000.

Mr. MACKENZIE (Vancouver): The figures are: United States 7,500,000, and 6,000,000 in addition to that number.

Mr. MANION: My hon. friend is conjuring up dreams.

Mr. MACKENZIE (Vancouver): No, they are not dreams.

Mr. MANION: The highest figures I have ever seen give the United States about 7,000,000 unemployed and Great Britain about 3,000,000. If you take into account their

respective populations, there is greater unemployment in England than in the United States.

Mr. HEAPS: Is it not a fact that in the United States practically nothing has been done for the unemployed, whereas in Great Britain they are being taken care of?

Mr. MANION: That is another question. In Canada, by the way, the unemployed have been taken care of a good deal—with very few compliments from the other side of the house in regard to what has been done. I am not speaking of my hon. friend particularly. But I was pointing out that unemployment is world wide. France, the last country to feel the depression, has now a large number of unemployed, Germany has from 4,000,000 to 5,000,000 unemployed, and the condition is serious in Italy. I merely mention this to show that the condition is world wide. Undoubtedly the greatest trouble with a large portion of the world to-day is that commodity prices are so low. The wheat farmers of the west are suffering very severely from the price of their commodity being down to 65 cents a bushel.

An hon. MEMBER: Why?

Mr. MANION: Surely my friends do not think we can control the price of wheat?

An hon. MEMBER: No.

Mr. MANION: Two or three years ago wheat was two and a half to three times that price. The very fact that it has gone down to 65 cents a bushel has lowered the purchasing power to such an extent that, with no exception, the farmer is the hardest hit man in the community. All farm products are hit in the same way. As a rough estimate I may say the purchasing power of the farmers of western Canada has been reduced by between $200,000,000 and $300,000,000. Therefore I say that being the case, the wage earners of Canada, whether civil servants or otherwise, must expect to make some sacrifice on behalf of their country. And a large proportion of other wage earners have made sacrifices. The two great railway systems last year made cuts in the salaries of their higher-up officers by, I think, ten per cent, representing a reduction of some millions of dollars. More recently they came to an agreement with the running trades to accept a reduction of ten per cent. That is a fairly drastic cut. I notice that Roger Babson, a noted economist, said that in the United States during October there were 650 wage cuts in 40 different industries, and in August 338 wage cuts in 32 industries. There you have a total of nearly 1,000 wage cuts in over seventy different industries in two months. I admit quite frankly that the civil service is being hit by this reduction. True, they are losing some of their purchasing power, some of their income, and nobody regrets it more probably than those who find it necessary to put the cut into operation. I do not suppose that my hon. friends opposite under stress of the strongest political feeling would say that they have more sympathy in their hearts for the people than have the rest of us. We do not like to throw men out of jobs, we do not like to take away their earning power, but when the country is in such a serious condition these steps have to be taken. It must not be forgotten that the civil servants, generally speaking, have what no men in private occupations have—steady work, superannuation, sick leave and holidays, and, what is most important, as my right hon. leader mentioned to-day, they have security of employment. I mean those who are permanent civil servants. Of course, there are exceptions; for instance, when occasionally a position is wiped out, but that affects a small proportion of the whole civil service. And after all, I am sure my labour friends will agree with me that one of the greatest worries of the working people in any country is the insecurity and uncertainty of being able to earn their living in the days to come.

Another thing I wish to point out; Canada is in the position of having to pay more heavily for carrying on her national operations than ever before in her history. It is worth while remembering that in 1931 our national expenditure amounted to $300,000,000 over and above what we expended in 1913. In 1913 our whole dominion revenue was—$168,000,000. This year, in addition to running the ordinary affairs of the country, we have to pay out at least $300,000,000 over and above what we paid out in 1913. These items include $110,000,000 or more for interest on the war debt, which was accumulated between 1914 and 1919, and about $60,000,000 or $70,000,000 for pensions and other allied servies of one kind or another also due to the war.

Mr. RALSTON: All these charges have been in existence since 1921.

Mr. MANION: I am not questioning that. I admit that if we take 1921 the same condition existed, but the present world condition

did not exist at that time. In addition to those other amounts, this year we will pay out to the Canadian National Railways, for one reason and another—for deficit on interest due the investing public, for additions and betterments, for maritime freight rates and so on—about $112,000,000. If you add those figures together you will find that they total about $300,000,000, yet I repeat that in 1913 our entire national income was only $168,000,000, and this country never had an income of more than $50,000,000 until after 1900.

In addition to the country generally, the provinces are in difficulties; everyone knows it, so there is no harm in my saying so. Everyone knows that the western provinces particularly have been very hard hit by the financial collapse not only of this country but of the world in general. The western provinces have had to be helped very materially by this government. The Canadian National Railways have been hit to such an extent that last year the gross earnings were over $100,000,000 less than in 1928, a period of only three years. The same thing also applies in proportion to the Canadian Pacific Railway.

In this connection it might be pointed out that in 1929, the year before the election under the regime of my hon. friends opposite there were greater capital expenditures put upon the national railways, many of them of a useless character, than ever before in the history of this country or of the national road. Of course there were no politics about it, but in that year there were commitments of $270,000,000, which to a large extent we have to meet now and for which we were not responsible. When we came into office on August 1, 1930, we were committed to the expenditure of $158,000,000, the amount remaining from that $270,000,000, over which we had absolutely no control.

Hon. gentlemen opposite are continually pointing out that during their regime they reduced the national debt. I am not going to question that; perhaps they did reduce the national debt, but they increased the Canadian National Railway debt by over twice as much as they cut down the national debt. The interest owing the investing public by the national road in 1923, the first year after the amalgamation, amounted to $35,000,000, while during 1931 the interest on bonds due to the public from the national road amounted to $57,000,000, an increase of $22,000,000 which has to be met by this government. That $22,000,000 represents interest at 5 per cent on about $450,000,000, so during their regime hon. gentlemen opposite added very considerably to our second national debt, if I may so term the Canadian National Railway debt for which the government of Canada is responsible. Their additions to that debt wiped out by several times whatever little cuts they might have made in the ordinary debt of the country. Whatever else may be said, the people of Canada have to pay both debts; at least in the past they have had to pay the Canadian National Railway debt as well, and no doubt they will continue to pay a great deal of it.

I have practically finished, Mr. Speaker; I rose to say only a few words. I would suggest to my hon. friends on the other side that they might remember that these are serious times, and that we are not making these cuts because we are glad to make them or because we take pleasure in inflicting pain. We are making them because they are necessary for the good of the financial structure of this country.

By the way, I should like to refer to a remark made by the hon. member for Winnipeg North Centre in his heated address today. He spoke of the decreased purchasing power that we were bringing about by cutting the salaries of the civil servants. This will not lessen the purchasing power at all, because you simply save collecting that amount of taxes from someone else.

Mr. YOUNG: That is good, sound doctrine, and I am glad to hear you say it.

Mr. MANION: Yes, I see nothing wrong with that argument. I do not know whether my hon. friend is criticizing it or applauding it.

Mr. YOUNG: I am applauding it; it is good.

Mr. MANION: This is the first time the hon. gentleman has found anything good in my remarks.

Mr. CHAPLIN: You must be wrong.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: I will admit that I am beginning to wonder if I am not wrong. However, I repeat that if you take the $8,000,000 of taxes and pay it to the civil servants you cut down the purchasing power of the people; that is all. There is no difference, so you are not cutting down purchasing power at all when you cut down wages that must be paid out of the taxes of the people.

I suggest to my hon. friend that while I know they would not play politics, and I know none of them would be demagogues, I

hope they will remember that they got my hon. friend the Minister of National Defence (Mr. Sutherland) to withdraw a remark about politics to-night, and be sure that in dealing with this question in the future they avoid saying anything that might be imagined to refer to politics.

In closing I want to point out that we admit quite frankly that even with the great power of this government we cannot control the world.

Mr. STEWART (Edmonton): You thought you could.

Mr. MANION: No, we never claimed we could. My hon. friends have a habit of saying we told the people this or that, and that we deceived the people.

Mr. STEWART (Edmonton): No, you deceived yourselves.

Mr. MANION: No, we did not. My hon. friend is judging us by himself; he deceives himself so often he thinks we do it also. My hon. friends opposite, who were in the majority in this house when we went to the country, told the people the other story, but the people were so fed up with them that they would not believe hon. gentlemen opposite. My hon. friends had the same opportunity to tell their story to the people that we had to tell our story, but the people were so tired of them and so disgusted with them, and knew they had been such an utter, ghastly failure, that they were anxious to get rid of the late government.

Of course I would not bring politics into my remarks in any way, but in closing I suggest that it is well to remember that this is a world condition, and that whatever we do must be done in association with the other countries of the world if we are to bring about a stability which does not exist at the present time. So far as I can remember, and I remember pretty well, when my hon. friends were in power they did not foresee any of the troubles which were coming upon the world. They did not perceive any of the difficulties we were going to encounter, and so they should not be too harsh in their judgment of our actions in doing the things we find necessary in order to carry this country of ours on to a better condition than we found existing when we came into power.

Mr. GRAY: Before the minister finishes I should like to have his personal opinion as to whether he is in favour of a straight cut of ten per cent, regardless of the size of the salary, as set out in this resolution.

[Mr. Manion.]

Mr. MANION: This government differs from the late government; we act together, and when we make a move we make it as a body. This is not a straight cut of ten per cent; it is a cut of ten per cent down to $1,200 and five per cent below that, to a large proportion of the civil servants.

Mr. RALSTON: This government acts as one.

Mr. SANDERSON: May I ask the minister a question? He asked me one and I was good enough to answer it. As a member of the government, in the absence of the Prime Minister, will he tell the house the reasons for exempting naval officers, army officers, members of the Royal Canadian Mounted Police and judges, as well as lieutenant-governors, from the ten per cent salary cut.

Mr. MANION: I do not know that I can give any particular reason apart from those already given by the Prime Minister. So far as the judges are concerned, their salaries are statutory.

An hon. MEMBER: Are they not all statutory?

Mr. MANION: I am informed—I am not a lawyer; I am like my hon. friend, I have the great disadvantage of not being one—I am informed that they are on a different plane entirely and therefore different conditions apply to them. I do not wish to go into that phase of the question at the present time because that would start me off on another speech. But may I say before I sit down that I am a little tired of the joke which my hon. friends seem to be so fond of, that we do not dare to express ourselves, when our leader is here, as we do in his absence. I can assure my hon. friends that the ministers of this government run their own departments; the Prime Minister does not run the departments. But the Prime Minister is leader of the government, and I should hope that my hon. friends opposite when they were in power had some respect for their leader. The suggestion, however, that any of us on this side are intimidated by the Prime Minister is rather ludicrous. I have no more reason to be intimidated by the Prime Minister than by the late Prime Minister.

Mr. HEPBURN: May I ask the hon. gentleman a question—

Mr. SPEAKER: Order; the house is not in committee.

Mr. HEPBURN: While we on this side—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. HEPBURN: How does the hon. gentleman reconcile his remarks with his action and that of his colleagues in increasing their own salaries by $2,000 apiece just a year ago?

Mr. MANION: That is just a wrong statement; it is not so. We did not do any such thing. We did not increase the salaries, but by cutting out the automobiles it is claimed we saved the country $40,000 a year.

Mr. THOMAS McMILLAN (South Huron): My first expression must be one of thanks to the two hon. members of the administration who have spoken, for their frankness in informing this house of their absolute failure to redeem the promises which were made by their party, and in showing us how statesmanlike was the address given by the hon. member for Shelburne-Yarmouth (Mr. Ralston), who, as has been frankly admitted to-night, has clearly brought out the facts. There is no question that hon. gentlemen were speaking from the heart when they told us that this country to-day was in such an exceptionally unfavourable condition that the cabinet had no power whatever to remedy the present situation. That is what we have been trying to get them to realize for the last seventeen months. We know the situation into which the country has been brought is very largely the result of the way in which its affairs have been administered. The Prime Minister has told us time and again that we are now living in an entirely different world to that which existed some two years ago—a world, which calls for different treatment if we are to solve the present economic situation—different tactics from those that were employed in 1929, and in 1930 when they assumed the reins of power. So that I am glad to note the frank admission which these two ministers of the crown have made to-night. Before the session closes they will possibly hear more, which will cause them to realize that their administrative acts have been such that in many respects the government has been an absolute failure up to the present time.

Coming more particularly to the matter under discussion, I agree entirely with the gentlemen who have expressed themselves on this side when they say they are opposed to a horizontal cut in the remuneration of civil servants. I think the hon. member for South Perth (Mr. Sanderson) asked a very reasonable question a moment ago when he inquired of the Minister of Railways (Mr. Manion) whether it was the policy of the government that certain specified officers and employees of the service as well as judges would be asked to turn in a portion of their salaries along with other civil servants. Personally, I know I voice the feeling of my constituents when I say that they approve of the salary cut of ten per cent all around, but they are also firmly of the opinion that those receiving much higher salaries should be more deeply cut than they are according to the provisions of the resolution as it now reads. So far as judges are concerned, while as we have heard from ministers of the crown—and we did not expect any other answer—that there has been no word from any of our judicial officers offering to make a contribution from their salaries, in the situation which exists in this country to-day I think it is only asking what is right when we urge that the judges of our land should help us to meet the present crisis by making a substantial contribution along with other servants of the state. If ever there was a time in the history of Canada when those receiving higher salaries should accept with the greatest good feeling a proportionate reduction in their remuneration, that time is the present, and I do hope that before this matter is concluded, before the final decision is made by the house, the government will determine upon a deeper cut in the higher salaries that are being paid to our public servants, and also that the judiciary will be required to make their just and reasonable contribution.

Mr. E. J. YOUNG (Weyburn): I agree with the Minister of Railways (Mr. Manion) in one remark he made, namely, that there is as much humanity on this side of the house as on the other, and that neither party is anxious to cause the civil servants of the country any undue suffering in a reduction of salaries, with malice aforethought. I agree with him in that regard; the only difference is the understanding we have of the problem. If hon. gentlemen opposite really understood the causes of our present troubles they would have taken measures to alleviate the situation rather than measures which can only aggravate it. While he was speaking the minister suggested that the principal cause of the trouble was the low price of wheat, but when asked why the price was so low he could not answer.

Now what is it that makes wheat so dear in Europe?

Some hon. MEMBERS: Tariffs.

Mr. YOUNG: What is it that makes wheat so dear in Europe that the people cannot afford to buy it and so cheap in Canada that the farmers cannot make a living growing it? It is tariffs. What is it that makes manufactured goods so dear in Canada that the people cannot buy them and so cheap in Europe that the people there cannot make a living producing them? It is tariffs. What is it that makes it impossible for us to exchange our surplus wealth which other countries need for the wealth which we need and which they have in abundance? It is tariffs and nothing but tariffs.

This reduction in salaries which has already been submitted to by our railway employees and the employees of a good many other industrial and commercial concerns, and which is now being applied to the civil service, is the inevitable result of the fiscal policy of this government.

An hon. MEMBER: Tariffs.

Mr. YOUNG: Yes, tariffs. When the people of Canada voted for the fiscal policy of my right hon. friend, they voted for lower wages, fewer jobs and a lower standard of living. Lower wages are the inevitable result of an increased tariff. When the people of this country voted to shut out New Zealand's butter, they declared by their votes that they were willing to eat less butter on their bread. When they voted authority to this government to raise the duty on woollen goods to 60 per cent, 100 per cent and 150 per cent, they declared that they were willing to be satisfied with inferior clothing or to continue to wear their old clothing.

Mr. GOTT: What about socks?

Mr. YOUNG: Yes, and socks too. When the people of this country voted to put a twenty-five per cent duty on agricultural implements, they intimated that they were willing to do without other necessary articles in the household in order to pay the extra price for their implements. When the people of this country voted authority to this government to make them pay $24,000,000 per year more for gasoline than was necessary, and to pay that extra money into an industry which has a pay-roll of only $8,000,000 per year, they declared by their votes that they were willing to do without many necessary articles which could have been purchased with that $24,000,000. The production of those articles would have given employment to many people. When the people of this country voted authority to this government to divert the revenue of the country into the pockets of private individuals, they declared that they were willing to be taxed in other ways in order to make up that loss of revenue.

My right hon. friend stated that if he were elected to power he would shut out $300,000,000 worth of manufactured goods which came into this country from abroad, and he now boasts that he has done it. However, if you look at his revenue returns you will find that when this year is ended—

Mr. GOTT: Mr. Speaker, on a point of order; the hon. gentleman has been speaking for ten minutes without once referring to the subject matter of the motion before the house.

Mr. BENNETT: That is true; this is a budget speech but we might as well have it now.

Mr. YOUNG: I can make another when the budget comes down. The right hon. gentleman told the people of this country that he would shut out $300,000,000 worth of goods—

Mr. GOTT: I submit that that has nothing to do with the motion.

Mr. YOUNG: When I want to model my speeches after a master, I will come to the hon. member for South Essex (Mr. Gott). As I said, the right hon. gentleman told the people that he would shut out $300,000,000 worth of goods. He has shut them out, but his revenue will be reduced by $40,000,000 to $50,000,000 from customs duties alone.

Mr. BENNETT: Do I understand my hon. friend to say that he would prefer that that $300,000,000 which has been kept at home should have been sent abroad?

Mr. YOUNG: If I had some of the back Hansards before me I think I could quote from a speech delivered by the right hon gentleman in which he said that he thought the time had passed when men thought that we paid for imports with cash.

Mr. BENNETT: The goods must be paid for.

Mr. YOUNG: Everyone knows that those $300,000,000 worth of goods would have been paid for by other goods shipped out of this country.

Mr. BENNETT: Who would buy them?

Mr. YOUNG: And the production of those goods would have given employment to our

people just as much as the production of this $300,000,000 worth to be manufactured at home.

Mr. BENNETT: Who will buy them?

Mr. STEWART (Edmonton): They did buy them.

Mr. BENNETT: Not since the depression began.

Mr. STEWART (Edmonton): Not since this government came into power.

Mr. YOUNG: No one will buy them if we refuse to take goods in exchange.

Mr. GOTT: What did they pay for them with?

An hon. MEMBER: Onions.

Mr. YOUNG: As I said before, this $40,000,000 or $50,000,000 which has been diverted from the revenues of this country into the coffers of our manufacturers must be made up in some other way, and it is proposed to take $8,000,000 from the civil servants as their share of this sacrifice. This is the inevitable result of the fiscal policy of the present government.

My right hon. friend said that if we shut out this $300,000,000 worth of goods, they would be produced in this country; they have been shut out but they are not being produced. What has been the result? The real wealth of the world consists of food, clothing, furniture and so on, the articles we use in everyday life. Three hundred million dollars' worth of these articles have been shut out; they are not being produced in Canada, which means that we have just that much less of real wealth available for the use of our people. That amount of wealth less in the pockets of our people means a lower standard of living, and my right hon. friend cannot get away from that. When we voted for a higher tariff, we voted for a lower standard of living. Tariffs cannot be raised without the cutting of wages and the producing of lower standards of living.

I will say a word or two with reference to our indemnities—

Mr. GOTT: The hon. member is now on the subject.

Mr. YOUNG: This is the part which interests my hon. friend. I was wondering what he was so anxious about. I do not agree with my hon. friend from Winnipeg North Centre (Mr. Woodsworth) that all our troubles can be laid at the doors of the bankers. I do not believe that the bankers are responsible for world conditions as they exist to-day. If there is any one class more responsible for present conditions than another, it is the politicians. If there is any group of people in Canada more responsible for the necessity for this reduction than another, it is the members of this house. We passed the legislation which has made it necessary to reduce salaries. I know hon. members on this side did not support that legislation, but the house as a whole passed it.

An hon. MEMBER: We have to take the cut.

Mr. YOUNG: Yes, we have to take the cut with the others. If a person wishes to be philosophical there is another way of looking at it. Suppose all those members who do not support the present government and who were members of this house three years ago had taken the sum of $400 each from their indemnities and put that amount into a fund to be devoted to the educating of the people of this country as to the fallacy of the policies of my right hon. friend, the people would have never voted him into power and this cut would not have been necessary. We did not do that; we did not feel we could afford to do it and now we have to submit to this cut and the people have been denied their education.

Mr. CHAPLIN: You spent more than that on Deachman.

Mr. YOUNG: No, we did not spend more than that.

Mr. MANION: What did he cost?

Mr. YOUNG: I do not mind telling my hon. friend; as many of us as could afford it subscribed $50 per year to maintain the consumers league, of which Mr. Deachman was the representative.

Mr. BENNETT: There were other contributions.

Mr. YOUNG: It was money well spent. I wish that the common sense which he taught us could have been multiplied a thousandfold and spread all over Canada. As I said before, I have no objection to the ten per cent reduction because I realize it is the inevitable result of the policies of this government, but I think we should follow the principle of placing the heaviest burden on the strongest backs; the biggest cut should be

made in the salaries of the higher paid officials who can stand it better than the lower paid employees.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, when the Prime Minister (Mr. Bennett) was addressing the house he alluded to the fact that the railroad employees and those employed by private interests had been forced to take a reduction in their wages. I am sorry that the present government has had to follow the lead of private interests. I have been brought up to think a government should be an ideal employer and take the lead in showing how employees ought to be treated, but in this instance we have the government following the lead of private employers in Canada in reducing wages. I am sorry, however, the government has not followed the example set by private employers in this country in taking the employees or their representatives into their confidence and discussing the matter with them before introducing legislation such as is now before the house.

This parliament has several times enunciated the principle of collective bargaining. Indeed, some of the members who are to-day sitting on the treasury benches were members of the government in 1918 when they enunciated in an order in council this principle. Order in council P.C. 1743 of July 11, 1918, reads in section two:

> That all employees have the right to organize in trade unions, and this right shall not be denied or interfered with in any manner whatsoever, and through their chosen representatives should be permitted and encouraged to negotiate with employers concerning working conditions, rates of pay, or other grievances.

That principle was adopted by the government of Canada on July 11, 1918, during the war. After the war was over, on the first of May, 1919, some members now sitting on the treasury benches were members of the government that passed another order in council cancelling some of the provisions in the former one, but leaving intact the particular clause which I have just read.

Then parliament endorsed the principle of collective bargaining and endorsed unanimously the principle of establishing a national council for the civil service of Canada. In conformity with that endorsation the former Liberal government on the seventh of May, 1930, passed the following order in council, P.C. 970:

> The committee of the Privy Council have had before them a report, dated 6th May, 1930, from the Minister of Labour, directing attention to the Votes and Proceedings of the House of Commons of Tuesday, March 27, 1928, and Thursday, March 29, 1928; and more specifically to the second report presented to the house from the select standing committee on industrial and international relations and to the record of the adoption of the said report by the house, contained therein.
>
> It will be observed that by adopting the said report the house endorsed "the principle of the establishment by the government of a national civil service council, composed of representatives of the government and the organized civil service in equal numbers, to consider and advise the government upon matters of mutual concern to the government and civil servants in their respective capacities as employer and employees, also as to the establishing of any other consultative and advisory machinery that may be required." And further, the house agreed "that, as the form of constitution for such a council, covering its scope and functions, can best be determined by joint agreement between the parties concerned," a committee should be set up by the government, representing both the government and the civil service organizations, to draft a constitution for such a national civil service council, any such constitution to be subject to the approval of the governor in council.
>
> Having in mind the foregoing, the minister submits that the time would now appear appropriate for the taking of the initial step suggested by the report above quoted.
>
> The committee, therefore, submit for Your Excellency's approval the following recommendations of the Minister of Labour.
>
> 1. That a national civil service council drafting committee should forthwith be constituted, to draft a constitution for a national civil service council.
>
> 2. In establishing such a committee there first arises the question of its membership. The policy of giving equal representation to civil service organizations and to the government should be observed.
>
> 3. Representation of civil service organizations:
>
> The Department of Labour has record of some twenty-eight organizations of civil servants throughout the country, varying in respect of their memberships from about seventeen to over 8,000. Obviously, with such a comparatively large number of organizations existing, giving direct representation to them all would not be practicable, in view of the fact that the setting up of a committee of at least fifty-six members would be involved thereby. Selecting those organizations reporting 500 or more members, it is observed that there are ten which fall into this category. These organizations represent substantially all classes of civil servants organized, covering practically all branches of the service in which there is organization, and they include an overwhelming majority of the organized civil service. These ten organizations should be given representation on the committee. While not directly represented under this plan, several of the smaller organizations will be represented through affiliation with one or other of the larger bodies. In order to represent as many bodies as may be possible while still limiting the size of the committee to a reasonable figure, numerical differences among organizations should be overlooked when determining representation, and if each of these ten organizations had one representative to speak for it, even though these differences in size exist, the representation

would be as satisfactory as would be practical in the circumstances. Moreover, as an approach to unanimity on the part of all those interested is desirable, voting strength is unimportant. It is therefore recommended that each of the following organizations be invited to select one of the members of the aforementioned committee.

Mr. GOTT: I do not like to interrupt the hon. gentleman, but I draw Your Honour's attention to the fact that it is eleven o'clock.

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

Monday, February 29, 1932

The house met at three o'clock.

SELECT STANDING COMMITTEES

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the name of Mr. Stewart (Lethbridge) be substituted for that of Mr. Stanley on the select standing committee on mines, forests and waters.

That the name of Mr. Stanley be substituted for that of Mr. Stewart (Lethbridge) on the select standing committee on banking and commerce.

That the name of Mr. Kennedy (Peace River) be substituted for that of Mr. Gardiner on the select standing committee on privileges and elections.

Motion agreed to.

CRIMINAL CODE AMENDMENT

CHEQUES WITHOUT FUNDS—GRAND JURY SYSTEM IN BRITISH COLUMBIA

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 22, to amend the criminal code (cheques without funds and grand juries).

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This is an effort to amend the section of the criminal code in regard to obtaining money by false pretences in order to make it apply to the issuing of cheques where there are not sufficient funds. The matter was pretty well discussed in the house last session, and the government then decided to introduce a bill to remedy the evil. The other branch of the bill has to do with the abolition of the grand jury system in British Columbia. The amendment is proposed at the request of the government of that province.

Motion agreed to and bill read the first time.

FINANCE ACT AMENDMENT

Mr. H. E. SPENCER (Battle Creek) moved for leave to introduce Bill No. 23, to amend the Finance Act.

Some hon. MEMBERS: Explain.

Mr. SPENCER: Mr. Speaker, under the Finance Act chartered banks have the right to deposit various securities with the Treasury Board in exchange for dominion notes. The amendment is for the purpose of giving the provinces the same right.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DR. FREDERICK GUEST

Mr. VALLANCE:

1. Is Dr. Frederick Guest surgeon in the Royal Canadian Mounted Police at Regina?
2. If so, when was he appointed?
3. Is this the same Dr. Guest who was medical officer for the Soldiers' Reestablishment at Regina?
4. If so, why did he give up that appointment?
5. Was he dismissed?
6. If so, for what reason?

Mr. GUTHRIE:

1. Yes.
2. 27th February, 1931.
3. Yes.
4. No information.
5. No.
6. Answered by No. 5.

PROVINCIAL MINISTERS OF AGRICULTURE—CONFERENCE

Mr. DONNELLY:

1. Was a conference of all the provincial ministers of Agriculture called at Ottawa, in November, 1930, and later adjourned to Toronto?
2. If so, what was the total cost of this conference, showing amounts incurred by each province?
3. Was the total cost borne by the dominion, and if not, what amounts were paid by the dominion on account of each province's expenses, and to whom?
4. Was any new agricultural policy agreed upon at this conference, and if so: (a) what was the policy; (b) has it been carried into effect?

Mr. WEIR (Melfort):

1. Yes.

2. No expense federal government—No knowledge provincial expenses.

3. No! None.

4. No.

"BACK-TO-THE-LAND" MOVEMENT

Mr. BOTHWELL:

Of the 44,000 persons taken from the industrial centres of Canada and placed upon the land, as stated by the Minister of Labour on February 23, 1932,

(a) What number were placed as settlers in each of the provinces of Canada?

(b) What number were placed as farm labourers in each of the provinces and for which a contribution was made by the employer?

(c) What amounts have been paid to employers in each province as a contribution towards the keep or employment of farm labourers?

Mr. GORDON:

(a) Under the "Back-to-the-Land" movement 6,352 families (averaging 5 members to a family) have been settled by coordinated effort of the Department of Immigration and Colonization and the Canadian National and Canadian Pacific Railways, without financial assistance by the government or any other agency.

Under the "Back-to-the-Land" movement 13,199 single men have been placed as farm labourers by coordinated effort of the Department of Immigration and Colonization and the Canadian National and Canadian Pacific Railways, without financial assistance by the government or any other agency.

Distribution by provinces is as follows:—

Province	Families settled	Single men placed
British Columbia	534	156
Alberta	2,193	3,520
Saskatchewan	1,455	1,929
Manitoba	661	2,002
Ontario	611	4,165
Quebec	761	747
New Brunswick	42	393
Nova Scotia	81	276
Prince Edward Island	14	11
Total souls		44,959

(b and c), answered by (a).

MARINE CABLE—ST. LAWRENCE RIVER

Mr. POWER:

1. Did the government carry out the work of laying or repairing a marine cable in the St. Lawrence river between the island of Orleans and Montmagny, and the other small islands situated in the St. Lawrence and lying between Ile-aux-Grues and the island of Orleans?

2. If so, who was in charge of this work?

3. Was it carried on by contract after tenders had been called?

4. What was the total amount expended and to whom were payments made?

[Mr. Donnelly.]

Mr. STEWART (Leeds):

1. Yes.

2. Lineman Omer Blouin and foreman Charles Othot.

3. No.

4. (a) $1,555.30.

(b) Omer Blouin, $16.66; C. Othot, $180; P. E. Lavoie, $102; V. Lebel, $18; X. Lepage, $108; J. Roy, $52.50; R. Roy, $52.50; J. Dancause, $52.50; A. Vezina, $52.50; H. Lavoie, $523.61; L. Roy, $51; V. Roy, $18; A. Gagne, $51; X. Vezina, $51; A. Bernier, $33; C. A. Corriveau, $20.50; C. Sampson, $87.65; Dominion Oil, Ltd., Que., $28.88; Samson & Filion, Ltd., Que., $17; Chinic Hardware Co., Que., $37.01; Northern Electric Co., Montreal, $1.99.

UNEMPLOYMENT RELIEF—MONTREAL

Mr. RINFRET:

1. What sum of money was placed at the disposal of the city of Montreal, since April 1, 1931, for work in connection with unemployment?

2. Must said sum be expended previous to March 31, 1932, or is it renewable?

3. What amount of said money contributed by the dominion government for said work had the city of Montreal at its disposal in September, October, and November, 1931, respectively?

Mr. GORDON:

1. Under the Unemployment Relief Act, 1930, the city of Montreal was granted $3,500,000 for the purpose of carrying out public works to relieve unemployment, of which sum the dominion government agreed to contribute $875,000.

Under the Unemployment and Farm Relief Act, 1931, the city of Montreal was granted $4,800,000 for the purpose of carrying out public works to relieve unemployment, of which sum the dominion government agreed to contribute $1,200,000.

2. The date set for completion of works under the Unemployment Relief Act, 1930, was December 1, 1931.

Under the Unemployment and Farm Relief Act, 1931, the date for completion of works is May 1, 1932.

3. Payments to the province for reimbursement to the city of Montreal for the months of September, October, and November, 1931, are as follows: September, $268,982.90; October, $139,512.15; November, nil.

IMMIGRATION, 1931

Mr. LUCHKOVICH:

1. How many immigrants arrived in Canada in 1931?
2. What was their racial origin?
3. How many immigrants were deported in 1931?
4. What was their racial origin?

Mr. GORDON:

1. 27,530.
2. Answer attached, showing racial origin.
3. 6,582.
4. Answer attached, showing nationality.

No. 2—Immigration to Canada, by Racial Origin, for the Calendar Year 1931.

	Via Ocean Ports	From U.S.A.	Totals
Albanian	5	.....	5
Arabian	1	.....	1
Armenian	5	.....	6
Belgian	54	43	97
Bohemian	.....	22	22
British—			
English	4,599	4,818	9,417
Irish	871	1,877	2,748
Scotch	2,010	1,815	3,825
Welsh	198	173	371
Bulgarian	14	3	17
Croatian	113	5	118
Czech	69	9	78
Dutch	38	270	308
East Indian	52	.....	52
Esthonian	8	1	9
Finnish	100	36	136
French	94	2,844	2,938
German	797	1,592	2,389
Greek	23	43	66
Hebrew	214	456	670
Italian	467	166	633
Japanese	174	.....	174
Jugo-Slav	65	13	78
Lettish	1	1	2
Lithuanian	59	6	65
Magyar	493	37	530
Maltese	5	.....	5
Mexican	.....	1	1
Moravian	.....	1	1
Negro	14	90	104
North American Indian	.....	29	29
Persian	1	.....	1
Polish	560	120	680
Portuguese	.....	5	5
Roumanian	28	20	48
Russian	71	40	111
Ruthenian	503	38	541
Scandinavian—			
Danish	65	110	175
Icelandic	.....	10	10
Norwegian	66	196	262
Swedish	62	214	276
Serbian	34	16	50
Slovak	338	6	344
Spanish	10	16	26
Spanish American	1	.....	1
Swiss	37	35	72
Syrian	15	16	31
Turkish	1	1	2
Totals	12,335	15,195	27,530

41761—39½

No. 4—Statement of Deportations for the Calendar Year ended December 31, 1931.

Nationality	Total Deports
Arabian	1
Austrian	44
Belgian	51
British	
English	2,268
Irish Northern	393
Irish Free State	158
Scotch	1,169
Welsh	260
Australian	10
British Straits Settlements	1
British West Indies	7
Newfoundland	12
New Zealand	2
South Africa	6
East Indian	2
Maltese	1
Bulgarian	6
Chinese	82
Czecho-Slovak	242
Dutch	57
Esthonian	8
Finnish	221
French	11
German	210
Greek	16
Hungarian	121
Italian	19
Japanese	7
Jugo-Slav	60
Latvian	2
Lithuanian	21
Luxemburg	1
Polish	335
Roumanian	150
Russian	15
Scandinavian—	
Danish	143
Icelandic	1
Norwegian	95
Swedish	59
Spanish	1

Nationality	Total Deports
Swiss	43
Syrian	7
Turkish	1
Ocean Port Totals	6,319
U.S.A. citizens	263
Grand Totals	6,582

BAIE STE. CATHERINE, QUE.,—WHARF REPAIRS

Mr. CASGRAIN:

1. Has the government made any repair works to the wharf at Baie Ste-Catherine in the county of Saguenay in the year 1931?
2. If so, what was the amount and nature of said repair works?
3. Were the said works done by day's labour or under contract?
4. Who was the superintendent or foreman of said works?
5. Who recommended him for such a position?
6. Does the wharf at Baie Ste-Catherine belong to the government?

Mr. STEWART (Leeds):

1. Yes.
2. (a) $219.30; (b) cutting slip in wharf.
3. Day labour.
4. Walter Ouellet.
5. District engineer.
6. No, but permission given by the owners Messrs. Price Bros. and Company, Limited, to cut slip in their wharf as a temporary measure.

ROYAL CANADIAN AIR FORCE

Mr. AHEARN:

1. How many officers and other ranks of the Royal Canadian Air Force have received notice that their services will be no longer required?
2. What is the date set in these notices?
3. How many of these officers and other ranks are married men?
4. How many of these officers and other ranks are married men with children?
5. How many of these officers and other ranks served in the Royal Flying Corps during the world war?
6. How many served in other services during the war?

Mr. SUTHERLAND:

1. 69 officers, 100 other ranks.
2. 48 officers on March 31, 1932; 2 officers on April 4, 1932; 3 officers on April 5, 1932; 1 officer on April 6, 1932; 3 officers on April 7, 1932; 1 officer on April 9, 1932; 2 officers on April 12, 1932; 1 officer on April 16, 1932; 1 officer on April 17, 1932; 1 officer on April 21, 1932; 1 officer on April 22, 1932; 1 officer on April 27, 1932; 1 officer on April 28, 1932; 2 officers on April 30, 1932; 1 officer on May 4, 1932. All other ranks on March 31, 1932.
3. 38 officers, 7 other ranks.
4. 26 officers, 4 other ranks.
5. 27 officers, nil other ranks.
6. 15 officers, 2 other ranks. (This excludes the 27 officers shown in answer to question 5.)

PAUL LANGLOIS—ROMEO LATULIPE

Mr. CASGRAIN:

1. Is the government aware that Paul Langlois, propagandist for the raising of sheep in the county of Charlevoix-Saguenay, has been replaced by Romeo Latulipe?
2. If so, were complaints made against said Paul Langlois?
3. What was the nature of said complaints?
4. Who made the complaints?
5. Who recommended said Romeo Latulipe to replace said Paul Langlois?
6. Has said Romeo Latulipe passed the civil service examinations?
7. If not, why?
8. On what date was said Romeo Latulipe appointed?

Mr. WEIR (Melfort):

1. Yes.
2. No.
3. Answered by No. 2.
4. Answered by No. 2.
5. No one.
6. Yes.
7. Answered by No. 6.
8. January 7, 1932.

UNEMPLOYMENT AND RELIEF ACT—P.E.I.

Mr. MacLEAN:

1. What amount of the sum of $125,000 allotted to Prince Edward Island under the Unemployment and Relief Act has been paid to that province, and on what date or dates were payments made?
2. Will the balance, if any, of the $125,000 not yet paid be paid to the province, if so, when?

Mr. GORDON:

1. $106,193.86—February 25, 1932.
2. Yes. When certified statements of expenditures are received from the province.

BINDER TWINE

Mr. LUCHKOVICH:

1. How much binder twine manufactured in Canada is sold in Argentina, and at what price?
2. What are Canada's imports from Argentina?

Mr. BENNETT: It will be difficult to indicate the prices at which manufacturers sold their products, as various manufacturers may have sold at various prices. The government has no information with respect to this.

Mr. SPEAKER: Stands.

TRANS-CANADA HIGHWAY

Mr. BOTHWELL:

1. What amounts of money were allocated to each of the provinces of Canada for the trans-Canada highway: (a) for reconstruction and repairs to roads and bridges; (b) for new construction work; (1) under the Unemployment Relief Act, 1930; (2) under the Unemployment and Farm Relief Act, 1931?

2. What proportion of the expenditures on the trans-Canada highway is being borne by the dominion government in the respective provinces?

Mr. GORDON: I would ask, Mr. Speaker, that this question be dropped. All that is contemplated by it, will, I think, be included in the report under the act, which I hope to have tabled sometime late this week. To answer this question would be merely a duplication of the material that will be found in the report.

Mr. SPEAKER: Question dropped.

CANADIAN FARM LOAN ACT

Mr. LUCHKOVICH:

1. How many applications were received under the Federal Farm Loan Act?

2. How much money was loaned?

Mr. RHODES: Mr. Speaker, if my hon. friend who submitted this question had examined the report of the farm loan board which has already been tabled, he would have observed that up to March 31 last, the total number of applications was 10,199, and the total amount of money advanced in consequence of approved applications $6,147,865.

BUTTER AND CHEESE IMPORTS—1931

Mr. CAYLEY:

1. How many pounds of: (a) butter; (b) cheese were imported into Canada for each month of 1931?

2. What was the origin of such imports and how many pounds of each did each import into Canada?

3. What was the value of such imports?

4. What were the different rates of duties imposed?

Mr. STEVENS: Stands as order for return. Return now tabled.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRADE SEPARATIONS SINCE JANUARY 1, 1931

Mr. FONTAINE:

1. How many viaducts or terminals have been built or are under construction in Canada, since January 1, 1931, with respect to: (a) level crossings of the Canadian Pacific Railway Company; (b) level crossings of the Canadian National Railways?

2. In what localities has said work been done or is it being done, and at what cost in each case?

3. In regard to the cost of the abovementioned works, what has been or what is the contribution in each case: (a) of the dominion government; (b) the provincial government; (c) the Canadian National Railways and the Canadian Pacific Railway; (d) the municipalities interested?

INTERNATIONAL EXHIBITIONS

Mr. LAPOINTE:

1. For how long has the dominion government been participating in any manner, in international, European, American or world-wide exhibitions?

2. What were the yearly amounts spent for this purpose, either under the immediate supervision of the departments of Agriculture, Immigration, Commerce, or any other department?

3. Is it the intention of the government to take part in 1932 or 1933, in any exhibition of equal or superior or inferior importance?

HARBOUR COMMISSIONS—EXPENDITURES, EMPLOYEES, 1931

Mr. RALSTON:

1. What amount of money was expended by each of the following harbour commissions during the year 1931: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax?

2. What amount, if any, was expended by each of the following harbour commissions without direct authority by order in council during the year 1931: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax?

3. What amount was expended by each of the following harbour commissions prior to authority being issued by order in council during the year 1931: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax?

4. What was the number of employees on the pay-roll of each of the following harbour commissions for each of the weeks ending August 8, August 15, August 22, August 29, September 5, 1931: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax?

UNOPPOSED MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for contribution to works being constructed or contributed to by the provincial or municipal authorities in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for direct relief in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Motions stand.

ST. NICHOLAS, QUE., POST OFFICE

Mr. MARCIL (for Mr. Casgrain):

For a copy of all documents and correspondence exchanged between the citizens of row (rang) St. Nicholas, in the parish of St. Ferreol, county of Montmorency, and the Postmaster General, or any other official of his department, at Ottawa or Quebec, in connection with the opening of a post office in said parish.

The correspondence for 1931 will be sufficient.

Mr. SPEAKER: Motion carried as amended.

JOHN MALONEY

Mr. CASGRAIN:

For a copy of all reports, correspondence and other documents in connection with the dismissal of Mr. John Maloney, superintendent of Indians at Mingan, on the north shore, in the county of Charlevoix-Saguenay; also a copy of all reports, correspondence and other documents in connection with an inquiry held in 1931 by L. P. Cote, with reference to charges brought against said John Maloney, including the proof and evidence given by all the witnesses heard at said inquiry, and the decision arrived at by the said commissioner.

DERILAS LANDRY

Mr. CASGRAIN:

For a copy of all reports, correspondence and other documents in connection with the dismissal of Mr. Derilas Landry, lighthouse keeper at Natashquan, on the north shore, in the county of Charlevoix-Saguenay; also a copy of all reports, correspondence and other documents in connection with an inquiry held in 1931 by L. P. Cote, with reference to charges brought against said Derilas Landry, including the proof and evidence given by all the witnesses heard at said inquiry, and the decision arrived at by the said commissioner.

FRANCOIS HARBOUR

Mr. CASGRAIN:

For a copy of all documents, reports, correspondence in connection with the dismissal of Mr. Francois Harbour, superintendent of Indians at Oka, in the county of Two-Mountains. Also a copy of all reports, correspondence and other documents in connection with an inquiry held in 1931 with reference to charges brought against said Francois Harbour, and the temporary appointment in his place of Mr. Francois Brisebois, including the proof and evidence given by all the witnesses heard in said inquiry before the Commissioner, Mr. J. A. Beaulieu, Montreal, and the decision arrived at by the said commissioner.

[Mr. Ralston.]

ST. DAMASE, QUE., POST OFFICE

Mr. FAFARD:

For a copy of all reports, correspondence and other documents, for the years 1930-1931-1932, in connection with the post office at St. Damase, county of L'Islet, Quebec.

ST. ROCH-DES-AULNAIES POSTMASTER

Mr. FAFARD:

For a copy of all reports, correspondence and documents, relating to the dismissal of the postmaster at St. Roch-des-Aulnaies, county of L'Islet, Quebec.

HARRY T. WRIGHT

Mr. HEPBURN:

For a copy of all correspondence, including letters, telegrams, memoranda, reports and other documents exchanged between any person or persons and the government of Canada; or any minister, department or individual including the Prime Minister, Right Hon. Senator Meighen, J. M. White, M.P., A. M. Jarvis of London, and Inspector Reynolds, or any other official of any government department, relating to the entry, deportation and reentry of Harry T. Wright, an alien citizen.

J. A. LARRIVÉE

Mr. FOURNIER:

For a copy of all reports, correspondence and other documents in connection with the dismissal of J. A. Larrivée, as postmaster at White Deer, county of Hull, and the appointment of his successor.

OSWALD PINARD

Mr. DUBOIS:

For a copy of all correspondence, telegrams, letters, sworn statements and other documents, including all evidence taken, and the report of the commissioner who held the inquiry in connection with the dismissal of Mr. Oswald Pinard, as lighthouse keeper at Nicolet, county of Nicolet.

ALFRED VIGNEAULT

Mr. DUBOIS:

For a copy of all correspondence, telegrams, letters, sworn statements and other documents, including all evidence taken, and the report of the commissioner who held the inquiry in connection with the dismissal of Mr. Alfred Vigneault, as mail conductor at St. Raphael d'Aston, county of Nicolet.

J. B. R. MANSEAU

Mr. DUBOIS:

For a copy of all correspondence, telegrams, letters, sworn statements and other documents, including all evidence, and the report of the commissioner who held the inquiry in connection with the dismissal of Mr. J. B. R. Manseau lighthouse keeper, at Nicolet, county of Nicolet.

J. H. COUTURE

Mr. BOULANGER:

For a copy of the complete file in connection with the dismissal of J. H. Couture as postmaster at Frampton, county of Dorchester, and the appointment of his successor.

ISIDORE JEAN

Mr. POULIOT:

For a copy of all correspondence exchanged between Mr. Isidore Jean, of Sully, Quebec, and the Department of Pensions and National Health in connection with the position of postmaster at Sully, Quebec.

SULLY, QUEBEC POSTMASTERSHIP

Mr. POULIOT:

For a copy of all correspondence, telegrams, inquiry and reports in connection with the dismissal of the postmaster at Sully, Quebec, and the appointment of the present postmaster.

ST. ADOLPHE DE CHAMPLAIN, QUEBEC POSTMASTERSHIP

Mr. MARCIL (for Mr. Girouard):

For a copy of the report of the commissioner who held the inquiry in connection with the charges of political partisanship against J. R. Trudelle, postmaster at St. Adolphe de Champlain, Quebec, and all other documents and correspondence relating to said charges.

WEST JEDDORE, HALIFAX COUNTY, BREAKWATER

Mr. VALLANCE (for Mr. Ilsley):

For a return showing the pay sheets and vouchers in connection with moneys spent during and since the year 1931 for the building of a breakwater at West Jeddore, Halifax county, Nova Scotia, showing the total cost, the amount spent for logs, timber and planking, the names of all men employed and in what capacity, the rate of pay of each man, and payments additional to wages, if any.

EXPENDITURES OF HARBOUR COMMISSIONS

Mr. RALSTON:

For a copy of all correspondence passing between the Department of Marine or any other department or any member of the government or any minister, deputy minister or any official of any department of government, and each of the following harbour commissions since January 1, 1931, dealing with or concerning expenditures made previous to authority therefor, by order in council or for obligations incurred by such harbour commissions previous to such authority, namely: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax.

LUMBER AND AUTOMOBILE IMPORTS

Mr. CHARTERS (for Mr. McGibbon):

For a return showing: (1) the amount of lumber; (a) hardwood; (b) softwood, imported into Canada during the past year by the manufacturers of motor cars and trucks; (2) the number of motor car or truck bodies or frames, either wholly or partly made of wood, imported into Canada during the past year, showing the rate of duty, the amount collected, the kind of wood and the prices f.o.b. at the mills.

Mr. RYCKMAN: In the absence of the member, I would ask that this stand.

Motion stands.

UNEMPLOYMENT RELIEF

Mr. STEWART (Edmonton) (for Mr. Lapointe):

For a copy of all orders and regulations of the governor in council made under the act, chapter 58 of the statutes of Canada, 1931, for relieving distress and providing employment.

Mr. GORDON: The same observations I have made with respect to similar motions apply to this one. These orders in council will all be included in the papers which will be tabled.

Mr. MACKENZIE KING: Stands.

Motion stands.

Mr. MARCIL (for Mr. Fournier):

For a copy of all correspondence, telegrams, letters and all other documents, exchanged between the Minister of Labour, all members of the cabinet or officials or any federal department and the city of Hull or other persons in connection with the work to relieve unemployment and the help granted to unemployed, from September, 1930, to February 1, 1932.

Mr. GORDON: Stands.

Motion stands.

MOTIONS FOR PAPERS

CAPE SABLE ISLAND BREAKWATER

Mr. RALSTON moved:

For a return showing the pay sheets of men employed on the breakwater on the south side of Cape Sable island, in connection with the expenditure of moneys during the last six months under the Unemployment Relief Act of last session.

Mr. STEWART (Leeds): Mr. Speaker, this and the two succeeding motions are to stand, pending the bringing down of the return under the act.

Mr. SPEAKER: This motion and the two succeeding motions will stand.

Motion stands.

UNEMPLOYMENT RELIEF—ST. HYACINTHE

Mr. FONTAINE moved:

For a copy of all correspondence, telegrams, letters and all other documents, exchanged between the Minister of Labour, all members of the cabinet or officials of any federal depart-

ment and the city of St. Hyacinthe or other persons, in connection with the work to relieve unemployment and the help granted to unemployed, and especially as regards the construction of a tunnel under the Canadian National railways, at St. Hyacinthe, since January 1, 1931.

Mr. GORDON: I would ask that this motion stand also.

Mr. SPEAKER: This notice will stand pending the bringing down of the return.

Motion stands.

BARACHOIS, N.B., WHARF

Mr. VENIOT (moved:

For a copy of the pay sheets in connection with construction of a wharf at Barachois, Aboujagan river, county of Westmorland, New Brunswick, and a return showing: (a) the names of the men employed, and their respective wages since the work was undertaken to date; (b) the quantity of stone and lumber purchased, from whom purchased and the prices paid for such material; (c) the amount expended to date; (d) to whom cheques were sent in payment of wages and material; (e) whether or not the expenditure was made under the Unemployment Relief Act; (f) whether or not the work was done under contract or by days' work.

Mr. GORDON: This motion, and the one following, stand in the same position as the others to which I have made reference, and I think it is desirable that they stand until the report comes down. If the report does not contain all the information required it can be supplemented later on.

Mr. VENIOT: The information is contained in the pay sheets, so I do not see the reason for the delay.

Mr. SPEAKER: Is the hon. member willing to let it stand or shall I put the motion?

Mr. VENIOT: Let it stand.

Motion stands.

IMPORTATION OF OIL

Mr. YOUNG moved:

For a copy of all correspondence exchanged between any or all of the Canadian oil refining companies and any department of the government, since May 1, 1930, in regard to the importation of oil or oil products.

Mr. RHODES: Mr. Speaker, this motion came to my notice for the first time just a moment ago. I have very grave doubts, upon reading it, as to whether it is one which ought properly to pass, and as to whether the information is not such that my hon. friend is precluded from securing it in full. But rather than do him any injustice by a hasty judgment I would ask him to be good enough to let the motion stand, so that in the meantime I may have an opportunity to inquire more fully into the matter.

Motion stands.

FEDERAL TAXATION

REVENUE TO BE SECURED AND BURDEN EQUALIZED BY INCOME RATHER THAN COMMODITY TAXATION

Mr. W. T. LUCAS (Camrose) moved:

Whereas, it is becoming increasingly apparent that the present methods and extent of federal taxation are inadequate to meet our requirement, and

Whereas, an extension of the principle of commodity taxation has been suggested as a means of meeting the situation, and

Whereas, the drastic fall in price levels and the consequent increase in the purchasing value of money has seriously affected the producer and the business man, while being of corresponding benefit to those whose incomes, derived from certain classes of bonds, mortgages, etc., are still undiminished, if not increased.

Therefore be it resolved,—That, in the opinion of this house, the government should take into consideration, in order to equalize the weight of taxation and that an additional burden be not placed upon the shoulders of those who are already the chief sufferers from present conditions, that any increase in taxation found necessary should take the form of adjustments in the Income Tax Act, in order that those best able to pay should be the first and most heavily affected.

He said: Mr. Speaker, the resolution which I am presenting this afternoon is worded in such a manner as to practically speak for itself. I think it will be agreed that owing to the drastic fall in commodity prices and the general depression which exists, the question of taxation assumes an added importance at the present time. May I say at the beginning that I fully appreciate the difficulties with which the government is confronted in times like this. I believe that the right hon. the Prime Minister and the members of his cabinet are sparing neither time nor energy in endeavouring to meet the situation and to make conditions better in Canada. They are faced with a very difficult task and my hope is that the resolution which I am sponsoring this afternoon may assist in pointing the way to a better method of securing the moneys required from the people for the carrying on of the business of government in a manner that will be fair and equitable to all.

There is a very old saying that the only two things man is sure of in this life are death

and taxation. I believe that the average man avoids meeting both as long as possible. The question of taxation is an old one. It was fought out by the British people many centuries ago when the principle was established that there should be no taxation without representation. Under our democratic form of government the theory is that if the people are well and truly represented laws will be made and a system of taxation devised that will be fair and equitable to all. If this were really true, then if adversity did come, how appropriate would be those lines which the Prime Minister (Mr. Bennett), when bringing down his budget last year, quoted from the chronicles of the Pilgrim Fathers:

> It wonderfully encourageth men in their duties when they see the burthen equally borne.

If we are passing through a depression for which no individual is responsible, then all should bear their share according to their ability to carry the load. The income tax system in Canada was first introduced as a war measure and was known as the Income War Tax Act of 1917. In the fiscal year 1930-31 the amount derived from this source was $71,048,022. Of this amount of income tax collected, $26,624,181 was paid by 143,601 individuals, and $44,423,841 by 7,603 corporations. The receipts of last year's income tax have been exceeded only once since its imposition, when in 1921-22 $78,600,000 was received. In that year individuals paid $39,820,000 and corporations $38,863,000. It is worthy of note that practically the same percentage of people contribute to the income tax in Canada as do the taxpayers in the United States, namely, one and one-half per cent.

In the United States the income tax system was first introduced about the time of the Civil war and was later found to be unconstitutional; but so convinced were the people of that country that the system was a fair and equitable means of raising revenue that they amended their constitution, a very difficult thing to do when we consider that they had to receive the consent of three-fifths of the state legislatures. This consent was received in 1913, and so successful has been the income tax in the United States that in the year 1925 nearly fifty-seven per cent of the total federal revenue came from income tax collections. In the same year in Great Britain over fifty per cent of the total revenue was derived from the income tax, and in Canada less then twenty per cent comes therefrom, so that the income tax in Canada, comparatively speaking, is not a burdensome tax. It might be further stated that to-day Germany, France, Belgium, the Netherlands, Norway, Italy, Czechoslovakia, India, Japan, South Africa, Australia, the United States, Jamaica and other countries have adopted and retain the income tax as a means of raising revenue.

We find that a number of the provinces have either adopted or are about to adopt the system of taxations on incomes. I believe I am right in stating that the province of Quebec at the last sitting of its legislature imposed a one per cent income tax upon corporations. One of the principal arguments against the raising of the income tax is that if the tax is increased, capital will be withdrawn from the country. I wonder if that is true? What about Great Britain? In the year ended April, 1931, the British people paid income tax, including surtax, amounting to $1,576,310,000; an enormous sum.

With the consent of the house I should like to place on record comparative figures which show the rate of income tax paid in Canada, the United States and Great Britain. These figures deal with a married person without dependents, and give the rate for Canada, the present rate in the United States, the proposed new rate in the United States and the rate prevailing in Great Britain. The figures are as follows:

COMPARATIVE STATEMENT OF INCOME TAXES PAYABLE IN CANADA, GREAT BRITAIN, AND UNITED STATES—UNITED STATES PRESENT RATES AND PROPOSED NEW RATES

Income	Canada	Present Rate U.S.A.	Proposed New Rate U.S.A.	Britain
$ 3,000	Nil	Nil	$ 7 50	$ 242 33
5,000	$ 32	$ 16 88	37 50	649 69
10,000	232	101 25	165 00	1,764 16
15,000	632	311 25	515 00	3,281 95
30,000	2,880	1,488 75	2,275 00	
50,000	6,704	4,563 75	6,095 00	18,891 78
100,000	19,064	15,743 75	22,575 00	45,777 07
200,000	51,496	40,743 75	65,575 00	
300,000	87,048	65,743 75	109,575 00	
500,000	162,952	115,743 75	199,575 00	292,882 07
1,000,000	362,928	240,743 75	429,575 00	

These figures show that in Canada a man receiving up to $3,000 per year is exempt from taxation. The present rate in the United States allows a like exemption, but under the new rate, this man will have to pay $7.50, while in Great Britain a man receiving a similar income has to pay $242.33. A man receiving $10,000 per year pays in Canada, $232; in the United States, under the proposed rate, $165, and in Great Britain, $1,764. On a $50,000 income the tax in Canada is $6,704, the proposed new rate in the United States will be $6,095, while in Great Britain the tax amounts to $18,891. One can readily see that Canada as compared with Great Britain certainly is not overtaxed on income. The present rate of taxation in the United States runs from one and one-half to five per cent, with a surtax running up to twenty per cent. The proposed new rate runs from two to six per cent, with a surtax running up to forty per cent. It will be readily seen that the income tax in Great Britain is much higher than the tax in Canada, and yet will anyone say that there has been a flight of capital from Great Britain on that account? Are Canadians less patriotic? The proposed new rate in the United States will be higher than ours, especially on the larger incomes.

The United States has a tax of twelve per cent on corporations, while ours is only ten per cent, and we have no tax on dividends received from foreign investments. This should be rectified, for it will not prevent foreign capital coming here because the home country makes an allowance if the dividends have already been taxed. In this respect I understand most countries pursue a different policy from that of Canada.

There is another source of revenue to which I should like to call the attention of the Minister of Finance (Mr. Rhodes). In doing this I should like to read a short article by A. N. Wolverton, of Vancouver, past president of the Vancouver stock exchange. This article reads, in part, as follows:

> The Dominion of Canada and most of the provinces are assiduously searching for additional sources of tax revenue. Every imaginable channel appears to have been investigated, and yet finance ministers are at their wits' end to balance budgets.
>
> But the most obvious source for such additional taxes is overlooked and has been overlooked for so many years that it leads to the suggestion that there must be some influence of paramount importance keeping it out of the limelight.
>
> Like most other modern countries, there are now hundreds of millions of dollars' worth of bonds held by Canadians. A very large proportion of such holdings are in the form of bearer securities.
>
> Unlike most modern countries, however, bond coupons in Canada are not taxed at the source.
>
> In the United States or England, no corporation nor individual can walk into a bank and cash a block of coupons at maturity unless a satisfactory income tax exemption form is attached. That tax exemption certificate is to all intents and purposes an affidavit—and if it is not forthcoming, the tax is collected then and there by the bank or financial house cashing the coupons—and there is no question about it.
>
> In Canada, however, there is comparatively little check made of income tax from bearer bonds. The holders of countless millions of bond coupons walk into any bank and receive one hundred per cent of the face value of their coupons without question, and without any proof that either dominion or provincial income tax has been satisfied.
>
> No suggestion is made that citizens of the Dominion of Canada are either more or less honest than the citizens of any other modern nation. Perhaps those millions of coupons are declared in personal or corporation income tax returns, but no other country in the world appears to be so confident in its citizens' honesty—and it is a practical surety that at least some of them "forget to declare" a substantial percentage of those maturing coupons.

If this matter is not already being dealt with by the minister, this article should disclose a source of revenue which has heretofore been neglected. The third clause of the resolution reads as follows:

> Whereas the drastic fall in price levels and the consequent increase in the purchasing value of money has seriously affected the producer and the business man, while being of corresponding benefit to those whose incomes, derived from certain classes of bonds, mortgages, etc., are still undiminished, if not increased.

That is a statement which cannot be denied. Commodity prices have fallen so sharply as materially to increase private debts. Take the case of the farmer. He contracted private debts when wheat was over $1 per bushel and now is attempting to pay them off with thirty and forty cent wheat. One can see quite readily the position he is in—it simply cannot be done. The farmer cannot meet any increase in commodity taxation, whereas the man on income finds that his purchasing power has been increased and consequently he is in a better position than before. The hon. member for Toronto Northwest (Mr. MacNicol) stated in a recent debate that since 1790 this continent has had twenty-five periods of prosperity and we are now in the twenty-fourth period of depression. I believe that each succeeding depression is becoming more severe, and the wealth of the nation is being concentrated in the hands of

fewer people. In support of this statement I should like to read a short excerpt from the Golden Age, as follows:

As Men and Monkeys View It

Perhaps the following figures from reports of the United States treasurer and bureau of statistics may shed some light on at least one fruitful cause of our present business depression.

In 1920 incomes of $1,000,000 or more totalled $77,078,139. In 1929 they totalled $1,185,135,330. In 1920 incomes of $5,000 or less totalled $15,274,217,215. In 1929 they totalled $8,282,000,000.

Thus in the last ten years the many skilled workers, small business men and the professional classes, those who usually spend about all their income, keeping the money moving in the channels of trade, have had their incomes cut almost in two, while the super-rich, who were already receiving vastly more than they put back into the channels of trade, now have fifteen times as much income as they had ten years ago, and are obliged to hunt "foreign markets" to loan their "surplus" because the dear people at home have no more gilt-edged security to put up for it.

Our wise statesmen and expert financiers seem somewhat addled, according to all their conflicting pronouncements, regarding the cause of and cure for our distressed condition. Among the numerous causes they assign they would have us believe it is because our granaries and banks are bulging with a "surplus" of commodities and money. Yet we see millions of our people suffering from want.

We believe there would be no suffering from hunger among a tribe of monkeys because nature had produced more coconuts than the monkeys could consume. But had they been endowed with as much intelligence as our efficiency experts and had nature also made all the leaves on the trees dollar bills, most of the poor monkeys would have to go hungry to bed because of an overproduction of food and an inflation of the currency.

There is a great deal of truth in that article. The farmer has been suffering for a long time, but as the depression continues, other classes are now being affected. It is like a creeping paralysis and I believe at the present time the great majority of the skilled workers, small business men and professional classes who usually spend most of their income, thus keeping the money moving in the channels of trade, find themselves to-day in a losing game. They are finding that the dice are loaded against them. If the system under which we are living permits of the control and manipulation of money by a few people for their special benefit, then a system of taxation should be devised to collect from them their proper share of the taxes, so that the burden may be borne equally by all. The average citizen to-day is carrying upon his shoulders a load which is hard to bear and to add to it is going to be most discouraging. The cost of living has fallen and salaries are being cut to meet that drop, but interest charges remain sacred. Is there any valid reason why the citizen who works should be penalized while the citizen with an income over and above a decent standard of living should be left to enjoy a premium? At this point I wish to place on record a resolution which was passed by the United Farmers of Alberta at their last annual convention:

Whereas, in the raising of the revenue of Canada the basic principle should be taxation according to the ability to pay, and

Whereas, the income tax is the only tax which is based upon this principle;

Therefore be it resolved, that we protest against reduction in the income tax on large incomes, while at the same time increasing taxes of the people;

Further be it resolved, that we stand for the increase and extension of the income tax so as to provide a much larger proportion of the revenue of Canada.

I am well aware that there may be in the house members who say that the farmers are glad to pass resolutions of this kind and who follow that up by saying that this is because the farmer evades paying income tax. I believe farmers as a class are no more honest or dishonest than any other class of people in Canada, and if they are not paying income tax to-day it is for the very obvious reason that they have no income on which to pay. It does not speak very well for the system under which we are living that those who are engaged in the basic industry of the country and who are producing the primary wealth, find themselves in such a position.

If I might quote the figures of the reduction in the value of the field crops of Canada in the last three years, hon. members will have some idea how the farmer has had his purchasing power reduced. The figures are as follows:

Year	Estimated value of field crops of Canada
1931	$431,251,000
1930	631,592,900
1929	948,981,400

With the tremendous drop in the prices of all basic commodities, the purchasing power of the dollar is greater to-day than it has been for a long time.

The Prime Minister, speaking on Friday last on the proposed reduction of the salaries of the civil service, placed on record figures from the Department of Labour, showing that as compared with 1926 the average cost of living had dropped 14·4 per cent and that salaries were being cut by ten per cent. The inference to be drawn from those figures is of course that the individual, even with the ten per cent cut, is better off than he was in 1926.

I am endeavouring here to score an important point and I trust hon. members will appreciate its significance. If the figures presented by the right hon. gentleman are correct and the cost of living has fallen by 14·4 per cent, this means that the purchasing power of the dollar has increased by the same amount. Then, may I ask: If all the citizens of Canada are to be treated alike, why should those fortunate enough to be drawing incomes from investment not also contribute a like ten per cent? Surely the citizen who is fortunate enough to be drawing an income from investment is no less patriotic than the man who is living on a salary. I would make this exception: I would adhere to our present exemptions, thus the aged and the poor widow, for whom so much concern is shown whenever this matter is discussed, would not be denied a decent standard of living. I trust we are not going to adopt in peace time the same policy that we do in war and say: You may conscript my own flesh and blood; you may sacrifice those who are near and dear, but keep your hands off my almighty dollar. I believe the time is coming shortly, if indeed it is not already here, when the great masses of the people will no longer submit to this doctrine, especially since they are getting wise to the way in which a great deal of wealth is being accumulated, namely, through such deals as Beauharnois and other similar methods of high finance. While most classes are suffering, the man with the high income finds himself in a preferred position. Take the man with an income to-day of $10,000: in Canada he pays an income tax of $232 while in Great Britain he contributes $1,764.

Mr. ARTHURS: And in the United States?

Mr. LUCAS: Under the proposed new tax he will contribute $165.

Mr. ARTHURS: But the present tax?

Mr. LUCAS: $101. The proposed new tax shows a considerable increase. If the man with an income of $10,000 were being dealt with in the same manner as the man on salary who is receiving a cut of ten per cent, this would mean that the man with an income of $10,000 would pay another $1,000 which would make $1,232 as compared with $1,764 in Great Britain. An income of $50,000 pays in Canada $6,704 and in Britain $18,891. An income of $100,000 pays in Canada $19,064, and in Britain pays $45,777. Another ten per cent on the Canadian income would bring the Canadian's tax up to a little over $29,000, or roughly speaking, $30,000, which would leave him $70,000 upon which to exist. This might be a little difficult, but he would at least not have to worry.

[Mr. Lucas.]

Mr. ARTHURS: If the hon. gentleman wants to make his argument absolutely fair, he should include the income rates in the United States at all stages.

Mr. LUCAS: Our income tax in Canada has not in the past been based upon the United States income tax; we have had a much higher rate, but the proposed new rate in the United States will be higher than our present rate when we reach the higher incomes. If we take a few thousands more from the man with the higher income, the worst that can happen is that we may hurt his feelings, possibly very badly. But when you propose to take from the lower classes an amount which brings their earnings below what we consider to be a necessary standard of living, it means real hardship; it means real sacrifice; it means under-nourishment for growing children, future Canadians; it means lack of proper medical attention; which in turn means Canadian children facing life under handicaps which may perhaps ultimately never be overcome. To me it is unthinkable, Mr. Speaker, that in this so-called enlightened age we would for a moment consider sacrificing human lives and human happiness to the god of gold.

I should like to call the attention of hon. members to the change in the trend of opinion which has taken place in the last fifty years with regard to taxation. Take, for instance, succession duties, or the inheritance tax. Less than fifty years ago it was considered that a man's savings during his lifetime were his alone to pass or to his heirs just as he saw fit. We know what a change of opinion has taken place in that regard, and that at the present time every person's estate is subjected to a very steeply graduated inheritance tax. To-day public opinion is growing in favour of a steeply graduated income tax, and I think that field should be further explored at the present time with a view to meeting the further taxation that may be required. I believe the time is coming in Canada when our income tax must be so adjusted that those enjoying higher incomes will have to assume their rightful share of the burden of taxation. For these reasons, Mr. Speaker, I trust that the house may see fit to adopt my resolution.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, we in this corner of the house have frequently been accused of bringing forward and presenting for the consideration of the house resolutions and suggestions which have been said to be wholly academic in character, vague in their application, and hav-

ing no immediate relation to the everyday problems of the present time. As to whether this accusation is wholly justified, that is another story, but one which I do not propose to discuss at the moment save to say this, that there is a remote possibility that some of these so-called academic resolutions which suggest more or less fundamental changes in our social and economic systems may in point of fact be just as practical and possibly of very much greater value to the future of this country than many of the so-called practical suggestions, the absence of which is so greatly deplored by our critics. However that may be, no such criticism can be offered in respect of the present resolution, dealing as it does with a matter which is of immediate import and of immediate effect upon the well-being of every individual citizen of this country, as well as upon the financial necessities of the state, and which from every point of view is at once highly opportune and eminently practical.

Nor is this proposal advanced, Mr. Speaker, with any purpose of embarrassing the administration. On the contrary, it should be welcomed by the Minister of Finance (Mr. Rhodes) and by his associates in that it affords an opportunity to the members of this house of pronouncing upon this important question, and if supported by the majority of the members here the resolution will greatly strengthen the hands of the government in dealing with a matter which in the very nature of things is bound to be highly unpopular in many influential quarters.

The hon. member for Camrose (Mr. Lucas) in introducing this resolution has presented the case with such clarity and has supported his contention with such a wealth of irrefutable logic that little remains to be said by myself in seconding the resolution or by others who may speak in its support save to reiterate, to amplify and stress the arguments which have already been advanced in my hon. friend's most excellent and convincing address, and to anticipate so far as possible some of the objections which may be raised by those who are opposed to this method of taxation.

As to the necessity of increased taxation at the present time, little need be said. We are all familiar with the position of the national exchequer to-day, and if further argument were required it may be found by a glance at the estimates which are now before the house, estimates in which in a noble effort to balance the budget we find that most of the services have been cut most drastically, that staffs in many of the departments have been materially reduced, and that throughout the service the salaries have been slashed to a point which in some cases will fail to come up to the level of a satisfactory or even a decent livelihood. We find that there is a net reduction in the proposed expenditure appearing in the estimates for the coming year of some $43,000,000. Indeed, the actual reduction is more than that figure would indicate, because we also find that there is an increase of some $13,000,000 of interest on the public debt to be paid during the coming year. So the net reduction in controllable expenditure will be in the neighbourhood of $56,000,000. I am not at the moment going to discuss the wisdom or otherwise of this policy. I am not at the moment going to analyze the situation and consider whether the ultimate effect of these drastic cuts will be to relieve or to intensify the difficulties of the situation, but for the moment looking at it wholly from the point of view of the administration and the Prime Minister, the necessity of balancing the budget at all costs, we must realize that even these sacrifices in themselves will not achieve the objective and bring about a balanced budget without some increase in our national revenues, which means increased taxation. This fact I think is generally recognized throughout the country, and the question being asked at the present time on all sides and in many quarters with anxiety and deep concern is as to what method of taxation may be adopted and upon whose shoulders will the added burden fall. Indications have already appeared in the press suggesting the methods which may be adopted, suggesting increases in our present fields of taxation as well as new fields which may be explored. Those indications have been taken so seriously in many quarters as to form the basis of many comments, adverse and otherwise, and to have aroused much discussion both public and private, as well as inspiring many resolutions by various organized bodies of business men. Of these resolutions it would be premature for me to speak at this moment, until we know more definitely the intentions of the government. May I, however, make this comment? All of the resolutions which I have seen and all of the discussion which I have heard are based upon the anticipation that these increases will take the form of increased commodity taxation of one sort or another, either by way of an increased sales tax, a turnover tax or what not; but whatever method is adopted, it seems to be universally expected that the increase will follow that principle of commodity taxation. I most fervently hope, Mr. Speaker, that such will not be the case.

It is not my intention at the moment to enter upon any general discussion either of conditions or of taxation, but may I comment upon one phase of both which is a factor, and a most potent factor, to be considered at the present time and in the present situation. I think it is generally recognized that in this country is sufficient wealth to enable us to meet all our obligations, to meet every demand made upon us, and to provide an acceptable livelihood for all our people. It is also, I think, generally recognized that this wealth is not equitably distributed amongst all classes of our population. That some greater equality of distribution should be brought about is a consummation devoutly to be desired. The method by which it may be accomplished is a problem which is as yet unsolved and towards the solution of which, so far as I know, no full and comprehensive plan has yet been offered. It has been stated by the Minister of Trade and Commerce (Mr. Stevens) that all of us are anxious that this should be done. It has also been stated, and by the same hon. gentleman, that so far no plan has been offered and that this desirable consummation remains but a pious aspiration. I am not challenging that statement, nor am I attempting to suggest to this house any such full or comprehensive plan.

But in admitting that this problem does exist, in admitting that this inequality of wealth is present in our land, we are also admitting a certain definite responsibility, in that so far as we have power within our hands to control the situation we should use that power to rectify rather than enhance it. At the moment and without discussing more deep-seated, more fundamental changes of any kind, the most potent weapon we have in our hands for this purpose is the power of taxation, and in the resolution we are proposing that this weapon should be used, and should be used effectively. As stated in the resolution itself, while the great body of producers in Canada have suffered, and are suffering, tremendous losses through the tragically low prices of all our primary products, a small but disproportionately wealthy class of our citizens—who were in a position to invest in the recent issues of national and provincial bonds, for example—are actually profiting from the situation. Amidst the crash of falling values there is one commodity which has not only retained but actually increased in its market value—the commodity of money. Those who own and control that commodity are undoubtedly enriched both by the higher interest rates which are now prevailing—higher than I have ever known in respect of dominion or provincial bonds during my residence in this country—and by the increased purchasing power of each dollar. This being the case,—and I think no one here will challenge the accuracy of the statement—equity and sound policy alike would indicate that any increased taxation should be levied, not upon the goods already produced below cost, but upon the money itself—upon the one commodity which shows a constantly increasing profit.

Revenue from taxation, whether direct or indirect, must in the end be paid out of income, and the soundest and most economical way to collect that tax upon income is to collect it directly. Unquestionably, Mr. Speaker, the inevitable effect of present price levels, with the value of money and commodities so completely out of line—the money value of commodities so extremely low, and the commodity value of money so excessively high—must be to make the rich richer, and the poor poorer. The main corrective that we have for this situation is, as I stated, our control over taxation, the power and authority which lies in this house to take for the use of the national exchequer a fair proportion of all incomes, particularly of the larger ones. The argument which is most frequently advanced by those who are opposed to any increase of taxation upon the larger incomes is that it is to these incomes you must look for investment, for the expansion of existing industry and for the creation and establishment of new industry. While this is partially true, it is also true that it is to the multitude of those earning small incomes we must look rather than to the comparatively few wealthy individuals when we seek a market for the products of our farms and our factories. Unquestionably a million dollars divided among ten thousand individuals is of infinitely greater value to the agricultural, industrial and commercial life of this country than the same sum in the hands of a dozen wealthy men, because the smaller the income—and this is a truism, but it is so frequently forgotten apparently that it is well to reiterate it at times—the greater proportion of that income that must be spent upon the so-called necessities of life; in other words, upon the goods which are produced in this and in other countries. As a result, the greater the number amongst whom purchasing power is distributed the greater must be demand for those goods. For after all, as a consumer, the consuming capacity of the wealthiest man is extremely limited, and he can only spend a comparatively trivial percentage of his wealth on those goods which

are produced. Any reduction therefore in these smaller incomes must lead to a general curtailment of consumption throughout the country, it must lower the standard of living for thousands of our families, and it must mean a corresponding diminution in the already inadequate markets which are available to our producers.

It is on these grounds, Mr. Speaker, that we are urging the adoption of this resolution, as well as upon the ground of immediate expediency. For after all there are still two main pillars upon which every sound system of taxation should rest, that each individual shall contribute to the state in proportion, first, to his ability to pay, and, second, to the benefits which he derives from living and doing business in the country. Both of these may be expressed in terms of income. May I venture, then, to suggest to the Minister of Finance that just as they say, gold is where you find it, so the place to look for money is where money is. At the present time it is not in the hands of the producer, the wage earner or the low-salaried man, but of those whose incomes are derived from the possession of money itself. These by means of certain adjustments of the Income Tax Act may be made to contribute a much larger proportion to our federal revenues than is at present the case.

It is true that in suggesting the most obvious and the most logical source for increasing our national revenue will be found amongst those who possess the largest part of the wealth of this country we are suggesting a very radical departure from prevailing practice. It is not too much to say that the opposite has been the definite policy of this and of most other countries. An extremely vivid illustration of this practice will be found in the juxtaposition of two incidents which took place in this house on Friday last. Two bills were then introduced, the first providing for something over $11,000,000 for the Canadian National Railways, necessitated in large part for the protection of the bondholders of the railway in respect of interest due. The second bill was that which provided for a ten per cent cut in the salaries of our civil servants. These two motions taken together, Mr. Speaker, were to me most significant. The interest upon capital is sacred, it must be protected; the wages and salaries of our working people must be sacrificed upon the altar of financial necessity and to provide a balanced budget. Yet why should this be? It is true, as has been stated more than once, that the interests of our bondholders are protected by statute and by our given word. So, too, were the salaries of our civil servants. Were those two motions symbolic of the relative status we accord those two great partners in our national development, in all our national undertakings, capital and labour? I trust not, and if not, if it is our policy to accord to both an equality of status, of dignity and of respect, the income tax affords us our opportunity.

May I suggest also, Mr. Speaker, that we should have some consideration for our more wealthy citizens. We should not refuse to them the glorious opportunities which have been accorded our civil employees. As I heard the Prime Minister and listened to that splendid eloquence with which he illustrated and illumined the really noble sentiments which he uttered, as he spoke of the patriotic motives which actuated at least part of our civil service in accepting the reduction, not reluctantly or grudgingly but gladly and joyfully, taking a deep and keen pleasure in this opportunity of being of service to their country in her hour of need, I thought to myself: Why should we selfishly restrict this pleasure to a limited class? Why not afford that same opportunity and grant that same privilege to the relatively wealthy men and women who are in Canada to-day? In this, as in other matters, our motto should be equal rights to all and special privileges to none.

I have indicated, Mr. Speaker, that in spite of all the foregoing facts, and in spite of the glowing words of the Prime Minister, this suggestion might prove unpopular in some quarters, and it has been stated, as indicated also by the hon. member for Camrose (Mr. Lucas) in his address, that the chief exponents of an increased income tax are those who, like the organized farmers, do not come under this form of taxation. That the average farmer does not pay income tax unfortunately is true, but that does not militate against the soundness of the proposal. If you consider for a moment, Mr. Speaker, the situation in which agriculture finds itself, with the price levels of all the commodities produced so low, you will readily appreciate the fact that it is the misfortune of the farmer and not his fault that he does not pay income tax. Nothing would please the average farmer more—not to be taxed; I am not going to say anyone likes to be taxed—than to operate upon such a basis as would bring him within the terms of our Income Tax Act, and may I further add that the great percentage of our federal revenues always have been obtained through one form or another of

commodity taxation, and of this the farmer always has paid and probably always will pay his full share. Indeed, it is this very fact that the average farmer does not and cannot pay any form of income tax, that his income and profits alike have been reduced far below the vanishing point, which affords the most potent and cogent argument in favour of this resolution.

Mr. BENNETT: Would the hon. gentleman permit me to ask a question? He spoke of two measures introduced in this house on Friday. One was to provide for the payment of debts that had been incurred. Do I understand him to contend that this country should repudiate its obligations?

Mr. SPEAKMAN: No, Mr. Speaker, I made no such suggestion. I simply called attention to the juxtaposition of those two motions showing the degree of protection afforded to one class, as against the degree afforded to another class of people in this country.

Mr. BENNETT: But that is not the point. One is an obligation outstanding which must be met or else the credit of this country will go and we will become repudiators. That is all.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, the case for the resolution has been so ably presented by the two hon. gentlemen who preceded me that there is very little left for me to say. However, I wish to direct the attention of this house to the fact that the income tax rate in Canada to-day is very much lower than the rate in effect during the years 1921 and 1922, when we had the last depression. I believe our income tax rates could be increased substantially and still be lower than the rates which were in force at that time.

During the lifetime of the preceding government substantial reductions were made from time to time in the income tax, and each of those reductions was opposed from this corner of the house. I believe in every instance we moved an amendment to the budget expressing our disapproval of that policy. To-day this country finds itself in a financial position more serious than we have ever faced before, and if there was justification for this exceptionally high rate in 1921 surely there is double reason for it now.

I should like to place on record a few of the figures in order to show the extent to which these reductions in the income tax have been made since 1921. I may say that these figures refer to a married man without children. The incomes, with the amounts contributed under the income tax in 1921 and 1930, are as follows:

Income	1921	1930
$ 3,000	$ 40 00	$ ——
3,500	60 00	8
4,000	80 00	16
5,000	126 00	32
6,000	178 50	56
7,000	283 50	88
8,000	388 50	128
9,000	504 00	176
10,000	619 50	232
20,000	2,089 50	1,232
30,000	4,084 50	2,880
40,000	6,604 50	4,712
50,000	9,649 50	6,704
60,000	13,219 50	8,856
70,000	17,314 50	11,168
80,000	21,934 50	13,640
100,000	32,749 50	19,064
150,000	64,249 50	34,544
300,000	169,249 50	87,048
400,000	243,799 50	124,200
500,000	318,349 50	162,952

I understand that this is the highest income in Canada to-day, so I need go no further. The previous income tax was put into effect by the present party occupying the treasury benches. They left office in 1921 with the income tax as it was then, and surely if the financial condition in 1921 justified the maintenance of a tax of that kind there is double necessity for it to-day. I therefore appeal to the same party who first placed this income tax legislation on the statue books to make a substantial increase in the present figures and so assist the country in the worst financial crisis through which it has ever passed.

Miss AGNES MACPHAIL (Southeast Grey): I just want to add one thought to the very excellent presentation of this resolution, and that is that a great many people in Canada who have really large incomes have them because of special privileges that were granted to them or to their forbears by this parliament. As all of us know, the great incomes can pretty well be traced to the special privileged groups such as the financial and banking group, those who benefit from tariff protection and those who have legally been able to clear out with a large portion of Canada's natural resources. When one thinks of Ottawa one thinks of people immensely wealthy through lumber they got for next to nothing in the early days. That being true, that the great incomes have come almost wholly from special privileges granted to these groups by this house, it does seem to me only fair, it is nothing but justice, that they should pay back in income tax, and quite a saucy

income tax too, out of the income that special privilege has allowed them to accumulate. Every other point I can think of has been covered and I cannot see how this house can vote against the resolution with times as they are at the moment.

Mr. J. L. BROWN (Lisgar): One point that might be given consideration, a point that has not been recognized, is the importance of drawing a distinction between income derived from investments and income from salaries. I believe that distinction is drawn in the income tax legislation in the old country. When discussing this question in the past, urging further taxation of incomes derived from bonds and dividends, we have always heard of the hypothetical case of the poor widow who would be severely penalized by a tax on an income of three or four thousand dollars derived from investments. Some of us did not give much consideration to an argument of that kind and I do not think it is worthy of consideration. In my opinion a distinction should be drawn between income derived from investments, which is a permanent thing, and income derived from salary.

Let us take the case of the widow, which has been referred to in the past, whose husband has left her a large investment. She has that income going on from year to year—

Mr. GOTT: She may not be living to-day.

Mr. BROWN: That is a remark one might expect from that quarter of the house. Her husband, as I was saying, might have left her an income derived from a large investment, and she is in an entirely different position from the widow whose wage-earner died and left her without any income.

Mr. BENNETT: She pays no tax.

Mr. BROWN: In both cases, while the husbands were alive, the income might have been the same, derived in one case from an investment and in the other from a salary. I am not going to discuss the matter at any length; it has been very ably presented; but I do want to call the attention of the house to that point, that there should be a distinction between incomes derived from investments and those derived from salaries or made perhaps by conducting a certain business.

Mr. BOYES: What about the sessional indemnity of members of the House of Commons? Does the hon. member refer to those as being exempt?

Mr. BROWN: Just at the moment I do not feel called upon to discuss that question. Now that it has been raised, however, I may observe that, as everyone knows, the sessional indemnity of $4,000 is not all income by any means. I think everyone knows that while we are taxed on $4,000 we are taxed on money that we have to spend in many ways. I do not know why the hon. member should have raised the question at the moment.

Mr. BOYES: You spoke of salaries.

Mr. BROWN: Just at the moment I do not care to discuss that question. We have accepted the reduction in the indemnity because we have realized that it is necessary, but I do not suppose that we, any more than anyone else, accept gladly or gratefully any reduction in income. But the question is entirely apart from the subject under discussion.

Hon. E. N. RHODES (Minister of Finance): I could not help contrasting the attitude of those who have spoken on this resolution to-day with the attitude of the house when the proposals were first made in the year 1917. I recall the situation at that time very well indeed. In fact, the then Minister of Finance, the Right Hon. Sir Thomas White, in bringing down his proposals, was at pains to point out that the provinces and municipalities were limited in their scope of direct taxation whereas the dominion field was unlimited and very much larger in its area than that afforded to either the provinces or the municipalities. He took the point of view at that time that the question of income tax was one purely for the provinces and municipalities. He said on that occasion:

> As I have stated, the provinces and the municipalities are confined to direct taxation, and I have not regarded it as expedient, except in case of manifest public necessity, such as I believe exists at the present time, that the dominion should invade the field to which the provinces are solely confined for the raising of their revenue.

My more particular purpose in making reference to that question is this. Those who have spoken on this resolution—I regret that more have not done so—have apparently overlooked entirely the fact that the income taxpayer is called upon to pay not only by the dominion but by the municipal and provincial treasuries as well; and there is a disposition in both those fields to increase very heavily the burden of the income taxpayer. As a matter of fact, if my memory serves me rightly, in

one province alone it is contemplated during the present year to double the existing income tax.

One would rather gather from the remarks of hon. gentlemen who support the resolution that there has been a marked disparity between the income taxpayer and others who pay taxes in the country, very much to the advantage of the income taxpayer. Particular reference was made to the man who pays very large income tax. Whatever may be said with respect to the rates themselves, so far as their application to individuals is concerned, there is nothing whatsoever in that contention. Take the case of our own country last year. We had a total of 143,601 persons who paid income tax, the total amount paid by them being a little more than $26,500,000; I speak now of purely personal income tax. Of that number, some 13,447 paid no less a sum than $23,256,550; in other words, the number which I have just indicated paid that sum as against $3,367,631 paid by some 130,154 income tax payers in the lower categories.

Mr. MacINNIS: How much had they left after they paid that large income tax?

Mr. RHODES: My hon. friend will be able to answer that question himself by an examination of the income tax tables, but the figures which I will give in a moment will afford an answer in part.

I regret I could not follow the hon. member for Camrose (Mr. Lucas). I heard him only indistinctly at this distance, whether it was because I am slightly deaf as a result of a cold or because of the acoustic properties of this chamber, I do not know. However, I heard him make one or two particular remarks, to which I will refer. If I have missed others, I hope he will understand why I am not referring to them as well.

The hon. gentleman referred to the income tax in Great Britain as compared to the tax in Canada. He must bear in mind that not only have we a dominion income tax, but we have in addition municipal and provincial income taxes. There is another very important point which should be kept in mind when making comparisons with the Canadian income tax, and that is that our tax must bear some reasonable relationship to the rates prevailing in the United States.

Mr. MACKENZIE (Vancouver Centre): How many provinces in Canada have an income tax?

Mr. RHODES: I cannot answer that question off hand.

Mr. BENNETT: Four, at the moment.

[Mr. Rhodes.]

Mr. RHODES: It does not require any perfect argument to indicate the danger of our income tax in Canada being substantially out of line with the rate of taxation in the republic to the south. Capital is very sensitive and it will not remain long upon one side of an imaginary line if it can transfer to the other and be more lightly burdened. However, this is altogether apart from the merits of the question of whether we have or have not at the present time a sufficiently high income tax in Canada, and upon this point I will touch later on.

At the present time low as our income tax may be as compared to the tax in Great Britain or as compared to the rates prevailing in 1921, as pointed out by the hon. member for Mackenzie (Mr. Campbell), they are substantially higher than the taxes applied in the United States. I have the figures before me, but I will not weary the house by reading them in full; I will quote only a few examples. A married man without dependents with an income of $4,000 would pay in Canada an income tax of $16 as compared with $5.63 in the United States. An income of $8,000 would pay in Canada $128 as compared to $56.25 in the United States. An income of $14,000 would pay $536 in Canada and $258.75 in the United States. An income of $20,000 would pay $1,232 in Canada and $618.75 in the United States. A $30,000 income pays $2,880 in Canada and $1,488.75 in the United States.

Mr. CAMPBELL: Are those the present United States figures?

Mr. RHODES: Yes; I am not speaking of the proposed increased taxation.

In making a comparison between the rates of income tax in Canada and in the United States I would point out to the right hon. member for Mackenzie that he must not overlook the fact that federal, state and municipal bonds are tax exempt in the United States. This makes a vast difference in dealing with the question of income taxes, as this condition does not obtain in Canada.

Mr. CAMPBELL: Those bonds command a higher rate on the market and for that reason there is a lower return to the purchaser.

Mr. RHODES: I do not see how that has any bearing upon the question of income tax.

Mr. CAMPBELL: It means that the bondholder receives a lower rate of interest on his bond because it is tax free.

Mr. RHODES: That depends entirely upon what the income of the man may be. He

might very well be able to afford to purchase tax free bonds returning one per cent if it reduced his income tax below a figure which would involve a high degree of taxation.

A man receiving an income of $50,000 pays $6,704 in Canada and $4,563.75 in the United States. An income of $100,000 pays $19,064 in Canada and $15,743.75 in the United States. We come now to the class of which most of us only read in the story books but which seems to give considerable worry to my hon. friends diagonally opposite. A man with an income of half a million dollars pays an income tax of $162,952 in Canada and $115,743.75 in the United States. The man who may have a million dollars of income pays $362,928 in Canada whereas in the United States he would pay a tax of $240,743.75.

Not to go at length into the merits, it might be interesting to know that even with a rate which is regarded by hon. gentlemen diagonally opposite as being too low, during the last fiscal year the income taxpayers of Canada paid twenty-three per cent of our total federal income. It is worthy of note that since the income tax first came into vogue fourteen years ago, the income taxpayers have paid into the treasury no less a sum than $743,000,000.

Mr. STEWART (Edmonton): The average would be a little more than twenty-three per cent, having regard to the higher rates which have prevailed.

Mr. RHODES: Having regard to the fact that the present rate is much lower as compared to the years preceding, the rate in former years would be substantially higher, although I have not the exact figures in that regard.

The hon. member for Camrose referred to some remarks made by the Prime Minister (Mr. Bennett) in the house last week, wherein he indicated that the cost of living had diminished to the extent of 14.4 per cent. My hon. friend said that that argument might be turned around and it might be said that money was now worth 14.4 per cent more in purchasing power. Very good. Then he said: Why should the income tax payer not pay an extra ten per cent, or in other words have his income cut to that extent in the same manner as civil servants were called upon to make a contribution of ten per cent? I would think perhaps in the circumstances the income tax payer would be very happy to accept that as a final settlement of the question. But the point I want to make in connection with that is that it is not at all in keeping with the resolution of my hon. friend. His resolution, stripped of its verbiage and brought down to bare essentials, means this, that to the extent that we require additional taxation in this country we must take the whole of it from the income tax payer. That is rather a far-fetched proposition, it seems to me. Leaving aside altogether the question of the comparative rates as between ourselves and the United States, leaving aside the question of the merits as to just how high income taxation can be, one must realize there is a limit beyond which you may not go in any field of taxation. There is a line and if you attempt to go beyond it, it will serve to defeat the very object you have in mind. You are not going to produce revenue in proportion to the amount that you increase taxation. That has been found out not only in this country but in other countries times without number.

But having said so much, let me say this to my hon. friend: I would not take exception to a resolution which took the sense of the house as indicating that there should be a substantial increase in income taxation, although I might point out that it would not be incumbent upon me at this stage and upon a resolution of this kind, to pronounce any policy with respect to the attitude of the government in regard to the matter of increased taxation. But that is not what he has submitted. Apart altogether from any inequalities which are bound to arise in taxation, he would debar us from entering any other avenue of taxation which we might very properly enter, and he would have the whole burden with respect to any increase in revenue which we might require, laid upon the income tax payer.

Mr. MACKENZIE (Vancouver): He asks the government only to give consideration to it.

Mr. RHODES: Quite so, but were the principle in this resolution to be accepted, the government would be debarred from entering any other field of taxation open to it. That is as I read the resolution. If I have misread it, I am open to correction. The hon. member's resolution reads:

> Any increase in taxation found necessary should take the form of adjustments in the Income Tax Act, in order that those best able to pay should be the first and most heavily affected.

I do not think I am doing my hon. friend any injustice and I believe I am putting a proper interpretation on the resolution when I say that, bearing that in mind, we are absolutely precluded from accepting it. Having

said so much, I would hope that it would suit the purposes of my hon. friend to withdraw his resolution, but if that does not meet with his wishes, especially having in mind the fact that there is a slimly attended house and the further fact that so few have spoken on the resolution, I would take the opportunity of moving the adjournment of the debate.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, before you put the motion, may I interject that I think my hon. friend (Mr. Rhodes) is perhaps taking rather a drastic course with respect to this matter. I intended to say something about this contention that if the government accepted the motion, this would be the only field of taxation which the government would be allowed to enter. If my hon. friend will look at the concluding words of the resolution, he will see that such is hardly the case.

Mr. RHODES: I moved the adjournment only for the purpose of enlarging the discussion because apparently nobody else wished to speak. If any other hon. member wishes to speak, with the consent of the house, I will withdraw my motion.

Mr. STEWART (Edmonton): I should like to occupy the time of the house for a moment or two on this question. I am sorry I do not get out of the resolution the same meaning that the Minister of Finance has taken. I do not believe that if it were accepted he would be precluded from increasing taxation in other fields. If he were, of course I can quite see the handicap under which he would be acting in accepting the resolution.

As was very aptly pointed out by the hon. member for Red Deer (Mr. Speakman) the attitude of the government with regard to taxation has been to increase taxes upon commodities. There have been substantial increases and last year the then Minister of Finance, the Prime Minister (Mr. Bennett), introduced a substantial change in the income tax which was not carried into effect. Just what that change would have meant, it is difficult to say because we had not the opportunity of discussing it. I should not be forecasting what the government intend to do at this session, but I have no doubt we shall have some substantial changes in the income tax. It seems to me the house is entitled to expect this inasmuch as we have had substantial increases in other lines of taxation. Having in mind the fact that the individual must of necessity have the income before he can be taxed, I cannot feel any great sympathy for those who would oppose an increased tax upon incomes. I quite recognize the fact that there is double taxation so far as incomes are concerned, but is that not true in almost every other field of taxation upon which we are asked to make payments? Of course the municipalities and the provinces do not invade the field of taxation in regard to sales, but in many other respects we find duplication between the provinces and the municipalities. It seems to me, if an individual is in receipt, after all deductions are made, of a very substantial income, he should be called upon, particularly at times like this, to pay a much larger proportion of the taxation of the country than he is asked to pay under the present schedules. It is true I was a member of a government that reduced those schedules, but at the same time we were reducing commodity taxation as well. It is also true that hon. members to my left opposed those reductions, but we had a feeling that if we were reducing taxation, having in mind the fact that commodity taxation was fairly adjusted, we were entitled to make reductions in the income tax. Now that taxation is increasing, I wish merely to say that I am entirely in accord with the resolution that the government should take into consideration this field of taxation when undoubtedly they will have to make increases, if not all along the line, at least in a good many avenues from which they are now deriving taxes. For that reason, believing that the government are not precluded from taxing in other fields, I am going to support the resolution.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, just before you put the question I should like to make a remark or two upon this resolution. The Minister of Finance (Mr. Rhodes) has indicated that it was the opinion of some parliamentarians some time ago that income taxation should more properly fall within the jurisdiction of provincial government. I agree with that point of view. The Dominion government has the right, I presume, to place a tax on anything or on anybody, whereas the field of taxation for the provinces is very considerably limited.

Mr. SPEAKER: I would point out that a motion to adjourn the debate is not debatable.

Mr. RHODES: Pardon me, Mr. Speaker. I said that with the consent of the house I would withdraw my motion.

Mr. IRVINE: I was saying that the field for provincial taxation is very considerably limited. As far as I am concerned, I agree

with the point of view that this particular field should be left entirely to the provinces, but unfortunately the provinces do not seem to have awakened to the great opportunity which is here afforded them and they have not taken any action in that respect. I think such action should have been taken by the provinces long ago, and so for that reason the Dominion government might well perhaps set an example to them by indicating a field in which rich harvests might be reaped. At the present time the provincial governments are all in need of funds, as are all governments everywhere. I believe that there has been before the provincial government of Alberta a resolution somewhat similar to the one that is now under discussion here. I do not know, of course, what action the province of Alberta will take, but I do hope that they will impose an income tax. Meanwhile we have an income tax here, and the question is whether we should increase it or leave it as it is, in view of the present circumstances. The Minister of Finance (Mr. Rhodes) took the ordinary course which finance ministers usually take in connection with a resolution of this kind when he pointed out that any action taken by this country in this respect must have a reasonable relation to the amount of income tax imposed in the United States in order that there might not be a flight of capital to that country. I do not think that the flight of capital argument need be very seriously considered at this time, for this reason: Never perhaps in the history of Canada was there so much money lying around waiting for an opportunity to be invested as now, and in face of that fact it is a strange thing that the provincial governments should be paying as high as six and in some cases six and a half per cent for the money that they borrow. If this is not ruled out of order, Mr. Speaker, I think that that practice is a very dangerous thing, for you cannot expect people to invest money in industry, where there is always a risk, when they can get six and one-half per cent from a provincial government guaranteed by the entire wealth of the province. I think that the provincial government should be raising money at three per cent, and if they cannot get it at that rate I think they should conscript it so as to force money into investment in other channels to give employment in this country. There is no danger of money fleeing from Canada to the United States at the present time because they have more money there than they know what to do with, just the same as we have here, and they have no place to invest it because no place is safe just now, and so there is no danger of a flight of capital from this country to the United States.

I ought to take the opportunity to point out that the Prime Minister perhaps misunderstood the point of the hon. member for Red Deer (Mr. Speakman) when he drew a contrast between one bill which asks for $11,000,000 and another which provides for the cutting of the salaries of the civil servants. The hon. member for Red Deer was not suggesting that there should be a repudiation of the debt, but rather that, without repudiating the obligation, there should be increased taxation upon those who stand to profit by the country fulfilling its obligations. That puts the matter in a very different light.

Another point which might be brought forward in connection with the criticism of the Minister of Finance is that there cannot be much danger of capital fleeing to the United States from Canada when in this country we impose on a million dollar income a tax of $362,000, whereas in the United States the income tax on the same income is only $240,000. If capital will not flee when there is a difference of over $120,000 in income taxation on a million dollars, how much of a difference will it flee for, I would like to know? I would like to know just how far we can go safely and still prevent it from fleeing. I would not mind risking going a little further and see what happens.

I think we all appreciate the point taken by the Minister of Finance, that he does not wish to commit the government in anticipation of the budget by stating to what extent the government will consider an increase in taxation in any respect, but I believe that he read the resolution somewhat narrowly, if I may be permitted to say so, for it merely asks that the government consider the question that any increase in taxation found necessary should take the form of adjustments in the Income Tax Act, in order that those best able to pay should be the first and most heavily affected. The point to be emphasized is that those who have the highest incomes should be the "first," and they should be asked to pay first because they have the money with which to pay. They also should be the most heavily taxed because they are the best able to pay it. I think the Finance minister suggested that if that part of the resolution had been a little more reasonably worded the government might have permitted it to go through without committing itself in anticipation of the budget, so therefore I would move, seconded by the hon. member for Mackenzie (Mr. Campbell), that the motion

be amended by inserting after the word "that" in the fourth line of the last paragraph of the resolution the words "to the extent found possible."

Mr. BENNETT: How will it read then?

Mr. IRVINE: It would simply mean then, any increase of taxation contemplated would be imposed upon incomes to the extent found possible.

Mr. BOWMAN: Should not the amending words be inserted after the word "increase" instead of after the word "that"?

Mr. MACDOUGALL: Before the amendment is put, Mr. Speaker, I would like your ruling as to whether the original motion is in order. Personally I do not think it is in order for a private member to move a resolution involving the expenditure of public money.

Mr. SPEAKER: The resolution simply asks that the government take the question into consideration. I think it is quite in order. Mr. Irvine moves that this resolution be amended by inserting after the word "that" in the fourth line of the last paragraph of the resolution the words "to the extent found possible."

Mr. BENNETT: That does not make sense.

Mr. MACKENZIE (Vancouver): I do not think the amendment improves the resolution at all. I can quite see the objections of the Minister of Finance. I am personally in sympathy with the spirit of the resolution, but the objection voiced by the Minister of Finance is I think that any increase in taxation found necessary should take the form of adjustments. That is absolutely mandatory upon the government. If my hon. friends would permit the resolution to be phrased somewhat along this line, that among the increases in taxation found necessary there shall be given consideration to adjustments in the income tax, it would I think overcome the objections of the minister and would also carry out the principle advocated by my hon. friends to my left.

Mr. SPEAKMAN: I do not rise to address the house again, Mr. Speaker, but merely to ask the hon. gentleman a question. Would not the last paragraph read perfectly intelligibly in either case; that is, either in its present form, or with the words "to the extent found possible" instead of the words "found necessary"?

Mr. RHODES: Mr. Speaker, I think I indicated in the course of my remarks that if this resolution had meant that the government in considering increased taxation should consider increased income tax, the resolution would be acceptable. But I do adhere to the objection which I took to the original motion, and which I think still obtains to the amendment moved by my hon. friend from Wetaskiwin (Mr. Irvine). In that respect I may say that I am wholly with my hon. friend from Vancouver Centre (Mr. Mackenzie). If an amendment to this motion were couched in terms similar to those suggested by him it would be entirely acceptable to the government.

Amendment (Mr. Irvine) negatived.

Hon. J. C. ELLIOTT (West Middlesex): Mr. Speaker, my hon. friend the Minister of Finance (Mr. Rhodes) was good enough to let me have a glance at the comparative figures of income taxation in Canada and in the United States. There is attached a schedule of the new income tax that is likely to be imposed in the United States. I notice that our tax on a $4,000 is about three times as much as that levied in the United States—roughly about $16 to $5. But on an income of $100,000 the United States taxation is about double that of ours.

That in my opinion is the proper principle of income taxation. We are now in a very serious condition with regard to obtaining the money to carry on the administration of the country. We are at a point where taxes must be obtained from those who are best able to bear them. That, after all, is the real test of taxation. But whether this taxation is the most equitable or not, we have to resort to the means which will give us the required revenue. In other words, we must tax the people who are able to pay. I would suggest to the hon. minister that in his budget he follow the practice of our neighbours to the south to which he has just referred and make the higher incomes bear a much greater taxation in relation to the lower incomes than they do at the present time. I have no doubt from the manner in which my hon. friend referred to these comparisons that he has in mind to apply this principle when he makes his next revision of the income tax schedules. This should be done.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, after what the Minister of Finance (Mr. Rhodes) has said it is evident that the resolution will not pass in its present form. Being in sympathy with its principle, I should like to see it amended so that it might pos-

sibly pass in a manner acceptable to both sides of the house. Therefore would the minister consider the following amendment? To insert before the word "any" in the third last line the word "in"; in the second last line strike out the words "should take the form of" and insert the words "consideration should be given to." The last three lines would then read "that in any increase in taxation found necessary consideration should be given to adjustments in the Income Tax Act, in order that those best able to pay," and so on.

Mr. RHODES: Mr. Speaker, I can rise at this moment only with the consent of the house because I have already spoken. I did not follow my hon. friend from Comox-Alberni (Mr. Neill). I would need to have the text of his amendment before me in order to be able to express an opinion upon it.

Mr. NEILL: I will read it again.

Mr. RHODES: But it does seem to me that this debate will have served its purpose by expressing the opinion of those hon. members who have spoken. Obviously that is the chief purpose to be served. I can only repeat that if an amendment is moved which meets the objection I pointed out, it will be quite acceptable. I have already intimated that one couched in the terms suggested by my hon. friend from Vancouver Centre would be accepted. I do not see how I can be expected to go very much further than that.

Mr. LUCAS: I thank the hon. Minister of Finance very much indeed. We have been endeavouring to get an amendment which will meet his views.

Mr. SPEAKER: The hon. member speaking now will close the debate. If the hon. member for Comox-Alberni desires to proceed he should do so now.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, it is not my purpose to discuss the merits of this resolution inasmuch as many of my colleagues have indicated our viewpoint. I do not think the objections raised by the hon. Minister of Finance (Mr. Rhodes) are very serious, for the resolution merely asks the government to take into consideration these things. However, in view of his declaration, we should like to see the resolution amended in such a way that it would be acceptable to the hon. minister and to the house. Therefore I move the following amendment:

That all the words after the word "that" in the fourth line of the fourth paragraph of the resolution be struck out and the following substituted therefor:

"amongst increases in taxation found necessary adjustments should be made in the Income Tax Act in order that those best able to pay should be the first and most heavily affected."

This amendment is seconded by the hon. member for Battle River (Mr. Spencer).

Mr. NEILL: Mr. Speaker, I have already moved almost identically the same amendment.

Mr. RHODES: I do not want to quibble over language, though I must say it seems to me that the objection I took to the first amendment was sound. Now we come to this amendment submitted by my hon. friend from Comox-Alberni (Mr. Neill). He may not have intended to do so, but certainly he has placed in this amendment words which I would not accept personally and which I could not ask the government to accept. He might very well have couched his amendment in other language, if what he had in mind was that the attention of the government should be directed to the Income Tax Act as a further source of income in the event of increased taxation being considered. That would be well and good; I would have no objection to that, and I think I made it very clear that the government is quite prepared to take into consideration the discussion of this afternoon.

Mr. NEILL: I think the minister is referring to the amendment of the hon. member for Acadia (Mr. Gardiner).

Mr. RHODES: I understood Mr. Speaker to say that it was the amendment of the hon. member for Comox-Alberni, but the same objection holds good. I was dealing with the amendment itself and not with the source from which it came.

Mr. NEILL: Mine is a somewhat different amendment.

Mr. E. J. GARLAND (Bow River): Frankly I am at a loss to understand the position of the government in respect to this matter. There have been two amendments moved in an attempt to meet their point of view. The first objection taken was this: It was alleged by the spokesman for the government that this resolution committed or directed the government to an increase in income tax only. Both amendments which have been offered since removed that obstacle, and in this amendment in particular it is very clearly stated that this is not to be the only method of taxation.

Mr. RHODES: While my hon. friend is on his feet will he elucidate, for the benefit of the house, the proposition as contained in the amendment, that the income tax payer is the man best able to pay? That is the first statement, and the second is that he shall be the most heavily affected.

Mr. GARLAND (Bow River): I rather suspect "heavily affected" were the words that touched the heart of the hon. gentleman. I have noticed so frequently that those who have a heavy income very much dislike any heavy adjustment unless it is a downward adjustment.

Mr. RHODES: My hon. friend flatters me.

Mr. GARLAND (Bow River): I am not flattering the hon. gentleman a bit; rather I am commiserating with him in his misery at the present time. The amendment strikes out all the words after "that" in the fourth line and substitutes these words: "amongst increases in taxation found necessary." Surely that very clearly removes the first objection taken by the minister.

Mr. SPEAKER: I think the hon. member meant the fourth line of the fourth paragraph in the main resolution.

Mr. GARLAND (Bow River): Yes. At any rate, the point is that when you include the words "amongst increases" you very clearly remove the objection of the minister to the original motion, which might be interpreted by one who is a stickler for those things to indicate that no increases shall take place except in income taxation. Then the amendment says: "Amongst increases in taxation found necessary, adjustments should be made in the Income Tax Act in order that those best able to pay should be the first and most heavily affected." Is there any doubt in the mind of the hon. gentleman or of any other member of this house that those in this country best able to pay taxes are those who have incomes? So is it unfair to ask that they should have their incomes taxed heavily in the face of existing conditions?

The Minister of Finance (Mr. Rhodes) himself, defending the position of the government in connection with this resolution, quoted statistics to show the income tax paid in this country in 1931. He indicated at the same time that those who had incomes were contributing substantially to the public revenue, and had been doing so in past years. If he had read the statistics from another point of view he would have found out something else, namely that of some ten million people in Canada only 143,000, in round figures, have incomes upon which to pay a tax. If that does not demonstrate the concentration of wealth in a very few hands, a concentration which is at present increasing, I do not know how it could be demonstrated. Surely, therefore, in view of existing conditions a heavy income tax on those who have incomes is fully justified. But if the minister had taken the trouble to analyse the income tax figures further he would have found even more support for my argument concerning the concentration of wealth.

It is difficult to speak, Mr. Speaker, when the minister himself, the Prime Minister and everyone else across the way is occupied with something else. I suppose it does not matter much.

Mr. SHORT: Go ahead; you are holding up the business of parliament.

Mr. GARLAND (Bow River): If my hon. friend is paying attention I am sure that is all that is necessary; his weight with the government will be sufficient to ensure proper consideration of anything he may recommend.

Mr. SHORT: Very clever.

Mr. GARLAND (Bow River): Yes, not bad, considering that I had not much time to think it up. But I wonder if I may have the attention of the Minister of Finance for a moment.

Mr. RHODES: Perhaps my hon. friend would postpone his vaudeville performance for a moment, as an act of courtesy, while I reply to a query put to me by an hon. member sitting close to my hon. friend.

Mr. GARLAND (Bow River): I had no idea I was putting on that sort of performance. I am debating in this House of Commons a matter of a great deal of importance at the present time. The minister is occupied with something else. I do not know what he is considering, but certainly his remarks are not courteous or in keeping.

When the Minister of Finance was making his analysis of the income tax figures, showing the enormous burden already carried by income tax payers he would have found an intense concentration of wealth in few hands in Canada. As I said, 143,000 people make enough on which to pay an income tax, but if my hon. friend had analysed the figures a little further he would have found that of the 143,000 income tax payers in 1931, some 6,600 paid about $21,700,000 out of a total of $26,100,000. In other words a little more than six thousand people paid almost the entire income tax received. The rest of income tax payers, 136,979, paid only $6,185,000. These

figures can be traced back year after year and we find that the only difference is, not in the relationship between the two, but in degree as the income tax increased this incidence. In 1930, 6,014 income tax payers paid $20,959,000, while 136,000 paid only $6,500,000, in round figures.

The fact of the matter is that Canada, in common with the United States in particular —I separate these two countries from the rest of the world—has through special legislation, as the hon. member for Southeast Grey (Miss Macphail) pointed out in her few remarks, and special bounties, bonuses and all sorts of grants of land and rights to power in the past, laid the basis for great fortunes which to-day possess not only the wealth of this country but the great power that goes with it. We are in the hands of this government, and the government has an opportunity to serve the public and not wealth. The resolution introduced by the hon. member for Camrose (Mr. Lucas) urges upon the government to consider fairly in its budget proposals this year the taxation of wealth in order that the conditions of the working people in this country may not be further handicapped by the imposition of increases in duty taxation.

I doubt whether there is an hon. member who does not realize that in Canada in eight out of every ten households the family lives in the shadow of unemployment. Savings are not possible with the average wage paid in this country, if anything like a decent living standard is to be maintained. As a matter of fact, even in the civil service itself amongst the best paid wage earners in Canada, the average wage is only $1,500 a year, and that includes all the tops as well as all the very low salaries. It must be clear from such figures that the average worker, the average woman in Canada, has not an income upon which to maintain a decent standard of living and at the same time to save anything. The whole condition of this country typifies, in the present crisis we are faced with, a concentration of wealth under capitalism which in itself will destroy the capitalistic system my hon. friends are so fond of, unless they take such reasonable steps as are now proposed to redistribute in the form of taxation the capital income and wealth of the nation. I have only this further to say. We have gone a long way to meet the views of the minister and I sincerely trust he will accept the amendment. If he does not accept it then I want to place myself on record as definitely in favour of the amendment and, if that is defeated, in favour of the original motion.

Mr. M. N. CAMPBELL (Mackenzie): In justice to the minister it is only fair to say that when he suffered some criticism at the hands of my hon. friend from Bow River (Mr. Garland) I was the one really guilty and not the minister. I had taken the liberty of consulting him for a moment to see whether it was possible to secure an amendment which would be acceptable to all sides of the house, and I therefore beg now to move a subamendment which I believe will cover the situation. In order to put the motion clearly before the house, as thus amended, I will read the resolution fully with the amendment I propose. I move, seconded by the hon. member for Wetaskiwin (Mr. Irvine), that the resolution be amended by striking out all the words after "consideration," and adding the words, "a substantial increase in the income tax." The resolution before the house would then read:

> Whereas, it is becoming increasingly apparent that the present methods and extent of federal taxation are inadequate to meet our requirements, and
>
> Whereas, an extension of the principle of commodity taxation has been suggested as a means of meeting the situation, and
>
> Whereas, the drastic fall in price levels and the consequent increase in the purchasing value of money has seriously affected the producer and business man, while being of corresponding benefit to those whose incomes, derived from certain classes of bonds, mortgages, etc, are still undiminished, if not increased.
>
> Therefore, be it resolved, that, in the opinion of this house, the government should take into consideration a substantial increase in the income tax.

Mr. GARLAND (Bow River): In view of the statement just made by the hon. member for Mackenzie (Mr. Campbell), I sincerely trust the Minister of Finance (Mr. Rhodes) will accept my apology for what he considered was, although it was not intended to be, a vaudeville performance.

Mr. RHODES: Before you put the subamendment, Mr. Speaker, may I say to my hon. friend from Bow River (Mr. Garland) that I did take exception to his remarks and to the fact that he was apparently deriving some pleasure from bear-baiting me, as it were, in circumstances which must have been clear to him. I could not without an act of discourtesy to one who sits near to him direct my attention to the hon. gentleman, and I thought this must have been obvious to him, for usually he grasps a situation quite readily. In view of his remarks I am only too happy now to accept his statement and to assure him that he will find me at all times anxious to deal courteously not only with him but with every other hon. member of this house.

Mr. GARLAND (Bow River): I have always found the hon. gentleman most courteous in the past, but it was impossible for me to determine the character of the conversation or negotiations between the hon. member for Mackenzie and himself.

Mr. RHODES: Now that I am on my feet I may say to my hon. friend that I must take exception to the attitude he assumed in his argument in discussing the question before the house. The hon. gentleman would leave the impression that in virtue of this resolution and the discussion this afternoon we are determining the question as to what shall be the income tax in Canada. That would be the impression he would leave; and a reading of his remarks on the hustings would clearly indicate that to be the case. Then he takes it upon himself to suggest that the government is resisting the idea of increasing the taxation of income. Furthermore, he attributed personal motives as well. He clearly left the impression that the Minister of Finance was a man of substantial income; ergo he would object at once to any increased taxation. Well, I may say that I am very much in the position of an individual down south. A wealthy northerner coming down the gangplank of a Mississippi river steamboat asked him whether he could change ten dollars, and he replied, "No, sir, I can't; but I thank you for the compliment just the same." My hon. friend from Bow River may be pleased to call me a wealthy person, but I assure him I must take his word for it. As a matter of fact, my hon. friend knows full well that there is a method as well as a time and a place for dealing with taxation, and it is not incumbent upon the Minister of Finance nor upon the government of the day when individuals, as they have every right to do, bring forward a resolution dealing with taxation, thereupon to make a statement with respect to the subject. My hon. friend can be quite free in his arguments, but it is another matter entirely with one who holds a responsible post in government. As I say, there is a constitutional method of dealing with these matters.

Let me say that notwithstanding the sarcasm of certain of my hon. friend's remarks, to-day, we believe that any proposal having to do with taxation should be based upon the principle that those who best can pay should be called upon to pay the most. That is equitable taxation. I thought I made it quite clear in my original remarks upon the main motion that we were prepared to consider seriously an increased income tax, but I took exception to the resolution because of the form in which it was drafted. The amendment moved by the hon. member for Vancouver Centre (Mr. Mackenzie) was entirely acceptable to me and to the government. I do not raise the question whether or not this subamendment is in order; in any case if I did so the hon. member for Bow River (Mr. Garland) would no doubt say immediately I was actuated by some ulterior motive.

Mr. GARLAND (Bow River): No.

Mr. RHODES: In the sense that I have indicated, the amendment moved by the hon. member for Mackenzie (Mr. Campbell) is entirely acceptable to me.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I take this opportunity to refer to the necessity of an amendment to the Bank Act to cover reports to be made by the different banks to the Minister of Finance (Mr. Rhodes). We do not know how many people would be affected by a resolution similar to the one before the house. The banks now send monthly reports to the Department of Finance stating the amount of current and savings deposits on hand, but those reports do not give the amounts of the different deposits in each bank in each province. It might be agreeable to the minister to amend the Bank Act later on to provide that twice a year the banks shall report to the department indicating the amount of savings and current accounts for each province, and also the number of accounts under $500 and the number over $500. With this information we would know exactly how many people have substantial bank accounts. Because of the good will which has been shown in the house, I will not insist further upon this point.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I have just one or two observations to make in regard to this resolution. I understand there is now before the house an amendment and a subamendment.

Mr. SPEAKER: Do I understand the hon. members for Acadia (Mr. Gardiner) and for Comox-Alberni (Mr. Neill) to have withdrawn their amendments? The subamendment as now proposed is not an amendment to the amendment, it is an amendment to the main motion.

Mr. GARDINER: I have great pleasure in withdrawing my amendment in order that the hon. member for Mackenzie (Mr. Campbell) may move his amendment in the regular manner

Amendment (Mr. Gardiner) withdrawn.

Mr. NEILL: I have no pleasure in withdrawing mine, but I will do so.

Amendment (Mr. Neill) withdrawn.

Mr. SPEAKER: The question now is on the amendment of the hon. member for Mackenzie (Mr. Campbell).

Mr. MACKENZIE (Vancouver): Mr. Speaker, I have just a word or two to say with regard to the amendment now before the house. I am in entire sympathy with the hon. member for Comox-Alberni (Mr. Neill) with regard to the amendment which he has just dropped.

I understand that an announcement was made the other day by the Prime Minister (Mr. Bennett) with reference to increased taxation along certain lines, but it must be understood that our support of this resolution is not to be taken as an indication that we will not vigorously protest against the necessity for increased taxation. We might find occasion to criticize very strenuously the necessity of such increases as might be made in the income tax. I desire to make it clear at this stage that although we support the general principle of the amendment moved by the hon. member for Mackenzie, we reserve to ourselves the fullest right of discussion in regard not only to the general principle of increased taxation but also to the particular proposals which may come down in connection with income or other taxation.

Amendment (Mr. Campbell) agreed to.

Motion (Mr. Lucas), as amended, agreed to.

BANKING, CURRENCY AND CREDIT

ISSUE AND REDEMPTION OF DOMINION NOTES WITHOUT RELATION TO GOLD RESERVE—PROPOSED REFERENCE TO COMMITTEE

Mr. G. G. COOTE (Macleod) moved:

That, in the opinion of this house, the standing committee on banking and commerce be instructed to inquire into the question of banking, currency and credit in Canada, and without restricting the generality of the foregoing that they especially inquire into and report on the advisability of amending the Dominion Notes Act so as to eliminate the provision for redemption of dominion notes in gold and to provide for the issuing of dominion notes without relation to gold reserve.

He said: Mr. Speaker, reduced to its simplest terms this resolution asks for an investigation into the whole question of money, and I am sure the subject is of sufficient importance to justify the most thorough inquiry. Under our present economic system, money is the most important thing in life; man must have money for his three primary requirements of food, shelter and clothing. Money means the chance to live. I think this fact is well illustrated by a story which appeared about a year ago in the Ottawa Citizen. A man had been held up on the streets of the city by a thug who pointed a revolver at his victim and said: "Hand over your money or I will blow out your brains!" The poor victim, without any hesitation, replied: "Go ahead and blow them out; I can live in Ottawa without brains but I cannot live here without money." I am sure the majority of hon. members will agree that his last statement at any rate is true and the same applies to any other part of Canada.

The amount of money which we control determines our standard of living, not only in the material sense but also in a social and intellectual way. Money is so important that the lives of ninety-five per cent of the people are vitally affected by what those in control of finance do to money or credit. If we are to have any chance of getting out of this depression this year, if we are to have an opportunity to get around that corner for which we are all looking, it will depend upon someone doing something to our money system. The providing of money for the carrying on of trade and commerce is one of the primary duties devolving upon the government of any sovereign state. Under our constitution this duty falls upon the federal parliament.

Parliament in its wisdom or unwisdom has passed the Currency Act which fixes the denomination and metal content of our coins. This act makes the dollar the standard unit of our currency and fixes the gold content of that dollar at 23.2 grains of pure gold. Parliament passed also the Dominion Notes Act, which provides for the issuing of paper money, known as dominion notes, against a certain gold reserve. It makes dominion notes legal tender in Canada except at offices of the Receiver General and provides for the redemption of those notes in gold upon presentation at offices of the Assistant Receivers General in Canada.

We have also the Finance Act under which dominion notes are issued to the chartered banks of Canada against the deposit of collateral security.

We have the Bank Act which authorizes the issuing of bank notes, that is paper money, to the extent of the paid-up capital of the banks, with certain excess issues in certain months of the year. It also provides that the banks may issue further notes against deposits in the

central gold reserves. The banks are also authorized under this law to make loans and to receive deposits.

Under this system authorized by Canadian law we had in this country under date of August 31, 1931—I am quoting approximate figures:

Gold held by the government.. ..	$ 74,000,000
Gold and other coins held by banks	64,000,000
Gold held in central gold reserves.	13,000,000
Total..	$151,000,000

That is the amount held in gold and subsidiary coins. We also had issued and in circulation in Canada at that date:

Dominion notes..	$141,000,000
Bank notes..	141,000,000

Then we had:

Bank deposits..	$2,030,000,000

That makes a total, roughly speaking, of $2,300,000,000, all of which under our law would be redeemable in gold. May I point out that bank notes and bank deposits totalling over $2,100,000,000 are redeemable in legal tender, which would be dominion notes, and dominion notes outstanding at that time amounted to only $141,000,000. Dominion notes are redeemable in gold, but gold amounted to only seven per cent of the total money outstanding in Canada on that date, and in the term "money" I include only what we generally call cash, that is, coins and paper money and deposits in the banks.

Any unusual happening in the world may cause a demand among noteholders or holders of deposits in our banks for gold. If that demand is met and the gold paid out, the result is to deplete our gold reserve, and in that way restrict the issue of dominion notes. Dominion notes under our law are based upon gold and dominion notes are the basis for bank credit. Therefore, when the issue of dominion notes is restricted, it follows that the credit which can be extended in Canada is likewise restricted. The amount of credit outstanding in any country at any time is the main governing factor in determining price levels. When credit is restricted, prices fall; purchasing power is cut; business is curtailed; unemployment is created, and the whole vicious spiral of deflation is put under way. That is what has actually happened and that is the situation which we are facing in Canada to-day. Of course it first happened in some other countries of the world, but because of the gold standard Canada was compelled to follow the same policy as the countries which started this deflation.

[Mr. Coote.]

I might point out here that to-day private citizens are being urged by bankers to pay their debts and the bankers are urging all governments in Canada to balance their budgets. They can do that only if they can get their hands on more money. The bankers do not seem to realize that under our present system the way in which the great bulk of our money gets into circulation is through the issue of bank loans. When those loans are not issued, there is not sufficient money in circulation on which people can get their hands to pay their debts. If people cannot secure money to pay their debts and buy goods, governments are not going to be able to balance their budgets. In proof of the statement which I have just made, that it was the restriction of credit which caused the world depression, I should like to quote from one who, I think, might be regarded as an authority. I refer to Mr. R. S. Noble of the Royal Bank of Canada, who, speaking at last year's meeting of the Canadian Political Science Association, said:

> In my judgment the main factor in bringing about and continuing the present world-wide depression has been the disastrous fall in the commodity price level and that this has been brought about not by over-production—

I am glad he said that.

> —tariffs, war debts, stock market collapse or any of the usual causes assigned but by a thoroughly stupid bank policy with France and the United States as the principal villains in the piece.

If a stupid bank policy was responsible for the world depression, we cannot get out of this world depression until we get an intelligent bank policy. May I point out again that because of our adherence to the gold standard, this thoroughly stupid bank policy which caused the world depression, caused the depression in Canada to be on a par with that in most of the other countries. Perhaps I might quote the opinion of Professor Gustav Cassel, one of Europe's outstanding economists, who said:

> It can never be denied that the defects of the monetary policy of the United States are chiefly responsible for the present crisis in the world's economy.

What was this stupid bank policy referred to by Mr. Noble? I have not time to go into the subject at any length, but I should like to point out again that under the gold standard, gold is the basis for credit, and on one dollar's worth of gold, from fifteen dollars to twenty dollars' worth of credit is created. The figures which I have quoted for Canada prove that.

The central banks of France and the United States, according to many authorities, have

hoarded between them nearly one-third of the world's monetary gold reserves. That amount of gold has been placed in their vaults; it has not been allowed to be used as the basis for the issue of currency, and consequently the world's credit has been restricted to the extent of many billions of dollars. When you restrict world credit to such an extent, you must upset prices and all the contractual obligations of the world which are expressed in terms of money. It is therefore no wonder that to-day the world is faced with the great problem of reparations and war debts. Debts which have become impossible of payment largely because of the manipulation of our monetary system.

Mr. BENNETT: Is there any shortage of credit in Canada?

Mr. COOTE: I really do not know how to answer that question. I know that due to low price levels people are not able to get the credit they ordinarily could. The situation in the world to-day so far as gold and gold standard countries are concerned, might be likened to a game of marbles. Supposing a number of boys are playing marbles and two of them corner all the marbles. The rest of the boys have to quit playing or go and play some other game. To-day countries other than the United States and France should in their own interests play some other game than that of the gold standard. I may have said this before, but if so I want to repeat it: the amount of credit money in circulation largely determines the price of commodities and the world to-day is suffering from this depression because of the contraction of credit due to the hoarding of gold. I note that recently Mr. Hoover, President of the United States, is credited with saying:

> Credit is the blood stream of our economic life. Restriction or destruction of credit cripples the revival and expansion of agriculture, industry, commerce and employment.

The paper from which this is quoted, the Ottawa Citizen, says:

> To-day business is bad because of lack of purchasing power among consumers.

The great question facing Canada at this time is what can be done to restore that purchasing power. May I point out that the industrial system produces for profit, not for use, and a falling price level destroys the motive which makes the system function. The production of real wealth is curtailed because we cannot distribute the production among our people, and the reason we cannot distribute it is primarily because we have not enough money in circulation. I remember a year ago the statement was made that in China millions of people were starving because China had no transportation system which would move food from the coast to the interior where the famine conditions existed. But we have not that excuse in Canada. We have one of the finest transportation systems in the world and yet to-day some of our people, if they are not actually starving, are not getting enough to eat. We have the food and we have the railways to transport it; the only thing we lack is sufficient money in the hands of consumers.

I agree with what the Right Hon. Arthur Meighen said last year, speaking before the Canadian Bankers' Association at the Royal York Hotel in Toronto, and I am glad that he made this statement at that particular meeting. He said:

> If people were in a position to exchange what they have too much of for what somebody else has too much of, we would see that there is not too much of anything. The trouble is that they are not in a position so to exchange. Were the facilities of exchange adequate, were the world's monetary system adequate to demands for exchange, then the three per cent increase in the world's products from year to year would mean a three per cent elevation in the standard of living each year for the masses of mankind.

I freely admit, Mr. Speaker, that this is a world situation. But we cannot permanently excuse ourselves by using that as an alibi. We are following practically the same policies as those other countries which we hold responsible for this depression, and how is the world ever going to get out of the depression if every country continues to do as we are doing—sitting with folded hands waiting for Providence to get us out? I suggest that we could take some definite action in Canada, and because I believe that our adherence to the gold standard has made the situation very much worse for Canada, one of the questions I should like the banking committee to inquire carefully into is whether we should any longer endeavour to adhere to the gold standard, and if so, why we should adhere to it. That is a subject that should be thoroughly investigated.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. COOTE: Mr. Speaker, when the house rose at six o'clock I was discussing the question of the gold standard and stated that because of our adherence to that standard Canada was suffering unduly from the world

depression. In support of my statement I should just like to quote this passage from the monthly letter of the Royal bank for June, 1931:

> It will be obvious that for countries operating on a gold basis the responsibility of the price level lies almost altogether with the central monetary authorities of the United States, Great Britain and France, which hold about 75 per cent of the monetary gold stocks of the world and influence the bulk of the liquid capital. At the present time, all other countries must conform to the composite policy of these three outstanding financial powers or temporarily abandon the gold standard, as has recently been done by Australia and two or three South American countries.

Since that was written Great Britain has been forced to abandon the gold standard. I think the same is true of Canada; that is, we have abandoned it so far as redemption of our notes in gold is concerned, although we have not yet taken legal steps to cancel our obligation to do so under the law.

Some people, of course, will ask: If the gold standard is to be abandoned what is to be the basis of our currency? Perhaps I could not do better than quote from an issue of Toronto Saturday Night of about the time Great Britain did abandon the gold standard. On that occasion this journal stated:

> The real basis of currency has always been the resources and the industry of the people in the countries which issued it. This is markedly true of Canada, which as Hon. E. A. Dunlop, provincial treasurer of Ontario, has aptly pointed out, has never been actually on a gold basis except for international payments. Times like these demand realities, not myths, and consequently the suspension of the gold standard may be viewed as a hopeful event.

Under the circumstances, Mr. Speaker, I think the committee on banking and commerce might very well be empowered to inquire into the advantages and disadvantages of the gold standard. After all, the gold standard is simply a monetary policy. We should inquire whether it is the best policy for Canada, or whether it should be abandoned and a better policy adopted. I will admit that it has some advantages. It does lend us an air of respectability; and stable exchange rates are very beneficial for those having to meet commitments in the United States. But the disadvantages of the gold standard I am sure more than outweigh its advantages. It limits the amount of credit in Canada by the amount of gold in the treasury. It puts the price level in Canada at the mercy of foreign banks. Canada is a debtor country and if we are to remain on the gold standard we must be prepared to sacrifice internal stability of prices, wages, employment, and our whole standard of living. For what? For the sake of exchange rate stability.

[Mr. Coote.]

Surely that is too great a price for us to pay. It is no use saying we cannot get a better system. I think a better system must be found or the whole capitalistic system is bound to collapse. It is to those who are interested in the preservation of the present system that I am appealing to-night.

Mr. YOUNG: Would my hon. friend mind explaining what he means by "the whole capitalistic system collapsing"?

Mr. COOTE: I have not time because I am limited to forty minutes. I should like the committee on banking and commerce to be authorized to inquire into the effect of our adherence to the gold standard on our primary industries. What is the effect?

Mr. FRASER (Cariboo): What effect would the going off the gold standard have on the amount of money coming into this country to finance the development of gold mines?

Mr. COOTE: I will leave my hon. friend to speak on that. At the moment I want to direct the attention of the house to the effect of our adherence to the gold standard on agriculture. The leader of the opposition in South Africa recently stated that the adherence by his country to the gold standard was crucifying agriculture. Our attempt to adhere to the gold standard, is, I think, crucifying agriculture in Canada. I am not able to devote very much time to this particular phase of the subject, but I do want to point out that at the present time the price of wheat, cattle and hogs in Canada is dependent upon the price which we receive for these commodities when exported. The bulk of our wheat is sold for pounds sterling. We translate the British pound, according to to-day's quotations, into $3.93 Canadian money. If our currency were at par with Britain's—and I think that is where it should be if it is to be at par with anything—the pound would represent $4.87 of our money. In other words, we are losing 94 cents on every pound sterling that we receive from the sale of our products in Great Britain. I should like again to remind the house that the prices we receive for the products we export—grain, cattle, hogs—set the prices of all those products when they are sold in Canada.

May I also point out that we are competing with the Argentine and Australia in most of these products? The farmer in the Argentine at the present time can translate the British pound sterling into the equivalent of $5.40 of our money; in Australia the farmer can translate the pound sterling into the equivalent of $5.80 of our money. I should like

to know how long the Canadian farmer is going to be able to compete with the farmers of the Argentine and Australia under those conditions? At the present time if our currency were at par with Britain's the price for the average steer sold in Canada would be increased by more than $10; the price of wheat would easily be increased by 15 cents a bushel. I have in my hand a page from the Commercial Intelligence Journal of September 26 last, containing a report from our trade commissioner in Australia. This is before Great Britain went off the gold standard. He says:

> The exchange premium in Australia gives wheat growers an apparent gain of about 6½ pence (13 cents) per bushel on all wheat exported.

That knocks our five cent bonus into a cocked hat.

Mr. YOUNG: Is that apparent?

Mr. COOTE: It is quite apparent to me, whether it is to the hon. gentleman or not.

Miss MACPHAIL: He cannot see over the tariff walls.

Mr. COOTE: The gold standard in Canada as part of our money policy is fixed first of all by the Currency Act which sets the number of grains of gold in our dollar, and further by the Dominion Notes Act. Subsection 3 of section 4 of the act provides for redemption of these notes in gold on presentation at any office established for that purpose. It is for that reason that I mention specifically in my resolution the Dominion Notes Act. I should like the committee on banking and commerce to be authorized to inquire into and report to this house as to the advisability of repealing or suspending the operation of subsection 3 of section 4 so that we should no longer be compelled to redeem our notes in gold. As a matter of fact the assistant receivers general in Canada are not to-day redeeming our notes in gold on demand. I have talked to different people who have endeavoured to get gold in exchange for notes and have been refused. The law still stands, and at the present time so far as I am aware—I speak subject to correction—we are evading the law in refusing to meet the requirement I have referred to. I should like the banking and commerce committee to be authorized to report on that particular matter—whether we should continue ostensibly to carry on under the gold standard and yet actually evade the act; or whether we would not be in a much better position if we simply repealed this subsection. Subsection 5 of the Dominion Notes Act fixes the gold reserve against which dominion notes shall be issued. I think in line with the report of the Macmillan committee there is no necessity for gold or other metallic reserve for our national currency, and that this section of the act might very well be repealed, so that the Finance minister might be in a position to use the gold to meet some of our foreign liabilities if he so desires.

I might point out to the house that the issue of dominion notes without gold reserve might be largely increased. If our issue of fiduciary notes were at the same ratio as recommended for England by the Macmillan committee, on our present gold reserve we could have issued dominion notes to the amount of $500,000,000 instead of $144,000,000 as at present. I think if this question were properly understood by the public generally the issue of a larger amount of dominion notes and their circulation in Canada would add to the stability of our system. I cannot see any reason why our gold should be tied up in a vault somewhere under the east block. I do not believe it is doing any good there to-day. I know there are certain people who refer to any money not based on gold as unsound money. The Minister of Trade and Commerce (Mr. Stevens) in his remarks last week, used the term "sound money" and by most people that phrase is understood to mean money based on gold. I should like to point out that if Canada had remained on the gold standard, or what is called sound money, in 1914 it would have lost us the war. We abandoned it then in a hurry, on half a day's notice, but we cannot abandon it now to cure unemployment. To-day I think Canada is engaged in a war against poverty, and it is just as important that we should abandon gold now as we did in 1914. If we are to stick to that kind of sound money I am afraid we may lose the war in which we are now engaged.

I think the words "sound money" are much misunderstood. Right Hon. Reginald McKenna, speaking at the annual meeting of the Midland bank a few days ago, had this to say with reference to sound money:

> A sound unit of currency would always be of the same value measured in the aggregate of the things on which our money is spent.

That is what sound money ought to be, money with a stable measuring value. That is one of the principal purposes for which we use money. Mr. McKenna goes on to say that gold has never provided that, and then he states:

> Viewed in that light, could any standard have failed more signally than has the gold standard.

He says he does not see any reason to doubt our being able to keep the purchasing power of money stable with what he terms a managed currency. I am sorry I have not the time to quote Mr. McKenna at greater length; to those interested I would recommend his speech, which appears in the Manchester Guardian of January 30. However, he does say:

The art of monetary management will have to be relied on more and more to obviate such catastrophes in economic life as we are witnessing to-day. We must not delude ourselves once again into thinking that if we return to gold all will be well. Renewed indulgence in that idea would be fatal.

I commend those words to the government and to every hon. member of this house. Right along that same line, with regard to the question of managed currency I should like to quote Sir William Beveridge, director of the London School of Economics, who may be considered an authority on this subject. He said:

Liability to booms and slumps of production is bound up with capitalism, with making not for use but for profit, which depend on prices as prices depend on credit. Success or failure in controlling credit may thus prove to be the acid test of the capitalistic system.

I think Sir William's words are well worth the attention of the government and of the house.

I should like this committee to be authorized and instructed to inquire into this question: Can interest on the federal, provincial, municipal and railway bonded debts, totalling over five and a half billion dollars, together with corporation debts, real estate mortgages, bank loans and so on, be paid at existing price levels? If not, how can commodity prices be restored to the levels of 1925 or 1926? I should like the committee to inquire as to whether any action can be taken through the money system to make this payment possible. Let me quote from an article appearing in the Wall Street Journal under the signature of Thomas Woodlock, a regular contributor to that journal, on this very point of commodity prices. The article carries this heading:

Commodity Price Level Must Rise or Debts Will Be Sacrificed

I regret that I have not time to read the whole article, because I think it is splendid. The writer says:

It so happens that the world now finds itself with a volume of existing debt far beyond anything ever before existing in economic history, this because it gets its living by a system which basis upon credit—debt—as its very foundation. It is the pressure of this debt which is everywhere stirring an agitation for a change in the money units which measure the debts. What we are witnessing is an acute phase in the process outlined by Mr. Feaveryear, and the heart of our present problem is to prevent this process from destroying the credit structure which furnishes the foundation of the world's economy. It is perfectly evident that the structure can be preserved only at the price of considerable sacrifice by the creditor class for it is surely historically true that loans which do not "produce" the means for this repayment are in the long run not repaid. Borrower may be slave to lender as the phrase goes but only in a limited sense; a truer phrase is that which says that blood can not be had from a stone.

On all sides are heard proposals for a change in the "gold standard" of the United States. Some are for plain issues of "non-interest bearing treasury notes" which, of course, are to be "unlimited legal tender for all purposes." Others are for "bimetallism"—silver—and others for some kind of "inflation" by means of large government bond issues with rediscount privileges for bills secured thereby. The instinctive revolt against the gold unit is widespread and is at bottom the direct result of the pressure of debt. One thing is becoming clear; that is that either the commodity price level must in the next few years rise to relieve the debtor or the creditor will have to write off a good part if not the whole of the debt. And, if commodities will not rise to the money unit, the money unit is quite likely to come down to the commodities. This is the fundamental significance of the departures which have already been made from the gold standard.

Coming from the Wall Street Journal, Mr. Speaker, I think a statement like that should not be ignored by members of this house. Then I should like to quote very briefly from a speech made by Right Hon. Winston Churchill, former chancellor of the exchequer and the man who put England back on the gold standard in 1925. Speaking before the Economic Club of New York at the Hotel Astor, he said in part:

As to the solution of the economic crisis, Mr. Churchill said: "In my opinion, it would be sufficient at this stage if two or three of the principal governments of the world were to proclaim their intention of revaluating commodities and services upon, let us say, the 1927 or 1928 level; and then if sufficient financial experts were selected and told to devise steps by which this should be done, and the form of international currency that would be required to keep a stable standard of value hereafter, I do not think you would be setting them an impossible task. I expect they would find that there were several ways of accomplishing this purpose once it was clearly defined and authoritatively set forth.

"I would like to see the governments of United States and Great Britain, through their agents, the federal reserve and the Bank of England, come to the definite conclusion that commodities must be revaluated up to the 1927 or 1928 level, and that hereafter sufficient currency must be available to provide a stable measure of price."

Surely it is not difficult to deduce from that statement that Mr. Churchill believes the adoption of a proper monetary policy will

bring commodities back to the price levels of 1927 and 1928, and until the commodity price level is brought back to that point existing debts in Canada cannot be paid, with interest at current rates.

In the few minutes left to me I should like to point to what is happening in the United States. Recently at Washington two measures were adopted, the one providing for the creation of the reconstruction finance corporation, and the other the so-called Glass bill, widening the note issue privilege of the federal reserve banks. In regard to these measures the Financial Post contains an article headed:

U.S. Embarks on Inflation to Save Banks

I know there is a good deal of objection throughout the country to the use of the word "inflation" or to the process of inflation. It is more proper to say anti-deflation or, as some writers now say, reflation. But call it what you like—inflation, anti-deflation or reflation—anyone who to-day refuses to use some such measures to put more credit in circulation and increase prices is as foolish as the man who refuses to put air in a flat tire for fear he may blow up the tire. Anyone who is driving a car with a flat tire will stop at the first service station and put in some air, even if it is not free. I remember hearing of a Scotchman who, the first time he saw the sign "free air" did use so much air that he blew out the tire. It is possible to blow up a monetary system with inflation, as was done in Germany years ago, but that is not what is proposed in the United States to-day nor is it what I am proposing in Canada. I simply advocate putting out sufficient credit in Canada to raise commodity price levels, and that is as sensible as putting air in a flat tire to keep up the proper pressure. The man who puts air into a tire uses a gauge and when he has just enough air he stops. Currency, I am quite satisfied, can be managed so as to put out, in Canada or in any other country where it is adopted, the proper amount required. I do not think there is any insuperable difficulty about that.

In my opinion there is more than sufficient reason for asking for this investigation. It seems to me that whatever other steps may be taken to lift us out of the present depression, monetary reform of some kind is absolutely essential. I should like to see the committee make a thorough and exhaustive inquiry into these matters such as was made by the Macmillan committee in England. If the committee did nothing but make a study of the Macmillan report they might suggest to the house some measures that would be helpful. I had thought of asking that there be given to our banking committee a reference similar to the one given to the Macmillan committee in England, but I have been told that the committee in England found themselves limited by their reference. This is the reference which was made to that committee:

To inquire into banking, finance and credit, paying regard to the factors, both internal and international, which govern their operation, and to make recommendations calculated to enable these agencies to promote the development of trade and commerce and the employment of labour.

I consider that a splendid reference, but I should like to see the reference to our committee, if one is granted, made wide enough that they will not feel hampered in their investigation. If the committee considered they had not time to go as thoroughly into the question as they would like to, they might suggest to the government the appointment of a commission along lines similar to the Macmillan committee. There are, however, two or three specific questions which I would suggest for consideration by the committee in addition to what has already been indicated.

First of all I would suggest this question: How can the purchasing power of the community be kept up to the point where we can consume the surpluses which our great industrial machine can turn out, so that we should not be faced, as we are at the present time, with poverty in the midst of plenty. I should like the committee to inquire carefully into the gold standard. As I suggested before, I should like an inquiry to be made particularly as to its effect on the basic industries of Canada—agriculture, mining, lumbering, fishing and other industries—and as to its effect also on employment. I believe that the return to the gold standard by Great Britain in 1925 did increase unemployment, and if that result followed in England would not a return to the gold standard increase unemployment here? I would finally suggest to the committee this question: If credit is the life blood of industry, why should the amount of credit existing in Canada depend on the amount of gold stored in the treasury vaults and which is never intended for circulation?

In short, I should like the committee to be asked to report to the house regarding changes which might be made in the monetary system so as to enable us better to distribute among our people the goods which we in Canada are so well equipped to produce.

Hon. IAN MACKENZIE (Vancouver Centre): I do not intend to enter upon any elaborate analysis of the resolution submitted to the house and spoken to with such clarity and lucidity by the hon. member for Macleod (Mr. Coote). In regard to this very intricate and perplexing question I do not pose as either an expert or a monetary economist. Someone said the other day that the definition of a monetary economist was "one who hadn't any," and the definition of an expert was, a plain and simple man away from home.

The other afternoon we had in this house a very important resolution which asked the house to bring before the impending Imperial economic conference the question of the stabilization of our currency with a fixed parity throughout the empire. That resolution provoked a very interesting debate, and I am sure, in regard to the very comprehensive resolution now submitted to the house for discussion and possibly for decision, and moved by the hon. member for Macleod, we shall have a debate which will not proceed upon party lines. So far as I am personally concerned I am speaking entirely for myself in the few observations I am about to offer.

In analyzing the resolution of the hon. member I find that he asks for two specific things. In the first place he wants, what is very fair, a reference to the banking and commerce committee of certain matters, the first being a general inquiry into the questions of banking, currency and credit, and the second, the consideration of the question whether it is advisable to amend the Dominion Notes Act so as to eliminate the provision for the redemption of dominion notes in gold and to provide for the issuing of dominion notes without relation to gold reserve. My own opinion is this—and I express it in all frankness. Certainly, without casting any reflection on the banking and commerce committee, of which I happen to be a humble member, and with all respect to the hon. member for Macleod, I do not think that our committee on banking and commerce will have the necessary time, and I doubt very much whether it will have the necessary ability, within the short space available during this session, of entering upon a discussion of the entire Canadian credit and currency system. I wish, therefore, that the hon. member had asked the administration to institute a great national committee along lines similar to the Macmillan committee in England, for it would have six or possibly nine months in which to deliberate. It would be a committee consisting of all those who represent banking and financial institutions, agriculture, labour and industry, and so on, so that we could have presented to parliament, if not during the present session, at any rate very early in the next session, a comprehensive report on the entire Canadian monetary and financial structure.

We are confronted next year with the decennial revision of the Canadian banking system, and it would be of wonderful assistance to the committee at that time to have before it a report such as that presented in England. Now the first duty of a simple seeker after truth in regard to this intricate and complicated question is to analyze the meaning of the term gold standard. It means this: that our obligations are redeemable and are freely paid in gold on demand, and also in the second place that there is a free movement of gold in and out of the country. If you accept the theory of the economist with regard to the full and complete significance of the gold standard, then Canada to-day is not on the gold basis any more than Abyssinia or Timbuktu, because in the full acceptation of the term gold standard I doubt very much whether this dominion has been entirely on the gold basis since we passed the Finance Act in 1914. And that is a matter of great importance if we are to understand this question fully.

What happened in 1914? It will be recalled that in that year the Finance Act was passed, and it was in force until the year 1923, and many hon. gentlemen who are here now were, I believe, present in the house on both of those occasions. I read to-day the speech of that great Canadian, the Right Hon. W. S. Fielding, in introducing the legislation of 1923, and also the helpful and constructive criticism of Sir Henry Drayton, who, I believe, was financial critic for the opposition at that time. The Dominion Notes Act was passed in 1914 and amended in 1915. Now, my hon. friend seeks to-night to suspend the provision for the redemption of dominion notes in gold. In 1914 we had $50,000,000 provided for as against a twenty-five per cent basis of specie reserve. In 1915 the amending act provided a further $26,000,000 worth, $16,000,000 to be loaned to the Transcontinental system which was then under construction, $10,000,000 being for general purposes throughout the dominion. This $26,000,000 added to the $50,000,000 provided for by the act of 1914 gave us a currency basis of $76,000,000. This remained in existence until the year 1928 when the Minister of Finance of that day made a return showing the total specie reserve to be $66,000,000; in other words, the

$10,000,000 provided for general purposes must have been retired by the administration of that day.

The secondary consideration is international in character. Canada was upon a gold basis from 1853 to 1914. We went off the gold basis in 1914 under the provisions of the Finance Act of that year, and so continued, modified by the Finance Act of 1923, until July 1, 1926. Because of the export of gold to the United States in 1928, amounting to $44,500,000, we were compelled to place an embargo upon the export of gold. What is the situation to-day? Without criticizing the present administration, I have reason to believe that it is reverting to the provisions contained in the financial presentation made in 1923 by the late Mr. Fielding, and has inaugurated a system of export licences to cover the exporting of Canadian gold to the United States. I think it is obvious to an inquirer after the truth that unless that policy had been pursued we would not have had any gold left in our Canadian vaults. You cannot assert, you cannot maintain, that Canada to-day is on a gold basis according to the ordinary economic acceptation of the term when we have a system of export licences prohibiting the free exporting of gold from Canada to the United States. According to the theory of economists, once you go outside the circle of the gold points, which is fixed at eleven sixty-fourths of one per cent as against our exchange with the exchange of the United States, it is better for your chartered banks to export gold from Canada, provided it is available, than to pay prevailing exchange rates to buy exchange in New York. That is the ordinary economic factor in the situation. Any administration which is compelled because of conditions prevailing to prevent the free export and import of gold cannot claim that the country is on a gold basis or gold standard.

The gold standard of Canada, or, in fact, of the world, can be divided into three phases. First of all, there is what is called the gold species standard, which requires local currency to be changed into gold coin. This is the system which prevails still in the great republic to the south. In the second place, there is what is called the gold bullion standard, under which the local currency is to be changed only into bullion. This form of standard was entirely unknown before the great war and was the system in effect in the United Kingdom until September 20, 1931, when that country was forced off the gold basis. In the third place, there is what is known as the gold exchange standard which permits the local currency to be exchanged into some foreign exchange which is on a gold standard. This system was in force in India before the war. Canada, having no central bank, was until comparatively recently upon a pre-war gold basis.

Canada was on the gold basis from 1853 to 1914. The gold standard was resorted to by a combination of interests in Europe; it was resorted to by Great Britain and Germany and deliberately used for political purposes, for empire expansion and for political aggrandizement. Any student of international finance will realize to-day that another great European nation is resorting to these same tactics and there is what I would term a financial conspiracy to withdraw short term loans, which policy compelled Great Britain to go off the gold standard in September, 1931. I think it was the right hon. the Prime Minister (Mr. Bennett)—he will correct me if I am wrong—who suggested the other day during a debate in this house that Great Britain had been forced off the gold standard because of her trade policy.

Mr. BENNETT: No.

Mr. MACKENZIE (Vancouver): That was my impression of the remarks of the right hon. gentleman. Great Britain's trade policy had nothing whatever to do with her abandonment of the gold standard. Anyone who has studied the international byplay which has taken place in the financial world from 1927 to 1931 will know that a great European nation deliberately resorted to a carefully buttressed financial armament in order to obtain political domination of Europe. The boundaries of several states in Europe have been fixed by the financial policy of that great country. At the present time this country has two delegates attending the disarmament conference in Geneva and in the most friendly way I suggest to the administration that something more important is before the world to-day than the reducing of the number of ships of war, the reducing of standing armies and the reducing of the number of aeroplanes, submarines and the equipment and munitions of war; the greatest necessity of the world to-day is a comprehensive policy of international financial disarmament. I should like to see the Canadian delegates fighting to that end so that in the development of our national policies we shall not be compelled to suffer too much from these international factors which are at the present time directly affecting our Canadian national life.

A short time ago I had the temerity to stand in my place in this house and to advocate a qualified moratorium in Canada on

capital accounts. This afternoon the Prime Minister asked an hon. gentleman to my left if there was any shortage of credit to-day. To that question, my answer would be this: I think that every single individual to-day, at least within my experience, is suffering from a most distinct and emphatic shortage of credit. Every municipality throughout Canada and throughout the west in particular is being throttled by the restriction of credit. The four great provinces in western Canada have been so reduced to financial extremities that they have had to come to the Prime Minister and ask to be allowed to depend upon the weight and security of the Canadian treasury before they could undertake the ordinary processes of financing. I hope it is not true, and I hope it will never be true that this great Canadian nation will suffer from a restriction of credit.

I agree in the main with the observations of the hon. member for Macleod (Mr. Coote). I know that to-day business after business and industry after industry in my own province of British Columbia is being crushed out of existence because of the policies adopted by our Canadian bankers in refusing them any ordinary or generous extension of credit. When I say that I repeat what I said a year ago, that we should be proud of the record of our banks during the great crisis through which we are passing. However, I know industry is being forced out of existence and there should be some great liquidation of the frozen assets of our nation. As President Hoover has said, we must thaw out the frozen confidence of our nation. This has been partly accomplished in the United States by the creation of a $2,000,000,000 fund, known as the reconstruction finance corporation, of which my hon. friend does not approve. Apart from agreeing with the hon. member for Weyburn (Mr. Young) in his contention that the high tariff barriers should be knocked down, I contend that one of the great necessities at the present time of the Canadian people is a real system of controlled inflation in regard to our currency and monetary system. The other day someone said something about a managed currency. In my opinion Canada has the best machinery in the world for a managed currency. Under the provisions of the Finance Act of 1914 and the act of 1923 there is vested in the Minister of Finance and his treasury officials sufficient power to enact to-morrow a policy of managed currency or controlled inflation without any alteration in the legislation except the repeal asked for by the hon. member for Macleod.

Let us consider what the Finance Act was responsible for during the great war. Let us consider what happened when in 1917 the Imperial government asked Sir Robert Borden for a loan of $50,000,000 to help them out in their struggle in those strenuous days. What happened? Overnight almost, a policy of controlled inflation under the system asked for was put into force and $50,000,000 were sent to England to help them over there. Canada did magnificent service at that time by suspending the redemption of dominion notes in gold.

Personally I agree we need in Canada more credit; we want to put an end to credit restriction; we want more confidence among the people; we want the banks, the money lenders in this country, to have less say in monetary and fiscal policies and have them laid down by the house and directed by the parliament of Canada through the government. The more we reduce the dual capacity of our Canadian banks, in the first place as money lenders and in the second place as dictators of Canadian financial policy, the better it will be for the Canadian people.

In conclusion I wish to say this: we have had in Canadian history several successions of great issues. In the first place we had provincial issues in the different provinces. Then we had the great battle for responsible government. Then we had the great debate entered into by the fathers of confederation. Then we had a fiscal policy which particularly since 1878 has divided the two main parties throughout the Dominion of Canada. Then unfortunately we had in our history some racial and religious issues which divided these two parties. Then we had a great issue that arose during the great conflict of 1914-18. But never in Canada have conditions of an economic depression forced a recognition of the necessity of all parties, regardless of previous principles or political affiliations, studying carefully the financial system and monetary method of our land. This is not a normal depression; this reminds me of some of the great European cataclysms of the past —for instance the fall of the Roman Empire, the renaissance in Europe, and the social, political and industrial upheavals in England and France in the eighteenth and nineteenth centuries. Speaking for myself I say that the policy of the Liberal party at this time in Canada should be to look to the left, to look to the interests of the consuming masses of our people and not to be afraid to change any laws which are built up on class lines. The solution for the present depression will be found in fearlessly developing that policy which will be in the interest of the consuming masses throughout our Canadian land.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, because I have had the responsibility, particularly during the last few months and until a few weeks ago, of administering the Finance Act, I shall make, without further delay, the observations that I desire to make to this chamber.

I have followed with some interest the remarks of the hon. member for Vancouver Centre (Mr. Mackenzie), and his references to the technical side of the economics of the gold standard are worthy of a great occasion. But we are dealing with practical circumstances and facts. Unfortunately his knowledge of the issues of dominion notes is hardly accurate, as I shall presently point out. As for the suggestions made by the hon. member for Macleod (Mr. Coote), I think I shall be able to show to the chamber that if they were adopted it would mean the ruination of this country at this time.

In the first place, may I merely amplify very briefly some of the observations made by the hon. gentleman who has just taken his seat. Why is gold used as a standard at all? That seems to be the first question that might reasonably be asked. The answer is fairly clear. First, it is rare; second, it is convenient, and third, it has, by reason of those circumstances if you will, and others, a value that is uniform throughout the world. Hence it was, as the hon. gentleman has pointed out, that it became the standard for values. It was worth just as much in Australia or Hongkong or London as it was in Paris or Washington or Ottawa. It had a fixed value that did not fluctuate with changing conditions. Therefore, for these and many other reasons to which on this occasion time will not permit me to refer, gold became a standard for values and we refer to it as the rare metal, the metal of value, and in other terms of that kind. We in this country, prior to and since confederation, have treated gold as a standard for values of our monetary system. I shall not do more than refer to the statute that is the law at the present time. That statute, with which I trust most hon. members are familiar, requires that the issue of dominion notes up to $50,000,000 shall be supported by a coverage of 25 per cent of gold. That is, when the Dominion of Canada emits $50,000,000 of its legal tender or promises to pay, on demand, there lies in yonder treasury $12,500,000 in gold, that being the ratio between the issue of paper and gold which we have by our statute provided. We have also provided that for any sum beyond $50,000,000 we shall have one dollar in gold for every dollar so issued. We also provide that ten per cent of all the deposits in the Post Office Savings bank shall be covered by gold.

May I point out to the house that the hon. gentleman was slightly in error in connection with the present issue of dominion notes. If hon. members will turn to page 2188 of the Canada Gazette and look at the circulation and specie return for the 31st day of January, 1932, they will find that we have altered slightly the form of the return as it used to be made in years gone by, believing it to be desirable that any person who wished to do so might by looking at that return ascertain exactly what the gold coverage of this country was with respect to our issued notes. First, under chapter four, 1915, there was an issue of $26,000,000. The hon. gentleman who has just taken his seat suggested that possibly $10,000,000 has been retired. I point out to him that the whole $26,000,000 is still outstanding. Then under the Finance Act of 1927, chapter seventy, there was an issue of $45,000,000. That represents the notes issued by the Dominion of Canada under the statute of 1915 and under the Finance Act, now being chapter seventy of the Revised Statutes of Canada for 1927, amounting to a total of $71,000,000. Then there has also been issued $99,382,805.69 in dominion notes, covered as to $50,000,000 by 25 per cent of gold and as to the balance dollar for dollar. Those three items—the $26,000,000 issued and still outstanding in its entirety, the $45,000,000 also issued and still outstanding in its entirety, and the issue of $99,382,805.69, make a total of $170,382,805.69. May I point out to the hon. member for Macleod that we still have outstanding at this hour over $71,000,000 of notes which are not covered by gold in any way, shape or form. So what he asks for has already been done to the extent of $71,000,000.

But further with respect to the $99,382,805.69 of dominion notes outstanding, it is only a matter of computation that it requires $61,882,805.69 worth of gold to cover them; that is, 25 per cent up to $50,000,000 plus dollar for dollar for the balance of $49,382,805.69, making a total of $61,882,805.69 which we have in our treasury to cover, may I point out to the hon. member who has just taken his seat (Mr. Mackenzie) not the $170,000,000 but only the $99,382,805.69 issue of dominion notes. That is provided for by the Dominion Notes Act. The result is that at the end of the month we had nearly $5,000,000 of gold beyond what was required. That is (a) ten per cent to take care of the post office savings bank deposits; (b) $61,882,805.69 to take care of the dominion notes outstanding under the provisions of the statute, by which 25 per cent,

up to $50,000,000 is secured by gold, and beyond that dollar for dollar; and (c) a small surplus of between $4,000,000 and $5,000,000.

Beyond that we had outstanding $71,000,000 with no gold coverage at all, so that the end sought for has already been attained. We have a currency covered by gold up to, roughly, $100,000,000, and the balance is covered by the resources of this country and the promise to pay of the Canadian people.

Now if it ended there, we might not discuss further the resolution, but one must never forget that there are many obligations of this country in which there is a promise to pay in gold. When England went off the gold standard, a very distinguished political economist from London was in this country. He is a gentleman very well known by reputation to the group that sits across the chamber to my right. He said to me, "Mr. Bennett, you should go off the gold standard." "Well," I said, "obviously we are not on the gold standard as you understand it." He said, "Well, I mean that you should depart from it." I said, "My friend, do you think we could go off the gold standard, as you use that term, with the obligations maturing in New York that we have to meet in gold during the next six months?" "Explain," he said. I explained to him the situation just as it stood. "Well," he said, "that is a new phase of it." He wrote me a letter—he cabled me, as a matter of fact when he reached London—and said, "You are entirely right. You could not."

Let me explain to the house just what is involved. We have maturing outside of Canada this year practically one million dollars a day of obligations of governments, municipalities and public corporations, payable in gold, representing either payment of principal —instalments of principal, if you will—or payment of interest. Obviously, as the hon. member for Macleod says, there is not enough gold to pay those all at once, but gold, being a medium of exchange, circulates, and in its circulation lies its value. If the hon. gentleman who has just taken his seat had said what I think was in his mind, namely, that the lack of circulation of the gold that is held by one of the great powers of Europe, is the cause of the difficulty, and not the mere holding of it, I would have been in entire agreement with him. The Versailles treaty provided for indemnities—we will use the word indemnities—and it follows that there is not gold enough to pay all the obligations provided for. Gold, therefore, must circulate in order to be useful; when it does not circulate its exchange value disappears and it is no longer a medium of exchange. That, I think, is what the hon. gentleman had in mind in his reference to the accumulation of gold by one of the great nations of the world.

Now what was our position? Since 1929 we have not been on the gold standard. In that year, for reasons best known to the government of the day, practically $40,000,000 of gold was shipped to the United States. The effect was of course to lessen the supply of gold in this country by $40,000,000 and for the moment to substitute for gold, credits in New York. It therefore followed that when England went off the gold basis, we were not on the gold standard as that term is used in continental Europe and in international commerce. With what my hon. friend from Vancouver Centre has said I am wholly in accord, namely, that the term gold standard as it is used by international bankers and financiers means that gold is a commodity freely bought and sold without restriction or restraint. If a nation is on the gold standard, you can in Ottawa or Washington or London or elsewhere buy gold as you could any other commodity. That, in general terms, is what it means. When in the days of my youth I first visited the Bank of England, I can recall being struck by the fact that gold bars were rolled in on small lorries and sold just as any commodity is sold in a grocery store. The truth is that London was the great free market for gold, and the reason a free market for gold has to be maintained for the purpose of maintaining the gold standard is a simple one. When communities trade with one another there is rarely an equilibrium of imports and exports. There is usually a balance to be settled. The balance may be one way or the other, but whatever way the balance is, in the end it has to be settled. There is no determination of when the end comes if the world remains at peace; but in 1914 suddenly the world was at war, and it became necessary to adjust and settle balances. I make that explanation merely because the hon. gentleman referred to what happened in 1914. But let us look at the situation to-day. There is a balance, let us say, between Great Britain and Canada, or between the United States and France, or between the United States and Germany, or between Australia and Canada. In the end the only method by which those balances can be settled, if there are no bills of exchange to buy, is by some commodity that will pass at par both with the payer and with the payee. That is obvious, is it not? It must have a parity of value to the man who pays and to the man who receives for the purpose of settling that balance. If Canada owes the United

States $100,000,000, Canada cannot pay that $100,000,000 in pieces of paper unless they have behind them a value which will make $100,000,000 in the United States where the debt is payable. That is so clear that I do not think it requires any argument to be understood by all of us. That is the position of gold at the moment. Gold is the one medium of universal value which enables balances between nations—and when I say between nations I mean also between great corporations and bankers abroad—to be settled.

I will give the house another illustration. When England went off the gold standard, there was a part of the Canadian National financing which had not been concluded. There was still a balance due of $19,000,000, for which a loan had been made through a great bank in New York. Now, if I shipped down to New York nineteen one million dollar Canadian bills would that pay the debt? Obviously it would not. Because those nineteen one million dollar bills could not be converted into nineteen million dollars of gold. That was the position. It put upon us the tremendous obligation of making the necessary arrangements to carry over.

My hon. friend has referred also to the position of the provinces. That position did not arise because of their internal insolvency. It arose because they, in common with the municipalities, had borrowed substantial sums of money which they had promised to pay in New York in gold, and having so promised they could not convert their dollar bills in their treasury or the money they could borrow from Canadian banks into gold as a commodity, because there was no free market for it in this country, without impairing, as it would, the whole financial structure. So they were placed in the position where they too had to rely upon the credit of the dominion for the moment to enable them to discharge their obligations which were payable abroad in gold. That is the reason those provinces—new provinces compared with old and rich provinces like Ontario and Quebec—were compelled to make the arrangements they did.

Now, sir, I put to the house this question: With a currency to-day of which $65,000,000 of money is outstanding, not covered by gold, what would happen if this act were to be repealed and we no longer remain upon the basis of supporting our currency with the coverage provided by statute? What would happen to your dollar bill? It might be worth 25 cents on the dollar—it might be. There is no man who has given any attention to this who has not realized that, and yet my hon. friend from Macleod suggests if this parliament passed a statute by which we repealed the provision for gold coverage for our currency the millennium would be ushered in so far as this country is concerned. I put that proposition to this chamber, which after all is a deliberative assembly. Does any member think that is feasible? Behind what we emit as money, behind the currency that we send out from the treasury, must not we always have something that has a fixed value? How otherwise can we manage? I just put that to the house. This talk of the gold standard in theory is something about which, as the hon. gentleman who has just taken his seat has said, we could have very learned and lengthy discussions. The hon. member for Macleod has read the opinions of most distinguished men—they are economists. I am not an economist, but since September last I have been dealing with a real problem—maintaining the credit and financial integrity of Canada, and I know exactly what at least the men we owe say. And after all the man you owe is very often the man who has something to say about the situation. I put it to the house if that is not fair.

When England went off the gold standard you will recall—and I want to correct my hon. friend as I proceed—you will recall the news came across the water on Sunday night. As a matter of fact I am merely indicating what might be read by any hon. gentleman who so desires, that for months prior to that it was pointed out by the Chancellor of the Exchequer and others in Great Britain that the steady increase in imports was making a drain upon the gold of the Bank of England to such an extent that unless it were checked or the gold deposits maintained there must be ruin. I think if my hon. friend will now do me the honour of thinking for a moment as to what I said he will recall it was this: The great excess of imports over exports brought about the situation. Once more I come back to my illustration. England had continuously increased her imports and they were swelling by hundreds of millions of pounds so that at one time they had reached the colossal figure in one week of two million pounds more imports than exports—ten million dollars in our currency. The result was that when the balances were adjusted at the end of the month, or whatever the period there be on bills of exchange to meet these obligations, they had to pay them in gold, and the only place to get it was the free market in the Bank of England. Every day the gold reserves were going down—down, down, down. Then there came the unfortunate incident

in connection with the fleet. You will all recall that immediately there came from Holland and the other continental countries vast sums of British securities. These were thrown upon the market on Friday afternoon and all Saturday morning for any price they would fetch. Securities were sold for fifty cents on the dollar, or even less than that. As soon as they were sold the seller demanded gold, and although the Bank of England stopped payment on Saturday noon—it was announced to the world on Sunday—the fact is that approximately ten million pounds in gold were taken from the bank Friday afternoon and Saturday morning. The result was the bank could no longer sustain the demand made for gold; the free market had disappeared; it could no longer meet the demands for gold in exchange for paper. That being so, late Saturday night the bank concluded to go off the gold basis and the Chancellor of the Exchequer made the announcement which appeared in the papers on the succeeding day.

Now, look at what we had to do. It affords me an opportunity to tell this house, because the wisdom of what we did do has been questioned. The message to us was in cipher. It was decoded late Sunday night. It was impossible in the very nature of things to gather our colleagues about us. A decision had to be taken. What were we going to do? What would you say about your country under similar circumstances? Well, the statement I made, as you recall, was perhaps in fifteen words; I said it was for the people of Great Britain to determine what they would do but we would continue to meet our obligations in gold where we had promised to pay in gold. We had to do that or our credit was gone. We were deprived of the market for our securities. England being no longer in a position to meet any requests we might make for assistance, having failed to maintain her position as a free gold market despite the advances made by France and by the United States in the form of gold credits, we were thrown upon one market and one market only—the market of New York. And not only that. Upon what we said that night depended the credit of this country. Let us have no misunderstanding about it. The international bankers of that city knew far better than some of the members of this house the terms of our Finance Act, our Currency Act, our Dominion Notes Act, our Bank Act. It is not necessary for me to do more than make that statement. They were aware therefore that technically since 1929 the country had been off the gold standard as the hon. gentleman has defined it, but we were still working under the provisions of the Currency Act which provided gold coverage in the terms enacted for our dominion note issue. I said we proposed to meet our obligations in the terms of our promises, and we have done so. The only reason we assisted the provinces was to enable them to meet their obligations in the terms of their promises; that is all. Of course it does not follow that this means there is any difficulty in the situation of the provinces; it does not mean that they have become bankrupt. It only means this, that for the purpose of meeting obligations for which they were not able to supply gold at the time, we had to assume the responsibility of helping them, and we have advanced money for that purpose. That is the position in connection with the application of the gold standard to our country.

The modern tendency is to believe that forty per cent is a sufficient average metallic coverage for bills. That is, instead of 25 per cent up to $50,000,000, and thereafter dollar for dollar, the modern thought is that if we have 40 per cent coverage for all our issues we will be safe. That is the generally accepted rule to-day, and you will observe that on the last day of January the total outstanding was $170,000,000. Forty per cent of that makes a total of $68,000,000, and you will observe that while we did not have that $68,000,000, nevertheless our coverage of gold so nearly approximated it that the credit of this country has steadily improved. I say frankly that but for Great Britain going off the gold standard, and but for the depreciation of the pound and the difficulties the pound has experienced, the dollar of this country would be worth par or practically par in New York. About that there need be practically no difficulty. That is the reason why this government has laboured day after day and week after week, first to create and then to maintain a favourable trade balance; because we could not face the possibility of having to pay in the only medium that would be accepted universally, gold, an adverse balance which a year ago, Mr. Speaker, was $103,000,000. We have converted that into a favourable balance where the gold due to us is between $10,000,000 and $15,000,000.

I do not ask you, sir, or this house to treat that as a great tribute to a government, because the Canadian people have done it. They have had to undergo many difficulties and many privations, and they have made many sacrifices to do so. It has inconvenienced many great merchants, but in the long

run I am in the judgment of the house and of those who have given thought and consideration to the matter when I say that I believe if we had done aught other than we did we would have failed in our duty to this country at this time. I believe that will be the judgment of those who have given much consideration to the question. It may interest some of my hon. friends opposite, who should take an equal pride with us in the matter, to know that there are economists who say that the greatest single achievement that has been brought about by any country in the world since the depression has been that of ten million people in Canada, who have converted an adverse trade balance of $103,000,000 into a favourable balance.

Now we get down to the question of credit. I wonder if any man in this house will say there is a lack of credit facilities in this country at the moment, having regard to the security that is available for the credit asked. I have discussed the matter with men who have asked the banks to lend—what? It is not their money; for remember that the banks have no money of their own; their capital and reserves are locked up not only in buildings and facilities but in reserves of cash, and the money they loan belongs to the small and big people of this country who have their deposits in the banks. In nine cases out of ten my observation has been that when I have pinned down the applicant who complained, with this question, "Would you lend your money on that risk," in most cases, sir, he has said to me, "No." You go into the bank and ask for $1,000—of whose money? It is $1,000 of your neighbour's deposits, but you ask to borrow that $1,000 of your neighbour's deposits, and when the banker asks what security you can give, you say, "Well, I am going out on a farm. I have not got one yet, but I expect that I will be able to get a soldier settlement farm on reasonable terms; I am going to work it, and they will help me with respect to a crop." Do you think you would want your money lent on that security, if it was on deposit? Do you think that is a risk that would enable you to draw your money out of the bank when you write your cheque and present it? What is the reason that in the United States four thousand banks have failed in the last two years? It is because their assets were in securities that were not convertible into cash so that the cheques of their depositors could be met.

The business of banking is what? It is a simple thing; it is the maintenance of an equilibrium between demand deposits and demand loans and between time deposits and time loans, so that you or I, drawing a cheque against that bank, may be certain that the bank will be able to pay what we call cash for it, notes, over the counter when the cheque is presented. In other words if my deposit has been put into a frozen credit that cannot be realized upon, the bank is insolvent, and that was what happened in the United States. That is the reason why this vast fund has been created in that country, at the instance of the president, for the purpose of enabling an organization to take up these securities that were not otherwise salable at the moment. When I say, sir, that the banking system of this country has been the sheet anchor of Canada in this period of depression, I but state a commonplace. There is not one of us who, however small or large may be his deposit in a bank, cannot with certainty draw his cheque upon that fund to-day and know that it will be paid. The business of the Department of Finance has been to watch, to scrutinize and to care for the whole financial structure so that there should not at any one time be any such loaning of demand deposits upon time loans that when a cheque was drawn it could not be paid.

Now, sir, in the light of those facts is there a single member of this house who would say we should substitute, for a system that maintains a coverage of nearly 40 cents on the dollar for all our legal tender outstanding, a system under which there is no coverage at all? Where would your credit be? I put it to you, sir: Where would your credit be?

That is the history of what has transpired. I could develop it further; I may have to do so before the session ends, but this affords a very reasonable opportunity to say to this house what I have said. The Bank Act will be up for revision next year, and there necessarily must be dealt with two or three large problems touching the whole banking structure of this country. One of them was alluded to both by the hon. member for Macleod and by the hon. member for Vancouver Centre, namely a central bank. While our Finance Act enables the banks to come to the treasury and obtain legal tender, on depositing bonds of this country or of the provinces, or other prime securities, it will be observed that there is no coverage for these legal tenders thus emitted, and it follows that the question whether a central bank might not offer rediscount privileges and opportunities somewhat larger than those provided by the Bank Act is a matter well worthy of debate, especially in view of the fact that we have beside us the greatest credit organizations in the world. It might be possible to make a closer

association with them by reason of the fact that you would substitute for a government organization a central bank organization which would not be the government itself but really an arm of government.

I want this house to understand that I am not expressing the view that a central bank is desirable. I am pointing out that the question is well worthy of consideration, that all has not been said about it that will be said, and all that can be said with respect to the question cannot be said upon the one side.

Under these circumstances, without labouring this matter unduly, for I have trespassed too long upon the time of the house already, I would say to my hon. friend from Macleod that the Macmillan report was not prepared in a day, nor was it prepared by any organization that might in any sense be compared with the committee on banking and commerce. I happened by accident to have a very brief discussion with the chairman of that committee while the report was still in preparation, and if you knew, sir, the amount of effort and toil and labour that was put into the preparation of that report, the number of people whose opinions were received, discussed and analyzed, you would realize how futile—I use the word not offensively—it would be to expect that from that committee would emerge a solution of this problem which we desire.

The opinions of individuals in their own country are of tremendous value. The opinion of a Canadian dealing with Canadian problems, knowing our nearness to the great republic to the south and our dependence, in a sense, for fresh capital, from the standpoint of the sale of securities, upon some country other than our own, when it gets beyond a certain limit—all these are factors that must be considered and must influence the mind and judgment of the men who are to deal with them.

I therefore suggest to the house that the closest study be given by each individual member to all the problems that are connected with currency and credit, and with the allied and kindred matters that affect the financial structure of this dominion. If I thought for a single moment that to add, beyond $71,000,000 of the present outstanding, unsecured paper money of this country, another twenty-five, or thirty or forty millions of dollars, would cure unemployment, would lift the depression and would end all our troubles, I would have no more hesitancy in asking the house for it than I have in asking the house to pass any estimate that is submitted to it. And there is not a member on either side of the house who would hesitate for a single moment so to do. But in the end one has to give to these problems the best judgment one has, and at a moment such as this, when we have institutions that have stood the shock and stress and strain of the most difficult period in our history, financially and otherwise; when we have institutions that have thus sustained these shocks with credit alike to the Canadian people and to the institutions themselves, difficult though it may be at times to understand why we should not at once change these things, the answer is that there is no assurance in anything that has been said or any suggestion that has been offered, that to substitute the bald credit of the Canadian people for a credit that is sustained at the moment by $70,000,000 of gold coverage for the notes that have been emitted by the country is an experiment which this government dare not sanction. Moreover, if its credit abroad is to be considered, if our reputation for meeting our obligations is to be considered, does anyone for a moment suggest that we could substitute the notes of the Dominion of Canada—thousand dollar notes and others—to pay bills in New York? Does anyone suggest that?

Mr. COOTE: No one has suggested it that I have heard.

Mr. BENNETT: The suggestion means that or it means nothing. It can be of no value unless it means that, because there is $71,000,000 of inflated currency, using this language not properly nor technically, $71,000,000 of uncovered currency in this country at the moment, and we know the circumstances under which it was issued. For that reason and for many more reasons that might be given to the house, without going into a long and elaborate explanation of all the circumstances that have influenced the government with respect to each matter, we have been compelled to take decisions. And one of the decisions we have taken is that it is neither meet nor proper nor in the interests of this dominion that at this time this question should be thrown into the melting pot by a committee, not of experts, men trained for the purpose of considering them, but by a committee selected from the house of members, eminent in their own respective spheres, but, as the hon. member for Vancouver Centre has just said, untrained to deal with these problems. The proper time and place will be when the next revision of the Bank Act comes up, when opportunity will be afforded before a committee, select or otherwise as may be deter-

mined, to deal with the whole problem of the credit and financial structure of the dominion.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I do not wish to interrupt the Prime Minister (Mr. Bennett) in his very interesting speech, but there are many anomalies in regard to the question of our currency and the gold reserve which I think should be explained. France, for instance, has a surplus of gold, and yet the franc has been stabilized at around 4 cents instead of 20 cents, which was the standard value. Again, England at the present time is receiving monthly about as much gold from India as is produced in the whole world during the same period, and at the same time the pound sterling is considerably below par.

There is one suggestion I would make to the Minister of Finance (Mr. Rhodes). Reading over the report of the Department of Finance I was quite surprised to see that more than one-half of the assets of each bank in Canada is stagnant in immovable property. This explains the lack of circulation or the stagnation of credit. Will it be possible for the Minister of Finance to take that fact into consideration in order to facilitate the circulation of money by controlling to some extent the construction of bank buildings?

Mr. WILLIAM IRVINE (Wetaskiwin): If the resolution introduced by the hon. member for Macleod (Mr. Coote) had produced nothing further than the speech of the hon. member for Vancouver Centre (Mr. Mackenzie) and the speech we have just heard from the Prime Minister (Mr. Bennett) it would have been well worth while. From different points of view, the presentation by each of these hon. gentlemen was certainly admirable, and their speeches will be instructive to those who are interested in the question.

The Prime Minister showed in his most able speech that he is better acquainted with theories than he would have us believe, and certainly he has all the practical knowledge which a man in his position could possess. Nevertheless, I wish frankly to take issue with the right hon. gentleman on some of the things he said. Though perhaps I have less practical knowledge than he has of the question under discussion, I represent another point of view, and inasmuch as there are several points of view possible I suggest that any view is certainly something which is well to the point and should be discussed.

The resolution which has been presented is similar to the one which passed the house in 1923, I believe. Unfortunately, however, the investigation that took place at that time was of no avail; the information which was collected by that committee was quietly buried, and all the expense involved in the study of the question was practically lost, except perhaps that the members of the committee had an opportunity to go exhaustively into the question. As has been stated by other speakers, this resolution asks that an inquiry be taken into the question of banking, currency and credit in Canada and also that the committee consider the advisability of amending the Dominion Notes Act to eliminate the provision for the redemption in gold of dominion notes.

The Prime Minister dealt extensively with the latter part of the resolution, namely, the danger to this country if we were to abandon the gold basis. The Prime Minister pointed out why gold was first selected as a basis for currency and credit. One of the reasons given was because it was rare. I must agree with that, but I answer that it is too rare. With all due respect to the difficulties with which I know the Prime Minister and the Minister of Finance (Mr. Rhodes) are faced, I contend that the thing is so rare as to be dangerous both to Canada and to all other countries.

The next reason given was that it was convenient. My reply to that is that it is not convenient enough most times, while it is too convenient on some occasions; it is too convenient at the present time for the well-being of Great Britain—it was removed just when she needed it most. The greatest difficulty with gold is that at the time we require it most, it is not there. It is too convenient in so far as its ability to be moved by others is concerned.

I disagree with the Prime Minister in his statement that gold is necessary as a standard. Gold never really has been a standard, nor do I expect it ever will be. Let us look at the absurdity of it. According to the statutory provisions referred to by the Prime Minister, for the first $50,000,000 of notes issued by the dominion we must have twenty-five per cent in gold; for all above that we must have dollar for dollar in gold. Let us apply that principle to other standards. Let us take the standard by which we measure energy, the unit of horsepower. Let us suppose parliament passes an act this year whereby we must develop no more horse-power from our water resources or our coal than we can provide living horses. Would anyone say that that was an intelligent thing to do? Yet we are asked to have a unit of value, we are told that we can have only as many units of value in circulation as

we have gold dollars hidden away in some vault. I would not mind that if we had the same power to create gold as we have to raise horses, but we have not. The amount of gold we may have depends upon many factors beyond our control, and this makes it almost absurd to speak about the thing at all. As a standard of value it has never been adequate, and the requirements in respect to its being a standard are positively absurd. We do not require a horse for every horse-power of energy developed in the country, and we should not be required to have a gold dollar for every unit of value issued by the state to carry on its ordinary business.

The Prime Minister pointed out that there are $71,000,000 of notes outstanding to-day against which there is no gold. We know that those $71,000,000 of notes are as well backed as any note backed with gold. Canada does not have to limit her backing to one commodity; all commodities required by mankind have a value and behind that $71,000,000 is not only the wealth of Canada and what they may produce but also the good faith of the Canadian people, which is even of greater importance.

I understand the Prime Minister to point out—he will correct me if I am wrong—that we have coming due in the United States approximately one million dollars per day.

Mr. BENNETT: Outside of Canada.

Mr. IRVINE: It is an unfortunate fact that we have borrowed too much outside of Canada. Of course, that cannot be charged to this government or to any particular government, but we must deal with the facts. What do we get from the United States or any country when we borrow money? Do they give us gold? No. Do they give us their bank notes or their state notes? No, they do not. When we borrow from any country we get merely a line of credit, which we had before we went to borrow. There is no reason why any undertaking, industrial, private or public, could not be financed by credit issued in Canada direct without having to go to New York or other parts of the world for it. The unfortunate plight in which Canada finds herself to-day has been caused by her borrowing so much, in terms of gold, from other nations. With the present restriction on gold she now finds herself called upon to meet those obligations in gold. This is a situation which we should seek to remedy; we should borrow at least within the British Empire, or, preferably from ourselves.

The Prime Minister stated that if the section of the act dealing with the redemption in gold of dominion notes were repealed our dollar would drop to possibly twenty-five cents. I submit that the Prime Minister did not sufficiently amplify that statement. As he has said, we already have outstanding $71,000,000 of notes for which there is no gold backing, and the dollar has not dropped to twenty-five cents. Why then could we not issue some more without seriously reducing the purchasing power of the dollar? I suggest that if such issue were not sufficient to inflate the currency, values would not be affected at all. And what is inflation? There can be no inflation in any country as long as there is not more money in circulation than there are goods upon the market to be purchased by it. No one will say that there is not a good deal of room in Canada for more money to be circulating than is circulating at the present moment. Why not issue the proper amount, and not so much that all value is lost?

Strangely enough, the further we go off the gold basis the more gold will be secured. How did France get all the gold she has? She got it by stabilizing her franc off the gold basis and thus created abroad a tremendous demand for her own goods. Her export trade became so great that she did not require to take goods in exchange and demanded gold, the result being that she pulled the world's gold into her vaults. The same thing would apply to Canada. If we were a little further off the gold standard than we are at present our export trade to the United States would be greatly stimulated. We could take payment in gold for the resulting favourable trade balance and before long we would have more gold in this country than we can hope to have by maintaining the gold standard.

I do not intend to follow this matter any further in its technical possibilities than is absolutely necessary to indicate the points in the Prime Minister's speech with which I disagree. I come now to the next point raised by the Prime Minister in respect to that portion of the resolution which refers to credit. He asked: Is there a lack of credit facilities in Canada? I reply, most certainly not. Our credit facilities are admirable, perhaps equal to if not better than those to be found in any other country. The next question propounded by the Prime Minister was: Is there any lack of credit security? Again I answer. I do not think there is. He then asked: Is there any lack of credit being issued? He answered this question himself in the negative. He held, as I believe all bankers will hold with him, that for every well-secured proposition for credit put up to the banks they are ready to give credit. I believe that is true,

but these are not the questions we want to ask in connection with the proposed inquiry. Let me state the question which I believe we must ask and which is more important in connection with the matter immediately before the house than the ones which the Prime Minister propounded. It is this: Were price levels lowered in Canada as a result of credit contraction, or was credit contracted as a result of the lowering of price levels? That is the question which has to be settled. At the present time price levels are so low that the returns on many investments will be very doubtful, and perhaps no amount of security would be considered adequate to cover a loan under present conditions. If a man is engaged in the manufacture of boots, where the price level is so low and business so poor, no matter how good his factory may be, he may have difficulty in securing credit. The same applies to agriculture; the same applies to any industry in Canada. Supposing any hon. member to-day had $1,000,000 that he wanted to place: where would he invest it? Would he invest it in railways? Not in their present condition. Would he invest it in agriculture, either in this or in any other country. No. Would he invest it in coal mining? No. Where would he find a place to invest that $1,000,000 in the hope of having a reasonable return upon his investment?

Miss MACPHAIL: In government bonds.

Mr. IRVINE: Yes, government bonds would be the only thing left in this country or in the United States in which it would be considered safe at this time to make an investment of that sort. The question we want to ask is: How did that situation arise? Did price levels drop so as to discourage investment and to impair credits in that regard because credits were first contracted by the banks, or is the reverse the case? That is a question that is surely worth while investigating. I do not think it would be difficult to discover the truth of the matter were we to go about it as investigators. I imagine that the really accurate figures of price levels in Canada month by month over the past few years would indicate to us where the price level began to drop sharply, and the banking records would indicate very clearly when credits began to be contracted. If by a comparison of the two, it should turn out that banking credits began to be contracted before prices began to fall, we would be right in assuming that the present depression came about largely through the action of the banks in the first instance. That is the question to be settled, and I do not see how it can be settled except through such an investigation as has been suggested by the hon. member for Macleod.

I think the investigation is very necessary also because of its educational value not only to the house but to the country No one will deny that the question of finance is more in the public mind to-day than it has ever been before in our history, and no one will deny that there are few subjects upon which there is more abysmal ignorance generally than there is on that question. So, if for no other reason than that we might bring a more accurate knowledge of the subject within the range of the general public, it might be well worth while to have an investigation of this sort. Further, I think we ought to have an investigation because of the fact that next year the Bank Act will be brought up for its decennial revision. It is too late to start to think about that when we are busy revising the act; the time to get the information which should guide us in the revision of the act is now, a year ahead. I recall the last revision of that act. We came here to tackle the revision of a very long and complicated piece of legal machinery. A large proportion of the members of the banking committee are at all times neither lawyers nor bankers, and if they are to do justice to their position they have to wade their way through every part of that statute and try to understand it. If as a parliament we are going to do justice to that act, we must get information beforehand. The proposed inquiry would be of assistance in preparing parliament for its task of revising the bank act next year.

I think there is a great deal of force in the statement of both the hon. member for Vancouver Centre and of the Prime Minister that the banking committee is perhaps not the best kind of committee to investigate a subject of this nature. The banking committee for one thing is too large and cumbersome and the time at its disposal will be much too short to make the investigation that will be necessary. But just because it is true that the banking committee is not the most fitting body to investigate finance, that is no reason why we should drop the investigation entirely. Therefore, in spite of the more or less definite attitude of the Prime Minister, I hope he will reconsider the possibility of having an investigation. The question is not whether we want to go off the gold basis; the question as I see it is this: have credits in Canada, by adherence to the gold standard or basis, been so limited in volume as to have done violence to business and industry? Another question which deals directly with credit is this: Were

credits contracted in Canada by the banks prior to the drop in the price level, or did the price level drop for some other reasons, with the result that the banks contracted their credit? The settlement of that question would be of great advantage in forming a policy. How can that knowledge be obtained without adequate inquiry?

In conclusion, may I suggest that with a greater knowledge than we now have of the subject, and if there is a definite relation between the volume of credit issued at any given time and the price level, it might be possible in future so to draft our Bank Act as to maintain hereafter some control of the volume of credit, thereby controlling price levels and also preventing a recurrence of a period of depression such as we are passing through at the moment. Therefore with all these considerations I submit that we would be well advised to carry on the investigation proposed. If the banking committee is not the best equipped body to do so, let us find another committee, a special one or even a commission. The only objection I have to a commission is that commissions of that sort are composed, usually of bankers, and they always find that we have the best banking system in the world; that the gold basis is inevitable and that no other policy need be considered. That is the unfortunate thing about commissions on financial matters. Such results as I have stated have been the history of commissions in other countries, and I fear we would obtain similar results here if we were to follow a similar course. But even at the risk of that, I would be more in favour of having a royal commission investigate this matter than of having nobody investigate it. May we not hope that the government will consider amending the resolution, if they so desire, so that it may go to some committee which will be competent to investigate a question of such importance to the people of Canada.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, I feel it is a great privilege to be able to take part in a debate of such importance, one on which so many very able speeches have been made. The field has been covered pretty fully. There are, however, a few points that I might touch upon which might be fresh.

First of all I will deal with the first part of the resolution which asks for an investigation into the question of banking, currency and credit. The second part has already been fairly well covered by other hon. members.

[Mr. Irvine.]

I am in favour of this investigation for the simple reason that when in 1923 an investigation was obtained, just before the Bank Act was revised, the excuse made when we asked for certain changes in the Bank Act was that there was not time then to go into the matter. But if an investigation were made this year we would be able to study the information obtained and thus be in a better position to make changes in the Bank Act a year hence. Nine years ago the then president of the Canadian Bankers' Association made the extraordinary statement that nearly all the changes that had been suggested and eventually incorporated in the Bank Act had been put forward by the bankers themselves. When one appreciates that the Bank Act is, or at all events should be, a bulwark to stand in support of the rights of the people against the private banking institutions, it is indeed surprising that such a statement could be made. But it was simply because the public generally left this subject severely alone, with the result that those most directly concerned with the Bank Act, the bankers themselves, took good care to change the act as they saw fit.

It may be just as well to briefly review how a bank is brought into operation. It is still a question whether it is wise for those who are applying for a bank charter to be compelled to subscribe $500,000 capital, of which $250,000 must be paid up. Is that sum too large or not large enough? The question might also be raised with regard to the privilege that is given to banks when they get their charter, to issue an amount of currency equal to their paid up capital. That is a free issue; it is doubling their capital practically at the cost of printing. The question might also be raised with regard to the five per cent of their paid up capital which is retained by the Finance department for the note circulation redemption fund, and on which three per cent is allowed by the government of Canada. One might also very well ask for further information with regard to this fund.

Mr. CAYLEY: Does the hon. member say that the banks are permitted to issue currency for one-half of their paid up capital?

Mr. SPENCER: To an amount equal to their paid up capital.

Mr. CAYLEY: Who holds the securities?

Mr. SPENCER: There is no security. It is a privilege that is given to the banks when they get their charter. They are allowed to issue in currency an amount equal to their paid up capital.

Mr. CAYLEY: And give no security?

Mr. SPENCER: No security at all. That is one of their privileges. The note circulation redemption fund was organized supposedly to take care of the private notes of a bank in case of a bank defaulting. The amount of money put into the note circulation redemption fund by the banks is five per cent of their paid up capital, and when a bank fails, this circulation fund is supposed to be a safeguard in the interests of the depositors. The question might very well be asked in a new investigation whether it would not be in the interests of the people for the Dominion government itself to issue all the notes instead of allowing private institutions to issue notes in their own names, and by so doing safeguard the depositors.

Sometimes people are surprised to learn in how many different ways currency is issued by banking institutions. I have mentioned the first, the currency which they are allowed to issue on receiving their charter, which is to an amount equal to their paid-up capital. It is true that there is a tax of one per cent on that, but I shall not deal with that now because that comes under the question of taxation. In addition, for six months during the year from September to February, the banks are allowed to issue an extra amount equal to fifteen per cent of their paid-up capital and reserve, on which they are required to pay five per cent. If they want any more currency than that they are allowed to bring securities of various types—you will see them mentioned in the Finance Act, and it covers practically every type of security—to the treasury board and get dominion notes in exchange, for a small charge up to five per cent, although I have known the charge to be as low as three and a half per cent. So there are those three ways of issuing currency. So many people run away with the idea that the different types of currency I have mentioned pretty well fill all the requirements of a medium of exchange, but according to the very best evidence that we can get, and this is from the bankers themselves, ninety-six per cent of our medium of exchange is carried on by the chequing method. I am here summoning to my aid the statement of Sir Edmund Walker. Although a certain amount has to be paid for the currency that is issued, the currency is infinitesimal compared with the amount of money used through the chequing method.

I come now to a point which I think it is essential to bring to the attention of the house. We have heard the statement made many times that banks have no money of their own to lend. The Prime Minister himself made that statement only a short while ago, and I agree with him because the capital of the banks is largely tied up in buildings, and so forth. But the Prime Minister went on to say that the banks lend only the money of the savings depositors. That is where I distinctly clash with the Prime Minister, and I bring to my aid two very eminent men. First I quote the chairman of the Midland Bank of England, who says:

> The amount of money in existence varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan creates a deposit, and every repayment of a bank loan destroys one.

Here is a still better definition from Elements of Banking by Mr. H. D. Macleod:

> When it is said that a great London joint stock bank has perhaps £25,000,000 of "deposits," it is almost universally believed that it has £25,000,000 of actual money to "lend out," as it is erroneously called. . . . It is a complete and entire delusion. These "deposits" are not "deposits" in cash at all. . . . They are nothing but an enormous superstructure of credit.

In support of that, Mr. Speaker, I should like to go back to the period of my life when I had the privilege of spending a number of years in a banking institution. Members who are interested in the subject may be surprised to know that we had only one savings bank deposit ledger of about a thousand folios, and not an account on every folio by any means. We were never in a hurry to get deposits for that ledger. They did not come in in large amounts because we were paying only a small rate of interest, and those who had money preferred to put it in business with the expectation of securing greater returns. But in that office we had no less than five huge loaning ledgers. We did not borrow from any of the other banks, but we carried on a very active and profitable business all the time. How was it done? Very simply. We knew quite well that about ninety-five per cent of the media of exchange was carried on by the chequing method. When a client wanted a loan we found out what collateral he had to offer. Just as soon as he was prepared to put up sufficient collateral to cover the loan and make it perfectly safe we were only too glad to do business. The security was turned over to us, and it made the loan perfectly safe so long as he did not overdraw his account. The savings bank deposit ledger was nothing more than a nuisance to us. We did not refuse deposits, but we never encouraged them as the banks do in this country. We created current accounts by extending credit based on the people's collateral; we were acting as the

agency through which they could use their credit. Every savings bank deposit we took in we had to reloan, and we therefore made less profit on it, because we lost the interest we paid to the depositor. That is how the business is carried on, and that is why in good times or in times of war when we have to extend the medium of exchange, a great deal of new money goes into circulation.

As to inflation and deflation, these subjects have been handled so well by other speakers that I will not attempt to go over the same ground.

Mr. YOUNG: What money did you lend in those cases?

Mr. SPENCER: Money is a credit created by collateral and drawable by cheque. If the hon. member would give this subject the consideration it deserves, which I am sure some day he will—and I am confident he will make a very good student when he does—he will know that money is like a concertina, it can be extended or contracted at will by those who control credit. Banking to-day is largely a bookkeeping system, and the sooner we realize that the better it will be for everybody.

Mr. CAYLEY: If the collateral you took became frozen, as has happened in the United States, how would you manage?

Mr. SPENCER: That is where the skill of the banker comes in; he should not take any frozen securities. I want to point out that although the Dominion Notes Act allows us to issue notes up to $50,000,000 with only 25 per cent backing in gold, above which amount we are supposed to hold a dollar in gold for every paper dollar issued, the act might just as well be repealed, for under the Finance Act we can and do issue dominion notes to an unlimited amount to the various banks that bring securities to the treasury board to be discounted. These dominion notes are also payable in gold, but there is no gold behind them. Therefore if we issued under the Dominion Notes Act fifty million dollars worth of notes with 25 per cent gold behind them and under the Finance Act another fifty million dollars worth of dominion notes to the banks against the securities they brought to the treasury board, we would have one hundred million dollars of dominion notes out with only 12½ per cent gold backing. It will be seen that the Finance Act at once undoes what was intended to be guarded against by the Dominion Notes Act. Not that I am critical of the Finance Act; I think it is one of the best acts ever put on the statute book.

[Mr. Spencer.]

If we had an investigation as suggested by this resolution the committee might go into the question of interlocking directorates. For instance, it may not be generally known that Sir Herbert Holt of the Royal Bank is a director of upwards of one hundred and thirty-five corporations. Is it likely that a director of various corporations in different lines of business, who has a great deal to say with regard to the functions of a particular bank, is going to encourage the starting up of another business competitive with his own? Again it might be asked, is it in the interests of western Canada that the headquarters of all the chartered banks should be either in Toronto or Montreal?

The Prime Minister's statement with regard to the payment of gold interested me. He said: We made a promise that we would pay in gold and we have kept that promise. That might have been done in New York, but it certainly has not been done in Canada. Not that I am worrying about it, because I take the stand that it is not necessary to have gold behind dominion notes for internal circulation. The late Mr. J. G. Saunders, Deputy Minister of Finance, wrote me a letter with regard to the gold basis, in which he said:

> The gold basis, so far as Canada is concerned, would require—
>
> First; that the banks should redeem their note issues in gold when required;

I hardly agree with him there, except that I would say that the notes of the chartered banks are payable in dominion notes, and dominion notes in turn are payable in gold.

> Second; that gold could be exported and imported at will; and
>
> Third; that Dominion notes would be convertible into gold when required at the various offices of the assistant receivers general.

To-day none of these things can be done and therefore, accepting those views, we are not on the gold basis. I should like to place on record one or two statements made by Mr. McKenna, chairman of the Midland bank, in his report to the shareholders of that bank the other day. He said:

> The time has gone by for the childlike belief that as long as a country is on a gold standard all is well.

Again he said:

> The world crisis is due in part to the inefficient working of our monetary machinery.

Referring to England going back on the gold standard in 1925, of which hon. members will remember he was very critical, he said:

> For upwards of six years our monetary authorities fought a losing battle on ill-chosen ground.

Finally I will quote:

"Monetary policy has a powerful and a direct influence on the prosperity of each one of us, and if it is misdirected no one escapes.

Because I believe in the statements made by this eminent banker, and because I am entirely in sympathy with the arguments put forward by the hon. member for Macleod and the other hon. members who followed him on this side, I am in favour of the resolution now before the house, from which I hope it will receive sympathetic consideration.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, the financial policy of this and all outstanding countries of the world is not of recent growth; it is something that has grown up and developed over a long period of years, and it is too much to expect that it will be changed in a short time. However, a great deal of attention, time and study is being devoted to the subject to-day, and I should like to see every member of the house take the advice given by the Prime Minister (Mr. Bennett) and study this question, take it up seriously and try to secure all possible information upon the subject before the revision of the Bank Act next year.

Until very recently the men who questioned the orthodox system were generally looked upon as theorists, faddists or radicals with no practical experience, who were developing certain theories of their own. However, within the last two years particularly many outstanding and powerful bankers, big business men and statesmen, men whose word and authority cannot be questioned, have been asking serious questions about the banking system, inquiring whether or not that system might be modified to better serve the needs of the human family. Therefore I propose, Mr. Speaker, in the quotations I am going to place on Hansard to-night, to confine myself to the orthodox class rather than to university professors or students, or others who might be looked upon as theorists.

The question as to what is behind our dollar bill, the paper dollar, has figured very prominently in this debate, and on several occasions it has been pointed out that the ability to deliver gold, or something like that, is after all the only thing that makes the dollar bill worth anything. Let me say that the ability to deliver goods or something of value is the only thing that creates any value or any confidence in the dollar bill. It is not necessary that gold be delivered. Any citizen of Canada, securing a piece of paper, a dollar bill or a ten dollar bill, will set its value at what he can secure for that bill at the store or some other place. If he can secure certain goods or services for it he is not going to inquire very deeply into the question of whether or not be can get gold. The main thing is the ability to deliver goods or services which is behind the issue of that piece of paper.

The question then arises as to what is the gold standard. Many refer to it as something that is fixed and determined, something that cannot vary from one day to the other. As a matter of fact it is as variable as the seasons. The gold standard is an ever-shifting, ever-changing thing. Some years ago the gold standard was whatever the Bank of England determined it should be. England was the great banker of the world, and what she said the gold standard should be was the gold standard. To-day the position has shifted and the United States has become the banker of the world; whatever the United States says constitutes the gold standard is the gold standard to-day. Not more than twenty-four or thirty months ago the gold standard of the United States meant that behind every paper dollar in circulation there was 38 cents or 40 cents in gold. To-day it means that there is 80 cents behind every paper dollar, so the gold standard has changed to that extent. It is as though a man contracted to deliver a certain amount of wheat, we will say, on the basis of four pecks to the bushel, but when he delivered the wheat he found that the standard had been changed to eight pecks to the bushel, and he was compelled to deliver twice the quantity for which he contracted originally.

I quite appreciate the position of the Prime Minister and the government in respect to a departure from the gold standard. The fact that we have tremendous obligations maturing regularly in the United States has imposed a terrible hardship not only on the federal government but on our provincial and municipal governments as well, because of the fact that we have to pay a great deal more than the value of our Canadian dollar. That is one of the difficulties with which we are faced to-day, but as the hon. member for Wetaskiwin (Mr. Irvine) pointed out, there is a moral in that situation, and perhaps in future we should try to do less borrowing in the United States and more at home. When we turn over a bond to a Canadian citizen we simply agree to repay in the currency of Canada whatever that may be, whether or not it is on the gold basis, so maturing bonds held in Canada do not impose on us any such obligation as is imposed by bonds maturing in the United States.

Recently the United States embarked on another policy, which I think in time will

bring the gold basis back to the old standard so that there will not be more than 40 cents or 45 cents, or perhaps only 35 cents, behind each paper dollar. That is a policy of tremendous inflation, and I predict that before very long our dollar will be back at par in New York, not because we have done anything, not because there is any more gold behind our dollar, but because the United States dollar will have been devaluated and because more paper money will have been issued against the amount of gold in store.

In dealing with this question some time ago the Minister of Trade and Commerce (Mr. Stevens) pointed out very clearly how utterly impossible it was for the debtor nations to pay their obligations to the United States in gold. He pointed out that the whole world production of gold, if it were in the hands of those nations and used entirely to pay off debts to the United States, would not be sufficient to meet those obligations. I wish to quote now from an article that appeared in the Wall Street Journal, written by Mr. Thomas F. Woodlock. It is reproduced in the Financial Times of Montreal. One could hardly find two more orthodox sources than the Wall Street Journal and the Financial Times of Montreal, and yet this article seriously questions the efficacy of the gold standard and of the present banking system, and asks some grave questions as to modifications in that system. The writer points out first that in connection with the gold standard there are three main rules that should be adhered to. In the first place he says that gold should function primarily as a central bank reserve, and its only other function should be its occasional use in settling international balances. Secondly, and this is very important, he says that the creditor country should follow a liberal tariff policy. It seems to me that the great depression through which the world is passing to-day is due to the fact that the United States, when she became the great banker of the world, the great creditor nation, did not follow the traditional policy that a creditor nation should adopt. For generations, as long as England was the great banker of the world, she was prepared to accept her dividends, her annual payment, in goods, and so long as she did that trade flowed naturally through the channels of the world. When, however, the United States became the great banker she either was not prepared to do this or she did not understand the rules of the game and therefore raised tremendous tariff barriers against her debtors. She said, in effect, to those countries that owed her money, "We will not take goods." As a consequence these countries shipped all the gold they could get until to-day there is an impasse; and until the United States changes her policy in this regard she certainly will be in no position to collect debts. That is pointed out clearly in the Wall Street Journal. This writer quotes an author by the name of "Peregrinus," who was writing in the London Times. He points out, as the Minister of Trade and Commerce told us some time ago, that the whole world production of gold outside the United States is not sufficient to meet the obligations, and that something must be done. He pointed out that if France and the United States, the two creditor countries, continued to observe the policy already described, then in his opinion there was only one course for the debtor nations to follow and that was to depart from the gold standard and get along as best they could without it. He then deals with the question of managed currency, one that has come up quite frequently in debates in this house but with which at the moment I have no time to deal. This writer points out that it is quite possible and feasible for those countries that are forced to go off the gold standard to arrange a managed currency in order to maintain a stable price level in their own domain, and they could then ship their reserves of gold to the United States and France in settlement of debts so far as they could. He also states, and this is important, that the moment these other nations went off the gold basis and the United States and France were left on the gold basis, the gold itself would immediately drop in value; its only value then would be for the purpose of filling teeth and making jewellery. It might therefore be an easy matter ultimately for these countries to settle their debts. He goes on to say that after all, the way things are going at the present time, these reparations and debts will not be paid at all, that the depression will continue until that fact is recognized and admitted all round, and that the spirit in which the admission is made will be of great consequence to the peace of the world during the next few years.

The question of a managed currency—and that is the only alternative to the gold standard—is one that was dealt with a few years ago by Maynard Keynes, recognized as one of the outstanding authorities of the world. As I understand the theory of managed currency, it is that those who have the responsibility of managing it should take a certain index price. Say there are one hundred different commodities—wheat, copper, coffee, butter, hogs and so forth—and that the index

price is established at 175. Now, the men managing that would have to watch the index carefully. At the end of a certain period if they found that the price had dropped, that is that commodity prices had gone down, they would realize that one of two things had happened; either that the volume of business had increased, in which event there would not be sufficient money properly to handle the situation, or that the circulating medium, the amount in circulation, had decreased and was forcing prices down. In that case they would be faced with the responsibility of putting more money in circulation. On the other hand, if prices had advanced, their duty would be to restrict money. The banks would be forced to call in loans and that would have a stabilizing effect, forcing prices back to their proper level. That is the theory of managed currency put forward by this writer and at the present time it is being endorsed by outstanding bankers as well as by men prominent in political and industrial life.

May I again refer to the article in the Financial Times of October 3, 1930. The very heading of this article is significant:

Bankers favour abandonment of gold standard.

This appears in the Financial Times of Montreal. I have not the time to quote from this as extensively as I should like to, but I will deal with it briefly. The statement is made:

The downward trend of commodity prices has reached the stage where the efficacy of the gold standard is being seriously questioned by economists.

Further on it says:

It seems reasonable to assume that if central banks throughout the world insist upon maintaining their present standards of gold reserves, the phenomena of declining price levels over a considerable period of time may be observed.

And again:

The corrective for the monetary situation of sharply falling commodity prices is an easy money policy. An intelligent control of the value of gold is regarded as essential to improve economic conditions.

It goes on to point out the direct relationship between the amount of money in circulation and the commodity price levels. It shows clearly that if the amount of money is restricted prices will drop, and if the amount of money is increased prices will rise. The great problem we are facing in this house, the subject which is most discussed throughout the country, is unemployment. Now for thousands of years, for countless ages, one of the great aims and objects of the human race has been to have more leisure for study and meditation, more time to enjoy oneself; and that very urge in the human heart has brought about the development of the machine. The machine in turn has displaced labour, giving mankind the very thing that has been asked for throughout the ages. It has given the human race more leisure. And that really is what unemployment is. I hold that the term unemployment is a misnomer; there should be no such word in our vocabulary as unemployment. Perhaps I cannot boil down into one word the idea it conveys, but I should call it an improper distribution of goods and services. People are not unemployed because of scarcity, for, as many have pointed out, this is an age of plenty. Never before in the history of the race was there as much food and clothing, as much in the way of service, transportation, electrical power and so on, for the good of the human race. Yet in the midst of all this plenty there is poverty. What we require more than anything else is a stabilization of prices, and it is borne out by many distinguished bankers that this is dependent almost entirely on the amount of money in circulation.

I come back to the Financial Times, of October 16, 1931. Prominently displayed on the front page is an article by H. S. Denny, a consulting engineer of Toronto. I quote:

The granaries of the world are bursting with corn, and warehouses are choked with goods, yet hungry hordes are steadily increasing in numbers. They stand waiting in despair until the capitalistic Lords of Creation, under the guise of a benevolent solicitude, find some profitable method of bringing the producer and consumer together again.

The familiar picture of children flattening their faces against the plate glass of a candy shop display, mouths watering and suffering from an almost intolerable desire, is in some respect, a small scale illustration of the world condition to-day. A few pennies—helter-skelter into the shop, money paid over, candies received, jaws vigorously working, happy children and consummation of trade.

Then rather significantly the writer says "but they have to have the pennies." The article continues:

The bankers of the grim poker game called "life" have decreed that chips shall be exchangable only for the commodity called "gold," and with scrupulous care and unscrupulous methods, have taken infinite pains to corral all but an insignificant percentage of that metal in their own vaults. There is no escape from the game. All human beings must play—there is no choice—be the stakes large or small, and willy-nilly the player must provide himself with chips or starve.

I direct the attention of the house to the fact that this article does not appear in a radical paper; it appeared in the Financial Times of Montreal.

In connection with over-production, of which we hear so much to-day, I should like to refer the house to a pamphlet which has been published by Sir Henry Strakosch, G.B.E., a distinguished financier and economist of Great Britain. He lays down the general principle that there never has been over production, it is under consumption. After giving some figures of his own he bolsters up his argument by quoting Mr. Carl Snyder, the statistician of the federal reserve bank of New York. Again I would direct the attention of the house to the fact that this is not from a radical source, it is from an extremely orthodox source. Sir Henry points out that Mr. Snyder contends that during the past fifty years production has been increasing in the United States at the rate of about four per cent per annum compounded annually, while world production during the same period increased at the rate of three per cent, the world population increasing only by one per cent. That is, the production of the world on a per capita basis has doubled in fifty years. He goes on to point out that in the same period the consumptive ability of the human race has doubled. We are using radios and motor cars, we are wearing more clothes, eating better food and living in more comfortable houses than we were many years ago. Mr. Snyder has pointed out that this is capable of infinite expansion. Sir Henry asserts that the amount of money in circulation determines whether goods shall be consumed or shall pile up in the warehouses to create this thing we call overproduction. To quote directly from his pamphlet, he says:

> A symmetrical increase of production of this kind in effect raises the standard of life of the people, and that, it is almost unnecessary to say, is capable of practically infinite expansion. No disturbance in the exchange of the greater output of commodities need, or does, arise in these circumstances, provided there are available media of exchange in the form of money of all kinds to an amount that corresponds to the increased volume of exchanges that this greater production necessitates. If it is available the general level of commodity prices will remain stable. It is only when the available amount of money is either less or more than is needed to effect these exchanges that the general level of commodity prices will fall or rise as the case may be.

I again quote from another extremely orthodox source, the representative of the great Mussolini. A despatch from Paris dated November 26 in connection with the opening of the disarmament conference, quotes Senator Boriello of Italy, as follows:

> It is insufficient to disarm the military forces of the world. We must disarm the international bankers. We must have tariff disarmament just as we have reduction of weapons.

[Mr. Campbell.]

It is my conviction that there will never be a permanent improvement in conditions until the outstanding nations of the world agree on some monetary policy, whether or not there is gold behind it, to provide elasticity sufficient to meet the growing needs and changing conditions. Of course, Canada cannot control world conditions but she can do her share to set her house in order, she can reorganize her monetary system to an extent to prevent any sudden drastic upsetting of the commodity level; she can provide sufficient safeguard to prevent the sudden and violent deflations of currency which have occurred during the past few years. I refer again to the Financial Times, the issue of January 16, 1931. The article from which I intend to quote refers to the now famous speech of Mr. C. E. Neill, vice-president of the Royal bank, and to the remarks of Sir Herbert Holt made on the same occasion. These remarks startled the whole banking fraternity because they questioned the orthodox system. The editorial reads:

> A bank president who speaks with the voice of assets totalling nearly nine hundred millions of dollars (after a year of deflation) is entitled to speak with authority.

The article states that a remarkable change has been taking place in the opinion of leading bankers as to the necessity of a rigid adherence to the gold standard. In referring directly to Mr. Neill's remarks, the editorial says:

> But he made it very clear that the standard could only be adhered to if a much greater degree of wisdom were shown in the international management of the gold supply than has been in evidence since 1918. Perhaps the most significant sentences in his whole speech were those in which he stated that if the principal central banks of the world had decided, upon the collapse of the stock market boom, that drastic contraction of currency and credit were not to be permitted, they could have effectually prevented the fall in the price level; after which he went on to say that "the countries with fiat currencies, such as Argentina, Uruguay and Spain, are not suffering anything like as acutely as the gold countries."

I have many other quotations which I would like to make from the Financial Times, but I see that the clock is moving rapidly towards eleven o'clock and I will have to cut them short.

I should like to refer briefly to an article which appeared in the Financial Times of September 26, 1930. This article comes from New York and in dealing with the gold standard it refers to the figures of Sir Henry Strakosch, already quoted. It refers also to Sir Josiah Stamp, a gentleman not unknown in

Canada. Sir Josiah is quoted as asserting that the menace arising from the inefficient use of gold "is the worst danger that eight years ago any of us could have feared, and finding us drifting still further into economic disaster." The article continues:

> Sir Josiah Stamp appears to agree with Sir Henry in scouting the convention that the severe decline in commodity price levels in the last fifteen months is due to overproduction brought about by rationalization and mechanization. Sir Henry argues that since the rise in the volume of production had been in progress for the last half century while the level of prices had risen steadily up to the war, there should have been no price break in 1929, provided the available money increased in proportion to production.

Again may I quote from another editorial in the Financial Times of October 24, 1930. In part, it says:

> A few days ago the Manchester Board of Trade addressed an extended argument in the nature of a petition to Premier MacDonald of Great Britain, calling attention to the fact that our volume of world business was increasing and our gold supply decreasing, and arguing that this would result in a fall of prices and an ever-increasing depression. The report of the gold delegation of the League of Nations recently was to the same effect. It stated plainly that the world was facing a "gold shortage."

In conclusion I wish just to refer to a very interesting article in Saturday Night of February 6, 1932. This is by Doctor Donald M. Marvin, economist of the Royal Bank of Canada. I have not time to put on record the quotations that I should like to give, but I suggest that hon. members who wish to acquaint themselves with the intricacies of this question, should read this article, coming as it does from a representative of one of our outstanding Canadian banks. This man disposes of the bogey of over-production. He refers to the Malthusian theory of population, that is that the human race must starve or be killed off because we cannot produce food rapidly enough to take care of the increasing population. He says that to-day the problem has developed from the opposite angle. He goes on:

> As far as present day society is concerned, neither the picture of severe deficit nor of unlimited surplus is descriptive. . . . Basically speaking, there is no general overproduction within the confines of civilized society.

He goes on to point out that it will be necessary before long for those countries hoarding gold to turn it to use, that is to issue more paper against it or else the gold itself will become of no value. This is exactly what is happening in the United States to-day. The United States has found that the sterilization of the gold there may mean that the gold itself will ultimately lose its value, and to-day they are issuing huge amounts of credit against it. Doctor Marvin further points out that present conditions forcing, as they are, other nations off the gold standard, are going to compel these nations to work out a managed currency. I have not time to elaborate the point, but this is the economist of the Royal Bank of Canada laying down quite clearly the idea that a managed currency without gold is not only possible but very probable in the near future.

I would say again that I hope all members in the house will take the Prime Minister's advice and devote some time and attention to the study of this all-important question before a revision of the Bank Act comes up again next year.

Mr. CAMERON R. McINTOSH: (North Battleford): Mr. Speaker, I did not intend until this afternoon to speak on this question, but during the last few days we have had quite a discussion on the currency, banking and credit problem, and as a member from Saskatchewan and western Canada I thought I had better say a few words on the matter. I listened with a great deal of attention this evening to the Prime Minister (Mr. Bennett) discussing this very important problem of Canadian banking and credit and I am free to say that I think he made one of the best speeches that I have listened to in the house so far as he is concerned.

Mr. MORAND: Why the qualification?

Mr. McINTOSH: Because I did not intend for a minute to say it signalized a clean sweep, but I want to be fair about the matter, and after abstracting from it any politics that hon. gentlemen opposite might have thought entered therein, make a candid admission that he gave a really fine exposition of the subject under review this evening. I do not think it does any harm to make an admission of that kind in the house in a matter of such moment. From the standpoint of quantity there was not too much to it, and from the standpoint of quality and volubility it was a fair sample of what one might expect from the opposite side of the house. There should be a good deal of credit coming to the Prime Minister for standing on the financial bridge of the ship of state and directing Canada during the last few months in such a way that the credit of the provinces has been taken care of and the credit of the dominion by his firm stand maintained in the markets of the world.

But I am free to say that I disagree with the Prime Minister when he intimates, as I think

the hon. member for Wetaskiwin (Mr. Irvine) also did in the house last week, a doubt—mark you, Mr. Speaker—that on both sides of the house that we had that ability, that financial training, that would make it safe for a banking and commerce committee appointed from the 245 members of this national commons to investigate the question of banking, credit and currency of Canada. I am afraid I must disagree with any member who takes that stand. I am one of those who believe that not always does every member stand up and discuss a question when it comes before the commons, whether he is well posted on it or not. One cannot tell by the number of members who discuss a question as to the developed ability of the house on it. That is a certainty.

Mr. POULIOT: The hon. member is making the Prime Minister's speech.

Mr. McINTOSH: No, I am not. I am making my own speech. I believe we have in the house dozens of members who, on the spur of the moment and without any preparation by going through scrapbooks, newspaper clippings and files of the last five or six years, can make an intelligent speech on the question of banking and finance. That is my conviction.

I want to go a little further. I believe if that be the case—and I do not think it can be disputed—when the revision of the Bank Act comes up next year, we ought to have one of the strongest possible committees appointed from this chamber and, if it is necessary to nationalize that committee, let us do so. But let us get busy and make a thorough preparation for that investigation into the banking, currency and credit of Canada which must be made next year before we can say whether this or that part of the Bank Act must or must not be amended. We want to be sure of our ground, and for this purpose we must begin to make preparations now. I do not know what is in the Prime Minister's mind; I do not know whether or not he intends to leave this revision of the Bank Act until the next session without in the meantime making any preparation by way of the appointment of a national committee which might ultimately cooperate with a special committee of the house. If he does, then I am a little doubtful as to the report of that committee. But if so the committee should be appointed early in the session and given instructions as to what to do, I believe the ability that could be secured on that committee would measure up well to its responsibilities and a report would be turned in of which the House of Commons and Canada would not need to be ashamed. It is a question largely of time, not ability.

[Mr. McIntosh.]

Further, may I say I heard the Minister of Trade and Commerce (Mr. Stevens) trace the history of money in a word, telling us how society has revolved around the dollar bill or the various kinds of money preceding it throughout the centuries and how as a result we have been brought out of the realm of savagery and barbarism into the definite stages of civilization through which we have been passing during the last few centuries. That is an interesting evolution and I listened with rapt attention to the hon. gentleman while he unfolded the tale. He gave an excellent analysis of the question. Then I listened to the hon. member for Vancouver Centre (Mr. Mackenzie) who, as one of the members of the official opposition, analysed the banking, credit and currency problem very carefully and successfully, and indeed, put the matter before the people of Canada so squarely as to state in definite and clear language where the Liberal party stands in respect to it, not only on the prairies and British Columbia but right across the whole dominion.

I think the Prime Minister made a very important point when he said that every member of this house should give this matter individual attention during the next year. I believe that every member has been giving it a fair amount of study, but when we consider what we have to do next year in revising the Bank Act, I think every member should give the question more attention than ever. As one of our great scientists has said, I believe there is no question which the human mind can ask to which it cannot in time give an answer. Every question, therefore, that we can ask about this problem we can surely answer if we will but patiently analyze the facts and dig up the answer. By getting a satisfactory answer in regard to this intricate question the development of society, the adjustment of agriculture and industry, and the building up of Canada as a whole will follow more naturally as fitting results.

Although the question of banking and currency and credit is undoubtedly a big one, one of the great questions before Canada and the empire and the whole world, I am not going to admit that it is the biggest question. I do not believe that it is. I believe that international debts and reparations are big problems, and that disarmament is another big problem. These are two of the big problems before the world, international debts and reparations, and disarmament. After those two I would place equally in importance, or even beyond them, the tearing down of extreme tariffs right around the world. These problems, three in

number, are equally as big as, if not bigger, than the question of banking and currency. They all go together, and we have to fight them in a block, and by fighting them in a block we can gradually overcome each one of them, and thereby strengthen the financial fabric of Canada and the empire of which we form a conspicuous part.

In conclusion, may I say that apart from the discussions that have taken place in the house, the big objective before us is what are we going to do at the Imperial conference? I am very glad that this problem is to come before the conference, but I do not think that that is all that we ought to do about it. I believe that the question should not only come before the conference, but be exhaustively analyzed there and the people of Canada be given the facts. We want the people educated along the line of this resolution. But beyond the analysis at the Imperial conference, and beyond the investigation we must have in this house in 1933, when the Bank Act is revised, there is no question that there should be individual preparation on the part of hon. members, so that everyone will know where he stands on it, thus doing his part to educate the people of his constituency so that we shall be able to bring united pressure to bear on this problem and the questions connected with it—international debts and reparations, disarmament and high tariffs—so that in the very near future these problems will have to fall down before the intelligence, the courage and the ability of those who are out to make Canada a bigger and better dominion and a more conspicuous self-governing unit in the British commonwealth of nations.

Mr. G. G. COOTE (Macleod): It is quite obvious, Mr. Speaker, that in the short time at my disposal I cannot refer to all the statements and points of interest which have been brought out in this debate. I would, however, like to refer to the suggestion made by the Prime Minister (Mr. Bennett) that somebody had inferred that if we only got away from the gold standard it would bring in the millennium in Canada. May I say very emphatically that I do not believe that anyone ever suggested such a thing, but undoubtedly there are a lot of people in Canada who do expect the Prime Minister to bring in the millennium, and I am quite sure that so long as we remain on the gold standard he will not be able to do so.

I would also like to refer to the statement made by the Prime Minister that there was no shortage of credit facilities in Canada. I think I am stating the case fairly when I say that there is no credit in Canada for agriculture, Canada's greatest industry, and I do not see how that industry is going to continue to function unless credit for it is forthcoming. There is certainly credit for governments in Canada, but at what a cost? Recently two of our provinces floated loans to secure moneys for which they are paying six and a half per cent interest. If the interest on these loans is to be paid, it must be paid out of production. As Sir Thomas White, Canada's war-time finance minister said, speaking of Canada's victory loans: If the interest was ever to be paid it would be from the top six inches of Canada's soil. With the present prices for agricultural products, lumber products and mining products, how is the interest on these loans at six and a half per cent ever going to be paid? It is absolutely impossible. We are heading for a port which we shall not be able to reach so far as the paying of six and a half per cent on these loans is concerned.

The Prime Minister, either very carefully or accidentally, avoided one of the points raised in the resolution before the house. It asks the banking committee to inquire into the advisability of amending the Dominion Notes Act with a view to eliminating the provision for the redemption of dominion notes in gold. The Prime Minister dwelt at great length upon the fact that we should meet our foreign obligations in gold; that is, bonds maturing in foreign countries. No one to-night, so far as I know, has challenged that position. But under the Dominion Notes Act, Mr. Speaker, the dominion notes are redeemable in gold. Subsection three of section four of the Dominion Notes Act provides:

> Dominion notes shall be redeemable in gold on presentation at branch offices established, or at banks with which arrangements are made for the redemption thereof as hereinafter provided.

Section nine provides for the establishment of these agencies. But, Mr. Speaker, the redemption of notes in gold is not taking place at these offices.

Mr. BENNETT: Wherever requested the gold is available, but it is not permitted to be exported.

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

Tuesday, March 1, 1932

The house met at three o'clock.

CIVIL SERVICE

SPECIAL COMMITTEE TO CONSIDER APPOINTMENTS AND THE ADMINISTRATION AND OPERATION OF THE ACT

Hon. HUGH GUTHRIE (Minister of Justice) moved:

That the following members do constitute a special committee of this house, pursuant to the motion adopted by this house on the 25th day of February, 1932, to consider and report upon appointments to and the control and direction of the civil service of Canada, and generally the administration and operation of the Civil Service Act, as in the said motion more fully set out; viz.: Messieurs Lawson, Bowman, Laurin, Ernst, Chevrier, Vallance and Woodsworth; with power to the said committee to send for persons and papers, and to examine witnesses, and to report from time to time to this house.

Motion agreed to.

SEED AND FEED RELIEF

MOTION FOR ADJOURNMENT OF HOUSE TO DISCUSS MATTER OF PUBLIC IMPORTANCE

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of urgent public importance, namely the serious situation of the farmers of Manitoba in regard to lack of feed for cattle and of seed grain, and the fact that no satisfactory arrangement for relief can be arrived at with the government.

Mr. SPEAKER: The hon. member for Lisgar (Mr. Brown) was good enough to give me a copy of his motion in advance, and I have had an opportunity to consider it. I must hold that the application is not in order, that it is an application for the adjournment of the house in order to discuss a matter for the discussion of which the motion to go into committee of supply or other appointed business will afford an early opportunity. The motion to go into supply, or the resolution on the order paper to amend chapter 58 of the statutes of Canada, 1931, will afford an ample and early opportunity for the discussion of the question which the hon. member now seeks to bring up.

Mr. BROWN: I suppose I will have to bow to your ruling, Mr. Speaker, but this is a matter of such prime importance that on other occasions I have brought it to the attention of the house. Horses and cattle are dying—

[Mr. Bennett.]

Mr. SPEAKER: It is not that the matter is not of importance; I have so ruled because, as I have said, there will be ample opportunity to discuss the question under the appointed business of the house.

Mr. BROWN: All I can say is that horses and cattle are starving to death.

STEEL INDUSTRY AT SYDNEY

RAIL ORDERS DESIRED TO ENABLE WORKS TO RESUME OPERATIONS

On the orders of the day:

Mr. FINLAY MacDONALD (South Cape Breton): I should like to direct a question to the Minister of Railways (Mr. Manion). I am in receipt of a telegram from Sydney, which states that conditions are very serious due to the prolonged idleness of the steel works. We have been hoping that the situation might be bettered by a rail order from the Canadian National Railways. We all recognize the financial condition of the road—

Some hon. MEMBERS: Order.

Mr. MacDONALD (South Cape Breton): I ask the indulgence of the house for a moment while I explain my point. The rails are needed, and the order would be of great help to us just now. Perhaps I may not be in order, but I should like to ask the minister if he might anticipate his statement on the railway question, and give us some information now as to whether we might hope to get an order for rails from the Canadian National Railways.

Hon. R. J. MANION (Minister of Railways and Canals): The hon. gentleman was good enough to mention this matter to me yesterday, and I have made inquiries in the interval. I knew the road would not require very much in the line of rails, but according to the information given me with regard to the railway estimates, which will be tabled in the course of a few days, from ten thousand to fifteen thousand tons of rails will be required in the Atlantic region, which probably will affect the mill mentioned by the hon. member. That is the best information I can give him at the present time, and I doubt very much if there is any hope of getting that amount increased, for the reason he mentions, that is, the financial condition of the railway at the present time.

ONTARIO INDIANS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to

ask the Prime Minister or the Superintendent General of Indian Affairs if the attention of the government has been directed to certain reports appearing in the press with regard to what would appear to be a lamentable condition prevailing among the Indians in parts of this country through lack of sufficient care and food. The statement is to the effect that the situation has been brought about in part as a consequence of the cutting down of the appropriations made for the proper care of the Indians. Perhaps my hon. friend the Superintendent General of Indian Affairs is in a position to make a statement.

Hon. T. G. MURPHY (Superintendent General of Indian Affairs): The right hon. gentleman has couched his question in such general terms that a definite answer is rather difficult to give. I do not know whether he refers to any particular district or to any particular group of Indians, or whether his question applies to all Canada. If he could make his point a little more definite I would be in a better position to answer his question.

Mr. MACKENZIE KING: I understand the reference is more particularly to the northern Ontario region.

Mr. MURPHY: This matter was drawn to my attention, I may say, by an article which appeared in the Toronto Globe with particular reference to that portion of northern Ontario known as the district of Patricia, and the charges outlined in the article were to the effect that the Indians were not being properly looked after. This district, as my right hon. friend knows, is isolated and without means of communication other than by air-plane, by canoe or travel overland. The Indians in that territory are few in number, and in matters of relief we deal with them through the factors of the Hudson's Bay Company and the various missionaries in that area.

In answer to the right hon. gentleman's question I might read portions of a couple of letters which have been received by the Department of Indian Affairs in connection with this matter. The first is a letter from the Trout Lake mission, near Sioux Lookout, which reads as follows:

> The plane is expected in next week so I am taking the opportunity of forwarding you my requisitions for medical and school supplies. I am also sending you the statement of my services as dispenser during the past six months as this is our only winter mail. I have not heard yet as to whether there will be another plane call for the Hudson's Bay Company in June, probably there will.
>
> Most likely next week we shall receive the dates for your proposed itinerary next summer.

Now comes the important part of the letter:

> The Indians here are keeping very well and happy although fur prices are poor. They have an abundance of country food this winter which is by far the most important for their health and happiness. Please excuse this hasty letter. I have been very busy this winter which has been a very good thing for me as it has kept my mind fully occupied on my work.

That letter is dated February 5, 1932; it is signed by the Reverend Leslie Garrett, and is addressed to H. N. Awrey, of the Department of Indian Affairs, the officer who makes the annual payments during the summer. Then I have an extract from a letter written by Mr. I. W. McCauley, Hudson's Bay Company, Cat Lake Post, Narrow Lake Post Office, Ontario. I may tell my right hon. friend that this office is located near the Cariboo Indians, who are referred to in the Globe article, and who are also known as the Nikip band. This is the extract:

> All the Indians are well up this way and doing fairly well this winter excepting the old people and one woman who is very sick. The Cariboo Indians are also all doing fairly well and are very pleased to hear that you are going to pay them at Cedar Lake this summer.

I do not know whether or not this completely answers the question my right hon. friend has in mind; if not, I may be able to give him further information.

Hon. PETER HEENAN (Kenora-Rainy River): Arising out of the question submitted to the Minister of the Interior (Mr. Murphy) by the leader of the opposition—I am sorry I was not in my place at the moment—may I ask the minister whether he would consider sending some airplanes in there with some officers to investigate the condition of the Indians in the Patricia district, where it is reported there have been many deaths as well as considerable suffering.

Mr. BENNETT: There is a letter only three weeks' old, saying they were very happy.

Mr. MURPHY: In the light of information furnished me by the missionary and the factor of the Hudson's Bay Company, I shall have to receive more accurate information before I consider sending airplanes in at this time of year.

BEAUHARNOIS POWER PROJECT

On the orders of the day:

Hon. W. D. EULER (North Waterloo): Now that the order in council has been passed implementing the legislation of last session with regard to Beauharnois, can the Prime Minister give any information to the house as to the condition of the enterprise, the

relationship of the government thereto, and perhaps more particularly with reference to the matter of guarantees that may have been given to the banks for financing the works?

Right Hon. R. B. BENNETT (Prime Minister): The hon. gentleman sent me a note before noon saying that he proposed to ask the question. It is proposed to lay upon the table at an early date the documents in connection with the matter, proclamation having been issued yesterday bringing into force today the statute that was passed at the last session, and orders in council based on the authority of that statute will be laid upon the table by the Secretary of State (Mr. Cahan) to-morrow, I trust. In the meantime I will look through the hon. gentleman's observations in Hansard and see whether I can make some further statement.

UNEMPLOYMENT RELIEF

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Yesterday a motion standing in my name was moved by my hon. friend from West Edmonton (Mr. Stewart), for a copy of all orders and regulations of the governor in council under chapter 58 of the statutes of Canada, 1931, for relieving distress and unemployment. The Minister of Labour (Mr. Gordon) asked that the motion stand, saying that these orders would all be included in the papers which would be tabled. Now I have on the order paper another motion asking that there be laid on the table all the orders with regard to the maintenance of peace, order and good government under the same statute. May I ask the Prime Minister, before the resolution is proceeded with which he has placed on the order paper for the purpose of extending that statute from March 1 to May 1, that there be brought down all the orders which have been passed thereunder since last year so that we can discuss his resolution intelligently.

Right Hon. R. B. BENNETT (Prime Minister): It is intended to lay upon the table of the house all orders passed under the authority of the statute to which the hon. gentleman refers. They comprise a considerably large number of orders in council, and the report which the Minister of Labour proposes to table will cover them all. He said yesterday that he hoped to be able to table that report by the end of the week. To postpone until that date consideration of the resolution will work very great hardship upon western Canada. They are dependent upon the ability of the government to enact the necessary legislation to make to them advances to permit them to purchase seed grain, the case mentioned by the hon. member for Lisgar (Mr. Brown) being one of them. I propose to make as full an explanation as I think the circumstances demand before seeking an extension of the statute, and if it will be of any interest to the hon. gentleman I may say that I am quite content that every order in council issued under it should be laid upon the table of the house at the next session of this chamber subsequent to its passing, that is, under the extended order. It is only to meet an emergent situation, full particulars of which we have been endeavouring for weeks to ascertain and which we now have.

DESTRUCTIVE INSECT AND PEST ACT

Hon. ROBERT WEIR (Minister of Agriculture) moved the second reading of Bill No. 18, to amend the Destructive Insect and Pest Act.

Motion agreed to and bill read the second time and referred to the committee on agriculture and colonization.

PETROLEUM AND NAPHTHA INSPECTION ACT AMENDMENT

Hon. E. B. RYCKMAN (Minister of National Revenue) moved the second reading of Bill No. 20, to amend the Petroleum and Naphtha Inspection Act.

Mr. STEWART (Edmonton): Explain.

Mr. RYCKMAN: The explanation was given on the introduction of the bill. It is very short and if hon. members will take the trouble to read the explanatory note the whole compass of the matter will be apparent. No one objects and it helps everyone.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. MacDonald (Cape Breton South) in the chair.

On section 1—Tests of petroleum.

Mr. DONNELLY: It is provided in section 10 that petroleum shall not be sold if, when tested by the pyrometer, it emits a vapour that will flash, at a lower temperature than 85 degrees fahrenheit. Should not this provision with regard to the temperature be included in subsection (b)? It appears in subsection (a).

Mr. RYCKMAN: It was not there before. I do not know and I do not wish to sail under false colours; I may not know as

much about temperatures as does my hon. friend, but I do know that the passage of this bill will permit a certain class of petroleum to be used. I was not a member of the house when this act was passed and I cannot of my own knowledge give the information asked for by the hon. member.

Mr. DONNELLY: If this provision does not refer to clauses (a) and (b), then the bill is all wrong. We know that when gasoline is heated it weighs much less, and when it becomes chilled it increases in weight.

Mr. YOUNG: I understand the purpose of this amendment to be to make possible the sale for illuminating purposes of a product which has not been sold in the past for that purpose. Has any scientific test been made as to the illuminating qualities of this new product? Those who burn kerosene complain that they are unable to obtain the quality which they used to get and these people are anxious to know whether this amendment is to result in an improved or deteriorated quality of kerosene.

Mr. RYCKMAN: I am not in position to answer the hon. member. If he is acquainted with the provisions of the act he knows the conditions which have been in force. This bill will eliminate the cutting of petroleum with gasoline; it will provide for the production of a good product without the necessity of going to that trouble and expense.

Mr. YOUNG: I suggest that this bill should stand over until a test has been made to determine whether the quality will be improved or deteriorated.

Mr. RYCKMAN: The chemists in our department have done what the hon. gentleman asks should be done, and they have reported that the change will be of benefit.

Mr. YOUNG: Benefit to whom?

Mr. RYCKMAN: I must rely upon that information.

Mr. YOUNG: It may be that this bill will benefit some but it may not benefit others. This is a technical matter; we are not qualified to decide whether or not this proposed amendment will improve the kerosene. I suggest that this is a matter for scientific experts, and we should wait upon their judgment.

Mr. VALLANCE: The point raised by the hon. member for Weyburn (Mr. Young) is well taken. The explanatory note reads in part:

> The proposal to amend the act to permit the marketing of this product has been submitted to experts of the Department of the Interior and of the Department of National Revenue, who have agreed that the proposed amendment can be made without increasing fire hazard or otherwise interfering with the objects of the act.

Is this amendment to be to the advantage of the consumer or is it to stimulate production? There must be something behind the bill. If the experts have done as the explanatory note says they have done, the minister should be in a position to say who is going to benefit.

Mr. RYCKMAN: As the explanatory note says, the experts of the departments of National Revenue and the Interior have pronounced in favour of this amendment. I do not pretend to be an expert in this matter and I must rely upon the officials of the departments. If the hon. gentleman or any of his friends have special knowledge of this matter, let them tell the committee wherein this bill fails.

Mr. VALLANCE: It is not a matter of having knowledge, it is the lack of knowledge which we want to supply.

Mr. ERNST: The hon. member has that.

Mr. BELL (Hamilton): The hon. member started with that.

Mr. VALLANCE: The explanatory note states that the experts have this knowledge and it should be available to the committee. I think the suggestion of the hon. member for Weyburn is well founded.

Progress reported.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET EXPENDITURES AND INDEBTEDNESS INCURRED IN 1931

Hon. R. J. MANION (Minister of Railways and Canals) moved the second reading of Bill No. 21, respecting the Canadian National Railways, and to authorize additional provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.

He said: Mr. Speaker, this bill in effect is a supplementary estimate and it is hoped that some time next week we will be able to bring down the main estimates for the Canadian National Railways. At that time I intend to make a general statement on the railway situation but at the moment I should like to have this bill referred to the special committee on railways and shipping. Then, any

discussion which the house may choose to have on this matter may be undertaken next week when the main estimates are brought down.

Mr. RALSTON: Can the minister state to the house whether or not he is able to lay upon the table the report of the Canadian National Railways for 1931? I take it that he must have the information because he is asking for the passage of a bill which provides for the actual operating deficit for last year.

Mr. MANION: I have made inquiries and I find that it has never been the custom for the Canadian National Railways to bring down their report earlier than about March 15. They are working on it at the present time, but in the meantime they have given me sufficient information to draft this bill; they need this $11,000,000 immediately, and the annual report can be discussed by the special committee and by the house, if it so chooses, when the regular estimates are being considered.

Motion agreed to, bill read the second time and referred to the select standing committe on railways and shipping.

CRIMINAL CODE AMENDMENT

CHEQUES WITHOUT FUNDS—GRAND JURY SYSTEM IN BRITISH COLUMBIA

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 22, to amend the criminal code (cheques without funds and grand juries).

Some hon. MEMBERS: Explain.

Mr. GUTHRIE: This bill is an effort to remedy a difficulty which has been felt for some time, particularly among the commercial people of the country, in regard to cheques issued on banks but dishonoured by them on presentation, in most cases there not being sufficient funds to meet the cheques. The only provision at present in the criminal code which applies to such matters is section 404 which we know as the section respecting false pretences. Under that section it has been very difficult in prosecutions to obtain convictions. It has been held by many magistrates and judges sitting in various courts of the provinces that so long as a man has to his credit in the bank any small sum, he is relieved by that fact of any implications of having obtained money on false pretences, and the number of dishonoured cheques has grown to such a tremendous amount in recent years that it is thought some attempt should be made to remedy the difficulty. I think I am safe in saying that I have had representations from every province and from every representative board and association asking that some amendment be made to section 404 in an endeavour to obviate this difficulty. The number of cheques which were dishonoured last year by the banks is upwards of 70,000. I received a letter to-day from an hotel manager in Ontario stating that the amount of defaulted cheques which had been received at his hotel last year was $130,000. Subsequently the larger proportion of that amount was of course recovered, but the cheques were actually refused, dishonoured, at the banks. I mention these things to show the extent of the grievance from which the commercial community at the present time suffers.

A bill was introduced last year and a good deal of discussion took place with regard to it, but it was felt that the bill was not in the best form and the matter was allowed to stand. Since that time the law officers of the Department of Justice have given their best attention to the proposition and have drafted a clause which may to some extent meet the difficulty. The amendment proposed in this bill provides:

In any prosecution under this section—

That is, under the section in respect of false pretences.

—if it be shown that any thing capable of being stolen was obtained by the accused by means of a cheque which, when presented for payment within a reasonable time, was dishonoured on the ground that there were no funds or not sufficient funds on deposit in the bank to the credit of the accused, it shall be presumed that such thing was obtained with fraudulent intent by a false pretence, unless it be established to the satisfaction of the court that when the accused issued such cheque he had reasonable grounds for believing that it would be honoured if presented for payment within a reasonable time after it was issued.

The presumption in such a case is that the issuing of such a cheque was fraudulent, but that presumption may be removed if the accused can establish to the satisfaction of the court that when he issued the cheque he had reasonable grounds to believe that the bank would pay it. I think if this section is adopted and the act is amended and given a fair trial, it will to a very large extent avoid the difficulty from which the commercial community has suffered for so many years. It will not, I am sure, cure every case, but it is a step in the right direction.

The other section of the bill relates merely to the province of British Columbia. The government of that province has asked that

what we know as the grand jury system be abolished so far as British Columbia is concerned.

Mr. MACKENZIE (Vancouver): Has the minister received any representations from any other bodies than the attorney general of the province?

Mr. GUTHRIE: I think only from the Attorney General of British Columbia. In the prairie provinces I believe the grand jury system has already been abolished, and British Columbia no doubt is following the lead of the prairie provinces in that respect.

Mr. BRASSET: I would suggest that the following words be inserted after the word "that" in the second line:

Any payment of any account.

This is to cover the case of a man who runs a bill in an hotel, for instance, and pays any account with a worthless cheque.

Mr. GUTHRIE: This bill is not directed against cheques issued in payment of debts; it is intended to cover cheques issued for the purpose of obtaining goods. However, when the bill goes into committee, I shall be able to explain it more fully.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I am in full accord with the first section of the bill, but frankly, I have grave doubts as to the propriety of the second section and I would ask the Minister of Justice (Mr. Guthrie) that, if possible, at a later stage of the bill, he would be good enough not to rush it to completion in order that we may have an opportunity of communicating with various interested bodies in British Columbia. No one knows better than the Minister of Justice the grand jury is an ancient and honourable institution and it provides splendid safeguards in connection with the administration of justice. In addition to the preliminary step of finding a true bill or no bill, our grand juries on every occasion in British Columbia make exhaustive investigations into the public institutions of the main centres, and their recommendations have very frequently been adopted as the basis of action. Would the Minister be good enough at a later stage to defer the final stages of the bill in order that we may get in touch with boards of trade, labour organizations, law societies and the bench in British Columbia with regard to their attitude toward this particular section?

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. MacDonald (Cape Breton) in the chair.

On section 1.—Obtaining by false pretence.

Mr. GUTHRIE: Before I overlook the matter, let me say in reply to the suggestion made by my hon. friend from Vancouver Centre, that I shall be glad to let the bill stand for third reading until he has had an opportunity of communicating with the various bodies in British Columbia whom he mentioned. Personally I am strongly in favour of the grand jury system, and I hesitate very much to agree to its abolition in any province. Yet we must remember that the administration of justice is left in the hands of the provinces and the various provinces make representations that the cost of the grand jury system is very serious, particularly at the present time. I liked the old grand jury of twenty-four, now reduced in the province of Ontario to twelve. That reduction took place for the purpose of saving expense. Now the proposal in the west seems to be to do away with grand juries altogether. I think that they were a valuable part of the administration of the law, and not only in regard to the administration of criminal justice, but grand juries took a general survey of their immediate surroundings and of the public institutions in their neighbourhood and their reports to judges, and afterwards to governments, were very often very valuable sources of information. I for one do not like to see the system abandoned, but when a responsible officer of the government of a province makes a request for the abolition of that system on the ground of the saving of expense I think perhaps it is our duty to give serious consideration to that request, and as grand juries have been abolished in the prairie provinces, perhaps it would not be unreasonable to grant the same request in British Columbia.

Mr. MACKENZIE (Vancouver): Did they ever have grand juries in the prairie provinces?

Mr. GUTHRIE: No, they have never been adopted there, and the administration of the law seems to be quite satisfactory there without them. Perhaps it would be reasonable to grant the request of British Columbia. However, I shall be only too glad to let the matter stand until we hear from various public bodies in British Columbia as to what they think of the proposal.

Mr. BRASSET: The point I wanted to raise a little while ago was this: This morning I received a letter from a client of mine saying that someone had received money to give to his client, and instead of turning that money over to his client the individual put the money in the bank and made payment by cheque. Later when the cheque was presented

for payment there were no funds in the bank to meet it. That happens quite often. I think there should be some provision in the law covering such a practice.

Mr. GUTHRIE: I am afraid that this proposed amendment would not cover the case cited by my hon. friend. That is a case where a man obtains money without cheque at all and subsequently issues a cheque to cover the debt. The clause before us applies only to persons who obtain any property that is capable of being stolen, and obtain it by the issuing of a cheque which subsequently turns out to be bad. The mere fact of giving a worthless cheque in payment of an old account does not injure anybody.

Mr. BRASSET: This was not an old account. Suppose a lawyer receives the sum of one hundred dollars to give to a client of his, puts the money into his bank and makes payment by cheque, and the cheque later is not accepted by the bank. There should be a provision in the law to cover such cases.

Mr. GUTHRIE: That is already covered by our law. That is the conversion of property to his own use, which is a criminal act on the part of the lawyer. But he did not obtain the money by means of a worthless cheque.

Mr. LAPOINTE: I remember well that one of the bodies that were most active in asking for legislation of this kind was the hotelkeepers' association. The hotelkeepers always represented that in various states of the American union the hotelkeepers are protected against N.S.F. cheques, but if I read the section aright, the hotelkeepers will not be protected by the present amendment because when a man issues a cheque for his board at a hotel, it is not in payment of something that is capable of being stolen at the time he makes payment because he has already eaten his board when he gives the cheque. So this will not meet the case, if I understand it aright.

Mr. GUTHRIE: No, I think it is very doubtful if it will meet the case of a hotel bill, any more than any other bill. This only covers an actual transaction where the goods are obtained by fraudulent means through the issue of a worthless cheque. A man who has run up a board bill for a week or two, or a month or two, and settles with a worthless cheque is not obtaining goods on false pretences; he is refusing to pay for them.

Mr. CASGRAIN: There have been criminal prosecutions for that.

[Mr. Brasset.]

Mr. GUTHRIE: There have been prosecutions. A man was charged with defaulting on his hotel bill. He was charged with obtaining a certain amount of tea, sugar and meat under false pretenses, not intending to pay, but that man was an absolutely worthless fellow who had no responsibility. He was more in the nature of a tramp, and he was convicted under that section.

Mr. JACOBS: Was it because he was a worthless fellow?

Mr. GUTHRIE: Because the presumption was that he never intended to pay, and that he obtained a certain quantity of tea, sugar, meat and bread on false pretences.

Mr. FACTOR: The man who obtains goods at the present time on a cash basis and issues a cheque therefor can be convicted of a criminal offence if the cheque is no good, but would a man who purchases goods on credit and makes a down payment by means of a worthless cheque be affected by this section?

Mr. GUTHRIE: It is only where he obtains goods by reason of a bad cheque. If a man purchased goods and pays part cash, and subsequently, when the bill comes in, he issues a cheque that is no good, he did not obtain those goods on the strength of that cheque, and that is not a criminal offence. The offence is when the cheque is issued, and as a result of the cheque the goods are obtained, and the cheque is no good. The presumption then is that the transaction was fraudulent.

Mr. JACOBS: Is not that plain theft under our criminal code now, without any amendment?

Mr. GUTHRIE: No, because our courts, not the superior courts, but many of the minor courts, have held that if the accused can show that he had any credit balance in the bank the presumption is that the transaction was not fraudulent because the man felt in his mind that his cheque would be paid.

Mr. HOWARD: If that is the case I think the minister should be willing to delete the words in line eleven "or not sufficient funds," because to leave those four words in changes the whole effect.

Mr. GUTHRIE: No, because these cheque operators do leave a few dollars in the bank, and they do it for the purpose of protection.

Mr. JACOBS: But there are cases where the party gives a cheque and the bank honours it, and then out of whim or caprice

the bank decides that they are not going to honour any more of his cheques, and the man thinking at the time that his cheque would be honoured makes himself amenable to the law.

Mr. GUTHRIE: In that case the man would have to satisfy the court that he had reason to believe that his cheque would be honoured. That is his safeguard.

Mr. BRADETTE: What is meant by the words "reasonable grounds" in the sixteenth line of the section? That is a very wide statement. A man may keep fifty cents in his savings account at the bank, and the cheque may come back N.S.F., and he could be sued for a criminal offence. The phrase "reasonable grounds" is altogether too vague. I would like the minister to enlarge upon that.

Mr. GUTHRIE: I think the word "reasonable" is a term that is understood certainly by all lawyers. It is a term that is used to express a condition which appeals to any ordinary man as being reasonable. We speak of reasonable grounds, and in this section also we speak of a reasonable time. What are reasonable grounds and what is a reasonable time depends upon the circumstances attendant upon each case, and that must be determined by the judge who is hearing the case. What is reasonable under any given set of circumstances? What would appeal to the man of a reasonable mind? That is a fair test.

Mr. BRADETTE: I do not believe it is a fair test because I know how the thing works out in actual practice. I remember several cases where, as a matter of fact, the parties interested had only a dollar or fifty cents in their savings accounts. In such cases suit could be lodged and it would be within the discretion of the jury or the judge to define "reasonable grounds." I maintain the proposed section is altogether too vague. The minister is opening a wide gap to anybody who wishes to work a scheme to avoid paying a bill. When an act is formulated there should be a clear definition of what is meant so that an accused when he appears before a police magistrate or any other court may know his ground of defence. I make that statement because the expression "reasonable grounds" is not explicit enough to bring a man before a police magistrate's court.

Mr. POULIOT: Mr. Chairman, I should like to say—

Mr. BRADETTE: Probably the hon. member will permit the minister to answer.

Mr. GUTHRIE: I cannot agree with the hon. member who has just taken his seat. I say the term is expressly stated in legal language, and is used in many sections of the criminal code. What are reasonable grounds? —reasonable doubt; reasonable time; those are reasonable grounds. I should not like to change the wording, because that now before us is well understood legal phraseology.

Mr. LAPOINTE: It is for the jury to decide.

Mr. POULIOT: I have in mind another set of circumstances. A man may say, "I have no money, but if you will sell this article to me I can pay at the end of the month by giving a cheque for so much, and another cheque payable the last day of the next month." In the meantime he does not receive the money he expects, and when the cheque is presented to the bank he has no funds. The merchant has agreed to accept such cheque. Under the circumstances, has an offence been committed?

Mr. GUTHRIE: Under this clause, the circumstances outlined by the hon. member would not constitute an offence. He has described a case where a man has obtained credit on promises to pay, not on the issue of a bad cheque.

Mr. BRADETTE: I have no quarrel with the word "reasonable" but I know from practical experience that when we attempt to define "reasonable time" we will strike a snag. We will suppose that a man doing business in northern Ontario has to send a cheque to Montreal. Under such circumstances what will be "reasonable time"? Will it be the regular schedule of time for all cheques, namely about forty-eight hours? These are important matters.

Mr. GUTHRIE: The statute already provides for that. Whatever time a judge or jury would think reasonable for the cashing of a cheque issued in northern Ontario and payable in Montreal, would apply. The Bill of Exchange Act makes express provision for such circumstances.

Mr. BRADETTE: But it is not applied.

Mr. GUTHRIE: The test is: what is reasonable under the circumstances of each given case.

Mr. LAPOINTE: There cannot be any fixed delay.

Mr. GUTHRIE: The court will consider all the circumstances and will not act unreasonably when it must act reasonably. Section 165 of the Bills of Exchange Act provides:

A cheque is a bill of exchange drawn on a bank, payable on demand.

To determine reasonable time within the meaning of the proposed section regard shall be had to the nature of the instrument, the usage of trade and banks in each particular case. The court has to make the decision.

Mr. JACOBS: We will suppose the maker of a cheque asks that it be held for fifteen days before presentation. Is or is not that a reasonable time?

Mr. GUTHRIE: That is an agreement to hold a cheque. When a cheque is issued the presumption is that it is payable on demand and will be paid on presentation. If however at the time of the transaction the vendor or the seller of the goods is notified that he must hold the cheque for fifteen days, he then has direct notice that at the time of the issuance of the cheque it has no value, and he is giving credit to its vendor. He is not selling goods on the strength of such a cheque. The same applies to a post-dated cheque, which is nothing more than a promissory note. It is not a bill of exchange, at all.

Mr. JACOBS: The law would not apply to cases of that type?

Mr. GUTHRIE: No.

Mr. BURY I should like to ask a question concerning words I find in the third line of the proposed subsection, namely:

by means of a cheque which, when presented . . .

That would cover not merely a cheque issued by an accused person but would cover a cheque negotiated by the person wishing to obtain the goods. Lower down we find wording which would indicate that the cheque must be from the person seeking the goods, I find the words:

unless it be established to the satisfaction of the court that when the accused issued such cheque . . .

and so on. I wish to call attention to the fact that the first part of the proposed section would cover not merely the accused's own cheque, but a cheque negotiated by the accused, and I should like to know whether it is the intention that the act shall be so wide?

Mr. GUTHRIE: It covers only a cheque of the accused himself.

Mr. DENIS (St. Denis) (Translation): Mr. Speaker, it is quite evident by the discussion which has taken place that the wording of this section is far from being clear and that it will, in the future, give rise to numerous prosecutions. Might I not suggest to adjourn the debate in order that the Minister of Justice (Mr. Guthrie) may be given an opportunity to submit a section which would preclude discussion and not open the door to legal proceedings in the future.

Mr. DURANLEAU (Translation): I think, sir, that my hon. friend is in error when he states that this section is not clear; on the contrary I think it is very plain.

An hon. MEMBER (Translation): Not quite so.

Mr. DURANLEAU (Translation): The only difference is that it allows one to establish a prima facie case against the accused, and that is quite clear, there is no ambiguity in this respect.

Mr. DENIS (Translation): Then why all this discussion if the clause is so explicit?

Mr. DURANLEAU (Translation): The hon. member does not quite understand.

Mr. DENIS (Translation): There are many who do not quite understand, even lawyers.

Mr. DURANLEAU (Translation): I state that the clause is absolutely lucid because it allows one to establish a prima facie case against the accused.

Mr. BOURASSA (Translation): In other words, the law is reversed.

Mr. DURANLEAU (Translation): The law is not reversed, we simply presume a prima facie case against the accused, because it has been shown that it is always difficult to prove the bad faith of a debtor or one that obtains goods by false pretences through the means of a worthless cheque. In the present case, the maker of a worthless cheque will have to explain to the court why the bank did not honour the cheque. Judging from past experiences I think that this provision is absolutely just and will prove a protection to the business community as a whole.

Mr. BRADETTE (Translation): I am engaged in business myself and I frankly state that this bill is in no way clear. According to the provisions of the bill, trades people are in no way protected. Judging from my own experience, conditions will be worse than they are now. I am sincere and convinced in saying so.

An hon. MEMBER (Translation): Hear, hear.

Mr. BOURASSA: I am sorry the Minister of Marine (Mr. Duranleau) did not speak in English, because he made it clear that this short text of law is much more important and

capable of more far reaching consequences than most members realize. Of course, it may be very impertinent for a layman and an ignorant fellow to interfere in a discussion between legal lights. However, in my few years of the study of British law I have understood that the basic principle of penal legislation, both in Canada and Great Britain, has been that every accused man shall be held innocent until he is proved guilty, and that the duty of the government or—may I enlarge the word—the duty of all representatives in authority, whether in legislative or judiciary capacities, is, not to protect crooks, but at least to give accused persons a fair chance.

Under the proposed new text of law I find the following most striking expression:

any thing capable of being stolen . . .

I suppose that means any thing that is not too heavy to pick up and carry away?

Mr. GUTHRIE: Oh no.

Mr. BOURASSA: To be carried in one's hands, or trunk, or truck?

Mr. GUTHRIE: Those words are in the criminal code.

Mr. LAPOINTE: Probably it would refer to a stove.

Mr. BOURASSA: My Scottish friends would be reminded of the heroic deeds of old Scotch caterans. A trader from a village below Quebec was coming back home from that city with his truck loaded with goods, but when he arrived he found his truck was empty because the goods had been stolen all along the road. So almost everything is capable of being stolen.

But that is not the important part; what I object to most of all is that it shall be "presumed" that such thing was obtained with fraudulent intent. That is the point which I think deserves consideration, and to which I object. Since the war, probably because in this country as elsewhere the war enhanced the activities and energies of many people, many fraudulent processes have developed; and I realize the desire of the government and especially of the Minister of Justice to help honest people protect themselves against crooks. On the other hand, however, in this as in other respects let us beware that the remedy does not open the door to worse evils than those we wish to correct. I think the old British principle of not unduly protecting the accused, but of at least giving him a chance to defend himself, is one from which we should not depart without much hesitation.

It happened that while I was on the train yesterday I heard a country merchant discussing this very bill with his friend. That was the first I had heard of it. "It is all very well to protect people against crooks, but it is very dangerous to expose honest people to blackmail," this man said to his friend. "Here is what happened to me a fortnight ago. I received a cheque for $500 from one of my clients, and I deposited it in my bank. I then purchased goods from a wholesale merchant in Montreal and, relying upon the cheque which I had deposited, I issued a cheque against my own account in favour of my creditor. It happened that the cheque which I received was not honoured, so the cheque which I had issued was not honoured either. It was sent back inscribed 'not sufficient funds.' Supposing the wholesale merchant to whom I gave that cheque wanted to make use of the law which is proposed, I could have been arrested."

Mr. NEILL: No.

Mr. BOURASSA: Yes, of course he could have been arrested, under the presumption that he had obtained those goods with a bad cheque, and the onus of proof would have been upon him. I suppose in that case he might have cleared himself, but as I said before you throw back upon the accused the whole onus of proof.

I do not wish to pursue that point further; I simply say that this matter deserves some consideration. We have been too apt, both in administrative matters and in the changing of our criminal law in the last few years, to endanger the basic principles of those laws that for several centuries have been the adopted practice for the protection of the subject.

Mr. JACOBS: I should like to direct the attention of the minister to the words "unless it be established to the satisfaction of the court." What is the meaning of that? Would not the section be improved by striking out those words? We are not taking into consideration the jury which might sit on the case.

Mr. GUTHRIE: The word "court" covers a jury.

Mr. JACOBS: Why not strike out the words "to the satisfaction of the court" and make it read "unless it be established."

Mr. GUTHRIE: It must be established to the satisfaction of somebody.

Mr. JACOBS: I am not so certain the word "court" covers a jury. I know it does in many cases, perhaps sometimes a little too effectively.

Mr. GUTHRIE: It means the trial tribunal, whatever it may be. I do not think the argument of my hon. friend that we are changing the burden of proof in some way is quite sound. It is only a presumption, which is rebuttable, and English criminal law is full of such presumption. In connection with the possession of stolen property the presumption is that it is stolen property, and you can be convicted on that and nothing more.

Mr. BOURASSA: But it must be proved that the property is stolen.

Mr. GUTHRIE: I say the law is full of such presumptions.

Mr. JACOBS: It certainly throws on the accused the onus of proving his innocence.

Mr. GUTHRIE: I think the onus can be easily met by an honest and innocent man.

Mr. FACTOR: I do not doubt for a moment the intention of the Minister of Justice to strengthen the criminal code with regard to cheque artists, but I submit that under present conditions this section should not be passed.

Some hon. MEMBERS: Oh, oh.

Mr. FACTOR: Hon. members may laugh, but I say that in all sincerity. I know of families to-day who will issue cheques for little gas accounts of $3 or $4; those cheques may be returned unpaid, and those poor fellows can be prosecuted under this section.

Mr. GUTHRIE: No, they would have time to make it good.

Mr. FACTOR: I beg to differ; unless they can show reasonable grounds for believing the cheque would be paid they can be convicted under the section, as I read it.

Mr. GUTHRIE: I think an honest man would be able to escape any penalty.

Mr. FACTOR: That is not the point; a man issuing a cheque under circumstances such as I have mentioned can be arrested and prosecuted. He may appeal to the sense of fairness of the judge and be let off with suspended sentence, but I could tell you of men who have issued cheques for little grocery bills that have been returned unpaid, because under present conditions the poor fellows who were earning small salaries could not meet the cheques in time. I say in all sincerity that under present economic conditions this section should not be passed. I think the law is too stringent, not only because it shifts the onus of proof to the accused, but for other reasons as well. I quite agree with the minister that there are many places in our

code where the presumption is put on the accused, but that has not been so in cases of this kind, and under present conditions this amendment should not pass.

Mr. SANDERSON: As a layman I should like to get some information from the minister with regard to the present law. The minister said he received representations from hotel keepers in regard to this amendment. Supposing a man stays at a hotel for a day, a week or a month, and then pays his hotel bill with a cheque; if the cheque comes back marked "not sufficient funds" after the man has left, cannot that man be arrested and prosecuted under the law as it now stands?

An hon. MEMBER: Under section 407.

Mr. SANDERSON: Then how would this amendment help? What difference would it make to the law as it stands now?

Mr. GUTHRIE: There is a special section of the criminal code dealing with cases of that kind. It is a subsection of section 407, and it provides:

> Every one is guilty of an offence and liable upon summary conviction to a fine of one hundred dollars and costs or three months' imprisonment who fraudulently obtains food, lodging or other accommodation at any hotel or inn or at any lodging, boarding or eating house; and proof that a person obtained food, lodging or other accommodation at any hotel or inn, or any lodging, boarding or eating house, and did not pay therefor, and made any false or fictitious show or pretence of having baggage, or had any false or pretended baggage, or surreptitiously removed or attempted to remove his baggage or any material part thereof, or absconded or surreptitiously left the premises, or knowingly made any false statement to obtain credit or time for payment, or offered any worthless cheque, draft, or security in payment for such food, lodging or other accommodation, shall be prima facie evidence of fraud.

He is liable under that section to a charge of fraud.

Mr. SANDERSON: Let us take a case apart from hotels altogether. Suppose I issue a cheque in payment of a small bill: under the law as it stands now, if that cheque comes back as having not sufficient funds, can I be arrested and prosecuted?

Mr. GUTHRIE: Does the hon. gentleman mean a cheque issued in payment of a purchase made at the time, or a cheque issued for a monthly account, say?

Mr. SANDERSON: It might be for a bill which is running, but suppose it were a cash transaction?

Mr. GUTHRIE: If the cheque is issued in payment of a former purchase there are no

false pretences. The position of the creditor is not affected in that case; you do not make it worse. You have simply given him a bad cheque. But if you obtain goods by issuing a cheque for which there are no funds you are obtaining those goods under false pretences.

Mr. POULIOT: A person cannot be tried on summary conviction in this case. This is a crime. When a man is arrested on complaint, under the criminal code the matter cannot be settled civilly. The person defrauded would have to take civil action to recover his money. Suppose a man sent a cheque for three or four dollars in payment of his gas account; under this bill he is guilty of a crime.

Mr. GUTHRIE: No. If he gets a bill for gas and sends a cheque, even though the cheque is bad he is not guilty. But if he goes to a gas station and buys gas and gives a worthless cheque in payment he is guilty.

Mr. POULIOT: Taking that view, that man can be arrested and it is a criminal matter. If the gas company or other concern that supplies the goods wished to recover, they would have to take civil action in addition to paying the costs of the preliminary inquiry. That is how I interpret it. If they have a man arrested for obtaining goods under false pretences, a preliminary inquiry takes place and the complainant has to pay the costs of the witnesses, the stenographer, and the legal costs of a clerk of the court.

Mr. GUTHRIE: Not in our province.

Mr. POULIOT: That is the situation in Quebec. If the complainant wishes to recover his money from the person who issued the cheque, he does not get it on his complaint but only after he has taken civil action against the man, having spent about fifty or seventy dollars for the costs of the inquiry. After he has paid those costs he has to start anew to recover.

Mr. MERCIER (Laurier-Outremont): The objection one often meets with before the courts in matters of this kind is that the criminal courts refuse to allow themselves to be used as collection agencies. In this case it seems to me that the accused is placed at a disadvantage. The ordinary evil-minded man, the criminal, steals a certain sum of money from someone and is brought to trial and all he has to do is to sit back and the crown has to prove his guilt, whereas in this circumstance a man might be of the most innocent mind and might issue a cheque on the strength of one deposited from someone else. That cheque is returned from the bank as having no funds, and the cheque he has issued is therefore no good. He is haled before the courts and has to defend himself, and the presumption is against him, the same as in automobile cases, in the province of Quebec at least. A man charged with a breach of the automobile law has to prove that he is not guilty. This legislation is of the same kind. A man, whether he is innocent or not, is taken before the courts and has to prove that he had no intention of fraudulently issuing the cheque, whereas the ordinary criminal, as I have pointed out, has nothing to do but to sit back and allow the crown to prove its case against him. I have heard several inquiries as to who asked for this legislation, and I should be glad if the minister would inform the committee.

Mr. GUTHRIE: It has been asked for very generally throughout Canada by the retail merchants' associations in the various provinces, some chambers of commerce and some boards of trade. Innumerable correspondents have asked for it, including the hotelkeepers' association. I have had only one or two letters, not from the association but from hotelkeepers; my colleagues have also received letters, and I know that my good friend who brought the matter up last year has been deluged with them. The object of the bill is, if possible, to put a stop to the issuing of worthless cheques. I do not think that the people who issue such cheques should be encouraged or surrounded with all sorts of safeguards. The honest man will have no difficulty whatever under the bill. The man who parts with his goods or services should have some recourse. I think the bill should be given a trial. In spite of it the practice will continue, but I think this legislation will help. At any rate, the idea is, as far as possible, to put an end to what is a very reprehensible practice. As regards the criticism that this is a bad time to enforce it, I do not think that we can ask the merchants and gas dealers of the country to bear the costs of providing for those who are in need at the present time, and that is what this argument amounts to. A man goes into a store and obtains certain goods, and no matter how hard up he may be, if he gets the purchase on the strength of a cheque which he knows is not going to be honoured he is guilty of a transaction which no one can justify. You cannot ask the retail merchant to bear the loss. If the purchaser is honest and has reason to believe that the bank will honour the cheque, if he has a balance and has a right

to overdraw, all he has to do is to explain that to the court and that will constitute reasonable grounds and he will be acquitted.

Mr. JACOBS: The plea was made only for the gas stealers.

Mr. GUTHRIE: A bill would be rendered for the gas. If a cheque is issued in payment of the bill it is not an offence.

Mr. CASGRAIN: I do not think this legislation is necessary. Section 404 of the criminal code defines false pretences. In this definition the first paragraph contains all the elements which we need to cover in this act. The definition is this:

> A false pretence is a representation, either by words or otherwise, of a matter of fact either present or past, which representation is known to the person making it to be false, and which is made with a fraudulent intent to induce the person to whom it is made to act upon such representation.

The issuing of a cheque by a person is the representation of a fact present. If the definition in the first section is not sufficient, a slight amendment might be made stating that the issuance of a cheque returned n.s.f. is to be considered as false pretences.

Mr. GUTHRIE: We want to give the man some chance.

Mr. CASGRAIN: He will have the chance; he will be accused of false pretences and it will be up to him to explain.

Mr. NEILL: Mr. Chairman, it seems to me to be a professional obsession of every legal man to look at these matters from the point of view of the crook. Do they never consider it from the other side? Do they never think of the small store-keeper who has been stung by this wholesale and widespread system of extortion? We all know that the ultimate sufferer is the general public because the expenses of the store-keeper must be paid. A great deal of the objection to this bill has been raised by those who innocently or perhaps inadvertently ignore the provisions for the protection of the accused. To my mind the words "reasonable grounds" should take care of most of these objections. The popular conception of British jurisprudence is, as has been stated, that a man must be considered innocent until he is proved guilty. That has a fine sound, somewhat similar to the demand for British justice which we hear at times. My experience has been that when a man demands British justice he is often after something more than is coming to him. As the Minister of Justice (Mr. Guthrie) has said, our laws are full of provisions whereby a man faced with a set of condemnatory or suspicious circumstances has to give a reasonable explanation. This morning the marine and fisheries committee was dealing with the amendment to an act, which provided time and time again the onus of proof shall be placed upon the accused. The same applies to our provincial liquor acts and to the criminal code.

The provisions of this bill will not apply, as some people seem to think they will, to the small business man who draws a cheque inadvertently or who believes that his bank will give him one more chance. That man can quite readily and without any trouble prove his innocence, but the intention of this bill is to get at the fly-by-night who makes it his profession—call it that if you will—or occupation to go around from town to town passing worthless cheques. This man generally comes to the store-keeper on Saturday afternoon; he is always well dressed and has every appearance of having millions behind him. He goes in and buys an article without kicking about the price, gives a cheque in payment and receives the balance in cash. This is the sort of man it is intended to get after.

Let us forget the crook for a moment and consider the 70,000 bad cheques which were issued last year. What were the protest fees alone on those cheques which the store-keeper or individual had to pay? We should consider the upset to business which this sort of thing brings about. Hon. gentlemen have asked if there has been any demand for this amendment and the minister has indicated that he has received a number of letters and petitions in connection therewith. Never since I have been in parliament have I received so many letters and applications from individuals and organizations requesting legislation. These have come not only from my own province but from the maritime provinces as well. I have received letters from Montreal, Quebec, and Winnipeg and other cities throughout the dominion. The writers stated that they noticed I was taking up this bill, and they wished me God-speed. They urged the extreme necessity of this amendment and stated that there would be no danger of injustice being done.

There is a great need for this amendment. The hon. member for Charlevoix-Saguenay (Mr. Casgrain) quoted a section of the criminal code which he thought applied. I have not the section before me but as I understand it, the section under which offences of this kind are tried only requires the accused to say that when he issued the cheque in question he

hoped that some unknown benefactor would pay money into his bank account before the cheque was presented. He might know perfectly well that he had no money in his account or that he had only a few cents, he might know perfectly well his credit was beyond redemption in every way but, under the present act, it is not necessary for him to prove anything, all he has to do is to sit back and say, "When I issued that cheque I had no intention of defrauding." The prosecution has to prove what was in that man's mind at the time he issued the cheque, and that explains the small number of convictions obtained.

Perhaps this bill does not go far enough, but I believe it takes ample care of the man who innocently overdraws his account, as I have done myself. It makes an attempt to stop the practice of issuing bad cheques. This practice increases when times are bad, because then a man will go into forms of crookedness which he would not otherwise consider. The evil is growing and protection should be given to the store-keeper, and in that way we will help poor people because it is the store-keeper to whom we turn when we need a little credit. For the protection of all we should deal vigilantly with these professional crooks.

Mr. HEPBURN: Mr. Chairman, as one who has been on many occasions the victim of these cheque artists, I believe I can speak feelingly on this subject. I am in agreement with the Minister of Justice (Mr. Guthrie) and I assure him that his bill will meet with the general approval of the people whom I represent in this house. The time has arrived when we should stop this ever-increasing practice of issuing worthless cheques. I see no reason why fraud should be condoned, particularly by this parliament.

A situation has developed in the rural sections in connection with the marketing of goods. Previously, the farmer sold on established markets but at the present time truck drivers go up and down the back concessions buying farm products and issuing worthless cheques in payment. These men take the goods they purchase to a nearby market and obtain cash but the farmer finds himself possessed of a worthless cheque. If he desires to enforce payment his only recourse is the civil courts.

Mr. VENIOT: Why should he take the cheque?

Mr. HEPBBURN: This sort of business is being encouraged by the present act. We know that times are bad but no one honestly can make a compassionate appeal on behalf of the man who issues a worthless cheque. Perhaps the only cure for our hard times is a change of government, but I would not want to see the minister change this bill in any respect. I am sure it will meet with the approval of the people throughout the dominion.

Section agreed to.

Section 2 agreed to.

Bill reported.

SUPPLY—UNEMPLOYMENT

AMENDMENT TO MOTION OF MINISTER OF JUSTICE

The house resumed, from Tuesday, February 23, consideration of the motion of Mr. Guthrie for committee of supply, and the amendment thereto of Mr. Heenan.

Mr. ALPHONSE FOURNIER (Hull): Mr. Speaker, just before the adjournment of the house last Tuesday I had reviewed briefly the different means by which the government had tried to relieve unemployment. I mentioned relief work, direct relief, raising of tariffs and economy. By the first means the governments throughout the dominion spent the sum of $70,000,000 in 1930 to relieve unemployment, the federal share of this amount being around $18,000,000. The Minister of Labour (Mr. Gordon) stated that this amount of money had helped 334,000 people during 1930. The people that were helped received a little over 7,000,000 days of work. By going a little further we find that each person who was helped received from this fund of $70,000,000 about twenty-three days' work in 1930. By dividing the amount spent by the number of days, we find that each day's work given during that year to the unemployed cost the country $10.

It is estimated that the amount which will have been spent in 1931 will be $60,000,000, the share of the federal government being about $28,000,000. This has helped 285,000 people and given them to January 1, 1932, eleven days' work per person. If you make the same division you will find that in 1931 it still cost the government $10 to give one day's work to each of those 285,000 persons who obtained relief work. In those two years there has been spent on relief work the sum of $130,000,000.

The second means by which the government tried to relieve unemployment was direct relief. I have no figures for 1931, but I have found figures concerning 1930. In that year over $7,000,000 was spent for direct relief, helping 438,777 single men and heads of families. The amount contributed by the federal gov-

ernment was $2,174,000. I would like the house to note that in 1930 more people benefited under relief or the dole than by relief work.

The third means which the government had in mind to help relieve unemployment was the raising of tariffs. Tariffs were raised during the sessions of 1930 and 1931. Their effects cannot all be known at the present time, but one thing is sure and that is that unemployment, instead of decreasing during those two years, kept on increasing. Not only did general unemployment increase, but we find that employees in manufactures were less numerous during those last two years than they were before. I have under my hand figures showing the employment situation in manufacturing in the month of October for different years, as follows:

October	Employment
1926	104·6
1928	115·7
1930	107·8
1931	91·8

This was the third means used by the government to relieve unemployment.

The fourth means was economy, which was to be practised along the whole line. Economy may be practised in various ways to relieve unemployment, but the way it should be practised is rather to keep people who have jobs working than to have them lose their positions. These four means were tried throughout the country and to-day we can to a certain extent judge the results so far as employment is concerned. In September, 1930, after the Minister of Labour had made an inquiry concerning the number of unemployed in Canada, it was found that 117,000 people were out of work. In 1931, after this legislation in regard to unemployment was put into force, it was found that the number of unemployed had risen from 117,000 to 350,000, and certain papers state that this year the number of unemployed has risen to 450,000.

May I say a few words concerning the city of Hull just across the river. In September, 1930, after the inquiry was conducted there, it was found there were 1,500 people unemployed, and during that year the municipal council, the provincial government and the federal government spent some $350,000 to relieve unemployment. This year they are spending $500,000, of which the provincial and federal governments are furnishing 80 per cent. These amounts were spent on public works just to create jobs without bringing into being any new wealth in our city. It was just a kind of dole given under the form of work. By direct relief we have spent this year some $75,000, part furnished by this government and part by the municipality and the provincial government. Are there any more employed in the city of Hull? The last figures available show that during the month of January the number of unemployed was 2,000, and of that number about 400 were working for the city one week out of four, leaving the balance of about 1,600 people without work or working only a few days a week. No industry in Hull is working full time at the present. The largest industry is the E. B. Eddy Company which works only three or four days a week. Other industries, such as J. R. Booth Limited, Woods Manufacturing Company Limited, and Grant-Holden-Graham Limited are working on the same basis. Surely the government could find some means to help these unemployed at the present time.

Instead of the number of the unemployed decreasing, we are suffering from another ill which is created by the government itself. I am informed that lately notice has been sent by the Department of Public Works to seventy or seventy-five pepole that their services will be no longer required after the first of April of this year. Yesterday I received a visit from one of those men who was employed by the Public Works department. He had been working there for the last eight years. He is the father of nine children. Although when he got this job it was not permanent, he was a good enough employee to hold it for eight years. He had bought a little home in the city and had paid for it in part. He still owes on that place about $1,200 under a mortgage. Yesterday he received notice that his services would be no more required after the first of April. What is he to do now, under present conditions? On Friday the Prime Minister (Mr. Bennett), speaking on the resolution in regard to reducing salaries, began by stating that the civil service was overmanned. The next day orders were given, I suppose to every department, and especially to the Department of Public Works, to throw out this surplus of men. I would just ask the government if the time is well chosen to dismiss from the public employ people who have small jobs as labourers or as tradesmen. I sought information as to whether this man was doing useful work at the department, and it was stated that he was at work every hour; he was occupied the whole time. It is hard to believe that there is any reason for throwing out at the end of this month some seventy-five employees. I wonder if the matter was ever considered on its merits, if it was ever thought that these people might have families to look after and that the married ones might be given a chance instead of perhaps keeping on some single men.

Another case came to my knowledge of a man who has been working thirty years with the Public Works department. He received notice yesterday that from the first of April next his services will not be required. In that department alone the dismissals are going to affect seventy-five families in the cities of Ottawa and Hull. Just add that figure to those I have already cited and you will realize that the help we have received from this government for the unemployed does not amount to very much.

The schemes that I have mentioned for helping the unemployed would seem to be very costly. If this country has to spend ten dollars for every day's work it provides for an unemployed man, I really think some other way should be found of giving help to those who are needing work. We must remember that when these schemes were put into operation trade was diminishing and revenues were falling, and we did not have sufficient revenue to carry on the whole administration. It was necessary, therefore, to borrow money to put these schemes into operation. The sum of $130,000,000 which I have mentioned—borrowed money—was added to the indebtedness of Canada, plus nearly $6,500,000 for interest which will have to be paid.

In the city of Ottawa one would think that unemployment would be unknown, but in February last, I read the following news item in the Ottawa Citizen, written to show that this plague of unemployment is prevalent in every city and town, and that Ottawa is no exception. It reads:

Work For Ottawa Women

Yesterday in Ottawa, some devoted members of the Local Council of Women opened a work room where destitute women can be given an opportunity to earn a few dollars weekly. The plan is to give out sewing and mending work. On the first day more than 130 women applied. Some are receiving temporary relief through the welfare bureau, but they are women who want work rather than a charitable ration of food.

It is surely a reflection on established things in Canada, in this capital city where the political wisdom of the nation is regularly assembled, that there should be decent Canadian women so beset, so trapped near the margin of existence. Many have vainly applied, day after day, at the employment office: some are bravely trying to keep a home together, to provide for young children.

The city council has granted $1,500 for the work, for the purchase of material and the payment of wages. It is a pitifully small amount; but the minister of public works, Hon. H. A. Stewart, has granted the use of a vacant work room. Ottawa has cause to be grateful to the thoughtful women of the local council who have started this measure of relief.

This welfare bureau, opening up some sort of room to give mending and sewing to women, had 130 women apply the first day for work. That will give some idea of conditions in the city of Ottawa, where so many people are in the employ of the government—or were up to this time; for soon there will not be so many. There are nearly fifteen thousand civil servants in Ottawa, and their dependents number from fifty to sixty thousand, yet we find women having to go to the welfare bureau for food or work, though naturally they prefer work to charity.

In September, 1930, the government thought that this would be a normal depression. As my hon. friend from North Winnipeg (Mr. Heaps) said, we do not yet know exactly what a normal depression is, or even an abnormal one, but by this time the government has certainly found out that this is no ordinary depression. The Minister of Labour stated last Tuesday that it was not a normal depression; that if it had been, the measures adopted by the government would have cured unemployment and the depression. Now that the government knows that this is not a normal depression we are waiting to see what means it is going to adopt to deal with the situation. We do not believe they will go on borrowing money for two years up to $130,000,000 to carry on schemes that do not seem to be sound, because remember that more than half the unemployed did not receive any assistance at all. There are certain classes of the unemployed who did not come under any of these schemes. The labouring classes and trades people were helped, but what about clerks in stores and bookkeepers and office help employed in commercial houses? These people received no assistance at all under any of the different schemes of the government, and they are suffering probably more than the labouring classes. If the civil servants in this city are to be thrown out of employment at the rate of seventy-five or one hundred a week they will help to swell the ranks of the unemployed, and they can hardly do the work that the ordinary labouring man has to do. So I say, Mr. Speaker, that we are very anxious to know what steps the government is going to take in the near future to cope with this situation.

May I as a new member humbly suggest that the government give more assistance to those who desire to go back to the land, and that before they do so they let them know that they are not going on a farm to commercialize agriculture as it has been commercialized in the west.

The farmers in the province of Quebec are not suffering as much as they are in other parts of this dominion, it is for the simple reason that in our province a farmer living on the land has this in mind: first to find

sustenance for his family and himself and, secondly, if there is anything left over, to give a little education to his children. He does not go on the farm with the idea of getting rich quick. He wants to make a comfortable living on the land and to provide his family with a certain standard of living, but he has not in his mind what I seem to notice in certain members from the west who come from rural constituencies. They have only one idea in agriculture and that is to raise wheat. Outside of wheat they sow nothing, and when the wheat crop fails or they cannot sell their grain, they come to the government and say: We want a bonus of five cents a bushel. The eastern members have not raised their voices on this five cent bonus. We think the western provinces should be helped, but in the province of Quebec we have not been asking for five cents a bushel bonus on potatoes or on oats. We are holding up our heads in this depression. Some day we might find it necessary to come here and ask for five cents a bushel on some product or another. What we are asking now is for a little more help for those who have no work at all. If you cannot give them work, you are going to give them charity. I do not care what the Prime Minister says about the dole, but people must not be allowed to starve. If they are not given work they must be given some sort of dole or assistance, and if they are going to starve, they will put up some fight. Every Saturday in the city of Hull some seven or eight hundred people gather at the city hall asking first for work, and when they cannot get work they ask for something to eat. If they cannot get something to eat for themselves, they ask it for their children. Certainly during this session there will have to be some new scheme on the part of the government to help us a little more. I am not painting this picture any worse than it is; I am not saying that everybody in Hull is starving, but I am attempting to show that those people are waiting for action from this government because it said it would do something for them. They have been led to believe that they might expect help. I believe, it would be the proper time for these unemployed to repeat some of the statements made by the leaders of the present government before July 1930. I quote:

> They play with the lives of men and women. What for? Do they realize there are lives that they are playing with, food for wives and children, hunger?

And this also:

> However blind he may be to your future and deaf to your present needs, surely he cannot stop his ears with smug complacence and self esteem to the cry that carries across the nation—the cry of the destitute and hungry, the cry of mothers and fathers and little children who call for us as Christians and as Canadians to heal their pain.

I do not know if those words were true in 1930 when the statement was made; they were not true at that time in my city. It is true to-day, however, in the city of Hull, and I beg this government to take some steps to alleviate the situation.

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, with the last remarks of the hon. member for Hull (Mr. Fournier), I quite agree. The first consideration of this government, and of all provincial and municipal governments, should be to relieve the situation in congested cities by inducing as many people as possible to go back to the land, provided —and I insist on these two conditions—provided the proper kinds of lands are made available, and that the people sent to the country are capable of making a living on the land. Otherwise any such movement would be waste effort.

My purpose in rising this afternoon, contrary to my original intention, is to explain, in case I am not here when the vote is taken, why I cannot associate myself with the resolution proposed by the hon. member for Kenora-Rainy River (Mr. Heenan). After the general elections of 1930, I came back to this house more than ever decided to dissociate myself from any party movement directed for the sole or main purpose of creating party advantage. I quite understand the state of mind of my Liberal friends. No doubt they were defeated owing to circumstances and conditions over which they had no control and, may I say, to the shameless exploitation of those circumstances by their opponents. But now, in the year 1932, the people of Canada are expecting from all of us, whether we be Liberal, Conservative, or Independent, something greater than bickerings over the past election. There will be ample opportunities for my Liberal friends to bring to task their opponents. At the present time, during this session, the people of Canada expect from us something practical by way of economic reconstruction.

Turning to this motion—I was going to say this speech in the form of a motion—proposed by my hon. friend from Kenora-Rainy River, I must say that with the sole exception of the last paragraph I find it contains nothing which will help either parliament or the people. I pass over the recital composed of quotations from speeches by the present leader of the government. If I am not mistaken those same quotations were

used at least three times by the leader of the opposition; they are on record in Hansard, and the people of Canada no doubt have read them. I do not think, however, they would be disposed to read them very often. With all due respect to both sides of the house, may I say that to some people those quotations appear senseless enough, and others believe that the leader of the opposition has said enough about them. The press of the country, irrespective of party, has shown its keen sense of criticism—and I use the word "criticism" in the proper sense—by omitting in their reports of debates the reproduction of all those paragraphs. My hon. friend from Kenora-Rainy River and his associates might learn that even as a vote-catcher these fourth-time recitals of quotations from speeches do not carry very much weight.

Let us now analyze the motion, paragraph by paragraph.

First, I read the following:

That whereas notwithstanding the government demanded and received from parliament unlimited authority to use the resources of the treasury of Canada to such an extent as the government deemed expedient for the purpose of relief of unemployment, the measures taken by the government to eliminate unemployment have proven wholly inadequate and ineffective;

Surely, Mr. Speaker, this is too far-fetched. If the statement had been made that the measures were not as effective and as adequate as they might have been, and if the criticism had been directed to a certain laxity or abuse in the administration of enactments arising out of the indefinite powers granted by this parliament last year, I might have agreed. But to go the length of saying that everything the government has done in the last twelve months has been "wholly inadequate and ineffective," is going beyond the measure of justice, fair play and truth; and I do not think such sentiments will be endorsed by fair minded people in Canada, to whatever party they may belong.

Therefore, let us pass over that clause and come to the second:

That the measures adopted by the government have involved an expenditure of public moneys out of all proportion to the employment provided;

Again we find here partial exaggeration. Undoubtedly a great deal of the moneys spent by this government, as well as by various provincial and municipal governments, to cure or relieve unemployment, has been lost or misapplied. What proportion of federal, provincial or municipal funds has not been used to the best advantage I am not prepared to say, and I do not think any hon. member, not even the hon. member for Kenora-Rainy River, is capable at the present time of stating the amount of money misspent by various bodies.

I now come to the next paragraph, and my statements in connection therewith will apply also to the following one:

That owing to lack of proper supervision and organization there has been partisan administration of the moneys provided by parliament for the benefit of those who were the most in need of work;

This is absolutely true, Mr. Speaker. There has been a partisan spirit evinced—I will not say by the federal, the provincial or municipal governments, but by some representatives of those three authorities. Of such abuse, the city of Montreal offers to-day a most striking example. As the citizens of Montreal are proud to boast, that city is the largest in Canada, and therefore the one containing the largest number of paupers and unemployed. The municipal government of that city is headed by a man much discussed, but certainly very clever and energetic; I refer to Mayor Houde. He is a Conservative in politics, the late leader of the provincial opposition in the Quebec legislature, and now on the eve of his reelection, if he can secure it, as mayor of Montreal. The federal government is represented in Montreal by a federal commissioner, Mr. Gravel, and the provincial authorities by their own commissioner, Mr. Perrier. We may view the whole situation as it was painted or exhibited last week by a meeting between the authorities. The provincial commissioner, Mr. Perrier, made the charge, point blank, that the aldermen were making use of the administration of relief funds for purposes of reelection in the month of April, rather than to alleviate the sufferings of the people. There may be some truth in that. Then the mayor launched a furious attack against the federal commissioner, Mr. Gravel, charging him with attempts at corruption in order to have contracts made in favour of friends of the federal government, and to those charges Mr. Gravel issued a denial.

How much is true in any of those accusations I do not know. This I know, however: at the present time, in Montreal, there are works and contracts, worth some $500,000, which are paralyzed because of this partisan, narrow-minded attitude of the representatives of the three governing bodies. But I am not prepared by my vote to charge this government with being solely responsible for that state of things, although heaven knows I am not particularly friendly with them as a government.

I do not like to introduce small, county politics into this debate: but there are un-

employed people in my constituency. Relief works have been started by the federal and provincial governments. I cannot blame this government for having made it a previous condition to the granting of federal aid to local works that, first, the municipalities and then the provinces should share in the cost, and I fail to see that my Liberal friends can throw stones at the government for having done that. I well remember, when sitting on the other side and, occupying towards the Liberal government about the same position I occupy to-day towards the Conservative government, only with a little more sympathy, hearing the Prime Minister of that day, the present leader of the opposition, state that not only the main but practically the sole responsibility for the solving of the problem of unemployment was on the municipalities and the provinces. In those days he was right. I then told him however that he was blind to the rapid growth of the evil which was soon to get beyond the power of solution by either municipalities or provinces.

In Canada, at the present time, as at every other time past or to come, no government can shelter itself behind a narrow interpretation of the law in order to avoid the fulfilment of a national duty. I agree with the statement made by the hon. member for Kenora-Rainy River that this is a national duty; but national duty in Canada must be performed according to the broad spirit as well as the rightly interpreted letter of the constitution. In Canada we have three powers, the federal, the provincial and the municipal. In a matter of this kind a national duty cannot be effectively performed unless those three authorities cooperate in the solution of the problem. Things should not be done in order to help the mayor of a certain town secure reelection, to help the government of a certain province secure the confidence of the electors, or to help friends of the federal government make use of their influence to secure contracts in different places. Public good and general results should be the sole aim.

Accusations have been launched, and others probably will be made during this debate by Liberal members, that some representatives of the Conservative governments, the federal or the provincial in Ontario or British Columbia, have made use of this relief act and these relief funds to help their friends. As a counterpart to that, I may tell the house that I have received letters from most reliable men in my constituency—which I may say covers two provincial divisions—complaining that in the carrying on of work subsidized by the Conservative government at Ottawa no Conservative voter need apply, because the patronage is under the control of the provincial Liberal member. I know that personally I suggested a certain piece of work, useful in itself and capable of rendering service not only this year but for many years to come, in a certain municipality. I was told by the director of national relief at Ottawa that he was prepared to recommend that work to the minister, provided the province of Quebec approved of it. Application was made to Quebec, but that application was refused because the local member did not like the people who advocated this work. Mind you, those people were Liberals, but they were not orthodox Liberals in the eyes of the local member. The Quebec government did not approve the suggestion; therefore the money from Ottawa was not sent; therefore the people are unemployed and living on charity. This all happened because of political partisanship, but this time on the part of Liberals.

So I think it is about time we in this house, who seriously wish to accomplish something for our country, should cease to talk about this grave matter from the narrow point of view of political partisanship. Mind you, I do not reproach either my hon. friends to my right or my hon. friends to my left with being party men. They have been elected as such. But I do claim that there is a time to advocate party measures and a time to forget them. It is done every day on other matters; why should it not be done in connection with this matter, which has been rightly called by the hon. member for Kenora-Rainy River, and is so described in the motion, the most important problem we have to solve?

Mr. POULIOT: If we give suggestions in all earnestness and the government refuse to accept those suggestions, what can we do?

Mr. BOURASSA: That is not the question; I was speaking about the paragraph in the motion having to do with partisan administration, and I was proving that there is partisan spirit in the administration of the federal funds, of the provincial funds under the government of the dear friend of my hon. friend from Témiscouata, Mr. Taschereau, and of the municipal funds in Montreal under Mayor Houde. I have given names; I have given facts, and that is all I have to say for the present in that regard. Under such a system, perhaps unavoidable with our political organization, there is bound to be a large degree of maladministration in the distribution of those funds and in the approval or disapproval of certain works.

Now let us consider what works should be undertaken. In this regard there is bound to be a great variety of opinions. For example, my hon. friend from Kenora-Rainy River, last year and again this year, strenuously advocated the construction of a national highway in order to give work to the unemployed. I did not approve then, and I do not approve now, of that idea; it is one of the things for which I would be disposed to blame not particularly this government, but the governments of Ontario and Quebec as well. The view I have expressed both inside and outside this house—more particularly outside—with regard to this work is, that although we have as our immediate object the alleviation of unemployment, something else has to be considered. First, we cannot hope to cure unemployment, or to end unemployment, by government aid only. That sort of talk may be used at election time, but we do not talk seriously all the time during an election. Now, however, that we are attempting to do something serious, we can alleviate unemployment by giving work of a temporary nature or of a permanent nature, work capable of producing some good now but of doubtful use in the future, or work capable of being useful for years to come. I claim, sir, that the spending of millions on the construction of a great automobile highway from the Atlantic to the Pacific is largely wasting money. First of all, the construction of roads in winter time in a country like ours takes three times as much money as the construction of roads in summer; and this applies to the construction not only of that great road but of all roads that have been built in the province of Quebec under the joint approval of the federal and provincial governments. Secondly, we have to consider the whole problem of transportation. A commission has been appointed by this government with a view to solving the great railway problem of Canada; and while our railways are complaining of the competition to which they are subject from highway traffic, this government and the two provincial governments of Ontario and Quebec are spending millions to increase that competition and decrease the earnings of the railways, thereby rendering more difficult the solution of this problem, one of the most difficult which faces this government or any government that may succeed it. I claim that in this regard all that should have been done—and it is not too late yet to consider that humble but more practical solution of our highway problem—was to help, in all the provinces, the various small sections of the country that have no proper communication with the railway centres to carry their produce over good roads to the railway stations and to bring back what goods they import over the railways; in other words, to reduce the cost of local transportation. That would have been far better than building a highway at a cost of millions upon millions of dollars to attract American tourists, who in any event would not deprive themselves of the pleasure of coming to Canada and enjoying the hospitality of our various liquor commissions. They would not, I say, forego that pleasure merely because they could not drive straight through from Prince Rupert to Sydney, but might be obliged to make crochets, going through from one dry state to one free province, and from one free province to one dry state. I am sure they would enjoy their trip all the more, taking that roundabout course, and there would be less danger to passersby than if they started from a wet province and went all through the continent, east to west or west to east, from one wet province to another.

The same criticism I make against that great and costly highway project, as a competitor with our railways, I make against the project first launched in the Montreal city council and then approved of by the provincial authorities and finally endorsed by this government: I mean the building of a boulevard from one end of the island of Montreal to the other. There will be spent on this the sum of perhaps ten million dollars—to whose profit? To the profit of speculators who some years ago purchased land which they were not able to sell before prices were slaughtered and who, having these vacant lands, are now getting them expropriated by the municipal council to be paid for by the province and the dominion. And they call that a relief of unemployment, while at the present time, in that great city of Montreal, we have at least 75,000 human beings, men, women and children, who are living under conditions that are not fit for animals! Instead of devoting ten or fifteen million dollars to the building of a boulevard for the sake of land speculators and for people who are in a hurry to traverse the whole length of the island at forty miles an hour, would it not have been better to spend this money, municipal money, provincial money and federal money, in improving the permanent conditions of the poor people of Montreal, the dwellings, so that after this time of depression had passed, they might be in a condition, mental and physical, that would enable them to be of service to the city, to the province and to the state?

I cannot lay the blame for this piece of foolishness, for this social crime, at the door of this government. The first guilty party was the municipal council; the second guilty party was the provincial government; and I will admit the third guilty party is this government—guilty of having granted a share of federal subsidies to that scheme.

Mr. DURANLEAU: Is the hon. gentleman sure that the federal authorities are subscribing a share in the purchase of the land needed for that boulevard?

Mr. BOURASSA: No, oh no.

Mr. DURANLEAU: We are contributing only to the labour.

Mr. BOURASSA: Quite so.

Mr. DURANLEAU: Should the provincial government or the municipal authorities see fit to build that boulevard, then we contribute a share in the cost of labour.

Mr. BOURASSA: Quite so. When Mr. Houde and Mr. Taschereau have made an arrangement to steal the horse, my hon. friends opposite supply the money to saddle him. I admit that the share of responsibility of this government is a minimum.

Mr. DURANLEAU: There is a small difference.

Mr. BOURASSA: Yes, a small difference; you are all partakers in the misdeed, though in varying degrees. I leave the hon. gentleman to settle that himself or to submit it to some board of arbitration. But I cite that as an example to show my unwillingness to support the resolution as it stands; because if we undertake now—and I do not think it is the proper time—to pass judgment upon all that has been done in the way of misappropriation or misapplication in regard to relief funds, then it is not just to take only one of the parties concerned without the others.

I may say in passing that this would be ample justification for the acceptance by the government and by the house of the suggestion twice made by the leader of the opposition (Mr. Mackenzie King), that this whole question, broad as it is and involving as it does, not only moral responsibilities, but the financial support of the various authorities who have no jurisdiction one over another, should have been placed in the hands of a national commission to which appointees should have been nominated by the federal government, by the provincial government and perhaps by some of the larger municipalities.

Coming now to the question of wages, I am afraid I must differ both from my hon. friend from Kenora-Rainy River (Mr. Heenan) and from my friends who represent labour in the house. Speaking generally, I agree with them that it is dangerous to allow, under circumstances such as we are faced with at present, the possibility of lower wages becoming an established fact. But then I invoke again the old axiom, salus populi suprema lex esto. There is no law which does not call for exceptions at times. Now, what is the need at the present time? Everyone is agreed on that. It is to enable the largest number of people to work for their livelihood instead of living by alms, by hand to mouth charity. Given that condition, I ask my hon. friends who represent the Labour party to consider a municipality in the mountains of the province of Quebec—and there are hundreds of such municipalities—where the people can get food, lodging and fuel at about one-quarter of what it costs individuals who are waiting for work in Montreal, Quebec, Sherbrooke and Three Rivers. Are the people in such districts in any worse position if they are paid a wage which will enable them to purchase the necessities of life on the same margin, as between money earned and money spent, as the man in Montreal? What does it matter so long as they get the same in quantity and quality for their maintenance? A man earns three dollars and spends it in the purchase of what he and his family need. Another gets only two dollars, but with those two dollars is able to purchase exactly the same quantity and quality of staple goods required by his family. What difference does it make? That is the situation. I take full responsibility, before my Labour friends and before the labourers and farmers of my constituency, for having strongly advised the representative of the federal government, the director of the relief fund, to change the regulations last year.

Let me give an illustration. In my constituency there is a fairly large village where there were some forty or fifty unemployed. These men used to go to the shanties to work six or eight months and then come back to the village and perform occasional work for the remainder of the year. Last year, those men were idle; so the municipality applied to the provincial government for relief, and a certain piece of work was approved. This suggestion was sent to Ottawa, where it was approved by the federal authorities. The municipality then made a calculation to see what it would cost to make use of the federal and provincial help, and found out that it would cost more than it would cost them unaided to help their own people in their own way. Appeals were made to the people in the village that they do everything to help. They were asked to

give work to a man for eight or ten days although they had no special need for it. They were told if they paid so much, the council would pay so much and the taxation rate would remain at its then level. Had they subordinated the scheme to the conditions imposed by the provincial and federal governments, even with the money received from Ottawa and Quebec, they would have had to spend more money and the municipality would have been in a worse condition.

The hon. member for Kenora-Rainy River is right, as are others, when he says that the manner in which the relief fund functioned last year has put many municipalities on the verge of bankruptcy. This was an experiment, and the government has improved, although not completeley, the administration of this fund. They are not imposing the same harsh conditions upon the municipalities as were imposed last year; and because of that I am not prepared to fully condemn the government.

The next two paragraphs of the amendment deal in a most virtuous manner with the violation of election pledges. I agree with my Liberal friends when they state that many foolish pledges were given by Conservative candidates and by the Prime Minister which have not been redeemed; but if the leader of the opposition will go back to the first days of the special session, he will remember that when he warned the Prime Minister that he and his friends would look to the government to keep its pledges, I strongly protested. I said: For heaven's sake and the country's sake, we must prevent them from keeping their pledges! Had this government endeavoured to redeem all the pledges made by its candidates during the elections, Canada would be bankrupt.

The Prime Minister delivered last night one of the most eloquent and interesting speeches I have heard in my political life. He said that in spite of all theories he had a primary responsibility in dealing with the financial situation, and that was to save the credit of Canada. He stated in effect, that it would be better to be, what we term in French slang a "blagueur" than to ruin the country.

After forty years of parliamentary experience and some reading of parliamentary history of England, the United States and France, I have come to the somewhat cynical conclusion that all parties live in glass houses and should be very careful in the expression of indignation at their opponents for having broken pledges. I remember the elections of 1896 and the pledges given in Quebec by the Liberal party that they would restore the Catholic schools in Manitoba. Pledges were given in the past by the Conservative party that they would never impose conscription during the war. I remember the pledges of the Liberal party that the moment they came into power they would eradicate the last vestige of protection. Yet the wind blowing from the south, the north, the east and the west has carried all these pledges into the deepest abyss of political oblivion. Could not, from the depths of that abyss, come the faint vapour of indulgence and political forgiveness to all parties?

The Liberals are not entitled to bring their opponents to task for this reason. The time may come when they will endeavour to prove to the people of Canada that their opponents are unworthy of the confidence reposed in them; and it may be that I, even in my old age, will put up a fight with them in an endeavour to convince the people of Quebec of that fact. But now, in dealing with this acute problem. I say, speaking with friendly candour, that my Liberal friends have been very ill advised in their present course.

The last paragraph, the one for which I would have been prepared to vote, reads:

> That in the opinion of this house the provision of employment for our people is the most pressing problem before the present government, and immediate measures effectively to relieve the serious unemployment situation should be presented to parliament by the government without further delay.

Had the amendment contained only this paragraph it might have been accepted by the government. It may be said that being an amendment to the motion to go into supply, it would have been a vote of want of confidence in the government. I take issue with that view. Different governments, both in Canada and in England, have accepted amendments to the motion to go into supply when the amendment moved has been simply a suggestion of a policy which the government felt it could undertake. My mind goes back to 1901, when the Liberal government accepted a motion of this nature moved by Mr. Russell, then representing Hants, and now a retired justice. This amendment dealt with preferential tariffs, and the then Minister of Finance, the late Mr. Fielding, accepted it as being a suggestion of policy which the government was prepared to put into effect.

If the opposition had contented itself with pressing upon the government the necessity of adopting some practical method to relieve unemployment, and if the Prime Minister had stood up and accepted the suggestion in the same broad spirit, I think the country would have been better off, both morally and

politically, than it is at the present time, or than it will be after this amendment is voted down.

I am not going to vote against this amendment merely because it will be voted down; my past record is there to be seen. I have enough, I will not say of Irish blood but of Irish spirit in me, to induce me generally to be against rather than for the government. However, there is a limit to opposition; and as far as I am concerned, prepared as I am to criticize the government upon many of its acts of administration, prepared as I am to denounce the government at the next general elections should they not make more efforts to redeem those of their pledges which are capable of redemption and which would be for the benefit of the country, I am not prepared at this juncture, while we are still in the midst of a crisis, to vote for a motion of want of confidence which smacks so much of the party spirit as does the one now before the house.

Mr. E. C. ST-PERE (Hochelaga) (Translation): Mr. Speaker, the question of unemployment is to-day of world-wide interest. It is known that the number of unemployed has actually reached 20,000,000 and the consequences of such a state we are told by certain economists have not yet been all felt. The outlook is really serious and of a nature to disturb the economic equilibrium and social order.

The motion of the hon. member for Kenora (Mr. Heenan) is of interest to workers. It will bring home facts that will elucidate the situation by showing them unemployment under its double aspect, international and national.

At the last session of the international conference held at Geneva, from May 8 to June 18 last, Mr. Albert Thomas, the director of the International Labour Bureau, made the following statement when he presented his report, and the workers of the city of Montreal as well as those throughout Canada will certainly be the gainers by closely reading the contents of this report:

> Mr. Albert Thomas first pointed out the extent of the crisis which has deprived of work 20,000,000 people throughout the world, its serious side and persistence. Indeed, the crisis persists. There might have been a question, before the International Labour Conference could take up the subject, whether the situation might not have righted itself. Alas! no. Recent statistics point out, it is true, that in some countries a slight improvement has taken place. However, it does not go beyond the seasonal fluctuation. In other parts, notwithstanding the seasonal influence, the crisis remains on the same level and at times even is worse. Notwithstanding Charles Gide's contentions, this crisis is actually a fact. It not only exists in the minds of people who have been seized with a contagious fright. While the psychological element may play an important part, it is not the sole determining factor. The sufferings of the working masses deprived of work are truly a real tragedy which one cannot despise. In a word, the crisis has taken an international character. No doubt there are national crises, which have assumed specific features, such as the American, British and German crises. . . . But the depression is no less world-wide. Each country has its own troubles, but there is also a kind of universal depression which has spread everywhere and aggravates the troubles of all. Hence the necessity of an international remedy and the question which naturally presents itself is this: what is the International Labour Organization doing in the grip of such a crisis? What can it do?
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> Whatever may be the initiative it takes, Mr. Albert Thomas harbours no illusion on the dangers with which it is confronted. On the one hand, there is the appeal of those who demand immediately efficacious remedies; there is also the appealing confidence of labour centres, which expect almost salvation from the International Labour Organization and are tempted to ask more than it can give. On the other hand, there are those who remind us that the powers of the organization is limited, those who ridicule the long drawn out procedures of meetings, commissions, considerations and deliberations. . . . But is there in international life some means of evolving solutions by cooperative effort other than meetings to deliberate and forming commissions and conferences or in a general assembly? "We shall be compelled to have recourse to our system," states Mr. Albert Thomas. "After all, if we thoroughly organize our forces, perhaps, with such a system shall we make some headway in the present crisis."
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> However, the director specially points out that in such matters there cannot possibly exist an unique remedy. There is a whole series of solutions and remedies that should be classified, weighed and seriated; there exists no such thing as "the solution."

My intention in the present circumstances, like that of the hon. member for Labelle (Mr. Bourassa), is not to consider the unemployment situation, as it appears to-day, by restricting it to my constituency and commenting on it solely for political purposes. However, it is a well known fact, namely, that at the last session of the Liberal regime, our leader (Mr. Mackenzie King), now the leader of the opposition, clearly explained that unemployment as it existed in Canada was simply the result of international conditions. He stated on many occasions that no special solution could be found to this problem which interests, among others, that class of workers to which appeal demagogues, fluent speakers but nevertheless devoid of sense, and who, in every constituency, endeavour at times to stir up trouble as between the classes. I represent, sir, one of these constituencies and in this I differ from my hon. friend from Labelle. The working classes in my electoral division satis-

fied that the present government would find work for them, relying on the assertions put forth by our opponents that the problem was purely a national one, that we were not suffering from a crisis entirely international in character, but from an endemic crisis, voted to some extent against me; the policy of the government that I supported was approved by my constituency but a large number of the electorate deemed this criticism well grounded and believed the contentions of our friends opposite to be sound.

Let us examine the program set forth then by our opponents to prove to the country that the unemployment question was only a national one. Let us probe into the arguments they put forth at the time, and let us ponder whether the policy advocated by them, counter to all reports submitted to the League of Nations and the International Labour Bureau, at Geneva, were not contradictory to the findings of these various commissions. This government, no more than the former government, must take it for granted that the findings of the commissions organized at Geneva under the aegis and protection of the League of Nations should be set aside by all nations. What do we find in the reports of these various commissions? All without exception maintain that if the tariff walls erected at present in all countries were to disappear the unemployment crisis would be half solved. If we are to reject, sir, the findings of these commissions, let us wipe out from our estimates the amounts that we yearly vote to have Canada represented at the League of Nations.

Viewing the matter in the same light as the hon. member for Labelle (Mr. Bourassa) does, when he asks that under the present emergency, both political parties join their forces to solve the problem, I am willing to agree with him, providing that we agree with the findings which the various countries represented at every sitting of the commissions of the League of Nations have arrived at.

We are told that these are remedies which will improve the situation. They are to be found in social and unemployment insurances, etc. However, to better acquaint the labouring classes throughout Canada and those kind people who send me to Ottawa to represent them at each election, I shall explain to them the situation as it truly exists; for it is more than ever time to cease or to use the expression in vogue in the province of Quebec "to humbug" (emplir) the working classes of Quebec and Canada as a whole. The following is what Mr. Albert Thomas says in his report:

The director does not wish to enter into vague discussions as to whether unemployment insurance is liable to foster unemployment or whether, on the contrary, it can attenuate this scourge by maintaining the power of consumption of workingmen's families deprived of work.

However, he points out two striking facts, one quoted by Mr. Lawson, a delegate of the British government, the other by Doctor Brauns, a delegate of the German government. One always refers to these labour masses condemned for years past to unemployment, and the great demoralization which affects thousands, hundreds of thousands, even millions of people. It is important to bear in mind, as Mr. Lawson has pointed out, that, among the 12,000,000 people insured against unemployment in England, 35 per cent men and 48 per cent women —that is, on the one hand, more than a third, and, on the other, one-half—have never received any insurance indemnity. It is equally important also to be reminded of the figures given by Doctor Brauns: there are in Germany 5,000,000 unemployed, 17,000,000 are insured, however, two-thirds of the unemployed receiving insurance indemnity find work before completely exhausting their rights to insurance money.

It is but right therefore to remember that notwithstanding all criticisms—because unemployment insurance is indispensable for the future welfare of industry and for both the political and social stability of national organizations—there were, in 1919, about 4,000,000 people insured against unemployment and to-day, there are nearly 43,000,000 throughout the world."

My views, sir, with regard to social insurances are founded on principles which are dear to Christian democrats. I am in favour of all those social laws, such as unemployment insurance, etc., but on one condition, that they be explained to our people under their true light, that our people be not led to believe in a government's paternal solicitude, but that they be impressed with the fact, as I was, in Quebec, during the general election, that not a single worker, in any country whatsoever where these social laws are enforced, is dispensed with paying, together with the government and the employer, his quota to the unemployment fund. Whatever may be thought or said, we are, to-day, living in Canada under the dole system. The dole, as formerly understood in England, was an unemployment insurance based on a tripartite contribution, namely by the employer, the employee and the government. An attempt was made, at the last election, to make people believe that the Dominion government would burden itself with all these social laws and thus relieve the distress of our people during times of unemployment without any contribution on their part.

Mr. GOBEIL (Translation): No, no, may I ask a question? Do you contend that the Conservative party, during the 1930 election, advocated a non-contributory unemployment insurance?

Mr. ST-PERE (Translation): My opponent in my own constituency pledged himself to do anything except what had common sense.

Mr. GOBEIL (Translation): Your opponent was not the whole Conservative party; I refer to the Conservative party's program.

Mr. ST-PERE (Translation): Let us now examine the work carried out to relieve unemployment. Work given to the unemployed is a relief to the situation. I notice that my hon. friend the Minister of Marine and Fisheries (Mr. Duranleau), seems to cast an inquiring glance towards me, may I ask him, as head of an important legal office in Montreal, constantly dealing with contractors and workmen, whether there exists in his city a contractor who can state that more than 35 or 40 per cent of the money voted for work in connection with unemployment went directly to the unemployed? The greater part of that money was used to pay off expropriations or was expended in the construction of tunnels, etc., in the way of material. I may be told that the material which enters into these constructions affords work to a class of workers. I do not deny the fact that some workers benefit by such work.

Since parliament has now undertaken to settle this unemployment question, what are the best means to attain this end, if not to face the problem squarely outside all political considerations? The intervention of Providence in the present problem has often been mentioned; I am in earnest when I state that I believe in the intervention of Providence and, quoting the words of a free-thinker, Clémenceau, the distinguished French statesman, who said some time previous to his death: "If Christians truly practised their christianism, there would be no social problem." I shall go one step further than him and say that if we had always lived up to our christian principles, there would never have been an economic question.

The problem, sir, which at present interests us—with this I shall close my remarks—is of the utmost importance. The duty of the Canadian government under the present circumstances, is to legislate in the interest of all. Considerations of a private order or personal feelings should not be taken into account. Let us legislate in the best interest of all, and especially, let us not forget to particularly look after the weak and humble, for, as Lacordaire one day said: Between the rich and the poor, between the strong and the weak, it is liberty which oppresses and the law which sets free.

At six o'clock the house took recess.

[Mr. Gobeil.]

After Recess

The house resumed at eight o'clock.

FINANCE ACT AMENDMENT

PROPOSED RIGHT OF PROVINCES TO DEPOSIT SECURITIES IN EXCHANGE FOR DOMINION NOTES

Mr. H. E. SPENCER (Battle River) moved the second reading of Bill No. 23, to amend the Finance Act.

He said: The bill that I am proposing to the house asks for a certain amendment to be made to the Finance Act. The act as it now stands enables the banks and certain of the savings banks to take various securities to the treasury board and obtain, in return, an issue of dominion notes. This privilege, however, is not given to the provincial governments, although I find that two of the various classes of securities that may be taken to the treasury board and exchanged are treasury bills and provincial bonds. On the other hand, the banks of this country, which are private institutions, can take these same provincial bonds to the treasury board and secure an issue of dominion notes for a certain small charge. But the same right is denied to the provincial governments.

To-day we find that some of the provinces of Canada are having a certain amount of difficulty in financing. There are only two ways of getting money. One is by borrowing (a) through an issue of bonds or (b) through the banks; the other is by taxation. Certain of the provinces find themselves in such a position that they cannot issue any more bonds—not because they are bankrupt; we heard from the Prime Minister only last night, that some of the provinces are in very good shape indeed so far as their assets are concerned, but they have not been able to sell bonds. On the other hand, in some cases the banks, for reasons best known to themselves, have set a limit on the amount of overdraft which they will allow the provinces to make. Taxes on account of low commodity prices have been coming in very slowly indeed, so slowly that some of the provincial governments are unable to meet their indebtedness coming due. Some of the provinces are consequently in a very awkward position. I know full well that the Prime Minister or the Minister of Finance will tell this house that the federal government has already come to the aid of the provinces in their need. That is all very well. Probably the Dominion government has had to come to the help of the provinces for the simple reason that it preferred to see them carry on

rather than default, but personally I do not like to see any provincial government put in the position of having to take second place to a private corporation such as our banks are.

The purpose of the amendment is simple It asks that the words "and to any province of Canada" be added to the act, so as to give to the provinces exactly the same right as the banks now enjoy in taking various securities to the treasury board with which to secure an issue of Dominion notes.

I well remember, Mr. Speaker, that when various banking questions were being discussed before the banking and commerce committee in 1928 the then Deputy Minister of Finance was asked by a member of the committee if it was true that the banks could take dominion bonds to the treasury board and get an issue of dominion notes under the Finance Act, and he replied: Yes, it was. Then he was asked: If a private corporation like a bank can take dominion bonds to the treasury board and get an issue of dominion notes under the Finance Act, why should not the Dominion government itself take the same dominion bonds to the same treasury board and get the same service? The deputy minister answered in this way: "Oh," he said, "that would be bad banking." I agree that that would be bad banking so far as the banks are concerned, because it would probably have some effect upon their profits. Then the deputy minister was asked: But why would it be bad banking? The only answer that he made at the time was: "Oh well, if I did that the Finance minister would fire me." So no real answer was given to the question.

In this bill, Mr. Speaker, I am simply asking that the same privilege shall be given to the provincial governments as is now given to the banks under the Finance Act.

Hon. E. N. RHODES (Minister of Finance): This bill, I submit, is so highly objectionable in principle, if I may say so in all deference to my hon. friend who has moved its second reading (Mr. Spencer), as to border upon the realm of the fantastic.

The hon. member has referred to the fact that the provinces have found difficulty in financing and in selling their bonds. Speaking as one who has had some contact with provincial financing, let me say to my hon. friend that that may be a good thing; because in the past it has been perhaps a little too easy for the provinces to sell their securities. But that is merely by the way.

My hon. friend must realize that the provisions of the Finance Act were designed solely with a view to financial transactions as carried on by the banks. In large measure the Finance Act has taken the place in this country of the federal reserve bank in the United States. Its object was to make for an elasticity of currency from day to day as the needs require, but the very basis of the act was that the currency should be liquid. Now, if my hon. friend means that the provinces should come to the Dominion, and incidentally, I may add, make the dominion their banker, what does he suggest they should come to the Dominion government for? For the purpose of getting funds to be used in their current day to day transactions? If so, bear in mind that the revenues of the provinces must be derived from taxation, and the provinces should live within their income as provided by the taxation levied respectively by them. If any province is embarrassed in anticipating from day to day the receipt of taxation, that is a banking transaction which can be taken care of by the banks without any difficulty. But I submit, sir, that if the purpose of the provinces in coming to the treasury board should be to secure funds for the purpose of locking them up in capital expenditure, they would be doing something which is directly contrary to the underlying principle of the Finance Act and which is therefore doubly objectionable.

Mr. SPENCER: May I remind the minister that the provinces could not lock the money up for more than one year?

Mr. RHODES: Quite so. However, I have known corporations, municipal and otherwise, to borrow for a year; and what if they cannot pay at the end of that period? It must be borne in mind that in addition to the security which the banks provide by virtue of the terms of the Finance Act, there is a security which could not be given by the provinces themselves. That is provided by section 12 of the Finance Act, which not only gives the dominion the security of the lodged documents but in addition makes the following provision:

> All advances of dominion notes made under this part shall be deemed to be an amount due by the bank to the government of Canada and shall be a second charge upon the assets of the bank, payment of a bank's own notes, issued by the bank, in circulation, being the first charge.

In other words, in addition to the security of the documents lodged by virtue of the Finance Act there is the security of the assets of the bank, save only the bank's own notes in circulation.

If the proposal of the hon. member were sound, that is, if it were open to the provinces

to avail themselves of the provisions of the Finance Act and to that extent make the dominion the banker for the provinces—which, I submit, should not be—why should not the same principle extend to municipalities, cities and towns which would be in a position to lodge precisely the same type of security? Furthermore, there is one very grave objection to the extent to which, if this bill became law, we would expand the borrowings under the Finance Act and to that extent indulge in a practice of inflation which undoubtedly would have a very adverse effect upon the value of dominion notes.

Apart altogether from the objections I have offered to the suggestion of my hon. friend I raise the further point that consideration should not be given to this matter until a time during the next year when the Bank Act will come under review. So highly objectionable is this bill in principle that the mere fact of the house giving it second reading, and referring it to the banking and commerce committee would have an adverse effect upon the security of dominion finances. From every point of view I submit the bill is objectionable and should not be read a second time. I hope hon. members will concur in that view.

Mr. IRVINE: What would be the real difference between a municipality depositing its securities with the treasury board and a bank depositing the same securities for the same purpose?

Mr. RHODES: Apart altogether from the question of expanding dominion securities I think the great objection is that neither municipalities nor provinces are in the banking business, and the Finance Act is defined purely as a banking transaction.

Mr. SPEAKER: Is the house ready for the question?

Some hon. MEMBERS: Question.

Mr. SPEAKER: All those in favour will kindly say "Aye."

Some hon. MEMBERS: Aye.

Mr. SPEAKER: All those opposed will kindly say "Nay."

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the nays have it.

Motion negatived.

[Mr. Rhodes.]

SUPPLY—UNEMPLOYMENT

AMENDMENT TO MOTION OF MINISTER OF JUSTICE

The house resumed consideration of the motion of Mr. Guthrie for committee of supply, and the amendment thereto of Mr. Heenan.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the amendment before the house at the moment relates to problems of unemployment as they exist in Canada, and in particular to the measures the government of the day, since coming into office, have brought forward to deal with these problems. I do not think I exaggerate when I say that unemployment in Canada has become a national emergency, and that with respect thereto, the country is confronted with the greatest problem with which it has been faced since the time of the great war. The problem is not one of to-day alone; it has been continuous since the year 1930. Instead of conditions improving, they have become, despite the words of the Governor General's address, continually worse rather than better.

The amendment now before us recites some of the definite promises made by the Prime Minister (Mr. Bennett) during the election campaign of 1930, to the effect that he would end unemployment, and that, if returned to power, he, his government, or the majority behind him in parliament—in fact, he named all three—would see to it that work was provided for all who wished to work. "Work, not doles" were the words he used. It has been thought advisable to insert in the amendment some of those very definite promises. They are only examples, but they are sufficient to indicate the grounds upon which my right hon. friend made his appeal to the country, and, I think I am right in saying, the grounds upon which he was returned to office.

The amendment states that the measures the government has introduced are wholly inadequate and ineffective to deal with the problem of unemployment. I do not think I need cite conditions to verify the truth of that statement; instead of becoming better, conditions, as we all know, have continued to grow worse. Had the measures introduced been at all adequate or equal to the situation, there would have been a very great improvement. Indeed, at the time of introducing one of his measures during the special session, the Prime Minister drew attention to the fact that at that time there were about 150,000 unemployed, and stated further that, if the measures then introduced by the government operated

as the government hoped and believed they would, the numbers of unemployed would considerably diminish. Instead of diminishing, however, the figures have run up to 500,000 or 550,000.

Mr. BENNETT: No, no.

Mr. MACKENZIE KING: Well, that was the statement made by the former Minister of Labour (Senator Robertson).

Mr. BENNETT: No.

Mr. MANION: It was denied by him.

Mr. MACKENZIE KING: I am glad to hear the hon. gentleman say that these figures are exaggerated, but certainly they are those we have been led to believe by the Prime Minister and others represented the numbers who were unemployed.

Mr. BENNETT: No.

Mr. MACKENZIE KING: May I put it this way: The Prime Minister has said over and over again that the situation we have to-day is worse than anything we have ever known. That is strong enough.

Mr. BENNETT: I said "economic conditions."

Mr. MACKENZIE KING: Yes, that they were worse than anything we have ever known —and that, despite the measures introduced by his government to improve conditions. The amendment states that, in the circumstances, it is important there should be other measures introduced to relieve the situation, and, even at this late date, that the government should bring forward something adequate and effective.

If it is necessary for me to refer to the past, it is because conditions as we have them to-day have grown out of the past, and largely out of the policies which have been introduced to meet them. I am not for any reasons of political partisanship going to refer to conditions as they existed at the time of the general election, and the respective attitudes of political parties at that time. My purpose in referring to conditions then existing is to explain to this House of Commons and to the people of Canada the respective points of view from which the problems then existing were faced by the political parties who were obliged to state their policies to the country, and to enable hon. members and the Canadian people to judge whether, even at this late date, policies which were advocated by hon. members who are now on this side would not have been more effective to deal with conditions as they have since existed than those which, during the past two years, have been put into force by hon. gentlemen opposite.

First of all, may I make it clear that the Prime Minister and the government have had a perfectly free hand to deal with this problem of unemployment. I do not think any hon. gentleman opposite will say for one moment that the Prime Minister and his government have not been afforded every facility a government could be afforded by parliament in dealing with this great problem. When the elections were over, one of their most important members, the present Minister of Trade and Commerce was defeated. He was permitted to be returned without opposition at a by-election. My right hon. friend desired to strengthen his cabinet by adding to it the present Minister of Finance (Mr. Rhodes), who, at the general election had not been a candidate. He was not opposed in the by-election necessary to that end; he was allowed to take his seat without opposition. There was not a voice raised in criticism of the government when the special session of parliament was called; the ministry were free to bring in any measures they wished, and, the session having been called to deal with unemployment, the house took a very generous attitude towards the measures then introduced.

I am going to say a word about those measures in a few moments, to indicate whether or not what was said at the time, not by way of mere party criticism, but by way of substantial and constructive comment, has since been borne out by the facts. At the moment, I desire to make it clear that, notwithstanding the session was called to deal with unemployment, and that we were confronted with legislation with respect to the tariff more extensive than any legislation introduced in this parliament in any previous ten years, the government were allowed to put that legislation on the statute books practically without opposition. They were given equal freedom in the matter of the amount of money which they wished to have in order to deal with the situation.

Then the Imperial conference coming on was an important factor, the Prime Minister himself having stated in Toronto that on the success of that conference would depend in part the solution of the problem of unemployment. We offered no opposition to any attitude which he might take at the conference, and, indeed even when at the conference he took an attitude which we regarded as impossible and very wrong, no comment was made, except to have it clearly understood

that the attitude of the Prime Minister did not represent the point of view of Canada as a whole.

After the Imperial conference was over and before the next session of parliament came on, the ministry again were given a free hand; there was no carping criticism in the country, no criticism from the opposition, or from any group. Everyone recognized that the situation was serious, and the ministry were given a perfectly free hand. Last session again the government had an opportunity to bring forward whatever measures they wished, and I would point out that once more they were accorded every facility, but, as we well know, this House of Commons was scarcely given an opportunity during that session to discuss the question of unemployment. The only measure respecting unemployment which the government introduced was not brought down until the very end of the session. It was the last item on the order paper during the last week of the session, with the exception of the two orders relating to the committee of supply and the committee of ways and means. If, therefore, the measures which have been introduced have not been effective, it cannot be said that this has been due to any opposition or obstruction which has been offered to the administration; it is wholly due to the administration itself.

Now, Mr. Speaker, may I make clear that this is the third session of this parliament. We are here, for the third time since the present government came into power, to deal with a question which we were told would be settled immediately after the general election. As I have already said, I think it will be generally admitted that the question not only has not been settled, but that it presents a greater problem to the people of Canada to-day than it ever has before, a problem that is growing in seriousness week by week and month by month. No one will venture to say how grave is the existing national emergency. As a matter of fact, there are many of us in this House of Commons to-day who are very silent in reference to some of the conditions throughout this Dominion, as we have reason to know them to be, simply because we do not wish to create a state of alarm in the minds of the people, and also because we do not wish to embarrass the government in any way in dealing with a very difficult situation. I shall briefly review the measures which the government have taken to deal with this problem, to see how far they have gone in helping to meet the situation.

[Mr. Mackenzie King.]

May I say that the ministry to-day, as I understand it, do not seek to contend that the problem has been settled, or that they have been able to deal with the situation. The Prime Minister will not say that he has fulfilled his promises. Indeed, the ministry is now stating that, had the conditions through which we are now passing, and through which we have been passing for the last year or two, been like previous industrial depressions, the measures which have been introduced would have been equal to the situation. They are saying that no one could have foreseen the problem which was ahead, and that for this reason, the government ought to be excused for being unable to meet it. May I recall, Mr. Speaker, that in the summer of 1930, and, indeed, in the spring of 1930, when this house was in session and the Liberal government had the responsibility of introducing measures in parliament to meet the then existing and the threatened situation, we pointed out that a certain economic situation had developed, as a result of changes in tariff on the other side of the line, which would necessitate our finding new markets within the British Empire to take the place of markets we were losing in the United States, and we framed our measures accordingly. When we came to the time of a general election, and there were evidences of depression, we made known to the electorate that the country was faced with a depression, though fortunately, at that time Canada was in a better position than other countries of the world. Above all else, what we sought to have the people of Canada understand was that this country, in common with other countries of the world, was facing an industrial depression, and that for that very reason, much as the government might wish to bring forward certain measures, and much as the government of the day might be tempted to make promises to the electorate as to what it might wish to do, the times would not justify anything of the kind.

That was the point of difference between my right hon. friend and myself in our appeals to the people in 1930 with respect to the approaching economic depression. To-day, the Prime Minister cannot shelter himself behind the statement that no one could foresee the depression that was coming on. If he had possessed a little wider knowledge of economic history, it would not have been difficult for him to look back over the century and see that at decennial periods for at least seventy or eighty years past, there have been these periods of depression, growing more serious as the world has become increasingly one. Had he possessed that

economic knowledge and applied it to the situation, he would have told the people of the country, as I told them, that we were face to face with a very serious depression, and that many things he might wish to do, if he were returned to power, he would not be able to do because of the inevitable depression. We took that position, and stated it very frankly to the people.

Instead of the leader of the Conservative party of that day taking, as I believe every member of his party expected he would take, a conservative attitude with regard to a very serious situation; instead of making it clear to the people of the country that he could not think of embarking upon vast expenditures at a time when economy was essential if people were to be spared vastly increased taxation; instead of making it plain that this was not a time when the federal parliament should begin to make anew fresh commitments in the nature of grants in aid to the provinces for all sorts of services in relation to technical education, in relation to old age pensions, in relation to highways and various other proposals;—instead of doing all or any of these things, he should have taken the position very firmly that, faced as we were with the approach of hard times, he could not make any such promises. Such was the attitude of the Liberal party. We made no promises except that we would endeavour to give to the problem of unemployment the best consideration which it could receive—and I will refer to that later on—and that we would seek to follow, in the future, policies which, in the past, had demonstrated their effectiveness in meeting an industrial situation such as then existed. We took and presented that view, and, the more firmly we held to it, the more lavish did hon. gentlemen opposite become in the promises which they made at random, and which, to secure the support of the electorate, they were prepared to make to any extent.

Now I say that we cannot afford lightly to dispose of promises made in that way. It is all very well for individuals, if they wish, to take a cynical attitude towards what is said at the time of a general election; but, if the outcome of conditions of this kind is not kept clearly in the public mind, there is going to be in the years to come no hope of saving the country from the effects of demagoguery as it will be carried on by political parties making their appeals to the people. An appeal to the people in a general election is a very serious matter, and too much care cannot be taken, particularly by the leaders of political parties, in the pledges and promises they make.

Let me point out that there is a great difference between the promise that is made, the object that is to be attained, and the means by which it is proposed to fulfil the promise and attain the object. My right hon. friend will tell us, no doubt, that he promised that, if returned to power, he would increase the tariff; that if returned to power, he would make expenditures on highways and make grants in aid to the different provinces; that, if returned to power, he would embark on many other ventures involving expenditures of considerable amounts; and he will point to various things that the government is doing in these directions and say, "Am I not doing what I said I would do towards fulfilling the promises I made?" I say, sir, that he is not doing anything of the kind. His promise was that he would end unemployment; that was the promise he made to labour. His promise was that he would give, not doles, but work to everyone who wished to work. To the farmers of the country he said, "I will give you markets"; that was the appeal made to that section of the community. The means to that end were quite a different thing. What were the means he said he would take to that end? He said: In order to secure work for you, I am going to increase the tariff; I am going to introduce a protectionist regime in Canada; I am going to do more than that: I am going to spend very large sums of public money. These are to be the means by which I shall attain the end I have in view. When my right hon. friend made those statements, we, who took a different point of view, drew the attention of the country to the fallacy involved in his contentions. We pointed out that, instead of raising the tariff to meet a situation such as we then faced, we should do all that it was possible to do to increase trade, particularly within the British Empire, and therein find the markets which had been lost elsewhere. We pointed out that, at a time like that, no government that had any sense of responsibility could think of embarking upon vast expenditures which would necessitate increased borrowings with consequent vast increase of taxation, at a time when the people were feeling the effects of depression. We asserted that point of view and opposed our policies to his; and to-day this house and the country must judge as to who was in the right and who was in the wrong in the attitude then taken.

The point which I wish to make perfectly clear is this. When I said that the country

would hold my right hon. friend to his promises, I was referring to his promise to end unemployment and to secure markets. I was not referring to the means to that end, for I had already said in public over and over again that the means which my right hon. friend was proposing were not such as would prove effective to meet a situation of that kind. May I point out why those of us who were of the Liberal administration of the day took the attitude we did. It was not taken without real justification.

At the time we came into office in 1921, this country was in a very serious depression. In fact, Canada was suffering from the most serious industrial depression that, up to that time, it had ever known. We had to face that situation. Our government came into office on December 29, 1921. In the previous fiscal year, 1919-20, there had been a deficit of $92,000,000; in the year we came into office—we were in for but three of the twelve months of the fiscal year; nine months had expired before we assumed the reins of power—in that year there was again a deficit, this time of $81,000,000. That is the situation with which we were then confronted—a period of recurring enormous deficits. The Right Hon. Mr. Fielding, then Minister of Finance, took very strongly the view that, unless we found it possible to balance our budget, unless in some way we were able to make revenues and expenditures meet, the country would be faced with bankruptcy, and he pointed out that we must shape our policies in a manner which would avoid such a condition by increasing the trade of Canada. Did we go about it as my right hon. friend is doing? Did we start by cutting down the salaries of public servants? Did we take measures that tended to reduce the purchasing power of the people at a time when it was desirable that purchasing power should be as considerable as circumstances would justify? Did we put up the tariff to a point where it would render impossible the shipment of goods to and fro across the ocean, making it absolutely impossible to bring in commodities from other lands on the vessels which we hoped to send out laden with our own commodities to distant countries? Did we not rather take the position that the only thing that would help to meet the industrial situation was so to frame the tariff as to reduce the duties on the implements of production in the great basic industries in order that those industries might develop, and the people engaged in them might compete favourably in foreign markets, and that our farmers might find markets in distant lands? Did we not, in regard to all those things that enter into the family budget, all the necessaries of life, seek again so to adjust the tariff as to make the cost of living as reasonable to the people as the circumstances of the time would permit us to make them? Did we not also, with regard to the expenditure of public moneys, take the view that it was a time to economize: and that, much as we should like to do many things that governments, if they have plenty of money might be justified in doing, yet we could not enter upon such undertakings, but for the time being must retrench along right and proper lines so as to help to make ends meet?

These were the views we took. And with what result? With the result that at the end of a year or two we had changed the deficits to which I have referred—deficits of $92,000,000 and $81,000,000—into surpluses; with the result that, while we were in office only eight and a half years, in seven of those years we had surpluses in place of deficits. More than that, did we not take the position that, while it might mean something in the way of increased taxation at the outset we would endeavour so to shape our policies that taxation would bear as lightly as possible on those least able to bear it; and also that the burden to be imposed on industry would be as light as possible, hoping that gradually, thereafter we should be able to reduce taxation year by year, along with a reduction in the public debt. Again, with what result? With the result that in seven out of our eight and a half years, we reduced the public debt and continued to reduce taxation at the same time; with the further result that a new spirit was put into the life of the people, a new spirit was put into the industry of the country, and the trade of Canada began to increase to bounds it had never known before.

In other words, our policies were framed primarily with a view to developing trade, because we knew that as trade develops so will prosperity come to the country, and that only as trade develops will it be possible to deal fundamentally with the great problem of unemployment. There may be those who are inclined to put forward one particular nostrum or another as a cure for depressed conditions. In times of depression there are all sorts of theories afloat, all kinds of remedies are proposed such as the making of paper serve the place of gold, and other easy methods of getting rid of difficult problems. The world is not confronted to-day with these problems for the first time; it has been facing economic problems ever since there has been an

economic system in existence, and it has been found that only those policies which make for the furtherance of trade and help to develop the great basic resources and primary industries of a country will furnish ultimate solution to the great problem of unemployment. That is why we take the view which we do with respect to what we regard as so essential at this time with respect to tariffs and in respect of some other matters as to which there are differences in policy between ourselves and hon. gentlemen opposite. It has become customary for some to say: Why fight over again these old battles of free trade and protection?—to use the extremes of the issue; why fight over and over again the battle of tariffs? Why fight that battle? I ask hon. members to mark my words when I say that, as long as they live, they will find, not only in this country but in every country where tariffs prevail, the question whether tariffs are serving the people or serving special interests will be the great battle on the economic front. It is because tariffs may be so framed as to further the ends of special privilege at the expense of the great body of the people that this question must be always foremost in the country.

Mr. BELL (Hamilton): Beauharnois.

Mr. MACKENZIE KING: If the hon. member for Hamilton (Mr. Bell) will try not to be rude for one evening I shall be obliged to him. As I said a moment ago, we are dealing with the greatest national emergency with which this country in relation to its economic conditions has been faced at any time, with the exception of the period of the great war, and I think it is due to the leader of a political party in this house who has given a respectful hearing to hon. gentlemen opposite to be accorded a like hearing by them. With conditions in Canada what they now are, members of a party who have nothing better to offer by way of contribution to the solution of a great problem than rude interruptions are not going to receive much consideration from the people.

I come now to the means which the present administration has taken to deal with the problem of unemployment, and I will endeavour briefly to trace step by step, the position of the two parties in regard to this all important matter. May I ask you, Mr. Speaker, to maintain order in this chamber so that I may proceed without interruption.

Mr. SPEAKER: I must say I have not heard any disturbing interruption.

Mr. MACKENZIE KING: If Your Honour has not heard it, I and those on this side have.

Mr. CASGRAIN: We heard it.

Mr. MACKENZIE KING: In dealing with the problem of unemployment as it presented itself during the campaign, the Prime Minister took the position that, if he were returned to power, he would call immediately a special session of parliament to end unemployment. That was the reason the special session was called after the Prime Minister came into office—it was a special session to end unemployment. What was the position taken at that time by the Liberal party in regard to the attitude of my right hon. friend? It was that a special session of parliament was not necessary to effect the end he had in view, that if it was public money he wished to obtain, he could obtain what was needed by way of governer general's warrant for a limited time, having regard to the fact that an imperial conference was to be held at which the government was to be represented, and that obviously a session of parliament could not last for any length of time prior to that conference. We took the position that more important than a special session of parliament was a conference of those most familiar with the problems of employment and unemployment, a conference representative of those who could best contribute to the devising of the most effective means of dealing with unemployment. Before parliament dissolved, before we went to the country, we had placed in the supplementary estimates a vote for $10,000 to provide for the holding a conference which would bring together representatives of different economic interests to consider what steps should be taken to deal with the problem. I explained in this house before, and I will explain again what we had in view in that connection.

It was intended to bring together, as had been brought together on a previous occasion, representatives of employers' associations such as the manufacturers' association and other employers' associations; of the labour organizations, such as the Dominion Trades and Labour Congress and of other labour organizations; representatives of the municipalities, such as the Union of Canadian Municipalities, representatives of the Canadian Chamber of Commerce, which could speak for the great trading interests of the country; representatives of the provinces; representatives of the Red Cross, of the great transportation companies and other organizations who would be

in a position to consider methods of cooperation in furthering employment and make helpful suggestions as to what might be advisable in the way of further steps to deal with this question. When that conference had come together our thought had been, had we been returned to power, to appoint an unemployment relief commission which would deal with this great question on a national scale, a commission which would be removed altogether from party controversy, which would be responsible to parliament through the government of the day, and which if the occasion so necessitated, would deal with the unemployment situation as a phase of a great national emergency.

In taking the step which we had in mind, we were but following what had been found to be necessary at another time of great national emergency, namely, during the period of the war. At that time it was found that while the departments of the government were capable of dealing in a regular way with matters of routine, they were not so manned and organized, and did not possess the expert knowledge or ability, either through the ministers or through the personnel, as to be able to undertake the handling of a great emergency situation, and that something of a special character had to be created. There was the Imperial Munitions Board, which had to deal with the question of the supplying of munitions for the war; there was the food control board, which had to do with the control of food, and there was a purchasing commission which had to do with the purchasing of supplies of one kind and another. As we all know, these different organizations were supplementary to the departments of government and were necessary because those departments were not equipped to handle an emergency situation. We took the position that that would be the proper way to deal with a question of this character, and I intend to show as I proceed that at each session of this parliament we stressed that step as the one which should be taken to deal with existing conditions.

May I point out this fact: We had it in our power, before parliament dissolved and we went to the country, to ask this house to give us one million, ten millions or twenty millions of dollars to enable us to deal with the unemployment problem. We are being criticized to-day because we did not ask for these amounts; we are being told that we were not sufficiently conscious of the nature of the problem because we did not ask that a grant of the kind should be made and then go to the people and say: We have this money and we are going to spend it in curing your ills and in seeing that everyone obtains employment. We could have done that; but had we done it, what would have been the criticism of my right hon. friend opposite. It would have been that, on the eve of an election, we had taken out of the public treasury a million dollars or many million dollars to bribe the electorate. We would have been told that action of the kind was a reason why we should incur defeat rather than why we should be returned to office. With the knowledge I have of what governed the actions of the cabinet of which I had the honour to be the head, I may say that on the eve of an election we were doubly careful to take no step which was capable of a construction of the kind. We were equally careful during the whole election, whether we were to encounter defeat or victory, not to make to the country a single promise which we had not every reason to believe we would be able to fulfil in letter and spirit if we were returned.

My right hon. friend got his special session. What happened at it? As we know, when the special session met, we were confronted with changes in the tariff more sweeping in extent and higher than anything which Canada had known in the whole of her previous history Those measures were put through practically under a form of closure, because my right hon. friend told us that, if we did not allow them to go through, he would not go to the conference, and everything as to the future of Canada's development depended on what was going to happen at that conference. So those measures were put through. When we are discussing the measures which the government has introduced to deal with the problem of unemployment, we cannot escape from considering those changes that were made in the tariff without rhyme or reason, without advice or counsel from any source, that were made to a degree wholly unwarranted, and that have brought criticism upon the administration even by many of its own manufacturing friends in whose special interests those changes were made. Those tariff changes have had more to do with the problem of unemployment being intensified to-day than any other single factor that can be mentioned.

How can the government say: You must not attribute conditions to the tariff, when they know by the way in which it has been raised, by the way in which it has been manipulated, by the way in which it has been changed from week to week and from day to day, the arbitrary way in which it has been dealt with, that there is no longer certainty

in the minds of any manufacturer, distributor, consumer or producer as to what the tariff is to be a day or a week hence. Men will not invest their money, will not place orders anywhere, because they do not know what they are going to be faced with when they come to settle their accounts. The tariff measures that my right hon. friend has introduced constitute a great contributing factor to the situation as it is to-day and are responsible for unemployment reaching the extent it has.

If the tariff legislation of the government had been in the least successful, I imagine it would find itself reflected in the trade of the country. Let me give just a figure or two to show how these tariff measures which were aimed at increasing trade, the home market and manufacturers, have worked out, and ask whether their effects are not reflected in the increase of unemployment which we have at the present time. Let us take the figures in three successive years, for one month, that of January, because the latest figures are for last January:

Year, month of January.	Imports
1930	$84,000,000
1931	50,000,000
1932	34,000,000

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Some hon. members say: "hear, hear." We reply to them that you cannot have trade all one way, and if you are going to have exports, you must have imports as well. If you are going to balance your budget so that the country will benefit, you are not going to do it by eliminating trade to almost the vanishing point; you must do it rather by expanding trade, and, as a result of that general expansion, bring about the desired balance. Let us see what the exports were for the same month, January:

Year, month of January.	Canadian exports
1930	$73,000,000

Then under the policy which has been in effect since my hon. friends took office:

1931	$44,000,000
1932	38,000,000

Then we have foreign exports passing through the country:

Year, month of January.	Foreign exports passing through Canada
1930	$1,800,000
1931	951,000
1932	696,000

Let us see how the total trade of this country for the month of January has been affected by the policies of hon. gentlemen opposite:

Year, month of January.	Total trade
1930	$160,000,000
1931	95,000,000
1932	73,000,000

Now let us take the total trade of the country for ten months, because I cannot bring it up to the end of the present fiscal year:

Fiscal year ten months	Imports
1929-1930	$1,054,000,000
1930-1931	780,000,000
1931-1932	485,000,000

Let us see how the exports correspond with the drop in the imports:

Fiscal year ten months	Canadian exports
1929-30	$963,000,000
1930-31	700,000,000
1931-32	500,000,000

	Foreign exports passing through Canada
1929-30	$21,000,000
1930-31	14,000,000
1931-32	9,000,000

Or taking the total trade for the ten months of each of these years:

Fiscal year ten months	Total trade
1929-30	$2,039,000,000
1930-31	1,496,000,000
1931-32	994,000,000

That is the way in which trade has been falling off under the restrictions that have been placed against it in this country.

What about the trend of business generally? Let us take the matter of the number of contracts that have been awarded in Canada:

Month	Amount
January, 1930	$37,500,000

Then just at the time of the change of government:

August, 1930	$49,409,000

I am speaking now of the periods that relate to the effect of the present policies:

January, 1931	$20,000,000
May, 1931	36,000,000
September, 1931	33,000,000
October, 1931	28,000,000
November, 1931	24,000,000
December, 1931	11,000,000
January, 1932	12,000,000

This is the way in which, according to the record of the Bureau of Statistics, the contracts awarded in Canada have fallen off.

Let us take building permits:

Year January	Amount of building permits
1931	$7,511,000
1932	2,762,000

No one is going to take any chances on building under a tariff such as we have to-day with variable and arbitrary valuations put on for all kinds of purposes which the government may have in view.

What about unemployment that was going to be ended? Employment was at a lower figure at the beginning of the month of February of this year than at the beginning of any February in years of record. Of 7,766 firms reporting, the payrolls aggregated:

Date	Number of employees
January 1, 1932	837,312
February 1, 1932	819,175

Let me now give the figures of employment by index numbers, the figure of 100 representing what the employment was in 1926:

August 1, 1930	118·8
February 1, 1931	100·7
December 1, 1931	99·1
January 1, 1932	91·6
February 1, 1932	89·7

The figures show a steady drop in employment, not only month by month, but week by week.

Take the figures of all industries, again with 1926 representing 100. On February 1, 1931, the total was 100·7. On February 1, of this year, the employment figure had dropped to 89·7.

On manufacturing, which of all others was the industry which was to be especially favoured by the tariff, what was the effect? Here is the irony of the situation! On February 1, 1931, the employment figure in manufacturing stood at 96·1, and on February 1 of this year at 85·9. Contrast that with the figures under the Liberal regime. On February 1, 1930, the figure stood at 110·2, and on August 1, 1930, when we went out of power, the figure was 110·2.

I might add that the iron and steel and textile industries, which have received very special favours, have also shown, until within the last week or two, a continual reduction in total employment. So far as hon. gentlemen's tariff policies are concerned, as they relate to this question of unemployment, though we were told that those policies were going to secure work for everybody who wished to work, the actual records of the government show that instead of increasing employment they have decreased employment; instead of increasing manufacturing they have decreased manufacturing; instead of increasing the general business of the country, the general business of the country has steadily declined and trade has steadily and tremendously declined.

Mr. PRICE: May I interrupt the hon. gentleman for one moment? Would he kindly tell the house just what the policy of his administration would have been to relieve the unemployment situation had he been returned to power? Now just tell the house what you would have done about it.

Mr. MACKENZIE KING: Yes, I will. If my hon. friend had been able to hear when I was speaking, he would have heard that already, because I made it quite clear. I stated first of all that we would have had an unemployment relief commission upon which there would have been representatives of the parties who are best informed to deal with these matters, and they would have been given a free hand to deal with them, save that they would be responsible to the government and through the government to parliament. I said also that, instead of putting up the tariffs to umpardonable heights, we would have so arranged the tariffs as to help promote trade rather than restrict it. Finally, I have said, and I come to that point now, that instead of seeking an appropriation leading to lavish waste of public moneys, we would have used judgment in what we would have asked this house to vote.

Mr. PRICE: Not a five cent piece.

Mr. MACKENZIE KING: I say to my hon. friend that it would have been better for him if he had not had five cents to-night.

May I come to the measure dealing with unemployment as such which was introduced by the Prime Minister at the special session? I want again to impress upon the house the fact that it is impossible to separate, from among the government measures dealing with the unemployment problem, those that relate to the tariff and those that relate to the expenditure of public money. I have dealt with the tariff. Let me deal now with the lavish expenditure of public money.

Instead of the measure dealing with unemployment relief being brought down the first of all measures at the special session, it was the last measure to be introduced. There was really very little time, no time at all, to discuss it. What was the nature of that measure?

I have a copy of it in my hand. It was simply an act for the granting of aid for the relief of unemployment by a grant of $20,000,000.

May I here point out wherein I think the government has got itself and this country into the deep water in which it is at the present time in the matter of public expenditure? This government at the special session asked the house to vote $20,000,000 for unemployment relief. Remember, the special session was held in September and the fiscal year ends on the 31st of March. It was not necessary at the special session to vote money other than for the period that parliament would not be in session, and, had the rules and practices which should prevail in parliament obtained at that time, the government would not have asked and would not have received from parliament more than sufficient to enable it to tide over the time between that special session and the time at which the regular session of parliament would be called. However, the government asked for that period the sum of $20,000,000. I say, Mr. Speaker, that that estimate was not framed with any regard to what had been done in the past, or to the proper way of meeting the situation. The Prime Minister took a figure that was purely arbitrary, without relation to what was actually needed, without relation to what had actually been expended in previous years for a similar purpose, and had parliament vote that vast sum of money. Having at the beginning asked parliament to vote that vast sum of money, a little later on the Prime Minister was forced to take steps which were still more extreme.

I have said that when we came into office in 1921 there was existing a very serious industrial depression. The year before, the Conservative government of the day laid down a policy with respect to unemployment relief, which policy was: that unemployment relief, in the first instance, was essentially a municipal matter; in the second place, it was a provincial matter; and it became a national matter only when the provinces represented to the dominion that they were unable to cope with the situation. The provinces had in 1920 represented to the Conservative government of the day that they were unable to deal with the situation and had asked for unemployment relief. An appropriation was granted by this house for the purpose of unemployment relief in aid of the provinces and municipalities.

When we came into power in 1921 we found that we had to avail ourselves of a similar course of cooperation with the provinces and municipalities in meeting what had become a national need, and we utilized sums voted and voted other sums to aid provinces and municipalities in unemployment relief. That was done for two or three years in succession. Whenever during the following years the situation grew sufficiently serious to warrant the step, a sum was voted for that purpose, but the amounts were safeguarded and restricted. Altogether, in the period of ten years from 1920 to 1930 inclusive, there was spent out of the federal treasury in aid to the provinces, to meet the unemployment situation of the dominion, a sum of less than $2,000,000—something under $1,900,000 in the whole ten years, including the period in which the Conservative administration had introduced the method of providing relief which as indicated was followed by the Liberal administration. During those whole ten years there was not a total of $2,000,000 spent out of the public treasury for unemployment relief purposes. Yet in the special session in 1930 the Prime Minister came and asked this house to vote $20,000,000 and secured that amount to meet the situation during that one short winter.

How much of this $20,000,000 did he use during the period up to the end of the then fiscal year? I think $4,000,000 was about all that was used. True enough, commitments were made, on into the spring and summer, of moneys that might still be spent, and in one way or another nearly $19,000,000 of that amount was used up. I submit, however, that if the Prime Minister had followed the example of asking this parliament to vote an appropriation only for the period up to the end of the fiscal year, and had come back for what he needed for the new fiscal year, we might have saved, not one or two million dollars, but anywhere from ten to fifteen million dollars.

An hon. MEMBER: No.

Mr. MACKENZIE KING: Hon. gentlemen may have their views, but that is mine. At any rate, it cannot be denied that during the previous ten years not as much as two million dollars altogether was spent from the federal treasury for unemployment relief, in comparison with the twenty million dollars which was requested at that one special session by the Prime Minister for less than as many months.

Mr. PRICE: Well spent.

Mr. MACKENZIE KING: Then, having received this large sum of money from parliament, and having spent it—some hon. member suggests it was well spent—what happens? The Prime Minister comes back

to parliament and says, "I want an appropriation, not for $20,000,000, not for $50,000,000, not for $100,000,000, but I want this parliament to give me a blank cheque, to allow me to take all the money I wish, and to be perfectly free to spend it by direction of the Governor General in Council." He obtained that permission from parliament; that was the second measure introduced. I say, Mr. Speaker, instead of a measure of that kind helping to meet the industrial situation, it has made it infinitely worse. Where is there throughout the length and breadth of this dominion to-day a man or woman suffering want or privation who does not know the Prime Minister has a blank cheque from parliament for an unlimited amount, and that he has been given authority to fulfil his promise that "there shall be work for everyone who wishes to work—not doles." In those circumstances has there not been added an element of poignancy and bitterness to the distress of those suffering to-day through lack of employment and insufficiency of food? First of all, by raising fears in the minds of people in this country as to the extent of impending calamity when he asked for $20,000,000 to meet unemployment, when $3,000,000 or $4,000,000 at the very outside would have been sufficient for the time, the Prime Minister caused capital to conceal itself and its owners to refrain from seeking investments in many quarters. On the other hand, by raising false hopes and stating that anyone who wished to get work would have it where there was no chance of fulfilling any such undertaking, he helped to make conditions infinitely worse than they otherwise would have been.

The trouble with my right hon. friend is this,—and I make the statement to him in all kindness, because in his efforts I think he means to be sincere—he is a man of extremes; he is never satisfied with anything that is not extreme one way or another. If he deals with the tariff, he must raise it higher than anybody else has raised it. If it is a matter of hopes, they must be raised higher than hopes ever before have been raised; if fears, those fears must be greater than have been known heretofore. Through extreme action in one direction and another conditions have been made more unsettled than otherwise they would have been. I say that, first, by arousing the fears of the people throughout Canada as to the extent of threatened unemployment; and, then, by raising false hopes as to employment for all which he has been unable to fulfil; and, now, by going to the other extreme of cutting off salaries, reducing staffs and the like—proceeding from one extreme to the other—he has placed the country in its present unsettled condition under which no one will venture to make with any degree of confidence a substantial investment in anything.

What further do we find in regard to the measures of the last session? My right hon. friend was not content to follow the practice other governments have followed in times of emergency and stress, when requests have been made to vote moneys and trust parliament to do the right and necessary thing. He was determined to deal in his own way, to get the whole business of relief into his own hands, and out of the hands of parliament. The measure he brought in at the second session was not that parliament should vote a certain sum but that he should be given powers—when I say "he" I mean, of course, the governor in council—

An hon. MEMBER: No, "he" is correct.

Mr. MACKENZIE KING: Well, of course, as we know, my right hon. friend is more or less the governor in council. I say when he asked and obtained power from parliament to deal with the relief he went much further than any other Prime Minister in Canada has ever gone. At the time of the great war, Sir Robert Borden repeatedly had occasion to come to parliament to have parliament vote millions of dollars to meet war expenditures, moneys necessary for the maintenance of the troops at the front, for the sending of men overseas and the bringing of men back. Did Sir Robert Borden ask parliament to give him a blank cheque?

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: No, not at all. Sir Robert Borden came to parliament, asked for a specific sum of money, and requested that the money should be voted by parliament for a specific purpose and for a specific time. On no occasion, so far as I can recall, did he get from parliament authority to spend money outside the fiscal year for which it was appropriated. Never did he think of coming to parliament and asking for a blank cheque, but always asked for specific sums. My right hon. friend knows that we on this side of the house pleaded with him not to ask for a blank cheque, not to ask for the right to have moneys out of which commitments could be made beyond the period of the fiscal year. We asked him to have regard for the traditions, usages and customs of parliament. But he would pay no heed to our suggestions, and, at the last minute of the session, brought in and pressed through his measure.

My right hon. friend has talked about co-operation between the parties. What opportunity has been given to hon. members in this house to cooperate with the Prime Minister and his colleagues?

Mr. PRICE: Every opportunity.

Mr. MACKENZIE KING: What opportunity has his own following had to cooperate with him or to offer suggestions to him? The measure to which I referred and which was brought in at the end of the last session was the last measure on the order paper. It was not brought in until the last week of the session, and hon. members will recall conditions in this chamber at the end of July and the beginning of August when this measure was considered. The whole session went by without the introduction of any legislation to deal with unemployment. Then, when every member was nearly exhausted, when all were preparing to go home, the Prime Minister presented to parliament the demand for a blank cheque. Under a process which very nearly approached closure—because when a measure is presented so late in the session that term may well be applied—he obtained the right, not only to spend all the money he wished, but the authority by order in council to make new offences, to impose new penalties, to borrow money as well as to spend it, and to do whatever he wished with respect to anything which in his opinion related to a solution of the unemployment problem.

Those are the measures which up to the present time have been introduced by my right hon. friend. I think I have already made it clear that, instead of becoming better, conditions have gone from bad to worse. There is one further step, however, which he has indicated it is his intention to take, and is one which makes a consideration of this whole matter at this time so important. The present indication is the only hint he has given us of the step he intends to take to meet the present unemployment condition. What is it? It would seem that he means while parliament is in session, to perpetuate the legislation for which he asked to enable him to deal with the situation when parliament was not in session. That legislation, the bill of 1931 to which I have just referred, was a means to enable the government to deal with unemployment after parliament had prorogued and before another session came into being. On the order paper to-day, appears the following resolution:

Resolved that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

What does this mean? Chapter 58 is the act to which I have just referred. It means that notwithstanding that parliament is in session, notwithstanding that the people's representatives are here assembled for the express purpose of dealing with the great problems of the country and voting supplies in the regular way, the Prime Minister asks this parliament to give to the ministry while parliament is in session the power to do by order in council that which should be done only by act of this parliament and by supply voted in the regular manner. A more audacious or amazing piece of legislation never was introduced to a free assembly by any prime minister. This measure proposes that, while parliament is in session, actually assembled here with representatives from all parts of the country, hon. members shall forego, by the changing of a date in an act of parliament, their whole duty of dealing in the regular manner with the problem of unemployment in what my right hon. friend will tell us is another emergent situation. "We must meet this situation in the west at once; people are starving; people need this help." If we hesitate for a moment to pass the enactment we will be told that we are blocking aid and holding up the relief that is necessary. The Prime Minister comes along with this measure and by requesting an extension of its provisions from March to May asks us to allow him to have this blank cheque to use while parliament is in session, though his reason for fixing the date at which the act should expire was that he expected parliament would be in session at that time, and that parliament would deal with matters from then on in the regular way. Now he says, "Let me have the powers here conferred until the month of May." What will happen then? I think what we will find, if my right hon. friend has his way, is this: If he can avoid discussion, and get away from being obliged to bring down any policy with respect to unemployment relief until the month of May, when May comes along we will find this parliament will be adjourned until the fall; we will be told that my right hon. friend and his colleagues have to get ready for the Imperial economic conference, and will need the next two or three months for that. Then there will be no discussion on the relief of unemployment or on the methods by which the problem of unemployment is to be solved, and the unemployed will be left to take care of themselves. I may be wrong, but I believe

that is the purpose underlying this legislation,—to get away from any discussion at this time by giving the ministry what it needs for the next couple of months. Then they will adjourn this house for months without any settled policy with regard to unemployment having been arrived at.

Now may I point out to the members of this house the seriousness of the situation. This is the only indication we have had at this session, of the policy of the government in dealing with unemployment, and what is it? It is a continuation of the thing which has made matters go from bad to worse up to the present time. That is the position. There is nothing new in the proposed legislation. The government confesses, by the bill it is proposing, its impotence to deal with the question of unemployment; its incapacity and its total incompetence to offer any kind of a solution to this problem. We know that this measure which it is proposed now to extend till May has been a failure; we know that things have gone from bad to worse under the two acts already passed. The ministry will have to offer this parliament and the country something more than is contained in this measure, before the country will be satisfied with regard to the way the government is meeting the unemployment problem.

It is perfectly clear, Mr. Speaker, that the government has no policy for dealing with this question of unemployment, other than the continued expenditure of large sums of public money in the way here indicated. Indeed, the speech of the Minister of Labour (Mr. Gordon) the other evening was a pathetic exhibition—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: —of complete incapacity to deal with the most important of all existing labour problems. Read his speech and you will see that the greater part of it was devoted to quoting from solicited letters relating to some petty squabble with regard to patronage up in northern Ontario. Two-thirds of his speech was taken up along that line, yet hon. gentlemen talk about others seeking to make political capital. What was there in the nature of a constructive suggestion in the speech of the Minister of Labour, the only expression of view we have had from the government? What was there? There was not one single suggestion of any course of action other than that the ministry would continue cooperating with the provinces and with the municipalities though, as is stated in this amendment, the government itself is evading the responsibility of this being treated as a national issue by making what it does conditional upon what is done by the municipalities and the provinces. It was the Prime Minister himself who said that unemployment had become a national question. He made that statement throughout the campaign of 1930, but to-day he seeks to back away from that position, at a time when it is becoming more of a national question than ever before.

Now, Mr. Speaker, in order that no one may say that nothing in the nature of a practical suggestion has been made, from this side of the house, may I repeat again to-night a suggestion which I made on behalf of the Liberal opposition, both during the special session and at the regular session a year ago, as to what should be done at this time to deal with this question—what should have been done then and what I believe should be done now. I believe that this problem of unemployment is going to be with us not only for several months yet but, I fear, for another year or two at the least. I believe, if this problem is to be met, it cannot be met in the manner in which the enactments up to the present have sought to meet it, but that something very different will have to be devised. There is no man or woman in this House of Commons who can devise a plan that is going to meet the situation, but I do believe that throughout Canada there are those who, because of their special knowledge and understanding of industrial conditions, could, if they were brought together and given authority, deal with the great problem of unemployment in a satisfactory manner, or at least a manner as satisfactory as can be expected.

I suggest to the ministry that immediate steps be taken to appoint an unemployment relief commission, or committee, or whatever you may like to name the body. Ask the Dominion Trades and Labour Congress to nominate to that body some person or persons in whom they have the greatest confidence; ask other leading labour organizations to do likewise; ask the manufacturers' and employers' associations to name one or two members also; ask the union of municipalities to name a representative; ask the Canadian Chamber of Commerce to name its representative; ask the provincial governments, if you like, to name their representatives; ask the Red Cross, which has had to do with administering relief, to name its representative. Let us have a body of experts and allow them to make recommendations to this parliament of what in their opinion may be necessary in the way of enactments or appropriations. Let them effect the necessary cooperation between the dominion and the provinces and the munici-

palities. We will then have something to guide us and help us to meet the situation. The Minister of Labour himself and his department cannot cope with this situation—and I make that statement with all deference. Already we have witnessed one minister of labour break down completely under the burden; with his own lips the Prime Minister has told us that if there ever was one martyred in his endeavour to cope with a great problem, it was the former Minister of Labour. The preceding Minister of Labour had an experience in industrial problems which, with all due respect, the present Minister of Labour, with all his ability has not had. Is it to be assumed that what Senator Robertson was unable to do while in the position of Minister of Labour the present Minister of Labour is going to do? It is impossible to expect from the present minister and his department any advance upon what we have witnessed up to the present, and it is absolutely essential that the work of unemployment relief should be coordinated in a much more effective way than is the case at the present time.

Having given some study to the question of methods of unemployment relief, as well as to other phases of the industrial problem, I may be permitted to recall one instance in particular of which I have personal knowledge where a great state, confronted with the problem of unemployment, adopted a course somewhat along the lines I have just been indicating. The method which was adopted contemplated a most effective form of cooperation between the state, and municipalities, organizations and individuals. I should like to indicate what form that cooperation would take in this country if a similar method were applied here. I would suggest that, wherever work is being done in a municipality, the agencies of that municipality should be employed in the first instance to the extent to which they are capable of being employed. Municipalities have those in charge of their road work and work of construction. Allow, or rather oblige the municipality itself to provide its overseers, its superintendents, its supervisors and so on; allow it to provide what may be necessary in the way of equipment, tools, supplies, and the like. Let that kind of thing be done by the municipality. It will feel its interest; it will use economy in regard to its own expenditures. Let municipalities do all that they can do, and, when they have done all that they can, let the provinces come in with their facilities and special agencies for supervising work, for contributing supplies and the like. So far as the dominion government is concerned, let it come in when it has had an opportunity of coordinating the work as between the municipalities and provinces, and contribute its money in such a way that it will be used exclusively to pay the labour that is employed, not one cent of it going for supplies or tools or equipment or superintendence or in payment to contractors engaged on relief work. If that step is taken, the unemployed will get the benefit of what this parliament is voting. In other words, there will be a check as between the municipalities and the provinces, and a check as between the provinces and the dominion. Each will be interested in seeing that it is free from exploitation at the expense of the other, and, if this dominion adopts the policy of granting its moneys for the payment of actual labour, none going to contractors, none going to pay for supplies or equipment or superintendence or anything of that sort, then we shall find that the money which this parliament is voting by millions to help unemployment will provide work for those who are unemployed at the present time.

I offer that as a practical suggestion and I do hope my right hon. friend will accept it, and that he and his government will give it consideration. I submit that, with the Imperial economic conference coming on, and with all the other problems he has to deal with, he and his government have more to cope with than they can possibly manage. I give them credit for trying to do their best in the very serious situation of the country to-day; I think they are trying to do their best. But, I submit, they themselves must see that the measures they have brought in, up to the present time, are not adequate to meet the situation; instead, they are only tending to aggravate it. Can they not begin to throw off their own shoulders some of the burdens that are dragging them down, and to trust to others who are in a very favourable position to deal with the problems, giving them a free hand for the purpose? The hon. member for Labelle (Mr. Bourassa) this afternoon spoke of partisanship and playing the partisan game. Surely there is nothing of partisanship in a suggestion such as I have offered; rather, it is a means of getting away from partisanship. And that is what I am seeking to do at the moment; I am trying to induce the government to establish some representative body in which the country will have confidence.

Mr. KENNEDY (Peace River): Isn't that what is being done?

Mr. MACKENZIE KING: No, not by any means.

Mr. BENNETT: Exactly what is being done.

Mr. MACKENZIE KING: It may be done here and there in connection with some of the relief of rural distress in Saskatchewan, but it is not being done in the province of Ontario. It is not being done in the province of Quebec; it is not being done in the maritime provinces; it is not being done in British Columbia. What I want done generally is the kind of thing that the hon. member says is being done with relation to one locality only, but not done by a partisan commission, if I might so say to my hon. friend. The government have to take the responsibility for the commission they appoint. If they are unwilling to leave to responsible bodies the naming of persons whom they are prepared to trust, that, of course, is their privilege; they may name their own commission. But I think the country will judge the government in their meeting of this great national emergency by the non-partisan character of the commission they appoint, and the qualifications of those who compose it.

We are not at this stage in a position even to discuss this question as intelligently as it should be discussed because we have not yet before us what the government has done under this very enactment which expires to-day. We have not yet received any statement from the government as to what has been done. And that brings me to the concluding part of my remarks.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: Hon. gentlemen say, "hear, hear." We shall see what they have to say when I finish what I am about to say at this moment.

What is the position to-day with respect to the government's policy for meeting unemployment? No word has come from the ministry since this third session of parliament has assembled. In the speech from the throne there is not a single word with respect to any policy for meeting the unemployment situation. The only statement made there is that conditions are improving, and that is not true. There has not been a word from the Minister of Labour or the Prime Minister in regard to any sort of proposal to deal with the question of unemployment. There was a discussion the other day with regard to expanding the scope of the industrial research council. A suggestion came in the form of a motion by the hon. member for Red Deer (Mr. Speakman) that there should be appointed a body similar to the industrial and scientific research council to deal with social and economic questions.

When that measure was brought forward, I repeated this year a suggestion I made last year, that, if the government was not prepared to appoint a commission to deal with this problem of unemployment it might at any rate appoint a few experts, under the powers given in the Industrial Research Act as it exists to-day, and allow them to work in cooperation with the government on the question of unemployment, much as the tariff board did in advising the late government on matters affecting the tariff. I suggested that it would be advisable to have some board of that character appointed. That suggestion I made last year, and the government turned a deaf ear to it. This year I have made it again, and, up to the present time, no recognition has been given it.

Has any committee of parliament been appointed to investigate this great problem of unemployment? How, may I ask, are we to measure the zeal of the government in these matters? My right hon. friend did not hesitate to put before everything else a matter of personal concern to himself and submit it as a subject of investigation by a committee of this house, even before His Excellency the Governor General had been thanked for his speech; and to-day we have a committee of this parliament investigating certain matters that are peculiarly personal to the Prime Minister. Where is the parliamentary committee dealing with the question of unemployment? Where is the committee of the Commons appointed to consider this great problem of unemployment relief? Where has there been at this session a single word by the Prime Minister, who said in seeking office, "I will end unemployment; I will see that everyone has work"—where is the word from him about the distress and suffering throughout the country as a consequence of unemployment after he has been in office a year and a half? I say, no parliamentary committee has been appointed in connection with this matter, the greatest of all problems with which parliament has to deal. Not a word from the Prime Minister thus far this session.

And what have we had from the new Minister of Labour? Not a suggestion in the speech he has made; no suggestion of any policy. Finally, to come to the resolution itself, which is all we have had up to the present time even by way of indication of what is to be expected, I take it to signify an attempt to escape from any discussion of the problem of unemployment, if this is possible, until this session of parliament prorogues. Let me read it:

Resolved, that it is expedient to introduce a bill to amend chapter 58 of the Statutes of

Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

When was this notice given? It was given just a week ago to-day; that, I believe, was when this notice was put on the order paper. Why was it not put there during the first days of the session? Why up to the present time have we not had a discussion of the question of unemployment? My right hon. friend is not slow in appreciating the significance of every move he makes; but what is the position to-day? Let me read the section which it is proposed to amend. My right hon. friend is proposing that we shall substitute for the word "March" the word "May", in the act passed at the last session of parliament. It is intended to amend, in this manner, this particularly section:

This act shall expire on the first day of March, 1932.

Well, this is the first day of March, and this act has expired or will expire at midnight to-night, so that what my right hon. friend is proposing is that we shall amend a statute that no longer exists. This is his contribution to the unemployed of the country. No suggestion in the speech from the throne, no committee of parliament to investigate the matter, no special committee to advise the ministry, no statement of policy from the Minister of Labour or the Prime Minister—the only proposal made by the Prime Minister is to amend an extinct enactment, to amend a dead statute. That is what the right hon. gentleman offers in the name of his government to those who are suffering and who are in need. He knows as well as I know that that bill is as dead as Julius Ceasar; it expired last night. He knows that that statute is of no more value than the majority of those passed in the reign of Queen Anne; he knows it is as extinct as the dodo. He comes to this parliament and offers to those who are without employment and need relief the amendment of a statute which no longer exists! What will the unemployed of this country think, what will those who are suffering from need and privation think, of the solicitude of the Prime Minister for them in their present condition?

Listen to what he said when he was appealing for power. Speaking in Vancouver on June 18, 1930, the Prime Minister of to-day, then the leader of the Conservative party, referring to myself, said:

However blind he may be to your future and deaf to your present needs, surely he cannot stop his ears with smug complacence and self-esteem to the cry that carries across the nation—the cry of the destitute and hungry, the cry of mothers and fathers and little children who call to us as Christians and as Canadians to heal their pain.

"Who call to us as Christians," he says: may I remind the Prime Minister that the Founder of Christendom itself used the words:

Or what man is there of you, whom if his son ask bread, will he give him a stone?

And also:

Or if he ask a fish, will he for a fish give him a serpent?

The women and children who are suffering in this country to-day have asked the Prime Minister for bread, they have asked him for work, but he has given them not even a stone or a serpent; he has given them an extinct enactment, he has given them a dead statute.

Mr. WILLIAM IRVINE (Wetaskiwin): Mr. Speaker, as it is probable that a vote will be taken on the amendment before the house, and since that amendment is regarded in parliamentary parlance as being a vote of want of confidence, and further since it involves a subject which is so important that it cannot be ignored, it becomes essential that the members of the group in this corner should express their view.

The opportunity presented by this amendment for a discussion of the vexed problem of unemployment is not as propitious as might have been desired. The hon. member for Labelle (Mr. Bourassa), in his usual forceful eloquence, expressed the sentiments of the members in this corner when he decried the fact that this amendment had been offered in a political setting. It is very unfortunate that a question of such profound significance to the people of Canada should be brought into parliament in the manner in which this amendment presents it.

Undoubtedly we are all looking to the administration and to this parliament for a solution of the unemployment question, and as far as I am able to judge of the matter we will require to evolve a twofold policy. One policy will deal with the giving of sustenance to the people of Canada, the providing of support for those who have lost their means of livelihood because of a lack of work. That is the first task to be faced by the administration. The second policy should be designed to bring about an ultimate or fundamental reformation which will remove the economic cause of unemployment. The policy of providing work for unemployed rather than giving charity, was brought up at the last session of parliament, as the leader of the opposition (Mr. Mackenzie King) has just stated. At that time it appeared to me to be the general opinion of this house that the policy of

providing work for the unemployed was more acceptable than that of the granting of doles. It seemed to be a plausible policy, and I think it was generally agreed that it was the best, but I am not so sure to-day that it was. I have visited some of the relief camps which have been established under the control of the administration and I found them to be very satisfactory. I refer, of course, to the camps established for the building of a highway in northern Ontario. The work was being engaged in by the workers with a good deal of zest, the places where they lived were clean, wholesome and comfortable, and the food provided of an excellent character. If all the unemployed in Canada could enjoy the same conditions I do not think there would be any immediate cause for objection. However, I believe that such relief projects ultimately will have to be abandoned. I express that opinion reluctantly, but in view of all the circumstances I am afraid that that is what will happen. It is clear that no government has ever entered into any industry similar to that being carried on by private institutions, because to do so would mean that the government so doing would come into conflict with private property and the capitalistic system in general. The activities left to a government to undertake on behalf of the unemployed must be of a class usually undertaken by governments, and this is limited to a certain kind of so-called public works. The most popular kind of public work undertaken by governments in cases of unemployment in this country is that of building roads and highways, because private companies do not usually do that. What is the situation in that regard? We find in the first instance that governments must borrow the money with which to carry on that work, and at the present time such money will be borrowed at a very high rate of interest, thus paying to the bondholders not only the usual but even a higher interest rate than it is customary for them to collect. Next, the work on those highways is frequently given by way of contract, although this has not been done in the locality I visited. It is given in some instances in Alberta, I believe, under contract through the municipalities and the provincial government.

Mr. ARTHURS: Not in Ontario.

Mr. IRVINE: That allows a profit for the contractor. Then the materials are purchased at prices which permit a profit to those who deal in the commodities required. That leaves the lowest figure of wages to be paid to the people for whom all the work was originally undertaken, and finally, to cap the climax, as we sometimes say in popular parlance, the government has to accept what might be about 60 per cent of the actual work value for the money that it has expended. That is to say, work undertaken on roads and highways in the winter time in this country is very difficult to perform economically and the result usually is that about 60 per cent of what would be done under suitable conditions would be given under the present circumstances. For those reasons I doubt whether the policy of the state providing work to meet an unemployment situation, which has become so serious as to be described by the leader of the opposition a few minutes ago as a national emergency, can be carried on. However, the government must pay the bill. Winter work, as I say, is not an economic proposition, with the result that the government has to pay a very high sum for a very low return, and in view of the present financial situation throughout the world, I doubt whether such a policy can be continued indefinitely. The government of this country, like the governments of other countries, will ultimately be forced to take what may not be the best course, but the cheapest course, and under the present circumstances the cheapest course in the last analysis is undoubtedly that of giving doles instead of trying to give work. I am not advocating giving doles; I do not think that is a cure of unemployment, but in view of the financial stringency through which we are passing, the government may be forced to take the cheapest course instead of the best. But in any case I would insist that the people in Canada who have no money or work and thus have no food, shall be fed, clothed and sheltered. To do that, the state must assume the responsibility and must pay the bill. It remains for us to discover the best method by which the state can render that assistance to that part of the population which requires it.

In regard to the other phase of the matter, namely, the ultimate policy, I do not regard this as being an opportune moment to express whatever opinion I may hold in that respect. As the leader of the opposition has pointed out, there is on the order paper a measure which will afford an opportunity for a discussion of that sort, and I have no doubt, before the session ends, the government will furnish—at least I hope it will—an opportunity of discussing this question under more favourable circumstances. But in passing I would say that reformation, fundamental and constructive in regard to the economic problem which causes unemployment, is imperative. That reformation must and will come either

by legislation or by revolution. If parliament wants to prevent the latter, it must see to it that it provides the former. We must provide legislation that will bring the reformation necessary if we are to prevent disaster in other ways. Parliament and the government must not forget that if we are to avoid the difficulties which we sometimes fear will arise, we must do something to prevent the necessity for such action being taken. There must be an approach fundamentally different from that made by any nation so far, and from an entirely different understanding of the problem.

In that regard I am constrained to make a reference to the speech which has just been so eloquently delivered by the leader of the opposition. With perhaps this corner in mind, he referred to the nostrums of one kind or another which are sometimes proposed as a cure for the economic ills of our time. I do not of course know that he referred to this corner, but it is probable that he did. I do not think that in that respect this corner has pinned its flag to any particular masthead, although it is true we have advocated a number of things which we believe have an economic bearing on the problem. But leaving that aside, the leader of the opposition says that the economic problem is the same to-day as it has been ever since the world had an economic system. If he really means that, he is announcing his incapacity to lead any modern nation in the circumstances now confronting it; for I challenge his view in that regard and say that never before in the world's history has there been a situation similar to the present one, and that no policy that has been satisfactory in the past can possibly be applied to the present day. It may be all very well for him to say that the lower tariff policy of the Liberal party is going to be good enough for all time. I do not believe that, neither do I believe that the high tariff policy of the Conservative party is going to be good enough for all time. In fact, I would say that neither has been good enough for any time, and I do not think either has a very serious bearing upon the economic problem of the present day.

If we are going to continue industry on the basis of competition for private profit, it is certain that we shall end in disaster. All efforts made to cope with the situation on that basis I regard as being foredoomed to failure. Sooner or later this parliament and country must make a definite decision on that matter. Until that decision is made I am not very much interested in any proposal, no matter what side of the house it comes from, because I firmly believe that unemployment cannot be cured under the present economic system, and that the first step towards a cure is a definite decision by the government and parliament that a new system must be introduced. Shall we continue to nurse the aged and dying system while youth and hope die for lack of attention? That is the problem as I see it. The decision, as I say, must be made to reconstruct our economic life on a new basis and for purposes very different from those which obtain now. Until that decision is made, I repeat, I have not very much faith in the outcome of any proposal which has in view the ultimate ending of unemployment.

Meanwhile, may I point out that Canada's richest deposits of wealth are being wasted and worse than wasted. Canada's youth is her richest vein of gold. What opportunities have we provided for the armies of young men and women who are coming year by year into the industrial field demanding the right to live by labour? I ask that question of myself and I ask it of every hon. member in this house. Coming up for the year 1932 is an army of bright and intelligent young men and women of Canada. A similar army came up last year, and one the year before; another will come the year following, and they are faced with closed industrial doors; opportunity for expansion in life's affairs is denied them. What is parliament going to do this year in order to give these young people an opportunity? The nation which cannot find opportunity for its youth will die of premature senility, and it deserves the fate. While Canadian youth is faced with that disaster we squabble in this house for a solid two days over a matter of political prestige or advantage, without bringing forward a single constructive policy to solve the problem. That is the fact of the matter as I see it. I mention the plight of youth not to be rhetorical, but to bring home to this parliament more poignantly if possible than anything else could bring it home, the importance of the question now before us and of finding some solution for it before we leave to go back to our homes.

I come to the amendment which has been proposed. I have no doubt—at least I am not permitted to doubt—that the hon. member who moved this amendment (Mr. Heenan) is sincere in his objective. But it is rather a remarkable thing that the late Minister of Labour should find nothing better to offer to the unemployed than a huge hash of the speeches of the Prime Minister for the last three years, and that is what he brings to this parliament as a solution of the unem-

ployment problem. I shall not weary the house by reading what has been read already half a dozen times, in the last few years, has been placed on Hansard on different occasions and given to the country in various ways. I fail to see what significance it can have in relation to the unemployment problem other than a political one. I do not know if it is really the case, but certainly it appears to me that in the amendment the reference to a solution of the unemployment problem is more of a means than an end to be gained. Of course adoption of the motion involves the defeat of the administration, and it is distinctly political in its objective. We are not very much interested over in this corner in the life of this administration or any other, nor are we particularly interested in the hopes of the opposition to get over where the present administration now is. That question has never been a very serious one for members of the group over here. Nevertheless, we are forced to express an opinion and sometimes to vote on questions of this character, and we must indicate our position.

The amendment in itself, I say, is distinctly political in character. When we look at the amendment in the light of the statement of the leader of the opposition, that unemployment has become a national emergency; when we look upon unemployment as a national emergency and then look at the resolution which is proposed to meet that national emergency I really do not know what to say about the matter. It is beyond comment. So far as our group here is concerned, and I think I am speaking for the group in this regard, we are not going to vote for the amendment, because we regard it as purely a political amendment, but we say to the hon. gentleman who moved it and to the leader of the opposition that whenever they bring in a positive resolution that will bear upon the problem of unemployment we shall be more than glad to stand with them. But when it comes to a matter of this sort, to an amendment which has clearly but one objective and that the making of political capital out of this national emergency, we do not intend to sustain their desires with our votes. On the other hand, we do not feel disposed to vote against the amendment, for this reason: We do not think the government has solved the problem of unemployment any more than do the hon. gentlemen who have been proposing and supporting the amendment, and we are looking forward to a statement of policy by the government in this session of parliament on this question. Therefore we would not like to indicate by our votes that we are perfectly satisfied with all that the government has done in the matter. On the other hand, we are not hypercritical. We know that the problem has been difficult. We know that the government has done something. We know that they have kept people from starving. We are looking forward to a better policy. So, Mr. Speaker, this is one of those peculiar motions in respect to which we shall take shelter by not voting at all, neither for nor against, but rather await the proposal of the government, or a better proposal from the opposition, bearing on the problem.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I approach this very important subject of unemployment in a non-partisan spirit, and will rather seek to submit some constructive suggestions which might be of benefit in helping to relieve the unemployment situation, more particularly as it concerns the province of British Columbia.

In so far as the amendment condemns the government for world wide conditions which they could neither foresee nor prevent, I am not in sympathy with it. The amendment is on surer ground when it condemns the government for the extravagant promises on which it rode into office, promises made recklessly and apparently with very little regard to the possibilities, let alone the probabilities, of their being capable of fulfilment. Some responsibility perhaps attaches to the electorate who so readily and credulously swallowed statements and promises which an application of ordinary, common horse sense might have told them were obviously insincere, or at least, obviously impossible of fulfilment. However, as my desk-mate, the hon. member for Labelle (Mr. Bourassa) has said, that is a matter of eighteen months or two years ago, and no great advantage can be gained to-day, as we see it at any rate, by reproaching the government for the non-fulfilment of promises, the blame for which centres rather around the fact that they were made at all than that they are now found incapable of fulfilment.

The people, as the hon. member for Labelle says, are looking to us to give them some lead, if such can be done, to bring them out of this economic depression. I blamed the government for two actions in connection with their relief scheme of the last year. First, I blamed them because they did not grasp soon enough the seriousness of the situation. Hon. members in this corner of the house and myself repeatedly urged the government concerning the necessity for prompt and immediate action. Such action was not taken. Had it been taken perhaps we would not have

seen the spectacle in British Columbia of ill-clad men, in some cases under-nourished, attempting to build roads in the heavy winter rains or at times in eight or ten inches of snow. Such conditions certainly did not promote efficient work, and the health of the men employed must have been affected.

The second fault I found was that too much power was placed in the hands of the provinces. The federal government did not retain enough control of the large sums of money which were being spent and for which they were primarily responsible.

Apart from those two objections I believe the present government made a genuine effort to relieve unemployment last year, and the fact that the results have been so disastrous in British Columbia is, I think, much more the fault of the provincial government than the federal. We may compare the actions of the provincial and Dominion governments in this way: The Dominion government did a considerable amount of work on its own hook. That is to say, work done which was wholly dominion in scope and paid for by the federal government. For the most part very little waste took place in that work. In common with other members of the house I was asked to furnish a statement recommending the most necessary works in the district I represent, and I did as requested. I was very careful to include only those works absolutely necessary, and included only those which had been omitted in the ordinary estimates and which should have been provided for in the usual maintenance vote. While the government did not carry out all the works I recommended, as it should have done—they were all very necessary—still all the works they did carry out were amongst those included in my list. I am sure I must have had the support of the government engineers who knew that the works were necessary for the maintenance of those wharves, floats and the like for which the government were responsible.

Of course there was a certain amount of abuse. Two regulations made by this government were largely ignored. One of them was to the effect that so far as practicable the men employed should be residents of the locality in which the work was being performed. In many cases that regulation was ignored. A second regulation stipulated that in no case was discrimination to be allowed or permitted through political affiliations. That also was not properly adhered to. Further, men were employed who were not registered, yet the local government had expressly arranged a system of registration and had provided and insisted through public notices that no man who had not registered would after a certain date be employed on relief work. That regulation was not complied with. In many cases men were selected on the recommendation of local politicians seeking only personal advantage, and in some cases selections were made on the advice of some would-be kaiser who could not resist the opportunity of inflicting political revenge on persons who, or districts which, in his opinion had not voted properly. If time permitted I could, if challenged, give definite instances of breaches of these regulations.

As I have said, this political manœuvering took place in British Columbia; it did not take place in Ottawa. I wish now to follow the example set by the hon. member for Gloucester (Mr. Veniot) who a few nights ago gave credit to the Minister of Public Works (Mr. Stewart) for fairness in the administration of his department. I also am pleased to bear witness to his fair-mindedness. In more than one instance when I found that work which should have been done perhaps two years ago, work recommended by government engineers, was being sidetracked for no reasons other than political antagonism, I communicated with the minister and he in turn took steps to see that the grievance was rectified. At the moment I have in mind a situation which obtained in Lasqueti Island where three small works were needed, and where the most important one, on account of political intrigue, was being neglected. I give credit to the minister for his attitude in connection with that work and will take every opportunity to see that he, a Conservative Minister of Public Works in a Conservative government, gets credit for his action in that regard. Despite some defects I think I can say that for the most part the work was wholly necessary and done efficiently. There were one or two small instances where through political influence some man would be put in charge of a little job who barely knew at which end of a canthook to apply himself, and perhaps was not very willing to apply himself at either end. These were small matters, however, and on the whole, there could be very little complaint.

A very different tale must be told, however, when we consider the work done by provincial authorities in which the federal government was interested. I might explain that a large part of British Columbia, other than areas within city municipalities, is unorganized. In those parts the provincial government had full control of the way the money was spent or, probably I should say, misspent. There

was very little complaint of the way work was done in the cities. I do not know what custom prevails in the east, but in the west councils are elected on a non-political basis, and consequently there was no opportunity or temptation to play politics. But the cities themselves had grievances. Dealing with the province, the cities found great difficulty in getting their proposals accepted. I have a record of one city in my district which asked for $20,000, and after extensive negotiations they were told they would receive only $10,000. Accordingly they financed on that basis but were told long afterwards that they would receive only $7,000. When the figure was agreed to there would be further delay in receiving an O.K., and still further delay when moneys were to be paid.

Speaking on this subject the other day I said I believed that I would be acting in the best interests of British Columbia if I urged the government seriously to consider the appointment of a commissioner with very sweeping powers who could go to British Columbia and handle the situation very much as though that province were more or less in the hands of a receiver. I said also that a strong capable man was needed vested with wide powers. After the necessary time required for Hansard to reach the province of British Columbia there appeared in a Victoria newspaper—I shall not give the name of the newspaper so that the columnist will not receive the publicity he was no doubt seeking but to which he is not entitled—an article attacking the hon. member for Vancouver Centre (Mr. Mackenzie) and myself. They accused my hon. friend of asking for, and accused me of supporting, his request for a commission. The suggestion in the article was that the request for a commission bore with it an insinuation that there was something to investigate in connection with relief work. The words I used were a little more definite than the word "insinuate." I said, "the whole thing reeks with suggestion of graft and corruption." There is no insinuation about that. The article went on to say that I was animated by a desire to show that I was still the champion of the rights, liberties and interests of the common people. As a matter of fact, referring to the Hansard from which I have just quoted, I find the hon. member for Vancouver Centre did not use the word "commission" at all. He did say that he would like to see a full investigation. Nor did I ask for a commission; I asked for a commissioner, a very different request. So far as the third rate columnist of a second rate newspaper is concerned I am quite happy to accept the position he wishes on me—in fact I am rather proud to be classed as the champion of the rights and privileges of the common people. I am glad he knew enough to say that I am the champion of the rights and privileges of the common people, although on that occasion the words I used were "the whole of British Columbia."

Then again, Hon. Mr. Bruhn, the Minister of Public Works, rushes into print and says:

> Mr. Neill expressed his belief that the administration of unemployment funds should be placed in the hands of a strong minded official with strict power and authority from the Dominion government.

Then he goes on to say:

> This is the first time that we have known Mr. Neill to advocate a dictatorship when dealing with the unemployed.

I did not use the word "dictator," but if I had I would not have been alone. Let me quote this sentence:

> The provincial government very much requires the services of a financial dictator. . . .

That is from the Vancouver Province, the strongest Conservative paper in British Columbia. Further on they use this language:

> . . . we should say that such a tangle as obtains to-day in the relief camp service is an extremely strong indictment of the present system of control.

Thus speaks the Conservative newspaper, which in many respects is very fair-minded. As I said, I did not use the word "dictator," though I do not know that its use would not have been justified. What I advocated was not a dictator but a man whom I might classify as a go-between, with the Dominion government on the one hand, who have the money and are willing to spend it for relief purposes, and on the other hand the unemployed people who need relief work, who are anxious for it and who are going hungry for lack of it, but who do not appear able to get it because of this government of inefficient misfits in Victoria. I wanted somebody with sufficient power and authority to exercise some check over those governing curiosities in Victoria who have been blocking the progress of unemployment relief, who have been a nuisance to the government in Ottawa, a reproach to their party friends in British Columbia, and a curse to the unemployed who sought relief.

I am not attacking the Conservative government of British Columbia as such, but if I should do so I would be in very good company. There are a lot of Conservatives, including members of the local legislature, who are very frank in expressing their views of the situation. Perhaps, with a little exaggera-

tion, I could best express the situation by saying there is no Conservative government in British Columbia to-day; it has ceased to be, though it still carries the name, perhaps in the same way a woman who has betrayed her husband will for a time shelter herself behind his name and protection. The rump cabinet of Victoria has betrayed the Conservative party, and not only the Conservative party but also that wider section of independent people, whose numbers are growing in British Columbia, who do not vote according to party lines but who vote for what they think is in the best interests of the province. At any rate the Conservatives, and no doubt many Liberals and Independents, did vote for the government, and the best elements of the Conservative party promulgated a platform to which they were pledged and which they were determined to carry into effect. They were pledged to greater efficiency, greater economy, tax reductions and non-patronage, but their cabinet has broken every one of those pledges in turn and now, in this last fiasco in connection with unemployment relief, they have broken them all at once. I reiterate what I said the other night; the local government has made a complete mess of the unemployment situation.

Mr. PRICE: Can you prove that?

Mr. NEILL: Yes, up to the hilt. I may say that I think Hon. Dr. Tolmie, decent, honest man that he is, who I hope soon recovers from his indisposition, would be one of the first to admit that conditions are unsatisfactory. I know this was a very great nightmare to the previous Minister of Labour, and I believe it had a great deal to do with his indisposition. I think even the present Minister of Labour (Mr. Gordon) would not care to go too emphatically on record as being wholly satisfied with relations between British Columbia and his own department.

Then we have another minister of the crown writing west and saying that "the provincial government seem unable to meet the ordinary business conditions which the federal government found it necessary to impose in connection with relief administration." Again we find that very early in the session of the provincial legislature a member rose in his place and moved the adjournment of the house to call attention to the fact that the government were not even paying their relief bills. Relief orders had been given to country stores, and a rather unfortunate situation existed in that regard. I know that to be a fact within my own knowledge, for I went into a country store—

Mr. PRICE: I would ask the hon. member to quote someone who is responsible and not give hearsay in support of what he thinks.

Mr. NEILL: I certainly will not quote the hon. gentleman, for I do not think he is responsible.

Mr. PRICE: You are taking up the time of the house with a lot of political nonsense.

Mr. NEILL: I might remind my hon. friend of this verse of the poet:

> While broken teacups, wisely kept for show,
> Rang'd o'er the chimney, glisten'd in a row,

I went into a country store, and the proprietor told me that his wholesaler was pressing him for cash, not an unusual thing in these days. The storekeeper had a stack of relief orders, all initialled and delivered, and he offered them to the wholesaler, but the wholesaler said, "I do not want them; I want cash." Again, we find the city council of North Vancouver, quite a large city, voting money to allow some delegates to take part in an unemployment parade to Victoria. They did so with the comment that they did not believe much in such parades, but they thought it was a good idea to take some steps to stir up the government at Victoria. Then we find the city council of Vancouver saying they did not think they could legally vote money for this purpose, although they would like to do so, but they gave these people relief while they were there and promised them all the flags they needed for their procession or parade. Again we find Senator McRae writing to North Vancouver, which he used to represent, and saying that the blame lay with the province rather than with the dominion.

I have still another example. The Vancouver Sun is known, of course, to be a Liberal newspaper, but it is no more a partisan Liberal newspaper than the Province is a partisan Conservative newspaper. The owner of that newspaper is reputed to be a man of wealth; at any rate he is abundantly able to defend any action for libel and to pay any expenses or damages which might be levied against him. A few months ago he came out in his newspaper with the announcement that he had detailed one of its editorial staff to make a personal investigation, extending from the coast to the Alberta boundary, and report his findings in connection with unemployment. I cannot read the whole report, though I should like to gratify my hon. friend opposite. I will only read three short sentences which are indicative of the whole situation.

Mr. PRICE: Your stuff is all bunk, that is all I have to tell you.

Mr. NEILL: "And the loud laugh that spoke the vacant mind." The article states:

British Columbia's grossest political scandal has been perpetrated under the guise of "unemployment relief."

Those words are actionable if they are not true.

In its morals the operation compares rather unfavourably with stealing pennies from the baby's bank. In its magnitude it more nearly resembles a Wall street raid.

The crime is this: that millions of dollars of public money purporting to be used in the relief and assistance of the needy and destitute, have been scattered broadcast in wages and purchases of supplies among political favourites. Meanwhile the hungry have remained unfed.

That is a statement which leaves the publisher completely open to a libel action, but nothing has been done about it. It is needless to go into details; I have not time, but at any rate, the whole thing was stopped because money ran short. In the meantime the province made a demand upon the dominion treasury; they said, "Give us half; give us your share of the money we have been squandering," but very much to the credit of the government of this dominion, they refused. They said, "No. We are willing to give our share of the money which you have spent on relief, but we are not going to spend our money on your wildcat camps, political friends, and so on." Then the fat was in the fire and the work had to be shut down instantly, and after that the government was reduced to the giving of as much direct relief as could be afforded. That is the very worst form of dole. Hon. members who have howled down any idea of unemployment insurance were only too pleased to see doles given out. Only two meals a day were given to men sitting in camp alongside a road, looking at the road which was in a disgraceful condition. I feel certain that if I had gone and said, "Boys, for God's sake fix that road at your own expense," they would have done it rather than have sat idly by and looked at it. But that was the situation: they were getting two meals a day for looking at it. That happened three months ago, and since then, about every third day we have received notice that work was going to start again, but nothing has been done. They are now talking of a scheme of giving them $7.50 a month, but even that does not seem to be in operation yet.

I repeat, what is needed is for the government to send a commissioner there with full power to investigate, not a political committee. The local government, to save their face—and there is mighty little of their face left in this regard—have appointed a political committee of their own choosing, in the proportion of seven to four. They could not even be content with a majority but they had to have seven out of eleven. And they were hand-picked on their own side because they could not trust their men. Some of the Conservatives are up in arms about the situation I have outlined, and now a political whitewashing committee has been appointed to administer the necessary whitewash. That is not the kind of investigation we are entitled to, nor is it the kind this government are entitled to for their own protection and information.

It may be claimed that this is a provincial matter and that they have not been squandering the federal money. But much of the trouble that arose in all these months, with which the Minister of Labour is at least partially familiar—because a lot of it happened in the time of his predecessor—was due to that very thing, that the province was trying to squander federal money, and the trouble came to a head when the federal government would not stand for it. It is the duty of this government to see that the dominion relief scheme is effective, and I am safe in saying that if they carry it out along these lines more than ninety per cent of the people of British Columbia will be grateful and more than grateful to them for doing so. Large sums of money are being spent. We have got into the habit of talking in millions, and the Dominion government are paying fifty per cent and in some cases more than that, so that it is their duty to investigate, not only the past, although a good deal of investigation would be necessary if we go into what has been done in the past, but what is being done now and what will be done in the future. There are months and months ahead of us during which we shall need relief from the Dominion government and steps should be taken to see that the money is properly spent.

I submit that it should be this man's duty to see that the money is spent wisely and efficiently so that good work will be done and value got for the money spent. Then he should have power to direct and to dominate, if you like, these misfits in Victoria in order to see that the work is done in such a way and under such conditions that the Dominion government can readily and without question pay their share of the expense. That will have the further great benefit of avoiding any delays, which are sometimes very unfortunate for the municipalities, whose funds are not ample. It is important that there shall be no delay in paying the dominion's share of the money. That is the primary duty of the government, and I hope they will send a good

man out. Secondly—and this is most important—he should see that the money is really received by the people who need work and who are hungry. Let me refer to the act passed last year. What is it intended to do? It is for the purpose of relieving distress and providing employment; and elsewhere it speaks of the "speedy and unhampered prosecution of all relief measures". That is all I ask: that they send a man there who will see that the prosecution of the work is speedy and unhampered—unhampered by that bunch of curiosities in Victoria—for the relief of unemployed people. We shall not fulfil the purpose of the act under present conditions unless the government exercises greater supervision there.

In order that my attitude may be quite free from any appearance of partisanship I am going to join with my co-partner, or co-leader, or the other half of the independent desk—we will call it that rather than group or party—and vote against the want of confidence in the government. I hope, however, that the government will take steps to have these matters to which I have referred, carefully considered, and introduce methods that will improve conditions. They have given notice of an extension of the act under which relief is afforded and now will be the proper opportunity to provide more stringent regulations along the lines I have suggested in order that at least in the province of British Columbia, with which of course I am more familiar, the money will go from the federal authorities to the people who so badly need it.

Mr. F. R. MacMILLAN (Saskatoon): In rising to say a word or two in connection with the amendment, I desire as the representative of a constituency in Saskatchewan to thank the government of the day for the most sympathetic manner in which they have come to the assistance of the people in that province. I was surprised at the remarks of the right hon. leader of the opposition (Mr. Mackenzie King), who tried to establish a comparison between conditions to-day and conditions in the year 1921 when he came into power. There is no comparison whatsoever. At that time I was in a business in Saskatchewan which I think reflected more quickly than any other the condition of unemployment or employment. That was the time of great deflation of commodity prices as a result of the war. During the war the price of almost every commodity had gone up from 50 to 200 per cent, and in twelve months prices dropped again practically to where they had been before, so that there was considerable dislocation of trade and some unemployment. But the situation then was by no means comparable to the present situation. It is therefore a mistake to make any such comparison. In western Canada at that time there was no unemployment, or at least very little. Rentals, which are a fair index in the city I come from and in every other city and town in Saskatchewan, remained practically at the level that existed prior to 1921. It is different to-day. Rentals of business properties in that part of the country are down from thirty-five to fifteen per cent.

The problem before us is a national and international problem; it is something over which the government has no control, and the leader of the opposition knows that perfectly well. The right hon. gentleman spoke about raising fears throughout the country because unemployment was rampant. I would ask hon gentlemen opposite this question: Last year did we not sit here week after week listening to wails of woe, particularly from members from western Canada in regard to conditions out in that country? We heard these wails of woe until we were all heartily sick of them, and now the right hon. gentleman comes along and says that we are creating fears in the minds of the people in connection with unemployment. I have wondered, while listening to this talk in regard to unemployment relief, just what the late government did from an administrative point of view. I wonder to what extent the lack of administrative vision has accentuated the unemployment which exists to-day? I could quote figures from my own city in regard to unemployment and the relief granted by federal, provincial and municipal authorities, but I do not intend to weary the house. However, I should like to read a letter from the provincial secretary of the Retail Merchants' Association of the province of Saskatchewan. This gentleman is a very staunch supporter of the right hon. the leader of the opposition (Mr. Mackenzie King). This letter, addressed to the Premier of Saskatchewan and dated Saskatoon, January 12, 1932, reads as follows:

Dear Mr. Anderson:

At the executive meeting of our association which we held in Regina on Thursday and Friday, January 14 and 15, and at which meeting we also had in attendance the directors of the Retailers' Trust Company, Limited, and the members of the southern merchandising committee of our association, the subject of the manner in which the distribution of relief by the federal and provincial governments, through the Saskatchewan relief commission, was pretty thoroughly talked over by the members present.

A resolution was unanimously passed that I should write you, expressing appreciation of the manner in which this relief has been carried

out by the governments, through the relief commission, and I was to say to you, Dr. Anderson, that, generally speaking, we believed it to be carried out in a very satisfactory manner, both to the recipients and to the retail trade, as well as to the citizens of Saskatchewan.

I was asked to send a copy of this letter to the Hon. R. B. Bennett, Hon. Robert Weir, and to Mr. Henry Black, chairman of the Saskatchewan relief commission.

I can assure you it affords me much pleasure personally, to write this letter.

Yours faithfully,

W. L. McQuarrie,
Provincial Secretary,
Retail Merchants' Association.

I could read other letters of a similar nature, but I will not take up the time of the house. I am glad to see the Leader of the Opposition in his place, as well as the hon. member for North Battleford (Mr. McIntosh). I regret that the former Minister of the Interior (Mr. Stewart) is not present because I intend to refer to a matter which pertains to the constituencies of Prince Albert and North Battleford, and he might be interested in my remarks.

During the years from 1921 up to the time the natural resources were returned to the province a condition arose which was not in the best interests of the people of Saskatchewan. I refer to the manner in which timber permits were handed out to the friends of the late government, and also to the granting of tie contracts. I hold in my hand a list of the timber permits which have been granted to a firm in Prince Albert, friends of the right hon. gentleman, numbering in all some sixty-one or sixty-four. In each case these permits are listed as being fire-killed timber. They were granted from the year 1925 up to just prior to the last federal elections, and it is a strange thing that no one but this particular firm could obtain a permit to cut timber in this section of northern Saskatchewan. It is also a strange thing that apparently no one but this particular firm could obtain a contract from the Canadian National Railways for the supplying of railway ties. It looks very much like collusion between the Department of the Interior, the Canadian National Railways and the contractors in Prince Albert. Hon. members familiar with timber regulations know that fire-killed timber is that which has been run over by fire and fifty per cent of which will eventually die. The royalty for such timber is only fifty per cent of what it is for standing green timber, so that these contractors by being permitted to lease this as fire-killed timber have paid the government a much smaller royalty than would have been required had it been properly designated.

Some hon. MEMBERS: Order.

[Mr. F. R. MacMillan.]

Mr. RALSTON: Mr. Speaker, I rise to a point of order. I submit that the remarks of the hon. gentleman are not relevant to the debate. His suggestion that for a great many years such and such a thing has gone on does not concern the question under discussion; this is not the occasion on which to bring up a matter of this kind.

Mr. BENNETT: The debate has wandered over a wide area. The right hon. gentleman opposite during at least ten minutes of his address discussed another item on the order paper, and I do not think the hon. member is beyond the scope of the discussion when he points out how unemployment has been induced by the selection of only a limited number of people to furnish ties.

Mr. RALSTON: I am sure that what the hon. member has been saying has nothing to do with the immediate question, that of unemployment.

Mr. SPEAKER: I am of the opinion that the hon. member for Saskatoon (Mr. MacMillan) is not out of order. The motion is that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply, and the amendment proposed thereto opens the way for a wide debate. One paragraph of the amendment reads as follows:

> That the giving of these solemn assurances, the using of them to secure support at elections and their violation after the attainment of office reveal a flagrant disregard of political honour and tend to lower the standard of public life.

Surely that opens the way for a wide discussion.

Mr. MacMILLAN: I prefaced my remarks by stating that I wondered what effect the lack of administrative ability on the part of the late government had had upon unemployment. The hon. gentleman who interrupted me will realize that there is some connection between unemployment and the matter with which I am dealing. I intend to endeavour to show him that this is so, and I hope he will be good enough to accept my proof.

Mr. RALSTON: I shall be glad to listen.

Mr. MacMILLAN: The hon. member is very gracious.

As I said before, these contracts extend from 1925 up to just prior to the recent federal elections. I hold in my hand a return made by the office of the general timber agent of the Canadian National railways, dated at Montreal, February 23, 1931. This shows that from 1925 to 1930 the contractors referred to

received from the Canadian National Railways $1,311,000 for railway ties, they having taken out some 1,600,000 or 1,700,000 ties during that period. All these ties have been listed as fire-killed ties. I am going to read some statements in regard to this timber made by men living in that district. This is a statement made by Charles Marshall of St. Walburg, Saskatchewan, on the 10th day of March, 1931 and witnessed by a commissioner of oaths. He said:

1. That during the summer of 1930 I was assistant fire ranger in the employ of the Dominion government in the Meadow Lake division, particularly in townships 55, 56, 57, 58, 59, and 60 in ranges 25, 26 and 27 west of the third meridian in the province of Saskatchewan, and as such have a personal knowledge of the matters herein referred to.

2. That I have inspected and cruised all the following timber berths, namely: fire-killed timber berths numbers: 4141, 4142, 4143, 4495, 4597, 4599, and 4600 and say that all these timber berths contain green jackpine suitable for the production of railway ties and are incorrectly designated fire-killed timber berths.

3. That in the year 1929 I was employed as tie peeler, peeling some of the ties removed from some of the above-mentioned timber berths, and say that none of the ties peeled by me were fire-killed.

4. That I have found large tracts of timber ruthlessly fallen and wasted, a total loss and a great fire hazard, because the inspections by the authorities were improperly enforced, as against Hett & Sibbald Limited, the permittees.

Then I have a letter dated at Turtleford, Saskatchewan, April 9, 1931, which states:

Dear Sir:

During the year 1927 I made railway ties for Hett & Sibbald Limited from sections 2 and 3 in township 55, range 18, west of the third meridian. The timber was cut from this land by me and delivered to Hett & Sibbald at Livelong, Saskatchewan. All the timber was green timber. None of it was fire-killed.

When I was instructed by Hett & Sibbald to cut these ties they told me that they had a permit to cut this timber. I later understood that no such permit was granted and that I was unlawfully removing timber for Hett & Sibbald and without any permit.

I have seen a great number of railway ties made and in the process of delivery from townships 55 and 56 in range 18, during a number of years, particularly 1927, 1928 and 1929. All the ties made from these townships, that I at any time saw, were green ties and were not made from fire-killed timber. All these ties were said to be delivered to Hett & Sibbald Limited.

Yours truly,
Wm. Mattila.

This is another letter, dated at St. Walburg, Saskatchewan, in the constituency of North Battleford, under date of April 6, 1931:

Dear Sir,—

I know fire-killed timber berths No. 4141, 4142, 4143, 4195, 4599, 4597, and 4600, and say that all these timber berths are green timber. They are not fire-killed timber berths, railway ties have been cut off most of them and delivered as green railway ties to Hett and Sibbald, Limited.

J. H. Marshall.

Then I have a document from Frederick Cleve Jackson of Loon Lake, farmer, who says:

1. That I have visited and cruised the timber in all township 64, in range 25, west of the third meridian in the province of Saskatchewan.

2. That all the timber in the said township is green timber.

3. That the so-called fire-killed timber berths cover the N.E. and S.W. of 34; all sections 35, 36 and 27, the S.W. of 26; the W. half of 23; W. half of 14; all 22 and 15; all 21, 28, 33; the N.E. and S.W. of 32; the N.W. of 34; the S.E. of 20; the N.W. of 16; the N.W. of 17; the N.W. of 18; the S.E. of 19, the S.E. and N.W. of 30; S.E. of 31 in the said township and range incorrectly describes the said timber.

4. That the said township 64, in range 25 west of the third meridian is unsurveyed territory and the timber berths covering the various sections and quarter-sections in the said township and range are not designated by a survey, and cannot be distinguished from other sections and quarter-sections in the said township.

I understand the permit granted for the particular berths to which I have just referred was given to this firm prior to the last federal election. Most of these berths are in the constituency of North Battleford, a few of them in that of Prince Albert. I have listened many times recently to the hon. member for North Battleford when he has been speaking in the house. He is greatly concerned about those who support him in his constituency.

Mr. McINTOSH: Who told my hon. friend that?

Mr. MacMILLAN (Saskatoon): He is very much concerned about the people who support him. I can tell him that he was defeated in almost every town along the railroad in his constituency, but when he got into the backwoods the people who supported him were those who took out these railroad ties at starvation wages for the contractor. But they will never do it again.

Mr. McINTOSH: My hon. friend will never be returned again either.

Mr. MacMILLAN (Saskatoon): I want to read from the evidence in a case which was heard in Battleford.

Mr. VALLANCE: North Battleford.

Mr. McINTOSH: He does not know one from the other.

Mr. MacMILLAN (Saskatoon): My hon. friend knows an institution that is located in Battleford.

Mr. McINTOSH: And my hon. friend ought to be in it.

Mr. MacMILLAN: And I can say without much fear of contradiction that he may find himself there shortly.

I read now from the evidence of J. H. Marshall taken on oath on examination for discovery at Battleford last year in a timber case:

Q. Did you endeavour to get a contract direct?
A. No.
Q. You never had?
A. No.
Q. During the years 1927, 1928 and 1929?
A. Yes. In the latter part of the year I called—
Q. What year?
A. 1929.
Q. Where?
A. At Montreal.
Q. Whom did you inquire from?
A. I was going through there and I inquired when them contracts would be given out.
Q. Whom did you inquire from?
A. To the office of the Canadian National Railways.
Q. Whom did you see?
A. I saw one of the clerks there.
Q. Did you know who he was?
A. No. He just asked me what I wanted and I asked him about the contracts and he told me that at that time in order to get a contract you had to speak to the sitting member in the House of Commons for North Battleford. . . . I went there and inquired for a contract and he advised me the best way out of that was to see C. R. McIntosh. That is what he advised me to do.

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

Wednesday, March 2, 1932

The house met at three o'clock.

GOVERNOR GENERAL'S SPEECH

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. SPEAKER: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

I have received with great pleasure the address you have voted in reply to my speech at the opening of parliament, and thank you for it sincerely.

Bessborough.

Government House,
Ottawa.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) presented the first report of the select standing committee on banking and commerce, as follows:

[Mr. F. R. MacMillan.]

The select standing committee on banking and commerce begs leave to submit its first report, as follows:

Your committee begs leave to submit the following recommendations:

1. That your committee have leave to print its proceedings and evidence taken, from day to day, and that standing order 64 be suspended in relation thereto.
2. That the quorum of your committee be reduced from 15 to 10 members.
3. That your committee be empowered to engage and pay George A. Touche & Company, auditors and chartered accountants, to assist the committee in its investigation with respect to the price of gasoline as referred to the committee by resolution of the house dated the 11th day of February, 1932.

All of which is respectfully submitted.

Mr. POULIOT: Why is the committee to be reduced from fifteen to ten?

An hon. MEMBER: The quorum.

Mr. MATTHEWS moved that the report be concurred in.

Mr. SPEAKER: I direct the attention of the house to standing order 63, subsection (d) concerning committees:

On banking and commerce, to consist of 50 members, 15 of whom shall constitute a quorum.

Before the motion is considered that standing order would have to be suspended.

Motion stands.

INTERNATIONAL CONVENTIONS

AMELIORATION OF THE CONDITION OF WOUNDED AND SICK IN ARMIES IN THE FIELD

Right Hon. R. B. BENNETT (Prime Minister) moved:

That a message be sent to the Senate informing Their Honours that this house has adopted a resolution approving of the international convention for the amelioration of the condition of the wounded and sick in armies in the field, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, subject to the following reservations:

That the government of the Dominion of Canada will interpret article 28 of the convention in the sense that the legislative measures contemplated by that article may provide that private individuals, associations, firms or companies who have used the arms of the Swiss confederation, or marks constituting an imitation thereof, for any lawful purpose before the coming into force of the present convention shall not be prevented from continuing to use such arms or marks for the same purpose,

the approval of the convention by this house being made subject to the said reservation; and requesting that Their Honours will unite with this house in the approval of the above mentioned convention, subject to the said reservation; and that the clerk do carry the said message to the Senate.

Motion agreed to.

TREATMENT OF PRISONERS OF WAR

Right Hon. R. B. BENNETT (Prime Minister) moved:

That a message be sent to the Senate informing Their Honours that this house has adopted a resolution approving of the international convention relative to the treatment of prisoners of war, Geneva, July 27, 1929, signed on behalf of Canada by the plenipotentiary named therein, on January 29, 1930, and requesting that Their Honours will unite with this house in the approval of the above mentioned convention; and that the clerk do carry the said message to the Senate.

Motion agreed to.

RADIO BROADCASTING

SPECIAL COMMITTEE TO STUDY PROBLEM OF INSTITUTING CANADIAN SYSTEM

Right Hon. R. B. BENNETT (Prime Minister): I gave verbal notice a few days ago of intention to move for a special committee to consider broadcasting in this country, and my hon. friends opposite have selected their members of the committee. I therefore move:

That a special committee of this house be appointed to consist of Messrs: Morand, Wright, Beynon, Smith (Cumberland), Gagnon, Cardin, Euler, Ilsley and Garland (Bow River), for the following purposes:

(1) To consider the report of the Royal Commission on Radio Broadcasting dated the 11th day of September, 1929, and, commonly known as the Aird report.

(2) To advise and recommend a complete technical scheme of radio broadcasting for Canada, so designed as to ensure from Canadian sources as complete and satisfactory a service as the present development of radio science will permit.

(3) To investigate and report upon the most satisfactory agency for carrying out such a scheme.

With power to the said committee to send for persons and papers and to examine witnesses, and to report from time to time to this house.

I believe that the language of the reference is that which I indicated to the house a few days ago, and the members of the committee are those selected by the various parties in the house.

Motion agreed to.

BEAUHARNOIS POWER PROJECT

Hon. C. H. CAHAN (Secretary of State): I lay on the table of the house a copy of an extra of the Canada Gazette containing a proclamation dated February 29, 1932, fixing March 1st instant as the date on which an act respecting the Beauharnois Light, Heat and Power Company, chapter 19, of the acts of 1931, shall come into force, and also copy of order in council P.C. 504, dated March 1, 1932, and made under the authority of the said act prescribing conditions on which the said company shall be permitted to divert water from the St. Lawrence.

PRIVILEGE— MR. STEWART (EDMONTON)

Hon. CHARLES STEWART (West Edmonton): On a question of privilege, yesterday in the course of his remarks on the motion then before the house the hon. member for Saskatoon (Mr. MacMillan) made reference to contracts that were entered into by the previous government during the time I was Minister of the Interior and had charge of the department. I notice that these remarks are supported by affidavits by one Mr. Marshall, and a number of names are mentioned which I will not take the time of the house reading. I simply want to state that, so far as my administration of the department was concerned, once in a very great while we had individuals who did not live up to their contracts. This questions the integrity of the officials who were in charge and makes rather grave statements with respect to the matter. It is asserted that the Department of the Interior, over which I presided at that time as minister, must have had some arrangement with the railway company. I desire to deny emphatically that I ever had any arrangement with the Canadian National Railways or anyone else with respect to the sale of ties. I wish also to deny emphatically that I was aware of the allegations contained in the statement made by the hon. gentleman and to say to him, to the house and to my successor that I hope every assistance will be given towards the carrying on of an investigation. This investigation would have to be conducted by the Saskatchewan government who are now in control of the resources mentioned therein.

DEBTS DUE TO THE CROWN

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 25, respecting debts due to the crown.

He said: Mr. Speaker, the object of this bill is to secure statutory authority to confirm a practice which has obtained in the past whereby when sums of money are owing to the federal government by provincial governments, municipalities, corporations, public offices, companies or private persons who are entitled to receive sums of money from the government, the Minister of Justice, when he is of the opinion that such a body or individual who may be entitled to receive money

under statutory authority is indebted to the Dominion government, may retain the amount of such indebtedness from the statutory commitment. The effect of this bill will be to take from the department the responsibility which it has hitherto exercised and will place it in the governor in council upon the recommendation of the minister.

Mr. LAPOINTE: Will this apply to income tax?

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

FISHERIES DEPARTMENT—STAFF

Mr. DUFF:

1. What was the number of officials in the fisheries department, employed in the department at Ottawa, previous to the provinces of Ontario, Quebec, Manitoba, Saskatchewan and Alberta taking over certain duties and responsibilities in connection with the fisheries?
2. What was the total amount paid in salaries per year to said officials?
3. What was the number of officials of the headquarters staff of said department at Ottawa in the year 1931?
4. What was the total amount paid in salaries during the year 1931 to said officials?

Mr. DURANLEAU:

1. The administration of certain fisheries in Ontario was taken over by the province in 1899, in the mainland portions of Quebec in 1922, and in the prairie provinces in 1930. The number of employees at Ottawa in the fisheries branch of the then Department of Marine and Fisheries in 1899 was forty.
2. $22,772.11.
3. Eighty-two.
4. $151,120.

MINISTERS' AUTOMOBILES

Mr. BRASSET:

1. Were the automobiles that were at the disposal of the ministers of the crown, and the property of the government, sold?
2. If so, to whom and at what price for each respective automobile?

Mr. RHODES:

1 and 2. These automobiles were turned over to the salvage officer, government contracts supervision committee, for disposal, including assignment to departments where automobiles were actually required for public work and where these could be used to advantage instead of purchasing other cars.

No automobile has yet been sold.

[Mr. Rhodes.]

RIVIERE DU LOUP—CAMPBELLTON HIGHWAY

Mr. MARCIL:

Have any representations been made to the government to utilize that portion of the Quebec highway, extending from Riviere du Loup to Matapedia, Quebec, and Campbellton, New Brunswick, as part of the trans-Canada highway, and has any final decision been reached in the matter?

Mr. GORDON: No information.

BONAVENTURE POINT LIGHTHOUSE KEEPER

Mr. MARCIL:

1. Has P. B. Bourdages, lighthouse keeper at Bonaventure Point, Quebec, resigned or been dismissed from the service?
2. If so, who was appointed temporarily to fill the position?
3. Has a permanent appointment been made since, and who has been appointed?

Mr. DURANLEAU:

1. He resigned from the service.
2. Ovide Bourdages from 28th April, 1931, to 14th October, 1931; Jean Napoleon Babin from 15th October, 1931, to 31st December, 1931.
3. Yes. Jean Napoleon Babin from 1st January, 1932.

POST OFFICE DEPARTMENT INQUIRIES, QUEBEC

Mr. FAFARD:

1. How many inquiries were held in the province of Quebec in 1930 and 1931, in connection with the Post Office Department?
2. What was the cost of said inquiries as regards fees and travelling expenses?

Mr. SAUVE:

1. 304.
2. $20,131.03.

BINDER TWINE

Mr. LUCHKOVICH:

1. How much binder twine manufactured in Canada is sold in Argentina, and at what price?
2. What are Canada's imports from Argentina?

Mr. STEVENS:

1. According to Argentina trade returns the imports of binder twine from Canada for the calendar years 1928, 1929 and 1930, were:

Years	Kilogs	Pesos
1928..	328,858	105,235
1929..	453,597	145,151
1930..	342,515	109,605

NOTE.—Peso = 96·5 cents.
Kilog = 2·204 pounds.

Average wholesale selling price of binder twine in the Argentine, middle of October:

1928—6·20 gold pesos per bale of 50 pounds.
1929—6·45 gold pesos per bale of 50 pounds.
1930—7·20 gold pesos per bale of 50 pounds.

2. Canada's total imports from Argentina for the calendar years 1929, 1930 and 1931, were:

Years	$
1929	9,137,820
1930	7,641,000
1931	3,205,430

NOTE.—Canada's principal imports from Argentina during the calendar year 1931 were:

Commodity	Quantity	Value
Corn	3,718,290 Bush.	$1,545,174
Flaxseed	331,074 Bush.	308,202
Hides, raw	62,493 cwt.	589,098
Meats	—	603,578

WALKER'S CUTTING, QUE., POST OFFICE

Mr. GIROUARD:

What was the revenue of the post office of Walker's Cutting, in the county of Arthabaska, Quebec, for each of the years 1929, 1930, and 1931?

Mr. SAUVE: Fiscal year ended March 31, 1929, $103.25; fiscal year ended March 31, 1930, $120.65; fiscal year ended March 31, 1931, $102.25.

ROGER SEGUIN

Mr. GOULET:

1. Is it so that one Roger Séguin of the county of Russell was temporarily employed at the Ottawa city post office during what is known as the Christmas rush in December, 1931?

2. Did he see active service overseas in the Great War?

Mr. SAUVE:

1. Yes.

2. No.

ST. THOMAS PUBLIC BUILDING CARETAKER

Mr. HEPBURN:

1. When did the last vacancy occur for the position of caretaker of the public building, St. Thomas?

2. Who was named temporary caretaker?

3. Who made the recommendation to the government?

4. Who made application to the secretary of the Civil Service Commission for the position?

5. Who were on the eligible list in order of merit?

6. Who was first nominated by the commission for the position?

7. Who was appointed to the position?

8. Who occupies the position at the present time?

Mr. CAHAN:

1. November 25, 1930.

2. Mr. Reginald Skilton temporarily employed pending appointment of permanent caretaker by Civil Service Commission.

3. District resident architect.

4. Applications were received by Mr. R. Winter, resident architect, Department of Public Works at Toronto, not later than November 29, 1930, from the following:

Percy Charles Baker,
Ernest Pitkin,
Reginald A. Skilton,
Peter Gerow Topping,
Sydney Williams.

5. The first eligible list established contained one name, Sydney Williams, entitled to the disability preference as well as the usual returned soldier preference.

6. Mr. Sydney Williams was assigned to the position by the commission.

7. As Mr. Williams was rejected by the Department of Public Works under Section 24 of the Civil Service Act, a supplementary eligible list was established containing the name of the next qualified candidate. This was Mr. R. A. Skilton who was thereupon assigned to the vacancy.

8. Mr. R. A. Skilton.

SULLY, QUE., POSTMASTERSHIP

Mr. POULIOT:

1. Has Mr. J. B. Plourde, postmaster at Sully, Quebec, been dismissed?

2. If so: (a) on what date; (b) who asked for the dismissal; (c) who replaced him; (d) was the appointment of his successor made by the Postmaster General or by the Civil Service Commission; (e) were there many applicants for said position; (f) among said applicants were there returned soldiers; (g) is the present holder of said position a returned soldier; (h) if not, why was a returned soldier not appointed; (i) on whose recommendation was the appointment of the present postmaster of Sully made?

Mr. SAUVE:

1. The postmaster has been suspended.

2. (a) 5th February, 1932; (b) C. E. Dubé; (c) Andréa Tardif temporarily; (d) Temporary transfer authorized by Postmaster General; (e) Vacancy not advertised yet. Two applications already received; (f) Yes; (g) No; (h) Arrangements made temporary only; (i) C. E. Dubé.

MARIE ROSE HOULE

Mr. LAFLECHE:

1. Is Miss Houle employed as stenographer in the customs department at Sherbrooke, Quebec?

2. If so, what is the date of her appointment?

3. Did she pass the civil service examinations?

4. If not, who recommended her?

Mr. CAHAN:

1. Miss Marie Rose Houle is employed as a stenographer at the Port of Sherbrooke, P.Q.

2. Date of Miss Houle's employment June 4, 1929.

3. No.

4. Miss Houle was selected in the absence of successful eligibles, from amongst the candidates who had failed to make the necessary marks in the competition for stenographer grade 2, bilingual. Two further competitions have been held without producing eligibles and Miss Houle's temporary certificate has been extended as follows: 6 months from December, 1929; 6 months from June 4, 1930; 1 month from December 4, 1930, pending results of examination; 6 months from January 4, 1931; 6 months from July 4, 1931; 6 months from January 4, 1932.

AGRICULTURE—PAYMENTS TO PROVINCE OF QUEBEC

Mr. DORION:

1. What is the total amount paid by the Department of Agriculture to the province of Quebec for the years ending March 31, 1930, and 1931?

2. What is the total amount paid by said department to the said province from March 31, 1931, to date?

3. For what reason were said amounts paid?

Mr. WEIR (Melfort):

1. Total amount paid to Department of Agriculture, province of Quebec, for the year ending March 31, 1930, $7,946.05; for the year ending March 31, 1931, $12,600.43.

2. Total amount paid to Department of Agriculture, province of Quebec, from March 31, 1931, to date, $7,372.66.

3. Proportion of freight charges on live stock shipped to Royal Winter Fair, Toronto: 1929-30, $1,642.59; proportion of prize money on account of pure bred sow club fairs: 1929-30, $5,905.75; 1930-31, $191.25; subventions due on account of cash prizes at seed fairs, exhibitions, etc.: 1929-30, $397.71; 1930-31, $12,409.18; 1931-32, $7,372.66.

* TRADE TREATY WITH POLAND

Mr. CASGRAIN:

1. Has the government entered into negotiations with the representatives of Poland in Canada with regard to concluding a trade treaty with that country?

2. If so, how far have the negotiations progressed?

3. Why has said treaty not been concluded?

Mr. BENNETT: Mr. Speaker, I do not think this is a proper question. Negotiations have been proceeding between the two governments and from the last conversation I had with the representative of Poland I understand they have been proceeding for the last five years. I cannot answer this question other than by making this statement.

[Mr. Cahan.]

ARICHAT PUBLIC BUILDING CARETAKER

Mr. DUFF:

1. Has Albert Burton been dismissed from the position of caretaker of the government public building at Arichat, Nova Scotia?

2. If so, what was the reason for his dismissal?

3. Who has been appointed as caretaker of said building and at what salary?

Mr. STEWART (Leeds):

1. Yes.

2. Misconduct.

3. (a) David Terrio, temporarily appointed pending appointment of a permanent caretaker by the Civil Service Commission; (b) $37.50 per month.

DOMINION NOTES

Mr. WOODSWORTH:

1. What is the present total amount of dominion notes advanced under the authority of the Finance Act to the banks in Canada by the Minister of Finance?

2. What is the rate of interest at present being charged such borrowing banks on said advance?

3. What is the lowest rate of interest charged the banks for such advances during the year 1931?

Mr. RHODES:

1. $20,000,000.

2. Three per cent.

3. Three per cent.

COPPERMINE RESERVE

Mr. SPENCER:

1. (a) Was the Coppermine reserve withdrawn from prospecting and mining operations in 1918; (b) was it thrown open to prospecting on July 1, 1930?

2. If so: (a) what were the reasons for such withdrawal; and (b) what were the reasons for such throwing open?

3. Does the Coppermine reserve include the Great Bear lake area or any part of it?

4. Have any pitchblende or radium claims been entered in the Coppermine reserve?

5. In case of any mining claim in the northwest territories proving very valuable, what means are provided to make certain that the Dominion of Canada shall benefit fittingly as owner of the land?

Mr. MURPHY:

1 and 2. Order in council, dated January 14, 1930, reads as follows:—Whereas under the authority of an order in council, dated December 21, 1918 (P.C. 3154) certain areas on the shores of the Arctic ocean, adjacent to the Coppermine river and Bathurst inlet, reported to contain deposits of native copper, were withdrawn from the provisions of the mining regulations in order that the deposit reported to exist in that region might be thoroughly examined; and whereas the Min-

ister of the Interior reports that due to the remoteness and extent of the territory affected, the thorough examination contemplated when the withdrawal was made has not yet been completed, and that the improvement which has recently taken place in facilities for transportation to and communication with that remote region, has now rendered it possible for such an investigation to be conducted by private enterprise; therefore the deputy of His Excellency the Governor General in Council, on the recommendation of the Minister of the Interior, is pleased to order, and it is hereby ordered that the order in council dated December 21, 1918 (P.C. 3154), authorizing the withdrawal from disposal under the provisions of the quartz mining and placer mining regulations that portion of the northwest territories lying north of the 65th parallel of north latitude, and between the 105th and 116th degrees of west longitude, comprising the islands in and the territory adjacent to Coronation gulf and Bathurst inlet, be rescinded, and that on the first day of July, 1930, such area be again made available for disposal under the provisions of the mining regulations which are in force in the northwest territories of Canada.

3. No.

4. No.

5. The collection of royalty and rental prescribed in section 91 and following sections of the quartz mining regulations, dated April 1, 1929.

NEW BRUNSWICK-MAINE CUSTOMS HOUSES

Mr. VENIOT:

1. Was a customs house constructed on the road leading from Grand Falls, New Brunswick, to Grindstone, Maine?
2. If so, when was it constructed, who was in charge of the work, was it done by day's work?
3. If done by contract, were public tenders called, and to whom was the contract awarded, under such call?
4. If no public tenders were called, how was the contract awarded?

Mr. RYCKMAN:

1. A customs highway office was constructed on the road leading from Grand Falls, N.B., to Limestone, Maine.

2. The work was commenced in the month of November, 1931, and the building was occupied in January, 1932. The work was done by contract and supervised by our local customs officer.

3 and 4. Competitive tenders were obtained and the contract was awarded to Mr. G. F. Smith, East Florenceville, N.B., his being the lowest figure submitted.

Mr. VENIOT:

1. Was a customs house constructed on the boundary line between Andover, New Brunswick, and Fort Fairfield, Maine?
2. If so, when was it constructed, who was in charge of the work, and was it done by day's work?
3. If done by contract, were public tenders called, and to whom was the contract awarded under such call?
4. If no public tenders were called, how was the contract awarded?

Mr. RYCKMAN:

1. No, but contract has been awarded.
2. Answered by No. 1.

3 and 4. Competitive tenders were obtained and the contract was awarded to Mr. Percy Britton, his being the lowest tender.

POINTE LEBEL, QUE., POSTMASTER

Mr. POULIOT:

1. What is the name of the postmaster at Pointe Lebel, county of Saguenay?
2. Is he a British subject by birth or by naturalization?
3. If by birth, where was he born and on what date?
4. If by naturalization, on what date was he naturalized?

Mr. SAUVE:

1. Henri Granier.
2. By naturalization, according to postmaster's statement.
3. See answer to question 2.
4. No information.

QUESTION PASSED AS ORDER FOR RETURN

TOBACCO PRODUCTION

Mr. CAYLEY:

1. What was the total amount of tobacco produced in Canada in the year, (a) 1930, (b) 1931?
2. What was the total amount of tobacco, (a) stemmed, (b) unstemmed imported into Canada in (1) 1930, (2) 1931, and the origin of such importations?
3. What was the total amount of revenue collected from imported tobacco?
4. Is any refund allowed on tobacco imported into Canada and manufactured there?
5. If so, what was the total refund allowed?
6. What was the total amount collected by way of excise tax or duty on tobacco manufactured in Canada in 1930 and 1931?
7. What were the average prices received by the tobacco growers in, (a) Canada, (b) United States in 1930 and 1931?
8. Was any of the imported raw leaf tobacco afterwards exported, if so, how much?

UNOPPOSED MOTIONS FOR PAPERS

INDIAN AGENT, CACOUNA, QUEBEC

Mr. POULIOT:

For a copy of all correspondence, the evidence of the investigation and report of the investi-

gator, in the case of Jos. Bérubé, Indian agent, Cacouna, Quebec, and the appointment of his successor.

QUEBEC POWER COMPANY

Mr. FAFARD:

For a copy of all correspondence exchanged in 1931-32 between the Quebec Power Company or any citizen and the government of Canada, concerning the application of the said company for certain money to help in the extension of the Quebec Power Company in the county of L'Islet, under the Unemployment Relief Act of last session.

UNEMPLOYMENT RELIEF, HULL, QUEBEC

Mr. FOURNIER:

For a copy of all correspondence, telegrams, letters and all other documents, exchanged between the Minister of Labour, all members of the cabinet or officials of any federal department and the city of Hull or other persons in connection with the work to relieve unemployment and the help granted to unemployed, from September 1930, to February 1, 1932.

BOARD OF CUSTOMS

Mr. GARLAND (Bow River):

For a copy of all orders and decisions of the Board of Customs issued or given during the past eight months.

OYSTER FISHING

Mr. VENIOT:

For a copy of new regulations relative to oyster fishing, and a copy of all correspondence received by the government regarding such regulations.

WHARF AT OAK POINT, NORTHUMBERLAND, N.B.

Mr. VENIOT:

For a return showing a copy of the pay sheets in connection with the repairs to the wharf at Oak Point, county of Northumberland, New Brunswick, as well as copy of accounts for material.

ARICHAT TELEGRAPHIC SERVICE

Mr. RALSTON:

For a copy of all papers, documents and correspondence respecting the recent discontinuance of the telegraphic service at Arichat, and the dispensing with the services of the operator at that place, also respecting the substitution of a telephone service and the employment of another person to operate the same.

ARICHAT GROIN—CAPE AUGET BREAKWATER

Mr. RALSTON:

For a return showing a copy of the payrolls and time sheets in connection with work on the Arichat groin in 1931, and in connection with work on the Cape Auget breakwater in 1930 and 1931.

[Mr. Pouliot]

WATERFORD POST OFFICE SITE

Mr. RALSTON:

For a copy of all letters and documents relating to the change of site of the Waterford post office in August last.

ANGERS LIGHTHOUSE KEEPER—DISMISSAL

Mr. FOURNIER:

For a copy of all correspondence, telegrams, letters, sworn statements and other documents, including all evidence, and the report of the commissioner who held inquiry in connection with the dismissal of Louis Mongeon, lighthouse keeper at Angers, county of Hull, and a copy of all reports, correspondence and other documents in connection with the appointment of his successor.

ST. ARSENE POSTMASTER—DISMISSAL

Mr. POULIOT:

For a copy of all correspondence, petitions, telegrams, and reports in connection with the dismissal of Edmund Rioux, postmaster at St. Arsene, county of Témiscouata,and the appointment of his successor.

NOTRE DAME DU LAC POSTMASTER—DISMISSAL

Mr. POULIOT:

For a copy of all correspondence, petitions, and reports in connection with the dismissal of Antoine Landry, postmaster of Notre Dame du Lac, Quebec, and the appointment of his successor.

ST. CROIX—ST. JOSEPH D'ALMA—DISMISSALS OF POSTMASTERS

Mr. POULIOT:

For a copy of all correspondence, evidence taken at the inquiry, the report of the commissioner, and all other documents in connection with the dismissal of the postmasters at St. Croix, Matabetchouan (St. Jerome) and St. Joseph d'Alma, county of Lake St. John, including all correspondence relating to the appointments of each successor of said postmasters.

DEQUEN POSTMASTER—DISMISSAL

Mr. POULIOT:

For a copy of all correspondence and reports or petitions in connection with the dismissal of the postmaster at Dequen, Quebec, and the appointment of his successor.

ILE AUX GRUES LIGHTHOUSE KEEPER—DISMISSAL

Mr. BRASSET:

For a copy of all correspondence, reports and sworn statements, including all documents, in connection with the dismissal of Joseph Labrie, lighthouse keeper of the wharf of Ile aux Grues, Quebec.

ST. NICHOLAS SIGNAL OFFICER—DISMISSAL

Mr. BRASSET:

For a copy of all correspondence, reports, sworn statements, including all documents, in

connection with the dismissal of Maurice Laliberté, as signal officer at St. Nicholas, county of Levis.

MONT CARMEL POSTMASTER—DISMISSAL

Mr. BOUCHARD:

For a copy of all correspondence, reports or other documents relating to the dismissal of Georges Paradis, postmaster at Mont Carmel, Kamouraska county, Quebec; also a copy of all correspondence, reports or other documents in connection with an inquiry with reference to the charges brought against the said Georges Paradis, including the proof and evidence given by all the witnesses heard at said inquiry and the decision arrived at.

KAMOURASKA POSTMASTER—DISMISSAL

Mr. BOUCHARD:

For a copy of all correspondence, reports or other documents relating to the dismissal of Edouard Guy, postmaster at Kamouraska, Kamouraska county, Quebec; also a copy of all correspondence, reports or other documents in connection with an inquiry with reference to the charges brought against the said Edouard Guy, including the proof and evidence given by all the witnesses heard at said inquiry and the decision arrived at.

ST. PASCAL POSTMASTER—DISMISSAL

Mr. BOUCHARD:

For a copy of all correspondence, reports or other documents relating to the dismissal of Mrs. P. E. Cote, postmaster at St-Pascal, Kamouraska county, Quebec, and all the correspondence, reports and other documents relating to the appointment of her successor.

STE. ANNE DE LA POCATIERE—WHARF REPAIRS

Mr. BOUCHARD:

For a return showing the paysheets and vouchers of men employed by the Department of Public Works in connection with repairs on the wharf of Ste-Anne-de-la-Pocatiere, during the calendar year 1931.

LONG PILGRIM STATION LIGHTKEEPER—DISMISSAL

Mr. BOUCHARD:

For a copy of all correspondence, reports or other documents relating to the dismissal of Philippe Morin, lightkeeper, at Long Pilgrim Station (Iles Pellerins), Kamouraska county, Quebec; also a copy of all correspondence, reports or other documents in connection with an inquiry with reference to the charges brought against the said Philippe Morin, including the proof and evidence given by all the witnesses heard at said inquiry and the decision arrived at, and the qualifications of his successor.

ST. PASCAL POST OFFICE—CARETAKER

Mr. BOUCHARD:

For a copy of all correspondence, including telegrams, and other documents in connection with the appointment of a caretaker for the post office building at St-Pascal, Kamouraska county, Quebec.

UNEMPLOYMENT AND FARM RELIEF ACT

Mr. LAPOINTE:

For a copy of all orders and regulations of the governor in council made under the act, chapter 58 of the Statutes of Canada, 1931, for the maintenance of peace, order and good government throughout Canada.

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized, (b) the amount expended.

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for contribution to works being constructed or contributed to by the provincial or municipal authorities in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for direct relief in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. RALSTON:

For a return showing the pay sheets of men employed on the breakwater on the south side of Cape Sable Island, in connection with the expenditure of moneys during the last six months under the Unemployment Relief Act of last session.

Mr. RALSTON:

For a return showing the pay sheets and vouchers in connection with moneys spent in the last six months on the wharf on the west side of Port Dufferin, Halifax county.

Mr. RALSTON:

For a return showing the pay sheets in connection with the repairs of the breakwater at West Baccaro carried on during the year 1931.

Mr. SPEAKER: Numbers 1, 2, 3, 4, 5 and 6 stand by arrangement.

Mr. RALSTON: Numbers 1, 2 and 3 were to stand. The Minister of Public Works (Mr. Stewart) has, I think, no objection to allowing numbers 4, 5 and 6 to pass. They refer only to individual works and as I understand the situation, they are not matters that would be contained in the report which will be brought down as to the working out of the Unemployment Relief Act.

Mr. STEWART (Leeds): I think the information which my hon. friend desires will be found in the return which will be tabled and will be very complete, so I suggest that he allow these to stand like the others, and if the information is not satisfactory I shall supplement it.

Motions stand.

UNEMPLOYMENT RELIEF, ST. HYACINTHE, QUE.

Mr. FONTAINE:

For a copy of all correspondence, telegrams, letters and all other documents, exchanged between the Minister of Labour, all members of the cabinet or officials of any federal department and the city of St. Hyacinthe or other persons, in connection with the work to relieve unemployment and the help granted to unemployed, and especially as regards the construction of a tunnel under the Canadian National Railways, at St. Hyacinthe, since January 1, 1931.

Mr. GORDON: With respect to this motion I would ask that it stand until the return is made so far as the Department of Labour is concerned, because I feel that at least some of the information will be contained in the report that will be tabled, and if all the information is not there, then the department will be glad to supplement the return.

Motion stands.

WHARF AT BARACHOIS, N.B.

Mr. VENIOT:

For a copy of the pay sheets in connection with construction of a wharf at Barachois, Aboujagan river, county of Westmorland, New Brunswick, and a return showing: (a) the names of the men employed, and their respective wages since the work was undertaken to date; (b) the quantity of stone and lumber purchased, from whom purchased and the prices paid for such material; (c) the amount expended to date; (d) to whom cheques were sent in payment of wages and material; (e) whether or not the expenditure was made under the Unemployment Relief Act; (f) whether or not the work was done under contract or by days' work.

Mr. GORDON: The same observations that I made with respect to the previous notice of motion, apply to this one and numbers, 10, 13, 14, 35 and 36. For the information of the house, I believe I shall be able to table, before the end of this week or Monday of next week, the return required under the act.

Mr. LAPOINTE: Will that be before the legislation of which notice has been given is discussed in the house? So far as I am concerned there are standing in my name two motions for orders in council and regulations enacted under the statute of last session, which statute it is sought to extend. I think the house is entitled to have those orders in council. I am asking, not for any correspondence or reports or documents, but for orders in council and regulations.

Motion stands.

IMPORTATION OF OIL OR OIL PRODUCTS

Mr. YOUNG:

For a copy of all correspondence exchanged between any or all of the Canadian oil refining companies and any department of the government, since May 1, 1930, in regard to the importation of oil or oil products.

Mr. RHODES: There is no objection to this motion passing subject to this reservation, that, in conformity with the practice established in such cases, any letters, papers, documents or memoranda which are confidential in their character shall not be produced.

Mr. YOUNG: What are we going to consider as confidential?

Motion agreed to.

IMPORTATIONS OF WOOD FOR MOTOR CAR MANUFACTURE

Mr. McGIBBON:

For a return showing: (1) The amount of lumber; (a) hardwood; (b) softwood, imported into Canada during the past year by the manufacturers of motor cars and trucks; (2) The number of motor car or truck bodies or frames, either wholly or partly made of wood, imported into Canada during the past year, showing the rate of duty, the amount collected, the kind of wood and the prices f.o.b. at the mills.

Motion stands.

UNEMPLOYMENT RELIEF, ORDERS AND REGULATIONS

Mr. LAPOINTE:

For a copy of all orders and regulations of the governor in council made under the act, chapter 58 of the statutes of Canada, 1931, for relieving distress and providing employment.

Mr. BENNETT: Just before this motion is declared carried, lest my hon. friend assume that his statement, not having been referred to, is accepted, I cannot say that all this information can be brought down before I move the resolution, because I apprehend it will be a very considerable task to secure all the orders in council, which are involved. Every time a payment was made to a province under the provisions of the agreement, an order in council was passed. There is a large number of orders in council with respect to every province in connection with these matters and

I cannot promise that they will all be brought down before the motion standing in my name is proceeded with. If there are any particular ones my hon. friend would mention, I shall try to see that they are sent to him.

Mr. LAPOINTE: I should like everything, but of course this depends on the explanations which my right hon. friend will give. May we assume he will give a full report?

Mr. BENNETT: I shall.

Motion agreed to.

WHARF, BAY DU VIN, NORTHUMBERLAND, N.B.

Mr. VENIOT:

For a return showing a copy of pay sheets connected with repairs to the wharf, Bay du Vin, county of Northumberland, as well as accounts for material.

Mr. STEWART (Leeds): I suggest that this motion and also numbers 18, 19 and 20 stand pending the bringing down of the return under the Unemployment Relief Act.

Mr. VENIOT: This is a motion asking for a copy of the pay sheets and the return submitted under the act will not contain that information.

Mr. STEWART (Leeds): Perhaps it will contain the information the hon. member desires.

Mr. VENIOT: If the minister will say that it will, I shall be glad.

Mr. STEWART (Leeds): I have no objection to allowing the order to pass and if the return covers it, all right; if not, I shall supplement it.

Motion agreed to.

UNEMPLOYMENT RELIEF—KAMOURASKA COUNTY

On the motion of Mr. Bouchard:

For a return showing the various projects and programs, including pay sheets, if any, carried on under the federal unemployment relief work, at Ste-Anne-de-la-Pocatiere, Kamouraska county, Quebec, during the calendar year, 1931.

Mr. GORDON: I feel sure that all the information asked for in this notice of motion will appear in the return, and if there is not any special reason for supplying the information sooner I would ask that the motion stand so that the staff can devote their time towards the preparation of the report.

Motion stands.

BANKRUPTCY ACT

On the motion of Mr. Gobeil:

That, in the opinion of this house, the government should take the necessary steps to amend the Bankruptcy Act, and make provision so that the whole act shall not apply to wage earners, and to persons engaged solely in farming or the tillage of the soil.

Mr. GUTHRIE: Mr. Speaker, I rise to a point of order in regard to this motion. To my recollection this motion has been twice called during the present session and has not been proceeded with. Under the rule of this house, standing order 52:

When a private member's notice of motion shall have been twice called from the chair and not proceeded with, it shall be dropped, provided that it may be placed at the foot of the list on the order paper upon motion made after due notice.

I do not want to embarrass or inconvenience my hon. friend who seeks to move this motion, but there is the rule, and as I happen to be introducing within a day or two a bill to amend the Bankruptcy Act which will deal with this particular matter, I think we should follow the rule and that this order should be dropped from the order paper.

Mr. SPEAKER: If it is a fact that the resolution has been called twice, and I take it that the Minister of Justice has satisfied himself on that point, it is improperly on the order paper and must be dropped.

Motion dropped.

Mr. GOBEIL: As I was absent at only one sitting on Monday I did not think the motion would be called, but as the Minister of Justice (Mr. Guthrie) has said that the question will be discussed later, I am satisfied.

Mr. SPEAKER: That does not make the slightest difference.

Mr. GOBEIL: As the hon. member—

Mr. SPEAKER: On the objection taken that the proposed resolution is out of order, the motion is struck off the order paper and is not now before the house, or debatable.

Mr. GOBEIL: I accept Your Honour's ruling, but I should like to say that as long as—

Some hon. MEMBERS: Order.

CANADIAN CURRENCY

PROPOSAL TO ISSUE IN BOTH OFFICIAL LANGUAGES

On the motion of Mr. Boulanger:

That, in the opinion of this house, in order to well establish that the population of Canada

is bilingual and that the country was settled by two great races, it is desirable that Canadian currency should be in both official languages of Canada.

Mr. SPEAKER: The same objection applies to the resolution now before us. It was on the order paper, called twice and dropped, and should not have been restored except in accordance with the provisions of the standing order just quoted in connection with the preceding motion. Standing order No. 52, subsection (1) is as follows:

When a private member's notice of motion shall have been twice called from the chair and not proceeded with, it shall be dropped, provided that it may be placed at the foot of the list on the order paper upon motion made after due notice.

In regard to this resolution and the one that has just been considered there has been no motion before the house, or agreed to by the house, to restore either of them to the order paper. Therefore they are improperly on the order paper and must go off.

Mr. BOULANGER: It is true my motion has been on the order paper twice, but I gave notice of motion in accordance with standing order No. 52, and my notice of motion appeared in the votes and proceedings of the house. The motion was restored to the order paper at the foot of the list, in accordance with the rules and after due notice of motion; the Clerk of the House can testify to the correctness of my statements.

Mr. SPEAKER: The notice was of the motion, but the motion never came before the house and never was dealt with. The Clerk of the House informs me that in the past when motions have been dropped the practice has been just to put them back on the order paper when the notice is put in the votes and proceedings. That however does not follow the rules of the house. No order has been restored to the order paper on my instruction by that method; it is an incorrect procedure, and must not be followed.

Mr. BOULANGER: I drafted a notice of motion in accordance with standing order No. 52, and followed closely its wording. I sent my notice of motion to the Clerk of the House, and if the rules have not been followed I am not at fault and should not be made to suffer.

Mr. SPEAKER: I regret exceedingly that the hon. members who sponsored this and the preceding motion are inconvenienced, but I must say that the motion now before us does not comply with the rules of the house. It is undoubtedly true that the hon. member responsible for this motion did give notice, but that was as far as it went. There is no record of a motion to restore the resolution to the order paper; such a motion has never been submitted to, or dealt with by the house. Until the house has expressed itself in favour of restoring the motion to the order paper it cannot be considered.

Mr. BOULANGER: Mr. Speaker, I am not responsible for the actions of an officer of the house.

Mr. SPEAKER: I do not pretend to hold the hon. member responsible, and it is still open to him or to any other hon. member whose resolution or motion has been dropped to have it restored to the order paper in the regular and proper manner.

Mr. BOULANGER: Mr. Speaker—

Some hon. MEMBERS: Order, order.

Motion dropped.

COOPERATIVE COMMONWEALTH

USE OF NATURAL RESOURCES IN THE INTERESTS OF THE PEOPLE

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved:

Whereas under our present economic arrangement large numbers of our people are unemployed and without the means of earning a livelihood for themselves and their dependents:

And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system;

Be it therefore resolved: That, in the opinion of this house the government should immediately take measures looking to the setting up of a cooperative commonwealth in which all natural resources and the socially necessary machinery of production will be used in the interests of the people and not for the benefit of the few.

He said: Mr. Speaker, that we are facing a serious depression, indeed a crisis, will I think be admitted by all hon. members in the house, and by the public generally. It is useless for me to say anything further in that regard. I suppose however that a great many hon. members are inclined to take the position that the present depression is very temporary; we have been told on all sides that prosperity lies just around the corner. A great many of our most thoughtful people however, and certainly many of our economists, are beginning seriously to consider whether or not prosperity is assured and whether there is any prospect of a return to what has been called normalcy.

It seems to me it must be conceded that whatever the future may be, at the present time our economic system is failing to func-

tion. There are hundreds of thousands of people in this country destitute, having to depend upon public assistance for the very necessities of life, and there are many business men at their wits end to know what to do next. Under such conditions we might very well spend a little time in considering whether the present basis of our economic system is sound. I quite admit that the fact we are passing through a depression does not necessarily mean that there are fundamental defects in our system. It may be that those defects are temporary; I should like to suggest however that since there are similar defects and similar conditions in almost every country of the world to-day there is at least a presumption that the same sort of disease is prevalent all over the world.

In the February issue of Harpers magazine a very interesting article entitled The Fallacy of Profits, by Henry Pratt Fairchild, was recently called to my attention. In this article, which I should like to have summarized, but for which I will not have time, there is a very clear presentation of the inherent difficulties of our present profit system.

Remember that after all the existing system is comparatively new. As many hon. members may not have read extensively concerning our economic history may I be permitted to point out that for very many centuries in medieval Europe the great majority of the people lived on small farms which they cultivated with comparatively simple machinery, managing thereby to earn a livelihood for themselves and their families. That was not a condition under which any could grow rich, but nevertheless they managed to exist. In addition to the farming or peasant population there arose a class of people engaged in small handicrafts, and in every district there would be a village in which would be located a blacksmith, a carpenter, a weaver, a shoemaker, and so on, who made sufficient goods for the immediate locality and exchanged these for the farm products of their neighbours. Then there came what historians know as the industrial revolution, when the larger tool—the machine—was discovered and mechanical power was applied to what to-day we call manufacturing. That machine has been expanded until we have the wonderful industrial plants with which we are familiar all over Europe and America.

On the basis of the machine there has grown up a very, very extensive organization through which we produce enormous quantities of goods and distribute them all over the world. As a later development or addition to the earlier machine of production and distribution, we have our modern financial mechanism. Under this new system we have the ownership and control vested very largely in the hands of a few individuals. That new system is coming to be known pretty generally as the system of capitalism. This system, as I say, is comparatively recent. We may say it is a hundred or a hundred and fifty years old as developed in England, it is a much more recent development in most of the other countries of Europe, and it is only beginning to come into operation in such countries as China and Japan.

Undoubtedly this capitalist system has a great many achievements to its credit. It has enabled us to produce goods at a rate and to an extent undreamed of in the earlier days. In fact I think it is generally conceded that under this system the problem of production is very largely solved. A few years ago we used to be greatly troubled with the thought that population was increasing far more rapidly than the means of subsistence. To-day we hear very little of that. We believe that at the present time we are able not only to feed the people born into the world, but more than that, to provide for them a great number of the amenities of life. Undoubtedly the general standard of living has been substantially raised under this system.

On the other hand, within the last few years we are beginning to question very seriously the foundation of this system, and to ask whether there are not some inherent defects in it. You may say that since the system worked for a hundred years it may be assumed that it will continue to work. I do not think we can take that for granted. Let me give an illustration. In the early days of the west when speculation was rife it was all very well for A to buy a lot for $100 and sell it to B for $200, for B to sell it for $300 to C, for C to sell it for $400 to D, for D to sell it for $500 to E. So the merry process went on, everybody making money and everybody happy, until it came to the end man, who could not unload. Suddenly that system of speculation came to an end. It worked for a while, but there came a period when it ceased to function. In my judgment that is about the position of the capitalist system to-day. As long as there were external markets a country like England, which was the first in the race, might dispose of her surplus goods. The system developed and the markets kept expanding, so the opportunities for disposing of the surplus product increased with the development of the system. The few people who owned the machine were

able to pay back in wages to their employees only a part of what was produced; the balance was retained by them and put back into the industry. As Mr. Maynard Keynes says so well in the introductory chapter of his book The Economic Consequences of the Peace, it was understood that the capitalist was under obligation to put his profits back into industry.

The employers have been doing that, and it has worked for a while, but since the system has extended to other countries, we have now reached the stage where there seems to be a surplus of capital—that is, a surplus that awaits investment in the machinery of production. We have reached the stage where the great mass of the people do not seem to be in a position to buy back what has been produced. So our machine is very largely stalled at the present time. It is quite true that if we had another great war and had to send large quantities of goods in the form of ammunition, clothing and food to the soldiers at the front—these men, of course, having been withdrawn from industry—we might have a period of prosperity. That is what happened in 1914 when economic developments had almost put us in the desperate position of unemployment we occupy to-day. In one sense the war saved the situation and gave us a breathing spell, for our unemployed were occupied at the front, and those who did not become soldiers were employed in producing munitions, clothing and food for the army, a great impetus was given to industry, and its effect continued into the post-war period. Now we are back again to pre-war conditions and the whole world is suffering under this great curse of unemployment, due to overproduction and overdevelopment—or more properly underconsumption.

Speaking of war, may I remind the house that the unregulated competition in which private individuals and great corporations have been engaged is in itself probably the prime cause of modern war. When we cannot get rid of our goods at home we have to ship them to foreign markets, and so there has been a race all over the world for foreign markets and for the sources of raw material. I think that the struggle between nations for economic advantage has undoubtedly been one of the major causes of modern warfare.

In recent years we have proceeded on the supposition that the profit motive was essential in order to get the best results from those engaged in industry and finance. I am not sure that we can all continue to agree with that view. As a matter of fact a great many of our best citizens must carry on without the profit motive. Our educationalists do not work under the profit motive; they receive a salary, but they do not go into their academic work with the idea of making fortunes. Scientists are not influenced by any profit motive; they desire a reasonable salary, but they do their best work without any idea of building up a fortune.

Mr. POULIOT: Politicians are in the same class.

Mr. WOODSWORTH Certainly they cannot build up a fortune, although some may be promoted to the senate or to the bench. But undoubtedly a great proportion of our people have had to do their best work in the world without the hope of building up a fortune. Only one class of people, those engaged in business, have been inclined to hold the idea: If you will not let us have the incentive of building up a fortune, we will not play the game. I should not like to think that that is going to be a permanent attitude on their part. There seems to be no reason why men who are organizers of big concerns and responsible for the finances of this country should not be actuated by other than purely mercenary motives or a desire for the power which comes through the possession of wealth. As a matter of fact a great number of people engaged in industry and commerce, even under the present system, have no profit incentive to keep them going. When a man starts work in a factory to-day he knows he cannot be manager of that factory, at least the chances are very remote. A man engaged in any mercantile business to-day can hardly hope to be an independent storekeeper, nor can the man engaged in the banking business hope to own a bank. It is becoming more and more difficult, and so we find that the motive of private gain is not the one that induces most of us to go along from day to day.

There have been certain other results which I think are not quite so satisfactory as that of increased production. There has gradually developed throughout the whole of Europe and perhaps more particularly on the North American continent what might almost be termed industrial feudalism; a few of the great captains of industry or money barons practically control the whole situation. I wish I had time to describe the company towns which exist in some parts of the northern sections of Ontario and Quebec, but which I have seen in their most aggravated form in the province of British Columbia where there is one big owner or manager of one great corporation that owns the entire townsite. The plants or factories are in the centre—pulp

works, let us say—and in addition the company owns the houses, the stores and everything else, and they alone can construct schools or churches. Such aggregations of people are known as one-man towns. The company controls the whole situation and they have a power such as was exercised by no feudal baron in the early days. There is no real freedom of speech in such towns, no real freedom of action; everyone is subservient to the one great corporation as represented in the manager of the town. But to a considerable extent our whole industrial life to-day is the same thing: that is to say, there are very few people who are absolutely free to speak out their own thoughts and to live their own lives. They are not economically free. That is not a desirable thing from the standpoint of society at large. It may be that we can produce largely, but if it means that we have degenerated into a race of well fed slaves, then I say it is not a good thing for the community.

Mr. BOURASSA: And not always well fed.

Mr. WOODSWORTH: As my hon. friend from Labelle observes, they are not always well fed. In the old days it was in the interests of the slave owner to maintain his slaves in good condition. To-day, the employer when slack times come turns his employees loose to browse for themselves, to find a living as best they can, becoming dependent upon the municipality, the province or the federal government. Certainly they are not well fed. So that we have a feudalism that lacks all the responsibilities which the feudal barons of old were accustomed to assume—feudalism without the corresponding responsibility. And in the larger world outside, that has meant international anarchy. It is a lamentable thing that most of the countries of Europe have extended their business interests into the various countries of the world, and with them the flag has followed trade. I think that has been the trouble. I should like to think that the time is coming when we shall not be held responsible as a nation for safeguarding the investments of individuals who go into any part of the country without any authority from their own government, and yet demand the protection of that government.

In that connection it is lamentable indeed that within the last few days some of our own men who have been engaged in the air service have been let out; and, finding themselves with nothing to do, they are now willing to sell themselves to almost any country that will employ their services. They simply become mercenaries; and since their trade has gone, of bringing sudden death to others —because after all, so far as the military aspect of it is concerned, that is what it amounts to when they drop bombs upon people—they are willing to sell their services to some other country. It strikes me as a horrible thing that our own, well brought up Canadian boys should be obliged to do anything of that kind.

One of the best statements I have come across of the present situation is contained in the encyclical of Pope Pius XI, and I shall read from this because I know that a very considerable number of hon. gentlemen belong to the Roman Catholic church. I am sure I could not quote for them a greater authority than the pope's encyclical. Let me read:

> Towards the close of the nineteenth century the new economic methods and the new development of industry had sprung into being in almost all civilized nations, and had made such headway that human society appeared more and more divided into two classes. The first, small in numbers, enjoyed practically all the comforts so plentifully supplied by modern invention. The second class, comprising the immense multitude of workingmen, was made up of those who, oppressed by dire poverty, struggled in vain to escape from the straits which encompassed them.
>
> This state of things was quite satisfactory to the wealthy, who looked upon it as the consequence of inevitable and natural economic laws, and who, therefore, were content to abandon to charity alone the full care of relieving the unfortunate, as though it were the task of charity to make amends for the open violation of justice, a violation not merely tolerated, but sanctioned at times by legislators. On the other hand, the working classes, victims of these harsh conditions, submitted to them with extreme reluctance, and became more and more unwilling to bear the galling yoke. . . . The immense number of propertyless wage-earners on the one hand, and the superabundant riches of the fortunate few on the other, is an unanswerable argument that the earthly goods so abundantly produced in this age of industrialism are far from rightly distributed and equitably shared among the various classes of men. . . . In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure. . . . This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition which permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience.

I have given an authority that may appeal to members of the Roman Catholic Church. One of the most outstanding utterances among

the Protestant bodies is that which has come from the Alberta conference of the United Church of Canada. I believe it was read in 1930, and I shall now quote three or four paragraphs from it:

> We believe that in harmony with the teachings of Jesus, we should proceed as rapidly as possible to the creation of an order based on cooperation and service, which would displace the present competitive, acquisitive social order.
>
> In the centre of the thinking of Jesus was "Man and his needs"; as a contrast, up to the present, the central feature of the economic system is profit.
>
> The present system has now been under trial for a sufficient period to lend itself to fair criticism, and the present unhappy condition of overproduction, underconsumption, unemployment and attendant uncertainties, is its condemnation.
>
> We are convinced that in the Father's world there is sufficient abundance of necessary commodities to meet the needs of his children. The demand of our day is to bring these commodities under Christian control and distribution; a result which finance under private control as a connecting link between production and consumption, has failed to secure.

There you have leaders in both the Roman Catholic Church and one of the outstanding Protestant churches coming out flatfooted to question the very foundation of our present economic order and to suggest a change along the very lines which I have included in my resolution—indeed the wording is almost identical. The attitude of labour is well known. I have tried to give it on other occasions but I will not discuss it at length to-day. Labour has wakened up before some other bodies, not because labour necessarily has more brains but because labour has been the under dog and has been first hit. More recently, during these times of depression, the farmers are waking up; the small business men are waking up; the professional men are waking up, and we are having protests from quarters heretofore silent. I have mentioned the farmers; some of them here can speak for themselves. I have before me a copy of the minutes of the last annual convention of the United Farmers of Manitoba, held in Brandon, November 17, 18 and 19, 1931. The following is one of the resolutions passed at that convention:

> That the ultimate objective in the opinion of the United Farmers of Manitoba, the present economic crisis is due to inherent unsoundness of the capitalistic control of production and distribution that involves the payment of rent, interest and profit, we recognize that social ownership and cooperative production, for use, is the only sound economic system.

Another resolution is in these terms

> Resolved that with a view to security of land tenure this annual convention of the United Farmers of Manitoba adopt the principle of nationalization of land.

[Mr. Woodsworth.]

When we have a convention of farmers talking about land nationalization, it seems to me that it is high time that some other sections of the community give consideration to these radical social proposals.

Mr. WILLIS: Was that resolution adopted?

Mr. WOODSWORTH: It was moved by W. S. Gable and seconded by R. Doyle, and was carried.

Mr. MULLINS: Who seconded the resolution?

Mr. WOODSWORTH: Mr. R. Doyle.

Mr. MULLINS: I would advise the hon. member that this man Doyle comes from my constituency and he is an absolute radical.

Mr. WOODSWORTH: I congratulate the hon. member for Marquette (Mr. Mullins) on having a radical in his community.

Mr. MULLINS: I am a member of that organization and I did not have anything to do with that resolution.

Mr. WOODSWORTH: I was quoting from the official minutes of that convention. I come now to Saskatchewan and I find that the united farmers of that province have adopted a provincial economic policy to the effect that no more provincial lands or resources be alienated and that no more homesteads be granted or farm lands sold, but that "use leases" be instituted and that all land and resources now privately owned be nationalized as rapidly as opportunity will permit.

The farmers of Alberta are fairly well represented in this house and can speak for themselves, but I notice that in a report presented at their last convention, at which I had the privilege of attending, they give a definition of the cooperative commonwealth. This definition is as follows:

> A community freed from the domination of irresponsible financial and economic power, in which all social means of production and distribution, including land, are socially owned and controlled either by voluntarily organized groups of producers and consumers or—in the case of the major public services and utilities and such productive and distributive enterprises as can be conducted most efficiently when owned in common—by public corporations responsible to the people's elected representatives.

This is the definition given by a great body of Alberta farmers. When we find leading people in the churches, leading people in the great farming bodies as well as in labour, urging some sort of change in our present

economic system, the representatives in parliament cannot very well refuse to take the proposal into serious consideration.

Our problem may be reduced to very simple terms. In production we need natural resources; we need the equipment to work those natural resources and under our present financial system we need capital; we need labour, whether muscular or mental, the labour of hand or brain.

Mr. YOUNG: Does the hon. member distinguish between the second and third factors, equipment and capital?

Mr. WOODSWORTH: I referred to financial capital; under our financial system we need financial capital.

Mr. YOUNG: Would not equipment be considered as capital?

Mr. WOODSWORTH: It is in the strictly economic sense but it is not what we call financial capital. This brings in the money question. Let me illustrate for the benefit of the hon. member for Weyburn (Mr. Young) and other hon. members who may be interested. If we want to produce anything out in the country, we need good soil; we need some equipment, whether spade or plough, and we need the labour of the man at the other end of the plough. Then we need something which will tide us over until our crops are matured. In the old western days this used to be called a grubstake. If we want to go fishing, we must have the fishing areas, be they ocean, bay or lake; we must have our equipment, such as nets and so on, and we must have the labour of the man who has some knowledge of fishing. Then, in addition, we need advances which will enable us to carry on until the fish are caught.

Mr. GARLAND (Bow River): And we need the fish.

Mr. WOODSWORTH: The same thing is true of our coal mines. We must first have the coal areas, then the labour and the machinery, and under our present financial system we must have financial capital. The contention has been raised by the hon. members for Macleod (Mr. Coote) and Wetaskiwin (Mr. Irvine) that there is a scarcity of this financial capital.

Mr. GARLAND (Bow River): We know there is.

Mr. WOODSWORTH: I think that is a sufficient answer to the question asked by the hon. member for Weyburn.

We have these four necessary factors in abundance in Canada. Every after-dinner speaker, every one who goes over to the old country boasts of our wonderful timber lands, our wonderful mines and our minerals and fisheries. These men wax eloquent in a description of our resources, but I shall not take up the time of the house in attempting to follow their example. We have the equipment and we have the mining machinery to produce almost three times the amount required for consumption. We have great sawmills and we have the railroads to carry our material. Roughly speaking, I should say that we have the equipment available to produce almost three times what we are producing to-day.

Mr. BOURASSA: And to transport it.

Mr. WOODSWORTH: We have this machinery of production and distribution, but yet we are in trouble. Our present system has developed to the point where a comparatively small number of men, either directly or indirectly, control the natural resources, the equipment, and the financial capital and labour is unable to get at these things. Our private ownership has developed from the small beginning where many men were in control to a point where one man is able to control great corporations and direct the destiny of hundreds and thousands of his fellow employees. In the old days finance was in the hands of the many; our savings used to be kept in a stocking or hidden away behind a brick in the fireplace, and when our friends needed a little assistance we were able to give it. To-day our system of banks has developed to a point where everyone makes his deposit in the banks, and the man requiring a loan is forced to go to these institutions who have control not only of the actual deposits but of the credit of the people based thereon. We have available a marvellous system of production but we cannot use it to its full capacity. Indeed, many cannot gain access to it at all.

I sometimes think it is like a vacant lot. No one is using it and it could be utilized to grow raspberries. There are plenty of spare raspberry canes but the man who owns the vacant lot will not permit it to be used and the man who possesses the extra raspberry canes will not hand them over. They are afraid that the raspberries grown on the vacant lot will enter into competition with their product. We have got into the habit of thinking that our productivity is limited and we continue to economize, whereas the resources of this great machine which we have built up are almost unlimited. Instead of denying our people the right to eat, or at

least to eat as much as they need; instead of denying them the right to wear respectable clothes, because we say we cannot pay dividends; we are too poor, and so on, we should be pouring out these things. Then we would start the machinery going again. I would urge: This productive-distributional machine has to be socialized. You ask: How? There are those who say: Go and seize it. That is a rather crude way of dealing with the situation, but it may come to that if it cannot be taken in any other way. There are many proposals as to how the transition to the new order may be made. I hold in my hand a book published thirteen years ago by Sidney and Beatrice Webb—a Constitution for the Socialist Commonwealth of Great Britain. This is the plan for a proposed British socialist commonwealth. If anyone wishes to see the steps whereby this could be brought about in Great Britain, I would recommend that he read this book by Lord Passfield who has outlined the developments by which this might be brought about. But unfortunately men are not always actuated by reason and they do not act step by step, so we do not know just what the next development will be.

I want to devote myself for the few minutes that remain to me to some of the objections that are constantly being raised. For example, we are told that the new arrangement would interfere with the rights of private property. I go back to the papal encyclical, in which I read:

> It is rightly contended that certain forms of property must be reserved to the state, since they carry with them an opportunity of domination too great to be left to private individuals without injury to the community at large.

Surely that is clear and the position a reasonable one. Another quotation:

> History proves that the right of ownership, like other elements of social life, is not absolutely rigid.

Anyone who knows anything about the way in which the crown lands of this country have been alienated, will understand that those who now hold them have very slim rights, so far as ethics are concerned, to the lands which they now occupy. Anyone who knows how the great water powers of this country, including Beauharnois, have been obtained, will not be very sure that the present owners are the rightful ones. Anyone who knows how railway charters were obtained in this country a few years ago may very well question the foundations of present ownership of private property. If anyone wants to take the trouble to find out how the private fortunes of Canada were created I think he might read what is now an old book by Gustavus Myers, History of Canadian Wealth, which was written some time ago and was suppressed during the war, which shows how the private wealth of the earlier wealthy people of this country was built up.

Then again we are warned that anything in the way of socialization would mean the banishment of private initiative. As a matter of fact I doubt whether the majority of our people, under our modern industrial system, have very much chance to exercise private initiative. They are simply hewers of wood and drawers of water. Under our present system we shall always have men who can never be anything else; but if we establish a cooperative commonwealth, they will play their part; they will have their share, and there will be a greater opportunity for the development of their initiative.

The question may be asked: Will such a plan work? That can be determined only by trial. What I want to point out is that the present system is not working and the onus of proof rests upon the apologists for the present system. What I want to do is to urge upon the house that we give serious consideration to developing another system. I do not say that this can be done overnight, but every time we develop the cooperative principle in industry, we go one step towards bringing about a cooperative commonwealth; every time we allow public ownership to replace private ownership and to be operated under democratic auspices, we take another step toward a cooperative commonwealth; every time we allow more authority and control to be given to employees, we come one step nearer a cooperative commonwealth. Every time we take wealth away from the superwealthy and thus make a more equitable distribution, we are bringing about a more stable state of affairs and are taking a step towards the cooperative commonwealth.

Mr. J. R. MacNICOL (Toronto Northwest): Mr. Speaker, anyone who has worked on the farm or in the factory or in the office or, for that matter, in any vocation in life, knows that in order to make a success of any line he may enter, he must adhere to proven, practical principles. We have before us to-day a resolution which states:

> And whereas the prevalence of the present depression throughout the world indicates fundamental defects in the existing economic system.

After stating that, it continues:

Be it therefore resolved: that, in the opinion of this house the government should immediately take measures looking to the setting up of a cooperative commonwealth.

And so forth. If this resolution be adopted, it will of course revolutionize the present economic system, and therefore some other economic system would have to be substituted for it. When I was a boy going to high school —and I suppose other hon. members have had similar experiences—every now and then we would have debates, and I remember one debate in which the resolution was: "Resolved that the higher we get, the fewer." Whatever that means or whatever it meant when I was a boy, I do not recall. We have had in this house and out of it debates that have not had much more behind them than that resolution.

In every period of economic distress—and I rather think the term "economic distress" is a misnomer; there is nothing wrong with the economic system and I think the term should be "economic dislocation"—there have not been found wanting men here, there and everywhere throughout the land who will advocate what might be called social reform or social revolution or upheaval of some sort. Like most businessmen I have had something to do with the building up of the economic fabric of this country. I have made a study of economics for many, many years, and from a long period of practical experience I have learned this, that if men are to succeed they must first be willing to work hard. I do not necessarily mean working hard with your hands any more than with your heads. But men must apply themselves diligently. Another requisite is that they must spend less than they earn, and lay by something either to provide for the rainy day or to make it possible to project themselves still further ahead in life.

Recent issues of Nation's Business have carried some illuminating articles on the economic dislocation—I will call it that—of the period around 1837, of the economic dislocation of 1857, and of the prolonged economic dislocation of 1873 to 1879, and I believe that the next issue will give an equally illuminating account of the troublous times from 1893 to 1897. There has not been anything said in this debate so far which has not been said in each one of those troublous times. There were just as many parades then as there are to-day or as there will be, and I have no doubt that there will be parades, and more of them, of one kind or another. These accounts in the Nation's Business tell of the slogans that were carried at the head of the parades in those days. In 1873 there was a great meeting held at the Cooper's Union, New York City, and there were placards reading as follows: "Civil rights are passed. Now for the rights of work."—"Freedom for labour. Death for Monopolies"—"We demand suspension of rent"—"When workmen begin to think, monopoly begins to tremble." We hear those same slogans to-day and will likely hear more of that kind in the future. There is nothing new in this whole agitation. But in every one of these depressions in the past the economic system overcame its dislocation and the world went on with its business again and prospered. I predict, Mr. Speaker, that the present economic dislocation will also end, and that the world will get on with its business in a businesslike manner.

Let me try and touch on a few of the causes of the economic dislocation as I see them and as I have read of them, because there have been many searching inquiries into the causes in different countries of the world for some time past. To a business man it is as clear as ABC, and when I say business men I do not confine myself to industry but take in the whole ambit of business, the professions, agriculture, in fact, the entire economic fabric of this country.

During the period of twenty years from 1899 to 1919, we find that the productivity of industry increased at about a normal rate. I am not now speaking of agriculture because I am not conversant with its productivity, but during that period the productivity of industry increased approximately ten per cent. That is, a man working in industry during that period was able to produce ten per cent more than a man working in industry prior to 1899. Prior to 1914, if I may refer to Europe for a moment, the great nations of Europe—Germany, France, Austria-Hungary, Great Britain and other countries, were all great producers of textiles, iron and steel, chemicals and other allied and additional lines. Not only that, but the great countries of Europe were exporters in all these lines. Germany, for instance, was not only a great exporter of manufactured goods in these and allied lines, but was a large producer and exporter of sugar. Likewise Russia was a large producer and exporter of sugar. Now what happened in 1914? When the war broke out, the great countries of Europe, instead of being exporters of all these lines of goods and scores of others that it is not necessary for me to mention, became importers. They could not produce enough for themselves; they had neither the equipment nor the man power to

produce their requirements, and so they went out into the world and appealed to the farmers of America, north and south, to Asia, Africa and India, India being a part of Asia, and to Australia, and begged them to produce to the limit the different food commodities that Europe required, and further they asked the industrialists of all the world outside of Europe to go ahead and man their plants to the limit, to experiment, investigate, call in experts, produce the highest powered machines possible. Why? Because Europe required the equipment and could not produce her requirements herself. The result was that during the period from 1914 to 1918, and the reconstruction period following 1918, the world saw the greatest expansion of productivity in its history.

Reverting for a moment to the war period itself, America, as every member of this house knows, erected plants the like of which the world had not seen before. I have in mind a plant erected in Chicago for the turning out of steel plate. That plant turned out plate 120 inches wide. The demand was so great for the product that the people financing the industry formed a tandem association of plants consisting of ten plants whereby they were able to start their ingot at plant No. 1 and bring it out at plant No. 10 in any thickness desired. Any one familiar with the steel industry must know that heretofore the ingot had to go back and forth through the rolls until it was reduced to the desired thickness.

In 1918 the war ended and through necessity Europe returned to the production of its own requirements. Very quickly European plants overcame domestic demands and became exporters. So great were reconstruction requirements, however, after the year 1918 that all of the world plants were required to produce the necessary amount. There had to come an end, however, and that end did come. When it came, in January, 1929, the world found itself over-equipped, so far as the turning out of its requirements was concerned. That however was not a fault of the economic system; the system had nothing to do with that result. The war was at the root of the trouble. That great disaster clearly demonstrated that the best possible way to preserve the equilibrium of the world is to have no war; war itself is the greatest of destructors, and our present distress is a result of it. If we could but learn to follow the great admonition of the Prince of Peace, to live in harmony and peace together, we would go a long distance in preventing future economic dislocations.

There were other causes correlated with those I have enumerated. Never in the world's history, so far as the studies of chemistry, physics and mathematics were concerned, did men rise to the heights they attained from the years 1914 to 1929. The result was that from the standpoint of employment certain industries did not increase in demand. First let us consider the musicians. Every hon. member knows that only a few years ago it was difficult to secure the services of a musician; the demand was great for bands and orchestras. But along came the sound films, and the musicians found themselves out of employment. Certainly the economic system is not to blame for that; the change was brought about by an advance in physics and chemistry.

Let us consider the moulding industry, with which I am more familiar. I can remember very well when a plant in which I was particularly interested employed approximately 700. Along came the moulding machines, with the result that instead of 700 men only 125 were required. The same effect was found all through industry; yet the economic system cannot be blamed. Industry has advanced; we all know it must advance. Productivity in this country, if our industry will compete, must equal the productivity of other countries. Let us consider the painters who have been displaced through the use of the paint gun. To-day we see men painting fences and buildings with an apparatus which sprays the paint all over the surface to be covered. What about the carpenters? Probably they have not been largely displaced, but certainly the demand for their services has been considerably reduced because the windows for large buildings are made of steel, and the partitions of concrete. In other words, the advance in the use of steel and concrete as a direct result of chemical and physical research has displaced many carpenters throughout the world. Then, the stone masons were displaced through the use of the concrete mixing machine; bookkeepers and other factory office helpers have been displaced through machines which subtract, divide and keep correct accounts. We cannot tell where the end will be.

In these days we use automatic telephones. Consider the hundreds and thousands, and probably millions, of girls who have been displaced through the use of these automatic machines. On the other hand, many men and women have as a result of inventions been given employment. As I said before however, and now repeat, I do not think for one moment that anything like the number dis-

placed have been reengaged in other lines. Certainly we know that many of them are not.

Two other reasons occur to me as at least partial causes for the present economic dislocation. Every hon. member knows that during the last ten years we have experienced an almost unbridled reign of stock speculators and high pressure salesmen who loaded the populace with investments, giving opportunities to pay over long periods of time. Such selling of stock was unsound, but our economic system had nothing to do with it. Such things can be regulated, but when a collapse occurs we must not blame our economic system. If one cared to review conditions as they are depicted in the New York press of the years 1873 to 1879 he might learn of the economic dislocation which took place in the United States at that time. I have heard men older than myself say that Canada suffered accordingly. Unfortunately the Canadian records are not accessible; at least I have not been able to find any. Nation's Business, however, contains a record of the appalling situation which obtained in the United States. Hundreds of thousands of men were thrown out of work; there were riots in the great cities. In Martinsburg and Pittsburgh, the militia called out joined the rioters, and regular troops had to be called into service. To-day no such condition exists. Thanks to the enactments introduced by the present government to relieve unemployment we have no such conditions in Canada, and I repeat, I do not expect they will become so acute. I do not expect we are going to have anything like the conditions which prevailed from 1873 to 1879—conditions worse by far than anything we are familiar with at the present time. But Canada recovered from that very serious depression, the world got back to business again, and we shall see a similar recovery from the present depression. To hasten that recovery we must have courage and do our best to keep business going and maintain the unity of the country.

The mover of the resolution did not specifically suggest any other system to overcome the present depression, but as I listened to him I could plainly see the cooperative commonwealth to which he referred was but another name for collectivism or the system now in operation in Russia. The Toronto Star Weekly of December 5 contains a very illuminating article on conditions in that country. It is written by a very able man and I am going to read a few extracts under the three or four heads into which the article divides itself. I do not for one moment contend that the condition depicted in the extracts I am now about to give to the house is the result of the economic system now functioning in Russia, nor would I say that the depression through which the world is now passing is the result of the fiscal policies which the various countries have in force. This, according to the writer, is what is taking place in Russia under their so-called cooperative system.

> Our first experience of things Russian was far from pleasant, though, having survived, we are inclined to think that in no more effective way could we have been brought into contact with the realities of Russian life.

The tourists having arrived in Russia, the writer says:

> We shall not soon forget the endless delays in securing tickets and the contradictory statements made by the various officials. Evidently untrained and inefficient people were running things.

How far are the new rulers equal to their tasks?

> On every side there are evidences of inefficiency. The purchase of a railway ticket is little less than an ordeal. The writing, the stamping, the cutting-off with scissors, the consultations, the being sent back and forward from one official to another—it is all most exasperating. Half of our time seemed to be spent in waiting—waiting for arrangements that did not come off; waiting for meals that were poor when at last they did arrive—such wretched service and at such outrageously high prices.

Now as to the stations: what were they like?

> About two o'clock in the morning we found ourselves and our baggage on the platform at Orscha. To our consternation we learned that the next train for Leningrad would not leave until noon. There was no hotel in the place. The floors of the large rooms and hallways of the station were simply packed with men and women and children and babies, lying huddled together or stretched across their huge bundles and boxes. They slept as best they could, awaking to change positions or to eat some of the black bread and sausage which they fished out of dirty-looking sacks. The air was stifling.

This is the writer's description of the trains:

> Two Austrian friends, with the help of a porter, undertook to secure us seats. They fought their way through a struggling mass of humanity and pulled and shoved us into a compartment. This compartment had seating accommodation for six people, but eleven of us were squeezed in, and others came in at intervals. We were fortunate, as many could find only standing-room in the corridor which runs along one side of the carriage.
>
> Above us were stacked the innumerable bundles and baskets that probably contained the food and bedding necessary for a sojourn in Leningrad. The windows and the door were

kept tightly closed. We thought of the Black Hole of Calcutta, and wondered whether we could possibly survive the night. The sight of lunches being eaten under these conditions was almost too much for Canadian stomachs.

Here is his description of the street cars:

Then there were the over-crowded street cars. Sardines were never packed so tightly, and sardines do not hang out of the sides of the tins! It is a fight to gain a foot-hold on the lowest step. It is like a continuous rugby scrimmage to work one's way to the front of the car, and then there is a final fight to get through the exit doors.

As to the food, the writer says:

Everywhere, too, the long lines of people waiting for food, standing for hours and then likely only an insufficient supply.

With respect to waste the writer tells us:

These minor inconveniences and hardships are nothing to the enormous wastes of which every engineer complains. It is so often impossible to get materials and men when they are needed, even though there may be congestion at other points. There is often lack of coordination, endless red-tape, and all the other evils of a bureaucracy, and an untrained and doctrinaire bureaucracy at that.

In case it may be supposed that this was a trip taken at random, let me give this quotation:

It may be that to some extent we were "guided," shown only the best. We may even have had the wool pulled over our eyes, but we did visit various factories and houses, sometimes without a guide. We tramped many miles of dirty streets, poked up into alleys, used all the faculties we possessed, and the overwhelming impression was that here was a vast people on the march. True, their standards of living are low—so low as to be for Europeans almost unbearable.

As to the collectivist organization, the system suggested in the resolution, the writer says:

One journalist who knows Russia intimately said to me: "This collectivization of the farms is a tragedy—

I thought a moment ago I heard something about collectivization on the farm.

—for most of the people, to whom it means an entire overturn in their whole manner of life, a sacrifice of all that they have held dear. But it seemed inevitable, and another generation is coming on."

Now the last item:

One of the most noticeable things is the absolute equality of women with men. In Europe, of course, peasant women have always worked in the fields, and since industrialism has developed they have worked in the factories. Still, one is almost appalled to find women working side by side with men digging drains, or repairing buildings, or driving trucks, or sweeping the streets.

[Mr. MacNicol.]

The dictatorship of the czars has been replaced by that of the communistic party. The traditions of the secret police have been carried on by the O.G.P.U. Central authority is everywhere in evidence. Reliance seems to be placed on edicts, and then poplar slogans. Hence development instead of being all along the line, is spotty, or perhaps I should say, "streaky." At present there is a drive in Moscow for the reconditioning of houses. Every energy seems to be bent in that direction. Tomorrow the drive may be for roads or school buildings.

I stated that a very able man had written the article from which these extracts are taken—none other than the member for Winnipeg North Centre (Mr. Woodsworth). I admire his great ability and when I hear him address the house I feel sorry that that ability has not been directed to the upbuilding of the country instead of—as I see it—pulling it down. I do not want him to think that I am speaking unkindly, I always respect another man's views, but I cannot help expressing that opinion. I am going to invite the hon. member for Winnipeg North Centre and his supporters to turn over a new leaf and to see what can be done to build up Canada.

The hon. gentleman spoke of our natural resources and of how they are being developed to give labour employment, and he is correct. I think that perhaps something might be suggested whereby more employment might be afforded. We have in Canada to-day in most of our industrial centres what are called industrial commissions. I cannot name offhand the cities in which these commissions function but there is one in the city from which I come and one of the ridings of which I have the honour to represent. That industrial commission has done a good deal of splendid work. During the several years it has been in existence it has been successful in establishing in Toronto at least one hundred industries of one kind or another. I give an arbitrary number, but it is not too high; if anything it is rather low. Each of the great railways also has an industrial commission, and these commissions have likewise done good work. I am sure that through these commissions cities and towns throughout Canada have been benefited by the creation of industry in these centres. The Department of the Interior has also a very small branch engaged in the same business, and it too has done notable work. If I am correctly informed, the rayon mills in the city of Cornwall which cost some $10,000,000 and give employment to about 1,200 operators—the hon. member for Stormont (Mr. Shaver) informs me that they number 1,300; I am

glad he is at such pains to see that his grand old county receives due recognition—and I have recently read that the new mill which it had been intended to erect at Three Rivers is now to be located at Shawinigan Falls, and they are about to manufacture cellophane, if they are not doing so at the present time. At any rate, when it is in operation that enterprise will give employment to several hundred men. These industries and the plant at Kippawa which turns out their raw product are largely the outcome of the splendid efforts of a small branch in the Department of the Interior, which has followed the lines suggested, in the creation of industry in the country. I submit that we should continue our efforts in that direction.

To the business man it seems that we have too many commissions of one kind or another, and it would appear desirable to have them coordinated under one head. In Germany, for example, there is a Department of Industry and in France a Department of Economy. At any rate, considerable good would result from a department whose sole purpose would be the creation of industry through the development of our natural resources. I have no doubt that, under a capable man, it would result in employment for hundreds of thousands of Canadians. Anything suggested along that line will receive my support; I will support anything that will give Canadians legitimate employment. Indeed, that is the only reason I came to this house, to do what I could to increase the demand for labour through an increase in industry itself. Possibly the hon. member for Winnipeg North Centre has advocated something of this sort; if he has then I think he has done something worth while.

As regards unemployment, unfortunately there are periods all too frequent, when men are laid off temporarily or finally. They are laid off before the time they should be, and I think there is a great field there for those who set their hearts and minds on increasing employment in the country. Between 1919 and 1929, the world's productivity had increased 50 per cent, a larger increase than had taken place between 1899 and 1919. What has been the result? The numbers employed in industry fluctuated—assuming 100 to be normal—between five below and three above. In other words, the average employment did not increase but was frequently below the mark. In consequence thousands of men were laid off from time to time. Let me give two or three examples that have come under my own observation, one just last Saturday. A man who had been employed in a certain industry for thirty-two years was dismissed. There is now nothing for him; he has no fund on which to draw. It would have been well for such a man if during the good years he could have laid by something by way of contribution. I am sure that hon. members in the far corner of the house, and indeed in every part of the house, are as anxious as I am to do something to tide people over a period of unemployment.

I am told that my time is up and I shall have to close. Let me urge in closing that instead of upheaval, instead of pulling down, we should try to create so as to give more employment. That would be a lot better for the country. The old economic system around which the empire has been built up is the same system on which this country has been built, and on which the great republic to the south of us and other great nations of the world have succeeded. We should proceed along those lines instead of pulling down the system.

Mr. ANGUS MacINNIS (Vancouver South): The hon. member who has just spoken (Mr. MacNicol) implied in his closing remarks that those of us who support this resolution and who are looking forward to a change of things to improve the condition of the masses of the people only want to tear the present structure down. The hon. gentleman is assuming far too much. It is because we want to build up and not to tear down that we are taking part in this debate. It is for that reason that we have introduced the resolution. We realize to-day that the present economic system is tumbling about our ears and that nothing is being done about it. In proof of this we can quote men in all walks of life who have never at any time taken part in social reform of any kind. To assume that we bring forward this resolution as a means of tearing down the present structure is to speak without understanding what we are trying to do.

The hon. member who has just taken his seat pointed out the many improvements which have been made in machinery and the great developments which have taken place in our present system. He mentioned that the worker had been displaced by means of machinery and then went on to say that that had nothing to do with the economic system. If it had nothing to do with the economic system I should like to know what is the cause of our present difficulty. Our present system must be held responsible for what happens under it.

Mr. BOURASSA: Or lack of it.

Mr. MacINNIS: Or lack of it, as the hon. member for Labelle (Mr. Bourassa) points out.

In moving the resolution the hon. member for Winnipeg North Centre points out as one of the indictments against the present system the fact that workers under present conditions have no scope for initiative; once they are workers they must remain so. While I agree with him in most other things I cannot agree wholly with him in this respect; there is one thing else open to them—they can become unemployed.

Part of yesterday afternoon and last evening was spent in the discussion of the unemployment situation, and the resolution now before the house points out that under our present economic arrangement large numbers of people are unemployed and without means of earning a livelihood for themselves and their dependents. Ample proof of this was furnished in the debate on the resolution moved a week or so ago by the hon. member for North Winnipeg. The figures furnished by the international labour office show that unemployment in Canada for the year 1931 increased by eighty per cent over 1930. With the exception of three other countries, this is the largest increase shown. The increases in unemployment in several countries are as follows:

	Per cent
Netherlands	92
Belgium	128
New Zealand	184
Australia	34
United States	30
Great Britain	12

This great increase in unemployment did not take place because of agitation carried on by labour radicals or any other body. All countries of the world had capitalistic governments when the depression first set in; they are still under capitalistic governments, and the depression is continuing. It is quite true that from 1929 to 1931 there was a labour government in office, but not in power in Great Britain. This government did not carry out a socialistic or cooperative policy as we understand it; it tried to administer the affairs of the country along strictly capitalistic lines.

We do not blame anyone for what has happened; we are not like the other political parties who blame each other. The Conservative party blames the Liberal party for the conditions which obtained from 1922 to 1930 while, on the other hand, the Liberals blame the Conservatives because conditions are not improving at the present time. Our contention is that the economic system is breaking down not because of a lack of efficient administrators but because of inherent defects in the system itself. We bring this resolution forward in an effort to provide wider scope for improvement and to better the welfare of the people in general.

I should like to quote from an address delivered by the Minister of Trade and Commerce (Mr. Stevens) to the Empire Club in Toronto, on October 8, 1930. Hon. members who have been in parliament much longer than I have know that the minister always speaks very well when addressing the house, but my opinion is—I say this without wishing to give offence—that he speaks much more intelligently when he is outside of the house. This may be because he feels he has more freedom outside. After hearing him address the house last Friday I have come to the conclusion that he can speak with considerable intelligence even when in the house. The hon. minister's remarks to the Empire Club were as follows:

> While one-third of the human race, which might be termed western civilization, including Europe and North America, has so perfected its system of mechanised production that it has more goods than it can consume or sell, the other two-thirds of the human race, which can be classified as eastern civilization, is in dire need of those things which lie rotting in the possession of the other division, and over the whole human race hangs, like a funeral pall, want, poverty, idleness and social disintegration.

This is not the raving of a radical socialist or a soap-box orator, it is the considered statement of the Minister of Trade and Commerce of Canada. I consider that he has treated the whole situation in a very concise manner. It will be noticed that Canada is included in what is termed western civilization; we are part of that civilization which has perfected its mechanical production to a point where we are able to produce more than we can sell or consume: It might be well to point out that there are many people in this dominion who could consume much more than they are consuming at the present time. The figures in connection with unemployment in Vancouver, part of which I represent, show that there are ten thousand people on unemployment relief. That is, they are either employed on relief work or receiving direct relief. I visited one or two of the refuges where workers are housed and fed, and in one building over a garage—and this is contrary to the by-laws of the city,—on a floor space of fifty by 120 feet there were beds one above another for 276 people, these beds being occupied at night. At another mission in the city of Vancouver there was a place four and a half feet by thirty-two feet where there were twenty-four people sleeping every night. And this is in a country where the Minister

of Trade and Commerce tells us that we have so improved the mechanization of industry that we can produce more than we can sell or consume.

Of course the whole trouble is that under the present system production is carried on not to meet the needs of the people, but so that the products may be sold, and in order that that may be done, one must have the wherewithal to buy those products. If you have not the wherewithal to buy then, regardless of what the production of the country may be, you will be faced with conditions such as I have just outlined. The hon. member for Toronto Northwest (Mr. MacNicol) tells us that in order to succeed we must work hard. If he will provide the work, I am sure I can provide the workers and they will be workers who will work hard.

I quite understand that the Minister of Trade and Commerce, in making the speech in which these statements appear, was making a case for bimetallism, on which I am not going to say anything at the moment, because it is not germane to the question under discussion. Under our social system, as under all social systems, certain institutions spring up and at the present time we have at least one institution that is the subject of very much comment. I refer to banking. Again, on the same evening in the same speech, the minister said:

> The trade problem of the world is to move the surplus goods from those who have them in abundance into the hands and for the use of those who are in need of them, and surely it is not beyond the wit of man to devise a system which will accomplish this end.

So far it has been beyond our wits to devise a system that will do that. However, he goes on further and says:

> It is the business of the bankers of the world, through a proper monetary system, to achieve this objective, and the job is not being done.

First of all, I might say that if the job is not being done, governments have one function and that is to see that those things which are essential to the welfare of the state are carried out. If the bankers are not carrying out their function properly, no doubt the Minister of Trade and Commerce will take the matter up with the cabinet and see that something is done about it. But I do not agree with him that it is the business of bankers to provide a monetary system that will do the thing which he pointed out, namely, that will move surplus goods from those who have them in abundance to those who need them. Under our present economic system that is not the business of bankers; their business is to make profits for the shareholders of the banks, as it is the business of every industry in the country to make profits for the people who have invested money in those industries. Under capitalism that is the business of every institution and that is the reason why at the present time, while we have abundance, those who produced that abundance are living under conditions which are anything but what they ought to be.

It will, however, be noticed that he said that eastern civilization has not yet perfected its mechanism of production so that it can produce sufficient for its needs. But what particular difference does that make when our western civilization which has perfected that mechanism so that we can produce more than we can consume and the eastern civilization which has not yet succeeded in doing that, there hangs a pall of want, poverty, idleness and social disintegration for the one because it has been able to improve its mechanism of production and for the other because it has not? But what would the people of this country do if by some catastrophe China and India should be altogether removed from the trade of the world? Suppose, by some catastrophe, they were engulfed in the ocean; would western civilization continue starving amidst plenty because it had no place to sell its goods? Is this not proof positive to anyone that those goods were produced to sell and not for use? Supposing for instance, those countries had, like Russia, abolished private property in the means of production, in which case from our high moral altitude we could not trade with them, then we would be in a bad way indeed.

The mover of the motion made some reference to the beginnings of the capitalistic system and I agree that it is very difficult, if not impossible, to secure a clear understanding of the present system unless we go back to its beginnings, unless we go back at least to 1769, when Stephenson had so perfected the steam engine that it could be used in production. If we go back to that time and consider the development that has proceeded from then until now, I do not think we shall say that the Great war was the cause of our present difficulties. If, as I say, we go back to Great Britain in 1769, we shall find that she was the only country in the world that was producing commodities by steam motivation. At that time we would find a virgin world as far as natural resources were concerned. All the civilizations and generations that had gone before had only begun to scratch the surface of the earth so far as its natural resources were concerned. But something else happened at that time. Great

Britain, manufacturing with steam driven machinery, began to sell her manufactured products in every part of the world, and she found a market because she was the only country producing in that way. But she sold, not only her manufactured products, but the machinery and engines with which those could be produced, first to the United States, then to Germany, and the result was that those countries also began producing industrially. As each country in turn became industrialized, the market for such goods became less; world markets became constricted. If you will consider the conditions of that time, you will find that industrialization in the various countries of the world was accelerated as the mechanization of industry increased, so that Japan, the last great country to become industrialized, has done in about fifty years what it took Great Britain 150 years, or the United States 100 years, or Germany seventy-five years to accomplish. This was not because the Japanese were any more clever than the people of the other countries I have mentioned, but because they received the benefit of the capital, skill and experience of those countries that had previously become industrialized.

Again, if you go back to that time, as the mover of the resolution pointed out, the agricultural population was largely predominant. As a matter of fact, while I have no exact figures, I do not think it is any exaggeration to say that in 1769 the population of the world was ninety-five per cent a peasant population. As far back as 1820, eighty-eight per cent of the population gainfully employed in the United States was agricultural, but in 1920 the agricultural population in that country had been reduced to twenty-five per cent of the whole.

I would like to put in as concise a form as possible what I believe to be the fundamental defects in our system, and the reasons for the distress that we are facing at the moment. We are dealing with the system of society under which we live. The basis of the capitalist system is private ownership of the means of wealth production; that is, private ownership of lands, forests, mines, mills and factories. The owners of these means of production operate them, as I have pointed out before, for one purpose and one purpose only, namely, to produce profits, and the propertyless wage earner can get access to these means of production, and consequently to the means of life, only on the understanding that he will produce more for the owner than he receives in wages. He produces, in fact, values greater than the values he receives. The employer's profits, then, arise out of the surplus values which the workers produce and do not get, and the greater the difference between the values which the worker produces and the values which he receives in wages, the greater the profits of the employer. In other words, the employing class who make their living by rent, interest and profit, make their profits by appropriating the values produced by the working class in excess of their wages, and as I have already pointed out, the greater the amount of the values produced which the employing class can appropriate to themselves, the greater their profits. It seems to me that it logically follows that because profit is the motive in all capitalist production, as the hon. member for Toronto Northwest (Mr. MacNicol) has pointed out, every possible means is taken to increase the owner's share of profit, such as the forcing down of wages, increasing the hours of work, improving machinery and thereby displacing the number of employees in industry, and increasing the intensity of labour. I read a statement that was made by Colonel Cockshutt, of Brantford, of whom we have all heard, when speaking at a meeting of the Anglican Synod in Toronto last September. He stated that from twenty-five to fifty per cent of the workers in certain industries had been displaced in the last few years through improvements in machinery. Of course, the workers resist as best they may, but regardless of what they do, when markets become glutted with the goods which the workers have produced and which they cannot buy, their living conditions become depressed. It seems to me that it ought to be fairly obvious to everybody that if the workers in industry produce more than they can purchase with their wages, unless the owners consume the surplus, which because of its magnitude they cannot do, the surplus must be disposed of somewhere else than where it is produced. That is the reason why every country in the world, Canada included, is looking for world markets. World markets are an absolute necessity.

With the increasing use of machinery in agriculture the position of the farmer is becoming more and more analogous to that of the industrial wage earner. Because of his seeming ownership of the land and the equipment with which he works it, also for the reason, I presume, that on occasions he engages hired help, the farmer for a long time was under the delusion that he was a man of property; his exploitation by the real owning class was not so apparent to him as it was to his fellow-worker, the industrial wage worker.

The wage worker sells his labour power direct to the employer by the day, hour, week or month, as the case may be, at its market value. The product he produces belongs to the man or corporation employing him, or purchasing his labour power. The labour power of the farmer is used in the production of the various commodities he produces, varying with the nature of the farming operations he carries on, such as the raising of wheat, fruit, cattle, poultry, and these products he tries to dispose of in the market, a market, mark you, over which he has no control. In fact the farmer has no voice whatever in setting the price of what he buys or in setting the price of what he has to sell. It is true that in the last few years, through cooperative pools and other agencies, the farmer has imitated his brother in the industrial cities, but not with any great success. When he takes his products to market he asks the buyer: What will you give me for it? When he comes to buy he asks the seller: What are you asking for it? He is at the mercy of a world market, and the surplus values that he produces go just as surely and just as completely to those who live by rent, interest and profit, as do the products of the wage worker which he,—the wage worker,—leaves in the factory when the whistle blows at five o'clock.

This system under which we are living at the present time did very well when the nations of the world were being transformed from a peasant and handicraft production to large scale industrial production, but it no longer suffices when that transformation is complete as it is to-day. Capitalism did very well when new countries were being opened up, when new frontiers were daily being pushed forward into new lands, when virgin forests were being replaced by industrial cities, but it no longer works when our civilization has become top heavy with huge cities as it is to-day. The function of government in the future, as we see it, must be that of organizing production. The policy of laissez faire in production is at an end, and whether we like it or not, the next step in successful and orderly government must be in planned production. The capitalist system we maintained has reached the limit of its usefulness, and it should now be replaced just as it replaced another economic system. The capitalist system functioned more or less efficiently in the past, when the surplus values produced could be reinvested as new capital, but to-day there is no place where these surplus values can be reinvested. While they could be reinvested, the workers in industry could be assured of a certain measure of the essentials of life. However, with markets clogged with commodities for which there are no buyers, industrial workers and large numbers of agricultural workers are, as unemployed, thrown on the state for the essentials of life.

The hon. member for Toronto Northwest (Mr. MacNicol) looks forward to a revival or new expansion of business. Were it possible that such a condition could come about and the wheels of industry move once more, what would happen? The capitalist would again open his factory and his workshop; again he would reap the benefits of industry, and when the next slump came the unemployed workers would again be thrown on the state. If the state is to provide for workers not needed in industry in times of depression, then it should take the profits of industry in times of prosperity. In other words, if the capitalist class cannot organize the resources of the world so as to give everyone a decent standard of living, then the organization will have to be done by the workers of the world, including the farmers. From my point of view, and I believe from the point of view of my colleagues in this corner of the house, that is the solution which sooner or later will have to be adopted, whether we like it or not. To this government I say: Why waste time and risk a catastrophe by attempting to work out remedies which will not cure and palliatives which will not palliate?

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, the importance of the resolution is of course recognized by all hon. members who have read it. This afternoon I have listened to a very elaborate dissertation on the subject. Obviously in the few minutes remaining before the adjournment I could not properly enter into the discussion, and perhaps the house would not think me discourteous, and would not consider that I do not recognize the importance of the subject, if at this time I moved the adjournment of the debate.

Mr. HEAPS: Mr. Speaker, I must object to a motion for the adjournment of the debate. If the motion were accepted the resolution would drop to the bottom of the order paper. On the other hand, if Mr. Speaker would call it six o'clock the resolution would retain its place.

Mr. MACKENZIE KING: I, too, would object to the adjournment of the debate, because I should like to speak to the resolution.

Mr. STEVENS: I had no idea of curtailing discussion because as a matter of fact I should like to say something myself.

Mr. HEAPS: Very well; why not call it six o'clock?

Mr. STEVENS: I had been looking at the clock and decided that obviously, the hour being so late, one could not sufficiently discuss the matter. If Mr. Speaker will call it six o'clock I shall be content.

At six o'clock the house adjourned without question put, pursuant to standing order.

Thursday, March 3, 1932

The house met at three o'clock.

REPORTS OF COMMITTEES

RAILWAYS AND SHIPPING

Mr. R. B. HANSON (York-Sunbury) presented the first and second reports of the select standing committee on railways and shipping.

Mr. HANSON (York-Sunbury) moved that the second report be concurred in.

Motion agreed to.

CIVIL SERVICE

Mr. J. EARL LAWSON (West York) presented the first report of the special committee appointed to consider and report upon appointments to and control and direction of the civil service of Canada and the general administration of the Civil Service Act.

Mr. LAWSON moved that the report be concurred in.

Motion agreed to.

AGRICULTURE AND COLONIZATION

Mr. M. C. SENN (Haldimand) presented the first report of the select standing committee on agriculture and colonization.

Mr. SENN moved that the report be concurred in.

Motion agreed to.

BANKING AND COMMERCE

Mr. R. C. MATTHEWS (Toronto East Centre) moved that the first report of the select standing committee on banking and commerce be concurred in.

Motion agreed to.

[Mr. Mackenzie King.]

MARINE AND FISHERIES

Mr. W. G. ERNST (Queens-Lunenburg) presented the first report of select standing committee on marine and fisheries.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

*TRANSLATION SERVICE

Mr. LAFLECHE:

1. Has any suggestion or report recommending any reduction or any centralization of the translation services in government departments and parliament been submitted to the government or to the Secretary of State?
2. If so, what suggestions have been made and from what department, official or other person were they submitted; and if there is any report to the above effect, will the minister concerned table same?

Mr. CAHAN: An arrangement has been made for the appointment of one official only in the department of the Secretary of State who is to take charge of the translation of foreign languages, that is, languages other than French and English, into French and English as may be required by the several departments of the government. I infer that this question does not relate to that appointment, but in direct reply to the question I would say that suggestions have been made orally and the government is considering the possibility of the organization of a bureau to have charge of translations other than the translation usually made in the different departments by their regular staffs. As no conclusion has been reached and no report is available I am unable to give a more definite answer to this question.

*UNITED STATES DUTY ON CANADIAN FISH

Mr. HANSON (Skeena):

1. What progress has been made in the negotiations with the United States government, referred to last session, on June 23rd, relating to the reduction of the duty on Canadian caught fish going into the United States?
2. Are negotiations in this matter going on between the two governments at the present time?

Mr. BENNETT: As this matter still is under consideration with the government of the United States obviously it would be impossible to make any statement as to the present position of the negotiations.

LAKE ERIE FISHING REGULATIONS

Mr. HEPBURN:

1. Has the Dominion government or the Ontario provincial government jurisdiction over fishing regulations on lake Erie?

2. Is the Dominion government the only governing body empowered to legislate a short limit for gill-net fishing on lake Erie?
3. Can such a regulation be made by the Ontario government as a condition of licence?
4. Is the Dominion government the only governing body empowered to legislate for the close season on lake Erie?
5. Can such a regulation be made as a condition of licence by the Ontario government?

Mr. DURANLEAU: I do not think these questions are proper. They are all questions of law and I do not think the minister is bound to answer them. There may be some differences between the two authorities, the provincial and the federal, and it will be for the courts to decide whether the provincial authorities or the federal government can regulate certain things within the boundaries of Ontario.

Mr. HEPBURN: I think the question is a proper one. In any event it is a contentious question; the minister can answer it if he so desires.

Mr. STEVENS: It is answered.

MIGRATORY BIRDS CONVENTION ACT

Mr. CASGRAIN:

1. How many officials were employed in the year 1931, under the supervision of Mr. Lewis, on the St. Lawrence river coast, to enforce the Migratory Birds Convention Act?
2. What were their names, addresses and salaries?
3. By whom were they recommended?
4. Will the same officials be employed this year?

Mr. MURPHY:

1. Three.

2. Mr. Thomas Beaulieu, St. Andre de Kamouraska, Kamouraska Co., Quebec, salary (part time), $200 a year, $180.02 paid in 1931; Mr. Adrien Dion, Bic, Rimouski Co., Quebec, salary, $200 for three months; Mr. Edmond Petitpas, Havre St. Pierre, Saguenay Co., Quebec, salary, $300 for six months.

3. Employed on instructions issued by the minister.

4. Will be decided in due course.

UNEMPLOYMENT

Mr. POULIOT:

1. Since August 1, 1930, did the Minister of Labour make or give to the press statements about unemployment in this country?
2. If so: (a) at what dates; (b) what was the number of the unemployed in this country each time?

Mr. GORDON:

1. Prior to February 3, 1932. No information. Since February 3, 1932. No interviews.

2. Answered by No. 1.

TÉMISCOUATA POSTMASTERS

Mr. POULIOT:

1. How many postmasters were dismissed: (a) after an inquiry; (b) without an inquiry, in the county of Témiscouata, by the present Postmaster General?
2. What are the names of those who were dismissed after an inquiry?
3. What are the names of those who were dismissed without an inquiry?
4. Who replaced each of them?

Mr. SAUVE:

1. (a) 12; (b) None.

2 and 4.

Post office — Postmaster dismissed — New postmaster

La Richardière, Joseph Michaud, François Michaud.

Gironde, Jonny April, Mrs. Marie Emma Santerre Rioux.

Raudot, André Beaulieu, Jos. Alexandre Lebel.

Montagne Ronde, David Lebel, Eugène Lepage.

Lamy Sud, Narcisse Ouellet, Isidore Ouellet.

Notre Dame du Lac, Antoine Landry, Thomas Voisine (acting).

Sully, J. B. Plourde, Andréa Tardif (acting).

Ivry. Joseph Morneau, Pierre Fortin.

Riou, Omer Sirois, Mrs. Emile Ouellet.

St. Arsène, Edmond Rioux, J. B. Laforest (acting).

Chemin du Lac, Geo. Alp. Bélanger, J. E. Caron.

Denonville, Thomas Dubé, Théodule Michaud.

3. See No. 1 (b).

MR. PAUL LANGLOIS

Mr. CHEVRIER:

1. Following the charges made by the honourable member for Témiscouata in the House of Commons, on February 25, has the Postmaster General decided to hold an inquiry regarding the conduct of Paul Langlois, postmaster at St. Eusebe de Cabano, Quebec?

2. If so: (a) on what date; (b) were Timothée Dube, Pierre Dube and Joseph Albert Dube called upon to give evidence; (c) will the witnesses be sworn before giving their evidence; (d) where will the inquiry take place; (e) who will be the commissioner in charge of inquiry?

Mr. SAUVE:

1 and 2. As the house has already been advised, charges of political partisanship made in writing and accompanied by affidavits will

be investigated but such written charges and affidavits have not yet been received in this case.

NATIONAL RESEARCH COUNCIL

Mr. BOUCHARD:

1. What amount was received by the province of Quebec through the National Research Council during the calendar years of 1930 and 1931?
2. To whom were scholarships awarded in Quebec?
3. To which provincial institutions were the grants made in Quebec?

Mr. STEVENS:

1. Nothing. The National Research Council does not make grants to provinces or to institutions. It does, however, make grants to individuals qualified by training and experience to conduct research, for the purpose of assisting in the prosecution of research in approved laboratories. The council also awards scholarships for post-graduate training in scientific research.

The amount of the grants awarded under these headings to individuals situated in the province of Quebec during the years 1930 and 1931 were as follows:

	1930	1931
Grants in aid of research.	$13,298 80	$ 8,953 55
Post - graduate scholarships. . .	30,150 00	20,000 00
	$43,448 80	$28,953 55

2. Persons to whom scholarships were awarded and held at institutions situated in the province of Quebec: (a) Awarded in 1930: Cooper, D. L., B.Sc., M.Sc., Ph.D., Howlett, L. E., B.A., M.A., Ph.D., Allen, J. S., B.A., M.A., Bernier, J. C., B.A.Sc., Filby, E. A., B.Sc., M.Sc., Frame, G. F., B.A., M.A., Grace, N. H., B.A., M.A., Ph.D., Helwig, G.V., B.Sc., M.Sc., Linton, E. P., B.Sc., M.Sc., McPhail, M. K., B.A., Morehouse, F. R., B.Sc., M.Sc., Perry, S. Z., B.Sc., M.Sc., Sutherland, H. S., B.Sc., M.Sc., Ph.D., Tarr, H. L. A., B.S.A., M.S.A., Ph.D., Wright, R. H., B.A., M.Sc., Ph.D., Barker, W. E., B.A., M.A., Barsha, J., B.Sc., Burton, F. R., B.Sc., M.Sc., Gallaugher, A. F., B.A., M.A., Greig, Miss M. E., B.A., M.A., Gurd, G. W., B.A., M.A., Hallonquist, E. G., B.A., M.A., Hampton, W. F., B.Sc., Heard, J. F., B.A., M.A., Hunter, R. G., B.A., M.A., Katzman, J., B.Sc., M.Sc., Mason, H. E., B.Sc., McMaster, N. B., B.S.A., Munro, F. L., B.A., M.A., Ross, W. B., B.Sc., Saunderson, H. H., B.A., B.Sc., M.Sc., Stewart, W. W., B.Sc., Tobin, J. C., B.A., Williams, A. R., B.Sc., M.Sc., Williamson, J. T., B.A., M.Sc., Somerville, L. F., B.A., M.A.; (b) Awarded 1931: Frame, G. F., B.A., M.A., Linton, E. P., B.Sc., M.Sc., Armstrong, J. M., B.Sc., Greig, Miss M. E., B.A., M.A., Gurd, G. W., B.A., M.A., Hallonquist, E. G., B.A., M.A., Haslam, R. N. H., B.A., M.A., Heard, J. F., B.A., M.A., Hearne, Miss E. M., B.A., M.A., McPhail, M. K., B.A., Munro, F. L., B.A., M.A., Perry, S. Z., B.Sc., M.Sc., Ross, W. B., B.Sc., Sallans, H. R., B.Sc., Saunderson, H. H., B.Sc., M.Sc., Stewart, W. W., B.Sc., Williams, A. R., B.Sc., M.Sc., Winkler, C. A., B.Sc., Gray, K. R., B.A., Labrie, A., B.A., MacLauchlan, D. W., B.Sc., Macklin, L. S., B.Sc., Marshall, H. B., B.A., Massey, E. E., B.A., Ross, A. S., B.A., Snell, A. H., B.A., Thornton, R. L., B.Sc., Trister, S. M., B.Sc.

3. None.

The National Research Council does not make grants to institutions.

The grants in aid of research and the post-graduate scholarships awarded by the council during the years 1930 and 1931 were held by individuals working at the following institutions in the province of Quebec:—Grants in aid of research, 1930: McGill University, University of Montreal, Macdonald College, Oka Agricultural Institute at La Trappe; 1931: McGill University, University of Montreal, Laval University, Macdonald College, Oka Agricultural Institute at La Trappe. Scholarships, 1930: McGill University, Macdonald College, University of Montreal; 1931: Laval University, McGill University.

RUSSIAN WOOD IMPORTATIONS

Mr. BOUCHARD:

What quantity of Russian wood was imported into Canada during the calendar years of 1930 and 1931?

Mr. STEVENS: No wood or timber recorded as imported into Canada from Russia during the calendar years 1930 and 1931.

HALF MOON BAY, B.C., POST OFFICE

Mr. MUNN:

1. Was the post office at Half Moon Bay, British Columbia, removed from its old location to Redroofes, British Columbia, three-quarters of a mile distant from the old location?
2. If so, who asked for the removal?
3. Was the appointment of postmaster made by the Civil Service Commission?
4. How many applications were received by the department for the position of postmaster?
5. How many of said applicants were returned soldiers?
6. Is the present holder of said position a returned soldier?
7. If not, why was a returned soldier not appointed?

Mr. SAUVE:

1. Premises of the post office are three-quarters of a mile from the former site.
2. Office was vacant and new appointment was made.
3. No.
4. Two.
5. One.
6. No.
7. Postmaster appointed was considered more suitable.

UNEMPLOYMENT RELIEF, HALIBURTON, ONT.

Mr. GARLAND (Bow River):

1. What is the total amount of unemployment relief both direct and by works provided for in the district of Haliburton, Ontario, during the past year?
2. Was there an amount of $100,000 set aside for the purpose of building a scenic highway?
3. If so, what were the terms as between the federal and provincial governments and municipalities in this connection?
4. What was the rate of pay for day labourers engaged on this work?
5. What was the rate of pay to superintendents?
6. What is the name and residence of the person in charge of this work?

Mr. GORDON:

1. Return attached hereto.
2. Answered by No. 1.
3. In the county of Haliburton the Dominion government contributes forty per cent towards provincial highways, the balance being borne by the provincial government.
4. No information.
5. No information.
6. No information.

Unemployment and Farm Relief Act, 1931

Ontario

Public Works Schedules

in the County of Haliburton

Schedule No.	——	Total expenditure	Percentage Mun.	Prov.	Dom.	Dominion proportion
		$		%		$
	Municipal Works Clause 6					
80	Dysart twp	40,000	25	37½	37½	15,000
195	Cardiff twp	4,000	25	37½	37½	1,500
196	Glamorgan	4,000	25	37½	37½	1,500
197	Lutterworth twp	2,000	25	37½	37½	750
198	Monmouth twp	6,000	25	37½	37½	2,250
199	Snowden	4,000	25	37½	37½	1,500
200	Minden twp	4,000	25	37½	37½	1,500
249	Stanhope twp	2,000	25	37½	37½	750
		66,000				24,750
	Provincial Highways Clause 9					
3B	The construction of roads in districts of Algoma, Kenora, Manitoulin, Muskoka, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay, Cochrane, Timiskaming and Haliburton..	3,000,000		60	40	1,200,000
5B	The construction of roads in districts of Algoma, Kenora, Manitoulin, Muskoka, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay, Cochrane, Timiskaming and Haliburton..	1,600,000		60	40	640,000
		4,600,000				1,840,000

CANADIAN RED CROSS—PENITENTIARY-MADE BOOTS

Mr. VALLANCE:

1. Were any boots supplied by Kingston or any other penitentiary in Canada to the Saskatchewan Relief Commission, or to the Canadian Red Cross Society, Saskatchewan section, between September 30, 1930, and February 1, 1932?

2. If so, how many pairs, and at what price?

Mr. GORDON:

1. Yes, to the Canadian Red Cross Society at Regina, Saskatchewan.

2. One thousand pairs free of charge.

ST. GEORGES DE WINDSOR, QUE., POST OFFICE

Mr. LAFLECHE:

What was the revenue of the post office at St. Georges de Windsor in the county of Richmond, Quebec, for each of the years 1930 and 1931?

Mr. SAUVE: Fiscal year ended March 31, 1930, $562.47; fiscal year ended March 31, 1931, $538.83.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BOARD OF PENSION COMMISSIONERS

Mr. McGIBBON:

1. How many applications for pension and for the revision of pension have been received by the Board of Pension Commissioners since the coming into force of the latest amendments to the Pension Act, on October 1, 1931?

2. How many of these applications have been granted by the Board of Pension Commissioners, and how many have been turned over to the pension tribunal?

3. How many of these applications have been heard before the pension tribunal?

4. How many of those heard by the pension tribunal have been: (a) granted; (b) refused; (c) are awaiting decision under deferred judgment?

5. How many are still waiting to be heard before the pension tribunal?

6. How many of the decisions given by the pension tribunal have been appealed to the Federal Appeal Court by: (a) the applicants; (b) the Board of Pension Commissioners?

7. How many of these appeals have been heard by the Federal Appeal Court, and how many are still waiting to be heard by that body?

8. In how many cases heard by the Federal Appeal Court have the decisions of the pension tribunal been reversed: (a) as to appeals lodged by the applicants; (b) by the Board of Pension Commissioners?

9. What is the average number of applications now being received each week by: (a) the Board of Pension Commissioners; (b) the pension tribunal; (c) the Pension Appeal Court?

10. What is the average number of final decisions given each week by: (a) the Board of Pension Commissioners; (b) the pension tribunal; (c) the Federal Appeal Court?

[Mr. Gordon.]

VANCOUVER HARBOUR COMMISSIONERS

Mr. MUNN:

1. Did the Vancouver harbour commissioners purchase a second-hand locomotive in the United States during the latter part of 1930 or during 1931?

2. If so, what was the cost of said locomotive laid down in Vancouver?

3. What plan was adopted in calling for tenders for reconditioning this locomotive, public notice or private request?

4. What firms or companies tendered for the job and what were the prices quoted by each?

5. Was the job let to the lowest bidder?

6. If not, why?

7. What firm secured the work and what was the total cost of the job including work done on the premises of the commissioners?

8. What period of time was specified for the completion of the work by the competing firms who failed to secure the job?

9. What length of time was occupied by the firm who secured the job before the locomotive was put into commission?

10. What was the cost to the commissioners for substitute locomotive service during the excess period used in reconditioning?

11. Was this locomotive originally purchased in Davenport, Iowa, in 1913 by a firm of railroad construction engineers for the sum of $12,000 and laid down in Vancouver, freight and duty paid, at $15,000?

12. What is the total cost of the locomotive to the commissioners including cost price, reconditioning and substitute service?

Mr. DURANLEAU: This question should stand as an order for return. This information is in the hands of the harbour commission and we shall file what we get from them.

Mr. MUNN:

1. Did the Vancouver harbour commissioners purchase a second-hand car ferry in the United States during 1930 or 1931?

2. If so, what was the cost laid down in the port of Vancouver including original cost, towage and insurance?

3. Did this car ferry require repairing before being put into operation?

4. If so, what is the cost of reconditioning and repairs to date?

5. Could a serviceable barge have been secured from the Canadian Pacific or the Canadian National Railways at a much lesser cost?

6. Has the barge been giving steady and satisfactory service constantly since its first day of service?

7. How many cars have been transported in this barge since going into commission?

8. What was the cost of constructing a ferry slip for its accommodation?

9. What has the cost per car been, including cost of operation, interest and sinking fund on the barge and slip, repairs, etc?

10. What was the cost per car for transportation over the Second Narrows bridge when it was in operation?

Mr. DURANLEAU: The same answer applies to this question: stands as an order for return.

AGRICULTURE DEPARTMENT—VETERINARY SURGEONS

Mr. LAFLECHE:

1. How many veterinary surgeons were temporarily employed by the Department of Agriculture in 1930 and 1931 respectively?
2. What are their names and in what localities were they employed?

MARINE DEPARTMENT—GASPE EMPLOYEES

Mr. BRASSET:

1. How many employees of the Department of Marine and Fisheries have been dismissed or resigned in the county of Gaspe, since August, 1930, up to the present date?
2. In each case, what was the date of his dismissal or resignation, the name and address of the employee, the reason for his dismissal and the name of his successor?

Mr. CAHAN: As this involves a reply from the Civil Service Commission, I ask that it stand as an order for return.

PRIVILEGE—MR. POULIOT

Mr. J.-F. POULIOT (Témiscouata): I rise to a question of privilege. As reported in Hansard of yesterday at page 721, the following question was put:

1. What is the name of the postmaster at Pointe Lebel, county of Saguenay?

The answer is:

Henri Granier.

The next question is:

2. Is he a British subject by birth or by naturalization?

The answer is:

By naturalization, according to postmaster's statement.

I claim that as parliament is the high court of this country, such an answer by a witness would be considered contempt of court, and I ask the minister if he will give me a decent answer or if we shall press it further in parliament.

Some hon. MEMBERS: Oh, oh!

Mr. POULIOT: I want an answer. It is no joke.

Mr. SPEAKER: The hon. member has complained that the answer is not complete. It is within the right of the minister or the government to give a further answer or not. There is at present before the house no question requiring an immediate answer.

PRICE OF SEED WHEAT

On the orders of the day:

Mr. T. F. DONNELLY (Willow Bunch): I wish to ask a question of either the Prime Minister or the Minister of Agriculture. I have under my hand a letter from Courval, Saskatchewan, stating that the farmers in that district are receiving fifty-two cents a bushel for No. 1 northern for seed wheat, whereas the elevators are being paid fifty-eight cents a bushel for the same wheat for seed purposes. The farmer writes to ask me why there should be this difference in price.

Hon. ROBERT WEIR (Minister of Agriculture): I shall look into the matter, but I do not think I have correctly gathered the point of the question. If the farmer can get more for his wheat at the elevator, I do not see the point.

Mr. DONNELLY: This man says that if a farmer has No. 1 northern wheat for sale, the commission pays him fifty-two cents a bushel to give it to another farmer for seed purposes; but if an elevator has No. 1 northern seed wheat for sale the commission pays the elevator fifty-eight cents a bushel. Why are they paying the farmer only fifty-two cents and the elevator fifty-eight cents a bushel for No. 1 northern wheat? I should like an answer to this question because it is of importance.

Mr. WEIR (Melfort): I think the hon. member knows this does not come under the jurisdiction of any hon. member on this side of the house. I shall be glad to gather any information I can and give it to him privately.

RADIO LICENCE FEE

On the orders of the day:

Mr. GEORGE SPOTTON (North Huron): I wish to ask the Minister of Marine a question based upon an article in the Evening Citizen which states:

It was announced to-day by Alfred Duranleau, Minister of Marine, that the fee on radio receiving sets would be raised from one dollar to two dollars.

I would like to know if this is correct and, if it is correct, whether I can be assured it is a departmental regulation from which I wish to dissociate myself.

Hon. ALFRED DURANLEAU (Minister of Marine): The information is correct. The licence fee has been raised from $1 to $2 by order in council.

SEED AND FEED RELIEF

On the orders of the day:

Mr. J. L. BROWN (Lisgar): On February 22 an order of the house was passed for a return of all correspondence between the federal and Manitoba governments in relation

to providing seed for the farmers and feed for starving live stock. I should like to ask the Prime Minister or the Minister of Finance or the Minister of Agriculture or any other minister when I may expect this return?

Hon. E. N. RHODES (Minister of Finance): I am sorry to say I did not hear the question of my hon. friend, but I shall see it in Hansard to-morrow and give an answer then.

NEW ZEALAND TREATY

On the orders of the day:

Mr. S. W. JACOBS (Cartier): I desire to ask the Minister of Trade and Commerce when he proposes to table the New Zealand treaty. There are many in this country who may think our salvation will come out of New Zealand, and naturally they are somewhat anxious to know the contents of this document.

Hon. H. H. STEVENS: (Minister of Trade and Commerce): It is under consideration and I trust when it is tabled, my hon. friend's calling and election will be sure.

LOBSTER FISHING

On the orders of the day:

Hon. J. L. RALSTON (Shelburne-Yarmouth): I should like to ask the Prime Minister what steps the government are taking to safeguard the interests of the lobster fishermen with regard to a bill which has been introduced in the United States congress to impose restrictions upon importations of Canadian lobsters?

Right Hon. R. B. BENNETT (Prime Minister): I shall treat the hon. gentleman's inquiry as a notice of question and try to answer it to-morrow.

PROPOSED TREATY WITH GERMANY

On the orders of the day:

Mr. J. A. BRADETTE (North Timiskaming): I notice a Canadian Press despatch which states that the German cabinet has decided to increase the tariff against Canadian and Australian goods owing to the fact that there is no trade agreement with these countries. What is the intention of the Department of Trade and Commerce as to a treaty with Germany?

Hon. H. H. STEVENS (Minister of Trade and Commerce): The matter is under consideration.

[Mr. Brown.]

CANADIAN NATIONAL RAILWAYS

BULWARK-AIRWAYS BRANCH LINE

On the orders of the day:

Mr. H. E. SPENCER (Battle River): On February 23, I asked the Minister of Railways (Mr. Manion) what the possibility was of steel being laid on the proposed branch line from Bulwark, Alberta, to a point called Airways, where a grade has been made. This work is very necessary for the benefit of an area of about eight hundred square miles, and I should be glad to know whether there is any likelihood of its being done.

Hon. R. J. MANION (Minister of Railways and Canals): The other day I made some inquiries of the management with regard to that branch line, so far as their estimates for the coming year are concerned. It is very much in the same position as a number of other branch lines which have been inquired about. There is a small amount in the estimates, but it is not sufficient to lay rails or to put the branch line into operation. In view of the financial condition of the railways the management is not at the present time recommending any great amount of work on that particular branch.

UNEMPLOYED ON PARLIAMENT HILL

On the orders of the day:

Mr. M. F. HEPBURN (West Elgin): In view of the fact that Parliament Hill to-day has taken on the appearance of an armed camp, I would ask the Minister of Justice (Mr. Guthrie) whether his troops have been instructed to shoot the unemployed if necessary.

THE PUBLIC SERVICE

PROPOSED DEDUCTION OF TEN PER CENT IN INDEMNITIES AND SALARIES

The house resumed from Friday, February 26, consideration of the following proposed resolution (Mr. Rhodes):

Resolved, that it is expedient to introduce a measure to authorize deductions of ten per cent from the amounts of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year 1932-33.

And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

Hon. PETER HEENAN (Kenora-Rainy River): I am sure every member of the house, with the exception of those who occupy the treasury benches, would much rather that we had before us for consideration some measure to provide for the relief of the unemployed than to provide a reduction in the salaries of those who are now employed; but inasmuch as the government has not seen fit so far to bring in such a measure, and inasmuch as this resolution is now before us, I have no alternative but to discuss it.

Last Friday evening when the house adjourned I was discussing the resolution and I pointed out at that time that the government was setting an example to private employers throughout the country to reduce still further salaries and wages paid by them. I said that hon. gentlemen opposite were setting this example by reducing the salaries and wages of government employees, and doing so in an arbitrary manner without any negotiations with those affected. The government, I pointed out, had already repudiated the principle of collective bargaining by refusing to negotiate on the question of reducing salaries and wages. I had quoted from order in council P.C. 1743 of July 11, 1918, and order in council P.C. 880 of May 1, 1919, in which the government had announced the principle of collective bargaining. Further, I had pointed out that the parliament of Canada had adopted the principle of collective bargaining and had endorsed and recommended the principle of establishing a civil service council to take care of just such matters as we have before us at the present time.

I was in the midst of my remarks at eleven o'clock on Friday night when the house adjourned, and I was reading into the record the provisions contained in order in council P.C. 970 of May 7, 1930. I do not think it is necessary to read any further, because the provisions of that order in council are well known. The order in council was the outcome of the assurance of the Liberal party to the civil service of this country that such a civil service council would be established, and it was as well the result of the deliberations of parliament. I need only tell you, Mr. Speaker, that in addition to what I have already read into the record, the order in council provides for the composition of the council, and how it should be called; and the last paragraph makes provision for travelling expenses incurred by the representatives of the civil service coming from different parts of the country. The eleventh or last paragraph reads:

> It is recommended that travelling expenses incidental to attending the committee's meetings incurred by those attending from points other than Ottawa should be defrayed by the government. It is further recommended that civil service organizations' representatives attending the meetings of the committee shall be accorded special leave of absence, with pay, for the purpose by their respective departments.

Now that provision has been entirely ignored by the present government. Indeed, I read in the newspapers that the government had indicated that they were not favourable to such a measure. I know that excuses can be made by the present government; they can say that they were not in sympathy with a measure of this kind. But it has been my experience that anyone who is not favourable to any principle can easily find an excuse for its repudiation. So that this reduction in salaries and wages now contemplated is being made without proper representations, or proper hearing or negotiations on the part of the parties affected.

The Prime Minister (Mr. Bennett) in his speech a few days ago read a letter from a lady in the civil service signifying her satisfaction with the cut in her salary. My experience has always been—and I have had a long experience along this line—that in every such movement, whether it be increases or decreases in wages, you will find the exceptional person, the one who is ever ready to signify to the boss that he or she is not like the others but is perfectly satisfied with the position they hold. But why does not the Prime Minister read all the correspondence he has received? Why does he not read all the letters he has had for and against the reduction in salaries, and give the names of those who have forwarded them to him? Then the house would be in a better position to judge whether or not the civil servants are satisfied.

The Conservative party when in opposition pretended to have great sympathy with low-paid civil servants. I can see their tears now, rolling down their cheeks, when they were sitting on this side of the house, over the poor and lowly civil servants. It would not be fair for me to say that at that time they were bidding for power; that would be unparliamentary. I would suggest that they were not playing politics at all. But we have examples. We find that on May 21, 1928, at page 3241 of Hansard for that year, Mr. Manion had this to say with respect to the lowly paid civil servants:

> One thousand and eighty dollars is $90 a month, and $90 a month is not sufficient for these men to live decently on and support their families.

The Mr. Manion of that time is the Hon. Mr. Manion now, a member of this cabinet who now appears on the floor of this house supporting a further reduction of civil servants' salaries.

Then, we have the utterances of the gentleman who is now Prime Minister of Canada (Mr. Bennett): I find that in Hansard of March 21, 1930, at page 858, Mr. Bennett is quoted as follows:

> I am sure the Minister of Justice will say that no man can live and maintain a family on $65 a month. That is the reason I have always favoured a minimum salary of $100 a month for the civil service.

The gentleman who uttered those words is to-day Prime Minister of Canada. He has it in his power to give the lower paid civil servants $100 a month, but instead of doing that we find he is cutting their present wage by ten per cent. This statement of the Prime Minister, the then leader of the opposition, was broadcast not only throughout Ottawa but throughout the country. It was an example of his instructions given to Conservative speakers during the last election, as shown by the speakers' hand book. This statement I have quoted was set out in large capital letters, and of course the civil servants of Canada were not supposed to read them.

Mr. GOTT: It is a breach of political etiquette for the hon. member to possess one of those books.

Mr. HEENAN: Mr. Speaker, I should like you to try to keep the hon. gentleman quiet over there, because I do not want to be rude to him.

Mr. SPEAKER: I should like to read to hon. members standing order No. 12 subsection (3):

> When a member is speaking, no member shall pass between him and the chair, nor interrupt him, except to raise a point of order.

Then, quoting from May, the English authority, I find the following:

> Silence is required to be observed in both houses. In the commons all members should be silent, or should converse only in whisper.

Continual interruptions when a member is speaking are most disturbing, and make it difficult to carry on the proceedings of the house.

Mr. HEENAN: Thank you, Mr. Speaker, your intervention saved me a great deal of trouble. I thought I was going to have to call the member to order myself.

The words I have quoted were those of the Prime Minister addressed to the civil servants in 1930. Let us compare his words on that occasion with his present views when Prime Minister of Canada. We find that Hansard of February 8, 1932, page 59 contains the following statement:

> But looking about us, realizing our obligations, and desiring that the people of this country should understand fully that the government is anxious to lead the way with respect to matters of economy, we have concluded that we will ask this parliament to pass a statute to reduce by ten per cent the indemnities alike of the Senate and of the Commons, and of the compensation paid to ministers and to every branch of the public service. That must be effected.

I am wondering where his sympathy for civil servants has gone, in view of the fact that in the year 1930 he declared that $100 was a minimum salary.

The government of Canada surely is leading the way towards salary and wage reductions, and those reductions quite evidently are having their effect throughout the country because we see, hear and read of wages being reduced in practically every industry. It is quite evident that the salary cut in certain circles has been well planned and well understood. The wages of railroad men including employees of the government's own railroad, have been reduced, and we have heard no protests from any members of the cabinet. Instead of protests, as a matter of fact it would seem that both the Prime Minister and the Minister of Railways have approved of the action taken by the government railways. It is quite evident the government is satisfied. I needed no evidence to assure me however, because even before the cut took place I knew the government would approve of it.

Let us compare the attitude of the government with that of the mayor of the city of Toronto. In that city the question of salary cuts was before the city council and in that connection the mayor is reported in the Globe newspaper of February 27, 1932, as follows:

> "If we give leadership, are we not asking private enterprise to follow suit? The city will simply be giving the cloak of respectability to a wage-cut on the part of private enterprise," said the mayor. "I have a letter from a large employer of labour who is opposing the wage reduction."

I want to take off my hat to the mayor of the city of Toronto. The working men of Canada know now who is setting the example and leading the pace. In their minds and in mine there is no one to blame but the present government of Canada. Not only are they leading the way in the reduction of wages and salaries but also in the discharge of em-

ployees, and in that way they are adding to the numbers of unemployed. They are dismissing many public servants and reducing the salaries of those remaining.

Let us for example consider the recent dismissals, releases or whatever you wish to call them in the Department of the Minister of National Defence (Mr. Sutherland). I am informed that 75 flying officers have been released. Where will those men find employment to-day? They will find themselves lined up with the boys we saw at the gate to-day looking for work. I am advised that 42 of those men served overseas in the great war, and that 38 of them are married with dependent children. At one time in their lives they offered to sacrifice their all for the defence of the British Empire, and I can well recall some of our politicians going around the country telling those boys that they were going to make Canada a place fit for heroes to live in. Now, when they are performing services of a useful character, their services are no longer required. Undoubtedly they could perform useful work; for instance, they could be sent into the Patricia district to see whether or not those Indians are dying, and whether their children are going blind as was reported in the press. It is not sufficient for this government to say that they have heard from some Hudson's Bay factor that the report is incorrect. Some of those flying officers ought to be used to ascertain whether or not there is need for assistance in that outlying country. But the government has discharged those flying officers and thrown them on the mercy of the world, not caring what will become of them. And if the British Empire needed them to-morrow they would be the first men expected to get into harness and defend it.

Mr. COTNAM: You mean armour, not harness.

Mr. HEENAN: The government undertook to provide work for all. Why, they are sitting on the treasury benches to-day, and they can only sneer and laugh at the unemployed of this country.

An hon. MEMBER: Cut that out.

Mr. HEENAN: They cannot even keep their own employees; they are adding to the unemployed.

An hon. MEMBER: Talk a little sense.

Mr. BENNETT: Mr. Speaker, because the habit has grown up to make statements which, because unchallenged, are said not to be denied, I should like to point out that there has been no sneering in reference to the unemployed from this side of the house. I think that that statement, at least, should be withdrawn. I rise to a question of order, Mr. Speaker, and direct your attention to it.

Mr. HEENAN: I direct your attention Mr. Speaker, to the fact—

Some hon. MEMBERS: Withdraw.

Mr. HEENAN: —to the fact that members elected to this chamber have just as much right to speak as the Prime Minister. I just wish to direct your attention to the fact that I was speaking of the sneers handed across to me just at the moment the Prime Minister arose.

Some hon. MEMBERS: No.

Mr. HEENAN: Any time any one on this side of the house has got up to discuss the question of the unemployed there has been nothing but "ha ha's" from the other side of the house.

Some hon. MEMBERS: No.

Mr. HEENAN: In fact the unemployed of this country have not got anything from the other side of the house but "ha ha's." So I think I was well within my rights in saying they were sneering at any discussion of the matter, but if I have transgressed the rules of the house I withdraw the expression.

During the elections the Prime Minister as well as his party promised not only to provide employment but to ensure a higher standard of living. Where is the higher standard of living as proposed in this resolution? He said there was no excuse for any Liberal asserting that other countries were suffering worse hardships than this country, and he declared: If elected my job will be Canada—to see that Canadians are employed. And he is working at it right now—making as many unemployed as it is possible for any man to make. He is busy at his job, and is doing it in good fashion. But what I object to more than anything else, Mr. Speaker, is the example the government are setting to private employers throughout this country to reduce salaries and wages. It is a fact that the financial and banking interests were taken into consultation as to the revenues of the country and the rates of interest to be charged on the recent bond issues. Well, if it was right and proper for those interests to be so consulted, then it is equally right and proper that the employees of the state, whose living depends upon their salaries and wages, should be taken into consultation before their means of livelihood are reduced. Consequently, no

matter what anyone else does, I shall put myself on record by voting against this reduction of salaries and wages.

Mr. A. L. BEAUBIEN (Provencher): I was amused the other day, Mr. Speaker, when the Prime Minister in introducing this motion read a letter to the house purporting to come from some lady in the civil service to the effect that she was glad to take the proposed reduction. I do not know whether it is because I am a married man, but I have received no communications from any ladies in the civil service; I have received communications from many men and representatives of civil servants protesting against the salary cut. The other day I met a civil servant who said to me: I am getting $100 a month; out of this I have to pay 5 per cent towards my pension fund, and the proposed 10 per cent reduction will leave me only $85 a month to maintain my wife and six children. I do not see how any married man in the city of Ottawa can expect to do that on $85 a month. True, the Prime Minister has stated that in the case of the lower salaries the 5 per cent superannuation will be paid by the government, but still the salary cut leaves such men in a difficult position.

Last session during the debate on the budget, I made the statement that so far as I could see the only people the budget favoured were those of the wealthy class. Looking through the current estimates I find that the only people getting any benefit are those who are lending money to the government. As compared with the interest paid last year to the money lenders, this year the amount will be increased by something like $13,000,000. The Minister of Finance may retort: Well, many small bondholders are getting this interest; many widows and others who have invested $1,000, $2,000 or $3,000 in these bonds are getting a part of the interest. Probably that is so. But I venture to say that within six months or a year, if conditions continue as they are to-day, and if the government does not change its policy in order to improve conditions—and they will never improve until the government does change its policy—most of these bonds that to-day are in the hands of widows and other small investors will be in the hands of the big investors; they will have full control just as they secured control of the war bonds shortly after they were issued, especially the tax-exempt bonds. I submit that when the national service loan was floated it could have been floated easily at 4 per cent instead of at 5½ per cent, and thus the government could have saved the country a lot of money in interest payments.

[Mr. Heenan.]

The other day the Prime Minister stated that judges and army and navy officers were exempt from this proposed salary cut. How can you compare the position of a man who has to maintain a wife and six children on $85 a month with the position of a judge getting $9,000 a year and making no contribution to the pension which he gets on a very liberal scale when he retires? As a reason for this exemption it was stated that the judges' salaries are statutory. Well, this parliament is supreme, all-powerful; as it can make, so it can unmake; it can amend or repeal any statute. Last session we amended the Judges Act so that the Chief Justice of Manitoba by his acceptance of the chairmanship of the Board of Railway Commissioners should in no way prejudice his pension rights.

I am against this reduction unless it is graded, and unless it takes in the high-salaried officers of the army and navy, and the judges. I think the government will be ill-advised if they do not follow that course; I am sure it would be to their benefit, politically and otherwise, if they included everyone in this measure.

We have heard a great deal to the effect that conditions in Canada are better than in the United States, but the civil service of the United States is in a better condition than is the civil service of Canada. President Hoover said he would veto any measure proposing a reduction in the salaries of the civil service, but that he would approve of statutory increases being withheld. At the frontier ports between Canada and the United States, their men start at a salary of $2,000 a year, while ours start at a salary of $1,200. Their lowest paid clerk receives $1,700 a year. I know of one man who has been with the customs department for twenty-six years; he is a sub-collector, and he receives $2,340. Right next to him the United States sub-collector receives $2,900. So I do not think we should brag any more about Canada being in a better condition than the United States; we are paying smaller salaries and now we are asking these officials to take a cut of ten per cent.

Personally, if the Prime Minister had come to me and said, "We need $400 of your indemnity to help carry the country through," I do not think I would have refused to give that amount, but I do not think it fair that I should be asked to give $400 of my indemnity while people receiving high salaries are taking no reduction at all. They do not have to carry on elections; they have no expense of that kind; they are not at the beck and call of every charitable and begging organiza-

tion in the country. I am not criticising those organizations at all; no doubt they do a good work, but surely there is as much justification for taking $1,000 from the salary of one of these men as there is for taking $400 from my indemnity. Unless the judges and the highly paid officers of the army and navy are included in this reduction and unless the reduction is graded so that the people receiving small salaries will be relieved and will have a chance to look after their families properly, I intend to vote against this resolution.

Hon. W. D. EULER (North Waterloo): Mr. Speaker, in the few observations I have to make I do not propose to attack the evident intention of the government to exercise principles of economy; rather I intend to discuss very briefly the practical application of the resolution to the members of the civil service receiving small salaries.

Naturally a proposal to reduce the salaries paid those in the employ of the government always will produce a clash of opinion. It is to be expected that those directly affected will object to the reduction, and in addition we have those, not directly affected, who believe that it is not a sound principle to make any reduction whatever. In fact, not only in this particular connection but in other relationships we have two schools of thought, the one contending that wages should not be cut at all and that we should spend more, while the other says we should spend less. I think those who argue that if wages are cut, purchasing power will be diminished, production will be lessened and unemployment increased are making a fairly good argument, though possibly the question is debatable. We have had the question discussed from many points of view in connection with unemployment, and I must say that I have sometimes envied some hon. members of this house who have very cheerfully and very profoundly given their opinions and their reasons for those opinions on such matters as the cause of the depreciation of our currency, the effect of the adverse balance of trade, the cause of unemployment, and all that sort of thing. For my part I have felt, and feel now, considerable reluctance to rush in where angels might very well fear to tread. I prefer to consider this resolution from one point of view alone, and that is this: Whether it will be possible under the resolution and the bill which will be based upon it for some of those affected to maintain a decent scale of living, and whether it will be possible for them to have what they are entitled to, a reasonably comfortable subsistence for themselves and their families.

I think, Mr. Speaker, most of the people of this country will now admit that both individually and as a country we have lived pretty high and pretty expensively until the last two years. We have created debts which ten or twenty years ago we would have thought it absolutely impossible for this government to carry. I think I am right when I say that the federal debt, added to the provincial and municipal debts, totals over five billion dollars, on which evidently the interest must be in the neighbourhood of a quarter of a billion dollars a year. To my mind that is a very serious situation. It may be that sometime I will be converted to the theory that the way back to prosperity is to spend more; I hope my mind is always open to conviction, but I am still old fashioned enough to believe in the principles of thrift and the policy of spending a little less than we earn or than we receive, and that applies to governments as much as it does to individuals. However, that is always predicated on the fact to which I referred a moment ago, that men must earn enough to make saving possible. There is an irreducible minimum below which no Canadian, whether he is in the service of the government or in the service of a private concern, should be asked to live.

I am entirely sincere, and I have no axe to grind—I think my hon. friends opposite as well as my hon. friends on this side will believe me—when I say that I have every sympathy with the government in its efforts to balance the budget. We are told, I think on pretty good authority, that this year the deficit will be very heavy, between $75,000,000 and $100,000,000, without taking into account the heavy loss on the national railways, and probably those deficits will continue. I am not a pessimist when I make that statement; it is very likely that we will find it very difficult to make both ends meet for some time to come. We cannot indefinitely take care of deficits by increasing the debt or increasing the taxes, or both; that would mean national disaster in the end. Sometimes I am tempted —and I say this also with reluctance—to say that if it could be done in a practical way it might be a good thing for all concerned if we made a capital levy to wipe out this incubus of debt, at once or over a short period of years. I do not offer this as a serious suggestion at this time, but perhaps some day it might be worthy of consideration. Perhaps we might introduce the practice which pre-

vailed in days of old, in Palestine I think, where they had a year of jubilee every fifty years when all debts were wiped off. That might be not a bad principle to follow.

In order to balance a budget, the government has two methods at its command. One is to increase revenues, and I suppose in due course when the budget comes down we shall be able to note the measures to be taken to increase revenues by means of increased taxation. The other method is to decrease expenditure. The government is adopting to some extent this latter method in connection with the estimates which involve, as we all know, a decrease in the salaries of government employees. If I am any judge of public opinion I am inclined to believe that the country generally favours anything in the way of measures of economy. I am inclined also to believe that public opinion will support the government in making a reasonable reduction in the salaries of the higher salaried officials serving the country. The question is just where these reductions should end. I agree with the hon. member who has just spoken; I, too, have every sympathy with the man on a small salary whether he is serving the people of Canada or a private employer. To reduce the salary of a man who has to support a family on $60, $70, $75, $100 or even $125 per month does not seem to me to be consistent with the principle which I have laid down, that a Canadian is entitled to a respectable and reasonably comfortable living for himself and his family. This is where I take exception to the resolution.

There are those who have not very much sympathy with government employees. Some believe that there are too many of them, and in this I am inclined to agree but I think the efficient employee has not been too well paid in the past. It may be that a man living out in the country may think that a salary of $100 per month is large pay and that a man receiving such a salary could well afford to take a cut, but I think those who live in the city would say otherwise. Some reduction has taken place in the cost of living but I am afraid that a large proportion of that reduction has not reached the man who has a large family to support, at least it has not reached him to such an extent that he finds relief in the problem of making a living for himself and his family. There are those who believe that government employees are already well protected by reason of the fact that they are sure of their employment, but that is not true to-day because many government employees have been discharged from the service for reasons of economy. I am not a special advocate for those employed by the government, but I think I should point out that men have been attracted to the government service because of the sense of security therein even though the pay was small. These men received a small remuneration as compared with those in private employment only a few years ago; while they were sure of their jobs they had no opportunities to make a little extra money by means of investments or even speculation. If, during the period of prosperity these men had to bear a disability from which others did not suffer, it does not seem to me to be quite fair to take from them the little advantage which they had when the period of prosperity comes to an end.

The government is also cutting off the statutory increases. Some may say that a man cannot lose what he never had, but I think it is true that these employees relied upon their receiving the increase which the statute granted them from year to year. These employees made certain commitments—a man might purchase a small home or he might take out a policy of life insurance, and so on —obligations from which they cannot escape, and with this additional cut they will find things to be very embarrassing and difficult.

I think the government as well as the hon. members of this house desire to follow the wishes of the Canadian people generally in connection with this matter. There has been some suggestion made that we on this side are playing politics, but it happens that I have not very many civil servants in my constituency, and I can hardly be accused of playing politics in this matter. I have received representations from the letter carriers and the civil servants generally; I have had them from the Trades and Labour Council of my city, from the business men's association, from the ratepayers associations and from the Canadian Legion, and these representations have all been along the line of my own thought, that the government should not make a cut in the salaries of employees who are now receiving a remuneration just sufficient to keep body and soul together. I make the suggestion to the government in all seriousness, that they again consider this matter, if they have not already done so, and frame their bill in such a way that those receiving up to $100, or perhaps $125 per month be not subjected to any reduction.

Mr. MAURICE BRASSET (Gaspé) (Translation): Mr. Speaker, the question before the house has already been debated at length, however I wish to explain briefly the vote which I shall probably be called upon to register.

The government asks us to adopt a resolution the effect of which is to cut down the salaries of civil servants by ten per cent. It is true that the government has to meet serious financial difficulties of which it is solely responsible. There are two ways of levying revenues: First by increasing taxation and helping commercial enterprises; secondly, by decreasing the expenditure.

The government through its high tariff policy, has not only cut down its revenues but has almost exhausted its resources. The revenues are, to-day, much less. If for the last two years a reasonable policy, one identical to that of the Liberal party in 1930, had been resorted to, foreign trade would have maintained itself, imports and exports would have continued, and the government would have had sufficient revenues.

The government contends that it practises economy, but such is not the case. No matter where we turn, we discover that instead of economizing, the government displays extravagance in its administration. What is the situation? To quote only what took place in my constituency, the government appointed, since the last election, a large number of commissioners to hold inquiries, whose main work, in fact their only occupation, was to travel through the rural districts in order to ascertain who were the civil servants that sided with the opposition. There is not a post office to be found where the incumbent was suspected to be friendly to the Liberal party. These commissioners are still travelling through the country holding expensive inquiries. This government, sir, has also money to throw away to carry on inquiries as insignificant as the one relating to the travelling expenses of a certain Mr. Herridge. Although we must show respect to the Prime Minister of a country, however, one must not be led away to the extent of thinking that the honeymoon trip of Mr. Herridge or the Prime Minister's sister has such importance that we should have to spend enormous sums to inquire into events that are of no interest to the ratepayers of this country. If the government wishes to be extravagant in matters of this kind, I think it should not do so at the expense of our civil servants. In my opinion, the civil servants are not over paid, and furthermore, with the exception of two or three, I contend that they are not sufficiently remunerated.

Considering that the government should adopt other methods to increase its revenues, I shall be pleased to vote against this resolution.

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, I feel I cannot let this resolution pass without stating my position and I do so to-day more particularly because I was in 1929 as Postmaster General of Canada, the subject of one of the greatest onslaughts ever made upon a minister of the crown by the opposition of the day in an attempt to convince me that the lower salaried officials should have their salaries increased. At that time we saw the present Minister of Justice (Mr. Guthrie), then in opposition, the present Minister of Railways and Canals (Mr. Manion), then in opposition, the present Minister of Trade and Commerce (Mr. Stevens). then in opposition, as well as the present Prime Minister (Mr. Bennett), then leading the opposition, appeal to the then government to increase the salaries of those who were employed at a salary of under $1,000 a year. For the information of the house and particularly of those members now here who did not occupy seats in this chamber at that time, I wish to call attention to some of the statements made on that occasion by the hon. gentlemen whom I have just mentioned. As reported on page 1874 of Hansard of 1929, I find the present Minister of Justice making this statement:

> When it comes to the higher grade salaries they are not niggardly, they are fairly generous; when it comes to a question of increasing the salaries of gentlemen of technical or professional knowledge, they take other means of getting round the Civil Service Act. . . . I believe that the lower grades of the civil service in Canada have been very badly treated by this government.

How are they being treated now, may I ask?

> They have sent those unfortunate people from pillar to post.

Where are they being sent now? There is not even a post for them upon which to rest their shoulders. They cannot find a pillar from which they may expect some solace. The same hon. gentleman continues on page 2180:

> I submit that the present salaries paid the lower grade officials in the postal service is a disgrace to Canada and to the public service, and should not be tolerated in this great country.

What has the hon. gentleman to say now when he is reducing those disgraceful salaries, as he called them at that time, to an even more disgraceful amount than they were in 1929? He continues:

> I would not suggest giving them a niggardly $60 increase as recommended by the Postmaster General.

No, but he suggests a niggardly decrease to them and the decrease is even blacker than the nigger to which he was referring when he spoke about the low salaries.

An hon. MEMBER: The nigger in the woodpile.

Mr. VENIOT: Yes, that is the nigger in the woodpile that has come out. He continues:

I would give them something more substantial than that. I would see that a minimum was established of at least $100 a month.

An interruption took place at this point by myself and the present Minister of Justice, then in opposition, replied:

We will do it if you give us the chance.

After eighteen months of a chance given to him by the people of Canada he cuts the salaries by ten per cent.

The Minister of Trade and Commerce, who was also a member of the house on that occasion, appealed to what he called the adamantine heart of the Postmaster General to let that heart of his be softened to his appeal, and to give those poor underpaid officials, not the $60 increase, which I had recommended to the Civil Service Commission, and which had been refused sanction by them, but an increase to $100. He stood in his place on this side of the house and pleaded with the then Minister of Justice, saying: "I appeal to the Minister of Justice to plead with the Minister of Finance and the Postmaster General." He then turned his gaze upon the Prime Minister of that date, now the leader of the opposition (Mr. Mackenzie King), and appealed to him. He appealed to the then Minister of Finance; he appealed to each cabinet minister sitting on the front benches at that time, to attempt to soften the heart of the Postmaster General on behalf of those underpaid officials. May I to-day be permitted to appeal to the present Minister of Trade and Commerce and ask him to appeal to the new Minister of Finance, to attempt to soften his heart and not to make the ten per cent reduction against the men who were underpaid at that time. Oh, the answer will come back that living is cheaper to-day than it was in 1929 and 1930. The figures given the other day by the Prime Minister or some other minister showed a reduction of fourteen per cent in the cost of living, and the idea was that this reduction of ten per cent in salaries would be within the mark. Let me point out that the present Minister of Justice, speaking on one of the occasions in 1929 to which I have referred, stated that the cost of living at that time was $1,122.60 a year, and that for the mere necessaries of life for a family of five. That is a reduction of fourteen per cent, which leaves $965. Take the minimum salary paid officials in the Post Office Department, letter carriers and so forth. If you take ten per cent off what does it leave? It leaves them $972, merely five or six dollars above what the fourteen per cent reduction in the cost of living leaves them for the bare necessaries of life. And these are the gentlemen now occupying the government benches, whose tears flowed quite freely in 1929 on behalf of these poor, underpaid officials. There they sit to-day no doubt prepared to vote unanimously, as they have adopted unanimously in council, the reduction of ten per cent against these men. In the name of conscience, what reason can they give for it to-day? Let me quote the Minister of Trade and Commerce of to-day (Mr. Stevens) to show what his attitude was when he was in opposition in 1929. The hon. gentleman after appealing to the ministers of the government to be generous, said:

We have urged the government to take action. We have assured the government of our support, but we have failed up to the present to get any encouragement from them.

He was then appealing for an increase in salary for these men. To-day I am appealing to this same gentleman, now Minister of Trade and Commerce, to use his influence with the government so as not to have this ten per cent struck against the salaries of the lower paid officials. If in 1929 they could not live on a salary of $1,040 or $1,080 a year how can they live to-day with a reduction of ten per cent, which leaves them $972, according to government figures—an amount requisite for them to obtain the bare necessaries of life.

I believe in the principle that in times of stress such as the country is now passing through every man, according to his means, should bear his share of the burden; but let us not take from the pockets of poor families this ten per cent which they need so badly if they are to carry on. Let the reduction be graded. Let it weigh upon the shoulders of those best able to bear it. If the government will ask for a graded reduction I will support it on any amount above $1,200; but I do oppose, with all my soul and all my strength, a reduction of ten per cent to the man who is earning only $1,200 a year. Ten per cent of a reduction leaves him only $972, while the bare necessaries of life will cost $965.

At the time to which I have referred the then opposition went still further. I hold in my hand a circular issued during the cam-

paign. When we on this side of the house occupied the seats to the right of Mr. Speaker we heard the Minister of Justice (Mr. Guthrie) wax eloquent in his appeal to the Postmaster General to pay a living wage to mail carriers and mail contractors. He wanted to place them on the basis of those under the Civil Service Commission, on a yearly salary. He claimed that those on contract were not receiving a living wage. I pointed out at that time the difficulty that would be encountered in an attempt to carry out that suggestion. Well, what do we find now? Lest someone should call me to order, let me say that I should be the last man in the world to impute political motives to the Conservative party when they issued this circular. I know they would not stultify themselves by doing anything from political or any other ulterior motive when they issued this circular to the mail carriers of the dominion. What do we find? Let me quote:

King and Veniot oppose relief. The King government, including both Mr. King and Mr. Veniot,—

They put me in very good company.

—voted down Mr. Guthrie's amendment for fair pay to the rural mail carriers, the vote being 160 to 70.

That was placed in the hands of every mail contractor in the dominion, and now my hon. friends opposite talk because we to-day undertake to criticize their actions and to defend the poor underpaid official, asking the government to carry out the pledges they made to the people with respect to unemployment. They say that because we do this we are playing the political game. I leave it to the public and to the friends of the Minister of Justice himself, sitting behind him, to judge whether he was playing politics when that circular to the mail carriers of Canada was issued.

There are several features about this question, and I was just going to forget one. I have a peach here and I do not want to miss it. I referred to the attitude taken by the present Minister of Justice and the present Minister of Railways—I see him taking copious notes and I hope I shall be able to soften his heart as he softened mine on that occasion.

Mr. MANION: I am taking notes on another matter.

Mr. VENIOT: I referred also to the Minister of Trade and Commerce. But I want now to refer to the gentleman who led the opposition at that time, and who now occupies the high position of Prime Minister of his native country. In one sense, Mr. Speaker, since the people have chosen the Conservative party to manage the affairs of the country for the time being, I am proud to see the Right Hon. R. B. Bennett as Prime Minister of Canada, because he comes from my own province. The upper sections of Canada, on the Conservative side especially, have had in the past very often to come down to the maritime provinces for the brains to try to run their party, and for that reason I am proud, since fate has designated that party to run the affairs of the country at the present time, that my right hon. friend is Prime Minister. But, with that pride in the right hon. gentleman's occupancy of the office, I must say that it is very difficult for me to agree with him in many cases, and particularly in the case I am going to cite now. He also took a hand in appealing on behalf of the civil service of Canada; he also denounced the then Postmaster General before all audiences for his hardness of heart because he would not consent to an increase in the salaries of lower paid officials. I have here a letter written by him to a certain employee in the civil service. He says:

Your night letters of the 5th and 9th dealing with reclassification of letter carriers reached me in due course. You will probably have observed from the press that the opposition as a unit urged that this matter be taken up at the present session. I really do not know how these men support themselves and a family on the meagre salaries they receive.

I would ask the Prime Minister of Canada to-day to put that very question to himself seriously before he reduces the salaries of these men by ten per cent. Is it possible that the Prime Minister was sincere when he wrote that letter? Certainly, if he was then he cannot be sincere now.

Mr. GOTT: What year was that?

Mr. VENIOT: The year 1928. And in 1929 and 1930, Hansard will show where he took the same attitude. I am reading this letter to show that the right hon. gentleman played his game not only on the floor of the house but by letters circulated throughout the length and breadth of Canada in which he tried to tell the lower-paid civil servants of Canada that the Liberal party was treating them in a niggardly way.

Mr. GOTT: I hope the surly look of the hon. member is not intended for me.

Mr. VENIOT: I would be wasting my good looks if I directed any such look towards my hon. friend. The letter continues:

I really do not know how these men support themselves and a family on the meagre salaries they receive. We pressed the other day that

provision be made in the supplementary estimates for the letter carriers, and assured the government that they might take this action regardless of the Civil Service Commission, and promised them our united support.

May I in my turn say to the Prime Minister that if he will change his bill and not reduce the salaries under $1,200, but grade the reductions, I think he will receive the absolute and entire support of the house.

Some hon. MEMBERS: Hear, hear.

Mr. VENIOT: I appeal to him now, as he appealed to me then, to do justice to that class of civil servants. Then the letter continues:

> Just what will happen wo do not yet know, but Doctor Manion made our position very, very clear.

I hope that at this time Doctor Manion will be able to make the position of the Prime Minister and his government very clear. As he was put up at that time to make the position of the opposition quite clear, I hope he will possess the same ability at this time to make clear the stand of the government towards the civil servants.

I do not know what the proposed bill may contain, but in the meantime I wish to direct the attention of the Minister of Finance (Mr. Rhodes) to what I believe will be certain injustices. I am told that the government will assume the five per cent—and the minister will correct me if I am wrong, because I do not wish to be wrong—the five per cent taxed against civil servants for superannuation purposes. I want to ask the Minister of Finance now if that five per cent will apply equally to the retirement allowances?

Mr. RHODES: My hon. friend knows that to submit a question at this time is quite out of order.

Mr. VENIOT: Is it? I did not think the minister was so—

Mr. RHODES: If he will submit his question when we are in committee on the resolution I will be happy to answer him.

Mr. VENIOT: I am sure there would be no harm done if the minister would answer now.

Mr. RHODES: We would be committing a breach of the rules of the house.

Mr. VENIOT: Oh, no, we would not be acting contrary to the rules of the house.

Mr. STEVENS: Yes we would.

Mr. VENIOT: It is against the desire of the government that the Minister of Finance should give the information which we seek to the house.

Mr. GUTHRIE: You will get it in plenty of time.

Mr. VENIOT: This is the stand I take: If the 5 per cent does not apply to the retiring allowance, an injustice is perpetrated against those who do not come under the superannuation but come under the retiring allowance.

Again I wish to draw the attention of the Minister of Finance to the ten per cent cut. It would seem that the cut applies to those who have reached the maximum as well as to those who are grading up from the lower salaries to the maximum fixed by the Civil Service Commission. At the same time I understand the proposed bill will do away with the statutory increases, and in that connection I wish to draw the attention of the Minister of Finance to something which, if true, would indicate a great injustice to those men who would lose their statutory increases together with the ten per cent reduction as against the men who, having reached the maximum and not receiving statutory increases, will be reduced by only the ten per cent. Those who have reached the maximum have gone as high as they can go in their class. Is it fair that the ten per cent should apply against those who have not reached the maximum. I hope the Minister of Finance will consider what I have said, and ascertain if my statements are correct. In my view any injustice would be eliminated by a reduced or a graded reduction, giving special consideration to those who have not reached their maximum and will be deprived of statutory increases. Their reductions should be less, proportionately, than the reductions of those people who have reached their maximum salaries and therefore are not deprived of statutory increases.

These are matters of detail to which I think the Minister of Finance might well give his studied attention before the bill is presented to the house.

In conclusion allow me to state very definitely, as I did in the beginning of my remarks, that in these times of stress I believe every man should bear his share of the burden in proportion to his ability to do so. I am convinced that the man working for $1,000 a year cannot within reason bear any part of the burden of the depression. I believe further that instead of a straight ten per cent decrease there should be a graded decrease beginning at a certain figure, and going up. I

believe further, sir, that the highly paid officials who, I believe, are to be exempt, should be called upon to bear their share. Referring a few days ago to lieutenant-governors the Prime Minister, stated that their salaries would not be touched, and that there was hardly a lieutenant-governor in Canada who, in order to keep up the dignity of his office, did not spend more than he earned in the position he occupied. Well, let us do away with a little of that dignity; let us have fewer receptions during these hard times. Surely on salaries of $9,000 per year they could place aside $900 to help the rest of Canada. Surely they will not witness the reduction in salaries of lower salaried men in the services of Canada, and be content to suffer no reductions themselves.

What about the judges? I am not a lawyer, and I have nothing to fear from them. I am free to express my opinion, and I say that a judge receiving $9,000 or $10,000 a year should contribute his share. The civil service have been told: You are protected; provided you behave yourselves and discharge your duties you are secure in your position and when you retire you get superannuation. Oh yes, civil servants are protected and they are entitled to superannuation on retirement —but they pay the greater part of that superannuation out of their own pockets; the government of Canada contributes only a minor portion. But, sir, if that argument is to be applied to the civil service generally, why should it not be applied to the judges? As I understand it, they do not contribute one dollar towards their superannuation, they are entitled to full superannuation after a certain period of service, and for any shorter period they get a pension based on the number of years of service. If because civil servants are protected they should not complain of carrying their share of the burden of this depression, then why should not the judges, who enjoy far greater protection and much more liberal superannuation benefits, bear their share of this burden also?

In these rambling remarks, Mr. Speaker, I have thought it well to state to the house and to the country where I stand before the vote is taken on this motion.

Mr. SAMUEL GOBEIL (Compton): It is rather deplorable, Mr. Speaker, that the house has had to listen to such remarks as those made a few minutes ago by the hon. member for Gaspe (Mr. Brasset) on a matter that is now under investigation by a special committee of this house. Had the hon. member been present at the meeting of that committee to-day, he would have found that those who made certain allegations, instead of trying to prove them apologized for what they had said.

Mr. VENIOT: They were scared and had to do it.

Is it not against the rules of the house, Mr. Speaker, to discuss the doings of a committee before that committee has made its report?

Mr. GOBEIL: I absolutely agree with the hon. ex-minister, and that is exactly why I referred to the remarks of the hon. member for Gaspe. It is quite true that afterwards we had a speech from the hon. member for Gloucester (Mr. Veniot) in which he dealt with the question from the broad national standpoint. Of course, the house knows that he was not trying to derive any political advantage from what he said.

With respect to the proposed reduction of civil service salaries, I was rather surprised at the attitude taken by the official body representing the public service. I say "official body" advisedly. I know that a great proportion of the civil servants have accepted the reduction in the finest spirit, for they realize they are just as well treated as any other class of the community. Let me suggest that if the civil servants as a body had compared their position with that of wage-earners outside they would, through their official body, have taken a different attitude. For instance, all employees of commercial firms have had to accept a reduction of pay and all classes of business men have seen their revenues shrink during the last year and a half or two years. Had the civil service as a body made that comparison they would have come to the conclusion that even with this proposed ten per cent reduction they are still better off than their fellow citizens who have had to get along during the past two years with incomes reduced anywhere from 10 to 30 per cent. I realize that very likely within sound of my voice there are many civil servants who are ready and willing to accept this ten per cent reduction, knowing full well that they are getting justice at the hands of the government, but I would ask those who feel aggrieved to compare their lot with that of the farmers of this country, the largest class of our population, who for the last two years have seen their revenues diminished in many cases by 50 per cent. They do not work six, seven or eight hours a day, their hours of labour run from twelve to as high as fifteen or sixteen hours a day, but notwithstanding these long hours hundreds

of thousands of our farmers to-day, at least those in the province of Quebec, are not receiving anything like ten or fifteen hundred dollars a year, in fact many of them are not receiving even eight hundred dollars a year.

Mr. BEAUBIEN: Would the hon. gentleman be kind enough to compare the farmers' situation with that of the judges?

Mr. GOBEIL: Not being a lawyer I will not undertake to answer the hon. member's question. I am told that the salaries of the judges cannot be reduced. Whether that is correct or not I cannot say, but I believe it to be the case. I may say to my hon. friend that I quite agree with him. And I might go a step further as he has raised the question: I do expect the judges will remit to the treasury at least ten per cent of their salaries.

Some hon. MEMBERS: Hear, hear.

Mr. BEAUBIEN: I should like to ask the hon. member a question, just for my information. He knows that parliament is supreme in these matters. Would he not use his influence with the Prime Minister to have the judges included?

Mr. GOBEIL: That must be decided by those who have more legal knowledge than I have. Now just a further word about the farmers, as compared with the civil service. It has been said in this house many times that the farmers should not have automobiles, and I think in many cases that is quite so. I do not want to offend the civil servants, but if we are to judge from the number of automobiles around the public buildings of this city it is plain that the civil servants are better treated than are the farmers of this country.

Then I should like to remind the civil servants by whom they are paid. Do they realize that the men working on the streets of this city for $1.50 or $2 a day are contributing to their salaries? Do they also take into consideration the fact that labourers and other employees of commercial firms, who have seen their salaries reduced by from twenty per cent to thirty per cent in the last two years, have contributed during that period to the salaries of the civil servants, who received no reduction? For two years those whose salaries have been reduced by a great deal have contributed towards the payment of the regular salaries of the civil servants. I think if that had been considered by the organized civil servants they would have taken a different attitude.

[Mr. Gobeil.]

Many hon. members have expressed themselves as against the reduction in salaries. I say that salaries are not being reduced. Whether a salary is high or low is a relative matter, in connection with the salaries paid to others. My salary at $1,000 may be very high in comparison with my neighbour, doing the same work but receiving a salary of only $600. Another reason why I say salaries are not being reduced, in spite of what hon. members opposite have said and will continue to say until this motion is disposed of, is that every reasonable citizen of Canada knows very well that during the last twenty-four months the cost of living has gone down, and I am not exaggerating when I say it has gone down at least twenty per cent. Therefore during the last two years the civil servants were getting a greater salary, and now we are only asking that their salaries be made more comparable to those paid other people throughout this country. I suggest that the civil servants consider their fellow citizens, many of whom would be glad to receive a salary of $1,000 or even $800 a year. There are thousands of farmers who would be very glad to have a salary of $1,000 per annum; there are thousands of workers of all kinds who would be extremely glad to receive that amount.

Let me conclude my remarks by repeating that I do not want to be unfair to the public service. I do believe a great majority of the civil servants are accepting this reduction willingly, but to those who are protesting I offer the suggestion that they think twice before they talk too much. Let them think of their fellow Canadians who are not getting the salaries they are getting and who are not sure of employment for twelve months each year.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, I object to the exemptions from the ten per cent cut. If I understood the Prime Minister correctly, those receiving less than $1,200 will be reduced by five per cent and those receiving more than $1,200 will be reduced by ten per cent. Then there are the exceptions: lieutenant-governors, judges, members of the military, naval and air forces, and the Royal Canadian Mounted Police. I see no reason why those I have named should not be reduced ten per cent as well. I saw a table published in the Ottawa Journal of February 25, in which it was stated that in the Department of National Defence there are eighteen men receiving from $4,000 to $4,900; five men receiving from $5,000 to $5,900; one man receiving from

$8,000 to $8,900, and one man receiving more than $12,000. With the rank and file of the defence forces so reduced I cannot think what these generals or colonels or whatever they are can be doing. It seems to me we have a general staff capable of handling an army of half a million men.

Mr. COOTE: They are holding the fort.

Miss MACPHAIL: Yes, they must be holding the fort; at least they are getting very high salaries, and there is no sensible reason why they should be exempted. Then there is the navy. Of course our navy is not very large, but still we have a navy, and the officers and men are exempt from this reduction. One wonders whether, when this legislation was being drafted, the near mutiny of the British navy was recalled. The other day the Prime Minister told us how cheerfully the British civil servants accepted their reduction. I recall that there was almost a mutiny in the British navy, and possibly that had more to do with Great Britain going off the gold standard than anything else. No doubt the money lenders of New York and Paris thought that if the British navy was close to a mutiny it was about time to do something sensible, and they proceeded to do it. We all remember the demonstrations in Hyde park, so there is no use telling us such things as the Prime Minister told us, because after all, while we are very much under the domination of the Prime Minister, we are still intelligent and our memories are reasonably good.

Then the members of the mounted police are to be exempt also. We all saw the show put on to-day, with men wearing uniforms with expensive braid trimming standing at all the gates. I was not sure whether or not I could get in. There was also a detachment of mounted police hidden behind the buildings and in the courts of the different blocks. I suppose they need to be well paid for such arduous service.

In looking over the exemptions from the cut which have been granted to the judges, the army and navy officers and the Royal Canadian Mounted Police, it would seem as though all the agencies of force had been exempt. Possibly the judges may thus have clearer vision in giving decisions on the cases likely to come before them in the months to come. I do not suppose there is any use in getting excited over this matter or in protesting further, but it does seem to contain all the elements of force. These classes are exempt from the cut, while the rest of the service must take a ten per cent reduction.

I think a sharply graduated cut would have been more equitable to everyone. A man making $10,000 per year will not be hurt very much by a ten per cent cut. I am opposed to the whole policy of contraction, to the lowering of salaries, the lowering of commodity prices and the general scaling down because the purchasing power of the people will be still further reduced. I am in a peculiar position representing, as I do, an almost purely agricultural constituency. The people in my constituency have had to take a cut, not of ten per cent but of sixty or seventy per cent. They feel very bitter about this and some of them cannot understand that to reduce still further the purchasing power of the people will not help them. Those who can scarcely get together the necessities of life are resentful of those who have enough and to spare.

I do not like losing money any more than anyone else but I am glad to share to some degree in the suffering of my constituents. This may give some moral support. But my purchasing power will be reduced by $400, and to that slight extent it will be detrimental to the general situation in Canada. When I returned $6,000 to the treasury I thought, and I still think that there is some moral value in suffering with those who have to suffer. This reducing of salaries and the slashing of commodity prices is economically unsound. We should have a different policy, one which would permit the issuing of more currency to be put into circulation without an accompanying burden of debt in the form of interest. I think that that should be done at once. I was interested in an article which appeared in last evening's Ottawa Journal, a reprint of an editorial of the Vancouver Sun. Dealing with the need of the reduction of wages which money receives, it says:

> But did it never occur to Premier Bennett how important to the masses and how important to business it is that the wages of money should also be reduced?
>
> In Canada, "money wages" are earned on the federal and provincial and railway debt, which amount to five billion dollars. An average interest rate of 5 per cent on this five billions means an annual interest charge or wage of 250 million dollars that the people have to carry.
>
> Instead of allowing the wages of money to increase from 4 to 5 per cent and up to 7 per cent, why does our premier not have the moral courage to get up on the floor of parliament and declare that the interest on Canada's five billions of debt shall be reduced to, say 4 per cent? Four per cent interest at to-day's commodity prices and to-day's wages actually gives a greater purchasing power than 5 per cent gave two or three years ago. True, the interest on capital must be protected, but no more than the wages of men.

I think that is quite true. Speaking of the currency issue, the article reads:

A much more constructive and, so far as outside security holders are concerned, honourable adjustment on money, would be for our Ottawa government to dilute Canada's five billion interest-bearing securities by adding two hundred or three hundred million dollars to the Canadian note currency.

I believe that that will yet be done, but it should be done now. That would be a far sounder policy than the present reduction. After all, this reduction means a saving of only $8,300,000; that is not a great amount and, as someone has said, it only hastens bankruptcy. I have begun to think that bankruptcy is the best thing that could happen. Those in control of finance will never see the light until we are face to face with bankruptcy. This business of scaling down salaries and increasing the misery of the people seems to be the only method being used by the government.

I am going to make a statement which to some may not seem to be reasonable—I intend to act as a representative of Southeast Grey. I am sure that a majority of my constituency would be in favour of a ten per cent reduction in salaries of $1,200, but I do not think they would agree to the same reduction being made on both small and large salaries—the reduction should increase as the salaries increase.

While I believe the reduction to be economically unsound I do not feel I would be representing Southeast Grey if I did not support this reduction. If I were voting for myself as an individual and not as a representative of my constituency, I should vote against the cut in the salaries of the civil servants in Canada, not because I think the civil servant should not suffer with the rest of Canada—Ottawa has been an oasis in the desert of depression—but because I believe that this policy of reduction will add to the misery now existing. While I am opposed to the policy, I will support it, and in making this statement I am being distressingly honest. In supporting this measure I am acting as a true representative of my constituency, and, after all, that is what we should be. The element of representation does enter into the membership of this House of Commons and one should not forget that as far as possible he should reflect the opinion of his constituency.

Mr. LUCIEN DUBOIS (Nicolet) (Translation): Mr. Speaker, I have no intention, being a farmer, to take a very active part in this debate, seeing that others better qualified have thoroughly gone into the matter. May I, however, humbly express in the house, my views on the question submitted to us. At the outset, I must state that the terms of this resolution hold no surprise for me, and the more I acquire parliamentary experience and the more I take part in the work of the seventeenth parliament, the more I become convinced that the right hon. Prime Minister (Mr. Bennett) was not in earnest in 1930. I shall repeat for the hundredth time, as my colleagues and the Canadian people have done, that the electorate was shamefully deceived at the last election. It is true that those who sit on your right, sir, are not fond of having the surgeon's knife pry into the opened wound of their extravagant pledges in 1930; they shun the sight of the quivering wound-flesh caused by their foolish political eccentricities; however, it is our duty to scrutinize in this house all their pledges, so as to show them up to the people under their true light, in such a way that they will not in the future deceive the electorate as they did in 1930. The right hon. Prime Minister then travelled over the whole country, and everywhere he pledged himself to remedy all the evils borne by the people. He promised everywhere a wonderful prosperity, everywhere it was the same singsong: he was to revive in Canada bountiful days and turn the country into a marvellous land of Eden. But, with bankruptcy staring his administration in the face and his powerlessness to relieve all the ills from which the country suffered, he now appeals, in 1932, to the people to bear up in order to help him to administer the affairs of the country and thus permit him to remain in power. He furthermore appeals to the small wage-earners, the humble, the working classes, that they bleed themselves to death in order to balance a budget which hobbled along after the first eight months under his administration, limped very sadly this year, and probably will be crawling next year. After having pledged himself to relieve the people's distress, he exacts a ransom for bread and hunger from those to whom so much sympathy was shown in 1930.

In 1930, the Liberal party was blamed for the economic crisis, my leader was charged with all the evils from which the country suffered, he was made the scape-goat burdened with all the responsibilities for the distress then existing. In 1932, the Government faced with the failure of its administration, and its helplessness to relieve the economic depression, endeavours to make amends, and instead of circumscribing the crisis, or viewing it as a

national problem, it now describes it as of international character, as, after all, was the case in 1930. To-day faced with the impossibility of relieving the depression, the government states openly that this economic crisis in no way can be attributed to one country alone, but depends on uncontrollable circumstances, is of an international and world-wide character. Why did not the members sitting on the government benches acknowledge, in 1930, what they recognize to-day? Why did they not then view the crisis under its true aspect?

What did the Government do, after being placed in power, to relieve all the ills of which the liberal party was responsible, according to the conservative party? It called a special session, had $20,000,000 voted to relieve unemployment—an anti-social law in my opinion—it bungled up the tariff in all possible manner, once more neglecting agriculture for which so much sympathy was shown during the election. And to what purpose? To be followed by a general and much felt depression, an unemployment which spread in direct ratio of the square of the Government's incompetence. It ended in jeopardizing business and agriculture, and if there are here civil servants who hear me, allow me, sir, to tell them that if they are sacrificed by this government, agriculture had also its large share in these sacrifices. Last year, in the speech from the throne, four words were inserted on behalf of the farming class for which so much sympathy was shown; this year nothing was inserted, no allusion to agriculture is even made. I should like on this occasion to discuss agriculture at length, however, I shall have an opportunity to refer to it later on in the session.

Prosperity was to flourish again and unemployment was to vanish. What result was attained? There is more poverty than ever, the unemployed are more numerous and notwithstanding the hard times, hundreds of civil servants are thrown on the street.

After having long sought to relieve the present depression, the Prime Minister, who on the day before had been torturing his brains to find a solution to the deplorable financial situation of the country by morning suddenly awakes, a flash of lightning seems to have illumined his thoughts and with a loud cry of "Eureka," he calls for the civil service list, slashes right and left, and on behalf of patriotism he calls upon all civil servants to sacrifice 10 per cent of their salary to help him in redeeming his election pledges. I quite agree that all should accept their share of sacrifices in the country's interest, and personally, I think that each should contribute his quota to relieve the economic situation, but what I object to are the means adopted. This cut in salaries should be carried out not on the basis advocated, but on a graduated scale. As to the average and lower grades of civil servants, I agree with the Rev. Mr. Boileau, chaplain of the "Syndicats Catholiques" of Montreal, that the measure proposed by this resolution is anti-social.

It is the custom in this House, to bring in support of the statements made, one's own preferred authorities. To support my own statement, I shall not have recourse to a letter written by a woman, whose name it is deemed proper not to divulge, a letter written by a woman ready to sacrifice herself for the country when it chances to please the right hon. Prime Minister, but I shall quote from an untouchable, undeniable, and indefectible authority, the authority of Rome.

In his henceforth unforgettable encyclical letter "Quadragesima Anno" the Roman Pontiff took up social questions and the following is what he states, speaking of the requirements of public welfare:

> It is in the public interest that the workmen and employees should, after meeting the indispensable expenses, set aside part of their salary so as to build up a modest fortune.

And further he adds:

> The estate must be sufficiently large to meet the needs of an honest living and to give the people some degree of comfort and culture which, providing a wise use is made of it, places no impediment to virtue, but on the contrary singularly facilitates its practice.

Instead of having recourse to this system of taxation, I think the government should have raised the rate of the income tax and taxed government bonds. The Dominion loan bonds last year was taken up in a very short period. Within a week we were informed that already $650,000,000 had been subscribed. Have you ever wondered why these millions were subscribed so quickly? I believe that a number of capitalists were anxious to shelter their capital by investing in state bonds. Probably there are amounts of $25,000, $50,000 or $100,000 in this subscription which do not pay a cent tax to the government, because they are not registered. Why were the wealthy people living in luxury, that is those who can most afford to pay, allowed to escape taxation? Thus the opinion of the authority which I have just quoted would have been followed, for speaking of activities of the state in social welfare, the following is what the encyclical letter says:

> It behooves governments to protect the community and the individuals who form part of it, however in dealing with personal rights they must specially look after the weak and the poor.

The wealthy classes make a rampart of their wealth and have less need of public guardianship. The poor classes on the contrary, without wealth to give them protection depend especially on the state for such protection. Let the state therefore be full of regard and solicitude for the workmen who belong to the poor classes.

I can quite understand that cabinet ministers are not making a great fuss over this measure, they thought fit to have a $2,000 bonus voted to them last year, they who at present receive an indemnity of $16,000 per year. If they contribute to the treasury $1,600, they still have a salary of $14,400. It is $400 more than the ministers had under the King régime. While nobody suspected the plot, they so managed their own affairs that their salary was not affected, yet they are bold enough to place a tax of ten per cent on the small wage earners who are in receipt of $1,200, and on those whose income is $1,500, $1,800 or $2,000 per year. The employees who even now find it hard to get along with such salaries will be forced to contribute to the treasury $130, $140, $150 or $180 per year.

What effect will this measure have on the budget of those whose salaries put them in the average grade? A salary cut, that goes without saying, a decrease in purchasing power and therefore an upsetting of the family budget. Has anybody ever figured out what was the average cost of keeping a family of five persons? After consulting the Labour Gazette of February, 1932, at page 223, I find the following details, being the result of an inquiry held in sixty-nine towns of Canada: the following is the average cost per week for the upkeep of a family of five persons: food, including meat, butter, eggs, flour, peas, beans, sugar, vinegar, etc., $7.68 per week. No one will say that this is exaggerated. Heating and lighting $3.11 per week, rent $6.77 per week. Total expenditure per week $17.56. If you multiply this amount by 52 weeks you arrive at a total of $913.12 for the upkeep of a family of five persons per year.

Still according to the Labour Gazette one must further allow for clothes, underwear, and medical care or other unforeseen expenses, 50 per cent more, representing $456.53, which, added to the $913.12 brings up the total to $1,369.65. This is for the average class of civil servants. There still remains the lower grade to deal with. Let us suppose, for a moment, that the latter only spend 30 per cent of the family expenditure for clothes, underwear, medical care or unforeseen expenses, we arrive at a total of $1,187.05.

How can you expect that a civil servant belonging to the average grade and having to spend yearly $1,369.65 can possibly set aside savings for his old days? And yet, I repeat it, the following is what the authority I quoted, says:

It is in the public interest that the workmen and employees should, after meeting the indispensable expenses, set aside part of their salary so as to build up a modest fortune.

What is there that remains to these wage earners, to these employees to provide for the education and teaching of their children? Nothing. And yet,

The estate must be sufficiently large to meet the needs of an honest living and to give the people some degree of comfort and culture which, providing a wise use is made of it, places no impediment to virtue, but on the contrary singularly facilitates its practice.

Instead of taxing the small wage earner and the civil servant belonging to the average class, the government should increase somewhat the income tax, tax luxury but not the necessities, and ask those who can afford it, to contribute and not those who have already heavy expenses to meet.

It behooves governments to protect the community and the individuals who form part of it, however in dealing with personal rights they must specially look after the weak and the poor. The wealthy classes make a rampart of their wealth and have less need of public guardianship. The poor classes, on the contrary, without wealth to give them protection depend especially on the state for such protection. Let the state therefore be full of regard and solicitude for the workmen who belong to the poor classes.

Why does the Prime Minister seek with such stubbornness to introduce this arbitrary scale? He must have received protests from all parts of the country. To refreshen his memory, I shall quote a resolution adopted by the civil servants of Montreal, at a meeting held on February 22, 1932:

Whereas civil servants as a whole and particularly those whose salary is $2,000 or less did not draw remuneration proportionate to the increased cost of living when prosperity existed and everywhere salaries were raised.

Whereas the ten per cent will mean a greater loss, if the contribution made to the retiring fund (entirely paid by the employees) and the statutory increase which are to be cancelled, are taken into account.

Whereas this reduction will specially affect retail trade by decreasing the purchasing power.

Whereas civil servants have always been poorly remunerated.

Whereas the salary cut will affect the pensions.

Be it resolved that we request respectfully the government to modify its resolution relating to the cut of salaries by ten per cent, because it would not be fair that those who in no way benefited in prosperous times should be affected in such a radical way.

We understand the sad state in which the country's finances are, however, we believe that

a decrease of salary is not a remedy to the situation, especially when it falls upon a class of civil servants who were unable, in heyday to economize owing to the insufficiency of their salary.

Furthermore, I shall draw the attention of the government to another resolution adopted by the Railway Mail Clerks' Association, of Montreal, which was forwarded to me on February 20 last:

Mr. L. Dubois, M.P.,
House of Commons,
Ottawa.

Sir,—

Allow me to respectfully draw your attention to the following resolution adopted at the regular meeting of this association held in Montreal, on the 17th inst., and which resolution reads as follows:

"That this association protests against the general cut of ten per cent in all salaries without exception and requests that rather a graduated reduction based on the amount of the salaries be made, consideration being had for the smaller salaries."

Trusting that our request will receive your kind attention,

I reamain,
Respectfully yours,
(Sgd.) M. J. E. Blais,
Secretary,
Coaticook, Que.

I wonder, after all these protests, why the government still persists in adhering to the provisions of the bill. History must have taught them that a rash action of Napoleon caused the loss of thousands of lives in the steppes of Russia. The right hon. Prime Minister (Mr. Bennett) is endowed with exceptional qualities, I acknowledge it; but he has the defects of his qualities and those of certain small men. He realizes his perfections better than his failings. I would beg of him to act with care, and on the same score that he has requested this sacrifice from the civil servants, on behalf of patriotism, I also request him on behalf of the most integral patriotism not to disturb the small salaried men or those belonging to the average class; I further make this request on behalf of Christian justice, on behalf of Christian charity, on behalf of sound social doctrine.

As my good friend, the hon. member for Ottawa (Mr. Chevrier) requested, I beg of him to introduce a bill in which humanism will predominate; and like the hon. member for Témiscouata (Mr. Pouliot), I would advise him to be silent for a day, so as to prepare, in quietness and meditation, a more just and sound measure.

Mr. F. T. SHAVER (Stormont): It is my intention to take up the time of the house for only a very few minutes. I had not intended to participate in this debate; but after listening to the speeches of hon. gentlemen opposite which covered the whole range of argument from the calm and rather dispassionate address of the former Minister of National Revenue (Mr. Euler) to the speech which was delivered with such evangelistic fervour by the former Postmaster General (Mr. Veniot), I believe there is one aspect of the case which no speaker except the hon. member for Southeast Grey (Miss Macphail) discussed at all.

In the discussion of a reduction of wages, there are always two sides to be considered—the opinion of the employer and the opinion of the employees. We have heard at great length just how the employees may feel about this reduction; that it may in some cases work a slight hardship; but it was the hon. member for Southeast Grey only who gave us the considered opinion of the employer. In this case who is the employer of the civil servants of Canada? Is it the government? Is it parliament? No; it is the ten million people of Canada who pay the taxes, who are the employers. The hon. member for Southeast Grey has told us that the people of her constituency are very much in favour of this reduction; that they consider it reasonable. I have gone to the trouble to ascertain the opinions of some of the representative citizens of my constituency, both in the rural part and in the industrial section, and I believe it is the consensus of opinion that owing to the present depression throughout the world and the existing condition of affairs in Canada when it is absolutely necessary that reduction in expenditure shall be made, this reasonable reduction of ten per cent in the salaries of the civil servants of this country, is something that should be put into effect without delay. There have been advanced during the course of the debate by speakers from the opposition side many, shall I say rather queer arguments. The hon. member for North Battleford (Mr. McIntosh), who time and again has proclaimed himself in the house and in the country as the great champion of Liberal principles, who has told us time and again what the great Liberal party—and it has been a great party—has stood for, in the course of his speech argued in favour of a capital levy. After listening to that address I came to the conclusion that the hon. member for North Battleford should transfer his seat to the far corner of that side of the house.

I was rather surprised that the leader of the opposition (Mr. Mackenzie King) should put forth the idea, I believe in all seriousness, that the various government houses throughout

Canada should be closed at the present time and that all these great social functions which are held in different portions of the country—and I suppose the social functions in Ottawa would be included—should be dispensed with during the period of depression. To people who are out of work and others who are in receipt of low salaries this appeal, that these social functions engaged in by the wealthy, leisured class, should be dispensed with, sounds very well. But do you know that some of these gentlemen who in appealing to the people of the country are democrats to the hilt, can be on other occasions aristocrats of the aristocrats? It was my good fortune recently to be in my room in the house when I saw passing down the corridor the right hon. the leader of the opposition (Mr. Mackenzie King) dressed in his Windsor uniform, and a fine figure he made; he might have been taken right out of the pages of some romantic novel of the middle ages. I am sure he may be proud that he has reached the place where he can wear that uniform. I do not in the least blame him for it, and I believe that the making of that uniform, the preparation of the material of which it consists, the employment of the men who made it, and the men who from time to time press it or repair it or keep it in good condition—all this provides wages and helps to give a certain number of people a living, or to contribute to that end. And so, when these social functions are held in various parts of the country, including the capital city, I suppose in the great majority of instances where beautiful gowns are worn the ladies who wear them can afford to do so, and we should remember that the making of the gowns has given work to hundreds of women who needed it. The retailing of the gowns has given reasonable profits to many merchants, and I for one am not in favour of having any of the social functions done away with, because it is one of the means by which people with money may be induced to part with it, thus providing work for those who would otherwise be unemployed at the present time.

Mr. MERCIER (St. Henri): The hon. gentleman speaks of the making or repairing of gowns. Does he realize that in the future the gowns will be shorter by ten per cent?

Mr. SHAVER: The hon. gentleman may have some inside information, and it is possible that in the course of time they may be shortened. Still they will provide a great deal of work for the seamstresses and others who are engaged in their manufacture.

There has been a considerable reduction in the cost of living; that question has been debated to a great extent. The civil servants in Ottawa and throughout the country are having their salaries reduced by ten per cent, although in the great majority of cases of those receiving under $1,200 the reduction will be only five per cent. But I have taken the trouble to ascertain from one of the leading merchants of my own county, a man who has been in business for a quarter of a century and who keeps a very accurate record of costs in every department of his business, what the average reduction in the cost of living has been from the year 1930 up to the present time. The figures he has given after a very careful computation are these: Foodstuffs 27 to 29 per cent; dry goods 22 to 25 per cent; and boots and shoes from 18 to 20 per cent. And these reductions apply all along the line in all classes of commodities. I am sure therefore that any civil servant whose salary has been reduced by ten per cent will find it easier to make both ends meet during the coming year than he could formerly with his salary as it was but with prices higher.

The hon. member for Southeast Grey (Miss Macphail) made somewhat contemptuous allusion to the mounted police, the forces of law and order. As a citizen of Canada, I am proud of the Royal Canadian Mounted Police, and I think every other citizen of this dominion should be equally proud of them. There is no body of men holding similar positions and doing similar work in any country in the world more worthy of the support and admiration of all citizens of the country employing them than is this fine body of men. I am sure we should be glad that men who possess so much tact and common sense and so great an ability to get along with people in a reasonable way, men who are able to quell disturbances with a minimum of trouble, are in our midst, and on every occasion we should do all that we can to support and strengthen that organization.

The civil servants of Canada are just as reasonable as any other citizens of this country. I have had occasion to discuss this question with various members of that fine body and I believe that we have a civil service in Canada the equal of any other service of the kind in the world. In my own county there are a large number of civil servants employed in two or three departments. They are very efficient men and I believe that, as reasonable people, they will regard this reduction as fair. It has been announced that it is for only one year, and we know that if times improve and conditions are better, the civil servants will have their former salaries restored in course of time.

I believe that the civil servants of my own county will view the reduction as a reasonable one and will be ready to accept it in that spirit.

Mr. ALPHONSE FOURNIER (Hull): I feel quite at ease speaking on this resolution as a member representing the city on the other side of the river. One reason for my discussing the resolution is that I was requested to do so not only by the Liberals of my riding but also by the organized Conservatives of the whole county. I have here a resolution passed by the Conservatives of my city at a meeting on February 24, requesting me to voice their protest against the motion now before the house. Being so close to the capital, and having in my riding so many civil servants, I think I can describe to a certain extent the spirit in which they accept reduction in salaries. The resolution which I am about to quote to the house was supported by a gentleman who was the president of the press gallery last year. He is in the gallery again this year, and I may say that he was speaking in the name of the Conservative member for Hull in the Quebec legislature. I will not translate the resolution but will read it just as it was reported in Le Droit of February 25:

(Translation)

Mr. Edgar Boutet also approved of the resolution. He asserted that he was authorized by Mr. Aimé Guertin, M.P.P., who had been detained elsewhere, to express the views of the member for Hull in this respect.

The following are the views of Mr. Guertin, M.P.P., conveyed by Mr. Boutet:

The proposed cut in the salary represents an economy of $8,000,000 while the deficit amounts to $300,000,000. Even if, adds Mr. Boutet, the government faces, at the end of the next fiscal year, a small deficit of $8,000,000, it will not prove a success. Why then force the small wage-earners to pay for abuses and extravagances of the previous regime.

Mr. Boutet states that he has no hesitation in censuring his leader (Mr. Bennett) on this question. He further censures Mr. King who approves of the principle of the cut in salaries from $2,000 up.

Further on—and this is where he requests me to raise my voice against the motion of his leader—

"No bad example is to be given to other employers." And for that reason, it behooves the Conservative club to request our member at Ottawa to vote against the principle of any reduction whatsoever.

The same evening in another hall a meeting of the Liberal association was held, at which a resolution was carried requesting me to oppose the measure now before the house. I hope I will not be charged with trying to create political capital out of this matter, but representing a riding where so many people are affected, I feel their protests should be voiced in this house. The reason given by the Conservatives for passing the resolution to which I referred was that the government were setting a bad example to merchants, industrialists and other employers. The Liberals gave the reason that the flat reduction would bear more heavily on the lower salaries than on the higher ones.

In my city I do not find the spirit described by the hon. member who took his seat just a few moments ago. I would suppose that in his riding there are practically no civil servants, whereas in the city of Hull there are about five hundred. Taking an average of five per family we find that in a city of 26,000 or 27,000 population, about 2,500 people must be affected by the reduction.

A few days ago, speaking on the question of unemployment, I stated that in Hull there were about 2,000 unemployed, and that in the month of February for direct relief the city council had authorized the payment of nearly $18,000. I said that every Saturday morning there are at our city hall about 700 or 800 people asking for jobs, doles, or direct relief. Under such conditions our people cannot act in the good spirit described by a few hon. members who have spoken.

Referring to the additions to the number of civil servants I quote the Fnancial Post of December 12, 1931:

While the government has done something to restrict the increase in expenditures, this gain to the taxpayers has been, in part, destroyed by the inability to enforce economy in the ordinary business of government. The statistics on the civil service, just issued, show that the personnel which stood at 44,175 in 1930 increased to 45,581 in 1931, or an increase of 1,406 persons. The cost of the service rose from $67,178,198 in 1930 to $70,196,311 in 1931. And these figures do not take into account the number and wages of non-enumerated classes. All told, the cost of the service in 1930 was $90,808,425 and this year $94,310,983. This addition of $3,500,000 is just one of the important reasons why the government is unable to make headway with economy. All of these additional 1,400 employees must be housed, must work, and the only explanation is that governmental activities continue to increase, rather than diminish.

Then the article goes on to explain conditions in the civil service in the year 1912. The figures I have quoted show that under

this government in one year the number of civil servants belonging to enumerated classes increased to the extent of 1,406, bringing a further expenditure to the government in one year of $3,500,000. The proposed reduction will affect the revenues or expenditures to the amount of $8,300,000. I wonder why the 1,400 people were brought into the civil service during the one year. I was under the impression that they had reduced their staffs. I find however that instead of reducing they have increased the staffs.

Mr. CAHAN: Will the hon. member permit a question? Upon what authority does he say that 1,400 additional appointments have been made to the civil service during the past year?

Mr. FOURNIER: As I said before, I am quoting the Financial Post of December 12, 1931, as recorded by an Ottawa correspondent. I did not invent the figures I have quoted and, in fact, I find they agree—probably not exactly, but nearly—with the figures given by the Prime Minister a few evenings ago. He said the total expenditure for civil service salaries amounted to $83,000,000. In the figures I have quoted the amount is given at about $90,000,000. I am not sure however whether the Prime Minister referred only to enumerated classes and not to those receiving indemnities. I think if the minister compared the figures I have given with those given by the Prime Minister he would find very little difference.

Mr. CAHAN: I doubt very much whether 1,400 new appointments were made.

Mr. FOURNIER: I have given the figure of 1,406 new employees. That could be explained to some extent at least by the extra officials who were engaged to put into effect the operation of the 5 per cent bonus on wheat or other acts.

Mr. CAHAN: Of course, during the past year a considerable number of people were appointed census enumerators, but those appointments were only temporary and for the purpose of carrying out census work. Quite possibly there were additions in that connection, but as to permanent employees in the service, from my personal knowledge I am absolutely sure that the quotation my hon. friend cites is not correct.

Mr. FOURNIER: I did not say that those 1,400 people were added to the permanent staffs of the civil service; I said new hands were taken on. For instance, there is no permanent staff in connection with the Public Works department in Ottawa; in that department there are only temporary employees. I have known however of people who have worked there for the last twenty-five years. Additions of temporary employees might have been made in that department. Undoubtedly there were some civil servants employed in Ottawa for the census, but not 1,400. At least 80 people were engaged at one time to put into operation the 5 cent bonus to the western farmers. If the information I have quoted is correct, however, it will show that the number of employees was increased rather than diminished, and as a result the expenditure in the last fiscal year was $3,500,000 greater than it had been in the previous year.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. FOURNIER: Before six o'clock I was stating that the constituency I represent is very much interested in this resolution, nearly five hundred people in my city being civil servants, and that the proposed reduction was opposed not only by supporters of the official opposition but also by supporters of the Prime Minister (Mr. Bennett) himself. I recited a resolution passed by the Hull Conservative Association last week blaming the Prime Minister and the Minister of Finance (Mr. Rhodes) for introducing this resolution. At adjournment the hon. Secretary of State (Mr. Cahan) questioned the figures I had cited, which I had taken from the Financial Post. During the recess I went to the trouble of looking up the figures given by the Prime Minister last Friday while speaking on the resolution. I stated that there were 44,175 civil servants belonging to certain enumerated classes, and that in 1931 they numbered 45,581, being an increase of 1,406. I also stated that the salaries of those enumerated classes for 1930 amounted to $67,178,198, and for 1931 to $70,196,311. I find on page 562 of Hansard the Prime Minister stated:

> On January 18, 1932, we had 36,595 permanent employees and 6,058 on a temporary basis, making a total of 42,653 receiving salaries and wages amounting to $66,808,653.01. There are a large number of seasonal and casual employees not included in the list to which I have referred, receiving various rates of pay. These total about 1,820 computed on a permanent basis—the temporary basis fluctuating from day to day—and receiving remuneration amounting to $1,297,743.50, while the temporaries as of January 18 last, received $7,374,847.21.

On the same page he also stated that the total number of employees, including the seasonals and casuals, numbered 44,473, receiv-

ing $75,481,243.72. There may be a slight discrepancy between the figures cited by the Prime Minister and those I have taken from the Financial Post. I do not think the two calculations were made on quite the same basis; probably the correspondent for the Financial Post included the judges, the military staffs, and others not covered by the resolution, which would account for the difference in our respective figures. I believe the figures I quoted are substantially correct and stand uncontradicted by the figures given by the Prime Minister.

It was said by certain hon. gentlemen on the other side who have spoken on this resolution that the civil servants received the news of the ten per cent reduction in a good spirit. I do not know exactly where these supporters of the government obtained their information, but I have under my hand protests from various organizations in the city of Hull and from outside organizations too. The first protest I received is from L'Union des Employés des Postes du Canada:

> The members of the Hull branch of the postal employees union of Canada at a special meeting have requested us to forward you a copy of their motion protesting against the salary cut of the civil servants.

Evidently they do not accept the ten per cent reduction in such a "good spirit" as was mentioned this afternoon. Here is a protest from the Amalgamated Civil Servants of Canada:

> This organization strongly protests a ten per cent cut in the salaries of lower paid civil servants, but we regard the government's action in stopping statutory increases coincident with such a proposed reduction as ill-considered and something that could not be justified under any circumstances, in that it bears hardest upon those least able to afford it, and is discrimination of the worst type.

The Federated Association of Letter Carriers of Canada write me as follows:

> We the officers and members of branch No. 2 of the Federated Association of Letter Carriers of Canada desire to enlist your assistance in protesting against the proposed ten per cent cut in salary to all civil servants.

Then follows a table showing the effect of the reduction. A copy of this has, I believe, been sent to every member of the house. The Ottawa Journal of February 22, 1932, contained an editorial under the caption The Civil Service Cut, from which I quote the following:

> We are all only too well aware of the difficulties of the government. It must balance its budget. But isn't the answer to that simply that it is hardly fair to ask so much of sacrifice from one class—a moderately paid civil service class? The income tax exempts a married man up to $3,000. That being so, what is the justification of a demand that a civil servant getting $1,200 should contribute $60?

I believe there are over 60,000 civil servants in Canada, and in this city there are between 12,000 and 15,000. Certainly these people must have dependents relying on their salaries for a livelihood; in an ordinary family there are about five people, so if you multiply the number of civil servants by five you will find the number affected by this reduction. In Hull we have nearly 500 civil servants, which would mean about 2,500 people affected by this measure. A few days ago I explained how labourers and tradesmen in Hull have been affected by the unemployment crisis; if now we are to have another 2,500 people hit by this reduction, certainly they must be helped in some way. The best way to help them would be to keep their salaries at the same level as in the past. Since September, 1930, forty-five bankruptcies and assignments have been registered at the Hull court house, while five more from my district have been registered in other districts. One of the reasons for these bankruptcies and assignments certainly has been the lack of purchasing power of the people in my vicinity, and by this reduction we will not augment their purchasing power but will reduce it.

Mr. McGIBBON: Does not the hon. member think the employees of those firms that have gone bankrupt would be glad to continue working at ninety per cent of their former salaries?

Mr. FOURNIER: If the people in my riding to whom I refer, could not get along with one hundred per cent purchasing power I do not know how they will do with a ninety per cent purchasing power. We never like to see salaries go down; of course that is only natural, but I do not see why the city of Ottawa or the city of Hull should be singled out in this way. The people in these cities submit to the same taxation as the people living in other parts of the country; these civil servants have their municipal taxes and their income taxes to pay when they receive salaries large enough, and now, after this reduction, they will have to go on paying the same taxes. An hon. member opposite said many farmers would like to receive a salary of $1,000, but I doubt if many farmers would leave their own homes to come to a city like Ottawa and live on a salary of $1,000, when we know that this salary is not enough for the upkeep of an ordinary family.

The protests we hear on the streets of both cities with regard to this reduction in

salary might be summarized in this way: The flat reduction is unjust because it makes no difference between those receiving very low and those receiving very high salaries. A man receiving $1,200 or more is affected more severely in proportion than the man who receives $3,000, $4,000 or $8,000; while his family lives on a lower scale, nevertheless he must provide the primary necessities of life. It has been suggested that this reduction may mean that the civil servant who has been helping one of his own family who is out of work, or one of his relatives or friends who is in need, may not be able to continue to do so. If I am correctly informed, since last fall the civil servants have been paying so much a week from their salaries into a fund to help the unemployed, and they pay five per cent for superannuation also. Now they are to be reduced ten per cent, and they will not get their annual increases, so certainly they are suffering more than the farmers, who at least can grow many of the necessities of life. The income tax takes into account family charges; a married man with a family receives a much greater exemption than a single man or a married man without a family. This principle was applied to the income tax during the war, and it should be applied now in connection with this reduction.

The Conservatives in my riding stated the other night that certainly this reduction would set a bad example to provincial and municipal governments, private industries and merchants, who might follow the lead of this government and reduce the salaries of their employees, which are none too high at the present time. When the example is set by the federal government certainly it has more weight than it would have coming from a private corporation. Speaking in Ottawa in July, 1930, the Prime Minister expressed the view that he could render the civil service more efficient by keeping those who fulfilled the duties of their position most capably, paying them adequate salaries, and dismissing the others. But since that time no steps have been taken to attain that objective; the first thing to be done by this government is to make this reduction and to dismiss quite a number of civil servants.

When this resolution was presented to the house we heard on the streets the complaints of civil servants, but for the last few days members of the service have become shy and bashful, and they do not discuss the matter. They are afraid of losing their jobs. Right after the introduction of this resolution the Department of Public Works served notice on eighty-two temporary employees that their services would not be required beyond the end of this month. Now members of the public service are afraid to look around, in the fear that to-morrow morning they may find themselves in the ranks of the unemployed.

If this reduction were graded, starting at say $2,000, certainly there would not be such protests as we have heard. I find that the hon. member for New Westminster (Mr. Reid) was told that only 805 employees of the public service were receiving salaries of more than $4,000 and that their contribution under this measure would be about $400,000. This means that some $7,900,000 will have to be contributed by civil servants receiving less than $4,000 a year. It has been stated that the average salary in the civil service is about $1,500 a year, so it will be seen that the lower paid civil servants will have to contribute the greater portion of the $8,300,000 which the Prime Minister said would be saved by this reduction. In 1929 it was stated in this house that there were 3,779 male civil servants in Ottawa receiving less than $100 a month, and at that time the average salary of civil servants in this city was $1,650.

This measure was brought in by the Prime Minister in order to balance the budget; he wants $8,300,000 from the civil service for that purpose. I do not know what will be the deficit, but certainly this amount will not cover it this year, and certainly the civil servants will suffer more than those employed in private industry. I desire to voice as forcibly as I can the views of the people in my riding and of the others who have written to me with reference to this subject matter. I trust the Prime Minister will reconsider his decision as to this ten per cent cut and draft a bill which will graduate the reduction to be made in the civil service salaries.

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, I desire to make a few observations in connection with the resolution now before the house. I should have thought that this would be the one question upon which all hon. members would be unanimous. The man or woman who is to-day receiving the same salary he or she did three or four years ago when the cost of living was so much higher should not complain about a reduction. Outside of those directly affected this is considered to be the most popular proposal brought before the house this session. Throughout the whole country there is nothing but commendation for this bill, and it should receive the sanction and support of every hon. member.

What is a cut of ten per cent? The farmers of this country have been obliged to take cuts amounting to fifty and sixty per cent, yet we hear very little about it. There is not a class in this country that has had to bear so heavy a burden during the present depression as have the farmers, and they have borne it very creditably. The farmers have not received any benefit from the money which has been voted by this house from time to time for the relief of unemployment; this money has been spent in the towns and cities. We are proud to know that our farmers have been able to shoulder their burdens and fight their battles independent of any public assistance.

In discussing economic conditions, we should always bear in mind that agriculture is the great basic industry of Canada and if it is depressed, then every other business is depressed. It is said that prosperity is just around the corner, but we will never get around that corner until the men engaged in agriculture receive a reasonable return for their labour and for the capital invested. When the price of wheat started to go up a few weeks ago new life was instilled into the whole country. Wheat had gone up and everyone was throwing his hat in the air; it gave a new heart to the people and industry started to expand. We should bend our every effort to better the condition of our agriculturists.

We can blame only ourselves for the position in which we are to-day. It is not the fault of our monetary or economic systems, it is the fault of our federal government, our provincial governments, and our municipal bodies who have lived beyond their means and spent more than they could afford to spend. The country has been saddled with a burdensome debt; we have been living beyond our means, and this depression will not be an unmixed evil if it teaches us to spend a little less than we earn. Where individuals or municipalities lived within their means, they do not find it difficult to-day to finance their business; it is those who lived beyond their means who find that they have not the wherewithal to meet present day demands. It is true that we are affected by world conditions, but most of the suffering we have brought upon ourselves.

We talk about assisting our unemployed when we have great fertile spaces waiting to be tilled. I have made several trips through northern Ontario and I saw thousands of acres of good agricultural land lying vacant. It is said that you cannot obtain very much for your agricultural products, but an independent living can be obtained from the farm. Our people are crowding into the towns and cities and expecting to be spoon-fed by the government.

If a man is hungry and naked he must be fed and clothed, but when a man refuses to go to work and says he wants the government to look after him, then it is time he should be told that this is a free country where every man must rustle for himself. Canada is a country where a man's power to possess is limited only by his willingness to work.

The reducing of wages and the cutting of salaries is never popular, but in this case I think it is a necessity and the government is to be commended for the stand it has taken. I am heartily in accord with the provisions of the proposed legislation and will give it my full support.

Mr. PAUL MERCIER (St. Henri) (Translation): Mr. Speaker, the civil service of a country, is the mechanism through which the government enforces its laws and collects the necessary returns for the good administration of the country. The civil service of Canada is the best medium under these circumstances to give the country a good government after the legislation we enact receives the sanction of the Governor General and the necessary regulations are passed by orders in council.

Our civil service, sir, is an excellent one. I rise this evening to champion its cause. We are aware that our civil service, copied on the English system, is not far from being perfect. The hon. member for Stormont (Mr. Shaver) stated that the Royal Canadian Mounted Police was a first class body of men. I state that the civil service also belongs to that class. I have the same admiration for the Royal Mounted Police as the hon. member has. On the other hand, if in India England can control 327,000,000 people with a civil service list of 11,000 employees and 55,000 soldiers, it only proves that we have in Canada a perfect system whose endeavours deserve to be recognized.

The service is open to those who are gifted. One must undergo a test. I have often seen, after the examinations, the questions submitted to candidates. It is as difficult, to-day, to pass the civil service examinations as it is to obtain a certificate in our business colleges. I shall even state that in certain fields of activity, for instance in the Trade and Commerce department, it is as difficult to pass the test as it is to obtain a bachelor's degree in our classical colleges. Many of our young people after finishing their studies in colleges enter the civil service and believe that they

are filling lucrative positions, they believe that prospects are bright for their talents and that they will become experts. They pass the required tests and are given a fixed salary; they carry on with this salary and its statutory increases; they regulate their budget accordingly and work conscientiously, from the humble servant in the Public Works up to the officials of the Post Office Department, Marine, Customs and External Affairs.

We are asked, to-day, by this resolution to cut down their remuneration, their salary by ten per cent. It is the duty of the government to remunerate their employees. If we want the country to conform with the legislation we enact we must set the example. If the government does not sufficiently remunerate its servants or does not conform with the statutes which provide for salaries and statutory increases, I state that this is a very poor example to give to the industrial commercial and farming classes of this country.

These civil servants, as I stated a moment ago, have so regulated their budget, knowing that their limit had been reached, nevertheless endeavouring not only to provide for the necessary things but to afford some small luxuries during their lifetime. To-day, they are told: we cut you down 10 per cent from $1,200 up. An employee who earns $1,225, will have to pay $122.50 plus five per cent to the pensions fund; he would be better off if his salary was reduced by $25, so that he could be classed in the $1,200. He would then have only $60 as the government would also pay $60, to contribute to pensions fund.

Has this phase of the question been examined? I have not thoroughly studied the Civil Service Pensions Act, it however strikes me that thanks to this yearly five per cent, since its inception, millions must have accumulated in the treasury. Why does not the government come to an understanding with the Civil Service Federation of Canada? Why does it not borrow from the Pension fund? Why not borrow from that source the five or six million dollars needed to cover this year's exigencies, seeing that the Prime Minister stated the other day to the delegation that it would only be for a year?

Banks are being merged, anything can be done to-day through legislation or orders in council, except change a man into a woman! Why not borrow from the civil service pensions fund an amount equal to this salary cut, adopt the necessary resolutions, have regular meetings, bridge over the deficit and the spreads appearing in the year's budget. Desperate ills require desperate remedies! If, this year, it is found necessary to reduce the civil servants' salaries, why not take the equivalent from their pensions fund. It is better to borrow it to-day and not have them default their financial obligations, rather than pay them a pension in twenty or twenty-five years hence when perhaps they will not need it. This is the time to satisfy those who, by statute, have a right to their salary so that they may live as in the past and provide for their children's education. We must act in such a way that the tradespeople be not despoiled of their fair profit and the business community be not deprived of this ten per cent which civil servants spend either in clothes, food or even, let us be frank, as it is their right, for themselves and family, in pleasure resorts.

I read lately in an Ottawa newspaper that the amount deducted from the civil servants' salaries will deprive the tradespeople of $2,000,000. Two million dollars taken from the local trade, is an enormous amount. Merchants as well as manufacturers will have to bear the loss. If the purchasing power is lacking, less sales will take place and the people of Ottawa as well as of Canada will suffer from it, its effect will be felt in all fields of industrial and commercial activities.

I also read lately in an American newspaper —it is well to make contrasts for we are quite close to the United States border—that President Hoover gave out the following statement, he who has under his jurisdiction 600,000 United States civil servants:

> I have no intention to cut down the salaries; we must not reduce them; the purchasing power must not be lacking; we must not upset this service which is devoted to its work and needs the whole of its salary in order to give a good service to the state, help us to make of the United States a greater country and assist us in making the American republic a country of future still greater. However, owing to our heavy debts, if it is absolutely necessary, we shall reduce the number of employees but we shall maintain their salary on the level where it is to-day.

What is happening in Canada? By this resolution it is intended to cut the salaries, and pursuant to notices sent out the number of employees have already been reduced. On the one hand, the purchasing power of the permanent civil servants is decreased, while on the other hand, the temporary employees are dismissed, they that have, for the last few years, given the best of their life and energy in the hope of being taken in the service. In Montreal alone 120 are thrown on the street.

Under such circumstances, is this fair? I say no. The government must readjust its budget by applying, if necessary, to the magnates of finance. I am neither a communist nor a bolshevist, however, let those

who have an income of $500,000 or $600,000, if necessary, contribute $400,000 to the state for a year, they still will have plenty to live upon with $200,000. Let heirs of estates who have never done a stroke of work to build up such fortunes and have thousands of dollars to spend yearly, let them, I say, contribute three-quarters of their wealth to the state for a year, let them follow the example of the right hon. Mr. Baldwin, President of the Council in England, whom I admire, and who generously gave to the treasury $625,000, representing the profits he made during the war, he handed over this amount to his country, saying that it was the price of blood. His son lately stated in an interview:

> My father's income is less than it was in 1909, however he can live on it; our family still lives in great comfort.

Let those who can afford to do so make contributions to the treasury! Let them help the government to put order in their finances, let them contribute in putting the administration on its feet; I trust they will be induced to do so, because if our country is prosperous, so will we all be. All classes of the community will benefit by it and an alleluia of joy will be heard throughout the country. But allow the civil servants to live in peace in the discharge of their duties. I am aware that this resolution will carry. I have no illusions. During the ten years of my parliamentary life, I have learned that majorities rule in this house and all measures are enacted through these majorities, otherwise they would amount to motions of non-confidence adopted by the ruling party. We, that belong to the opposition have very little influence in this house, however, we are on the watch like vestals, endeavouring to keep the fire of the Liberal party burning so that our friends all over Canada may see the flame through the window panes of this house: "Keep the fires burning." We do our best to keep our lighthouse continuously lit. There is not much oil left in the tank but the wick is good and the light is still bright. What I would suggest, under the circumstances, since I am convinced that this measure will carry: That the government make no cut in salaries under $4,000. From $4,000 deduct four per cent, if it so desires; $5,000 deduct five per cent; $6,000, six per cent; $7,000, seven per cent; $8,000, eight per cent; $9,000, nine per cent, and $10,000, ten per cent. That would be a fair and reasonable measure, and I think that civil servants would be satisfied and continue to live with the hope of meeting their obligations. I am not saying this in order to complain about the $400 which I shall, as a member, have to pay the state. No, sir, I shall graciously do so; I shall do my bit generously, under the circumstances, and contribute to the treasury. It will make me happier to think that I have contributed, in the opposition, to help the government in the administration of the country, by my humble subscription of $400.

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, I listened with rapt attention to the words of wisdom of the hon. member for Lanark (Mr. Thompson). It must be clearly understood that those who live in the cities of this dominion are not responsible for the industrial system under which they live. That system was brought into being by men whose chief motive was profit, and in a period of depression such as that through which we are passing, it is only natural in the sequence of events that those unfortuate individuals should suffer until such time as the government of this country assume the responsibility which is theirs towards the men and women who find themselves in their present situation under circumstances over which they have no control.

I know of nothing easier than to get up in a deliberate assembly such as this and suggest that the men and women who spend their lives working in the factories of this dominion should go into the vacant wastes of northern Ontario and, without any previous experience, without any capital and, in many instances, suffering from malnutrition, carve out a livelihood there for themselves. For many years organized labour, through the Trades and Labour Congress of Canada, has made suggestions to the federal government along the same lines as those made by the hon. member for Lanark this evening. I trust that he will use his influence with the government of the day to see that such a policy is put into effect and carried out, so that those men who are fitted for a life on the farm can leave our cities, thus lessening the acute situation brought about by unemployment, and at least earn their sustenance on the lands of this country. I readily understand the position in which the farmers of the country find themselves. The first urge of life is to secure food, clothing and shelter, yet many thousands of the industrial workers in our cities are not in a position to obtain the necessaries of life in such measure as to ensure for themselves, and consequently for future Canadians, full bodily health and strength. I say this from my experience as a member of the hospital board in the city

from which I come and a member for some years of the board of health of that city, where thousands of undernourished children pass through these two organizations.

Mr. McGIBBON: What is the connection between that and this?

Mr. MITCHELL: I will come to that in a moment. Many of these civil servants are living in modern industrial and commercial cities; they are trying to get along on a thousand dollars or less per annum, endeavouring to bring up families. The hon. member who has asked that question will readily understand what bearing my remarks have on the question before us. The civil servants were not responsible for the condition that exists to-day. Had the government not made the twenty per cent discount in income taxation last year they would have been in a better position to-day, and this proposed reduction in salaries could have been largely avoided. From our experience, we of the labour movement know that every reduction in wages merely intensifies the present condition; it reflects itself in business, in industry and in agriculture, in the reduced consuming power of the people affected.

We have a paradox to-day in this, that the governments of this country are lowering the standard of living of their employees on the one hand, while on the other hand they are guaranteeing to the moneylenders increased returns on the money they borrow. The ramifications of this policy are felt far and wide. After all, what is the collateral of the money which is lent to the government of the country? It is the earning power of the men and women employed in industry and agriculture; and when the government in the midst of intense industrial depression offers to the moneylenders of the country rates of interest of five per cent and over in connection, for example, with the recent national service loan, the natural consequence is that when the provinces go to the country for money their interest rates are raised. The province of Ontario recently floated a loan bearing interest at the rate of over six per cent, and it was snapped up within three hours of the time it was issued. And why not? What better security can you have than the government of that province if you have the money to lend? But what chance have the municipalities to borrow money at lower rates than are offered by the provincial or the federal government? The cities throughout the dominion, those that can borrow money, are forced to pay more than the provinces or the federal government.

[Mr. Mitchell.]

Then we come to the most important factor of all—the wage earners of the country who are trying to buy their own homes. These people are carrying mortgages at the present time at probably six per cent or a little better. What chance have they, in these circumstances, of renewing those mortgages at such figures? It is obvious that the security of the workingman's home or farm is not considered such a sound security as government bonds, and what is to become of these people? I predict that thousands of workingmen and women will lose their homes in the next twelve months or two years, and thousands of farmers their farms, and so the whole thing is being pyramided

At the last session of parliament an order in council was passed by the federal government dealing with unemployment relief, and there appeared in it the following provision:

> Unless a modification of this requirement is previously agreed to by the minister, the provincial or municipal authorities may fix rates of wages to be paid, provided that such rates be fair and reasonable and not in excess of the rates required to be paid by the federal government for the character or class of work in the district.

Now, if it is logical for the parliament of Canada to fix a maximum rate of wages for human labour, is it not just as logical in the interests of the country, in a national emergency, to fix maximum rates of interest demanded by the bondholders of Canada? You cannot make the man on the street believe that if increased demands on lenders is not made this country of ours will be ruined. We have to remember that the reduction in wages hits a body of workers in this country who in many instances have no means of defending themselves. Cutting the salaries of civil servants is like throwing a stone in the water from which the ripples pass on to places beyond the human eye. Naturally these servants live right up to their incomes because, in the majority of cases, the incomes do not permit of any other course. In this debate we have heard the suggestion many times that the people should save. When one surveys the wages paid the civil servants in this dominion one might conclude that in the great majority of cases it would be economically impossible to save very much. The effect of the cut will be that food will be cut down, doctors will lose, and dentists will lose.

Mr. SPOTTON: Hear, hear.

Mr. MITCHELL: Somebody has said, "hear, hear." I do not think this subject presents very much to smile about, or any-

thing upon which one might exclaim "hear, hear." These people are placed in the position that, through circumstances over which they have no control they have to deprive themselves of very necessary dental and medical treatment for their families.

Mr. SPOTTON: When I said "hear, hear" my hon. friend was speaking of doctors and dentists. Don't wiggle.

Mr. MITCHELL: You do not look as though you needed a cut in wages. We may find as a logical consequence of these reductions that the health of civil servants' children will suffer.

Mr. MORAND: Why exaggerate?

Mr. MITCHELL: I do not intend to suggest what certain selfish manufacturing interests would do under present conditions, but I believe it is the duty of this government, and of every provincial and municipal government, to see that none of their employees works under salary scales below the minimum standard of civilized communities. I think my position is sound, and it is backed by the labour movement of Canada.

Another angle of the problem presents itself. While I freely admit that the price of food has declined, yet the major items in the ordinary family budget of one who lives in a city are coal, rent, insurance and other uncontrollable expenditures. In those items there has been very little reduction. We will see, therefore, that if any reduction is to be made in the family budget it will have to be made on account of the reduction in food prices. Some hon. members have spoken about the judges. I am not a lawyer, but I do not know of any British institution which does not control its own destiny. If the government of the day so desired, undoubtedly judges' salaries could be cut; there is no question about that.

Then, we consider the man who enjoys a large salary. In contrast we find the lower salaried employee who has to cut down his living budget to feed his family. Opposed to that we have the man who receives $10,000 a year who may have to curtail a few luxuries, and may not be able to make so many investments or put so much money in the bank, but whose real standard of living, so far as the provision of food for himself and his family is concerned, irrespective of this cut, will remain unimpaired.

Being a trade unionist of many years standing, and having passed through the struggle for the adoption of the principle of collective bargaining, I know of no reason why the government of the day should not have taken the same action as any other corporation or organization wishing to make savings. The labour people of Canada look with amazement at the present attitude of the government. This cut was made in a spirit of take-it-or-leave-it; the decision was taken without any regard for living conditions or salaries earned by the employees concerned. We believe that the government at least should have reflected the spirit of its own Labour department and referred the matter to a board of arbitration or conciliation, thereby permitting the various organizations of civil servants at least to endeavour to defend their own membership.

In conclusion, I think it is the general opinion of all hon. members that no person during the course of this depression should suffer want, whether he be engaged in agriculture, business, the professions, or industry. I know of no better way to ensure this condition than that the rate of income tax from those receiving, we will say, $150 a month and up, be on a graduated scale to supply funds to help maintain those who, through no fault of their own, to-day find themselves unemployed.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I wish to make only a few comments in this debate before the vote is taken. Anything I have to say was inspired by some remarks made this afternoon. In the first place let me say that the proposed policy on the part of the administration is a direct and inescapable result of their failure to undertake to adjust the credit situation within this country, and to cooperate with other countries in adjusting credit conditions so that the depression might be lifted. I say quite frankly that there is little hope of any restoration of world conditions or of internal Canadian conditions so long as the present monetary situation remains unchanged. I do not ask you to take my word for that; I will refer you first to a gentleman who unfortunately has passed, one who in his comparatively brief career in banking circles in Canada acquired a striking reputation—the late Mr. C. E. Neill, vice-president and general manager of the Royal Bank of Canada. In his annual statement last year Mr. Neill faced the situation frankly and said that the primary cause of world troubles to-day, including Canada's, is, first, a wrong monetary policy which has resulted in a steadily declining price level. I quote his words from pages 3 and 4 of his report:

> Overproduction of agricultural products in relation to manufactured articles would justify a decline in the price of farm products as compared with the products of industry, but when

the average of all prices declines this can only be explained by an undersupply of that in which prices are expressed, i.e., money.

Mr. Neill admits there is an under supply of money which accounts for the dropping of the commodity price levels and continues:

It would seem that if the effective supply of money is kept in right relation to production of commodities, the phenomenon of declining average price level will not occur.

I agree with him entirely, and I am satisfied from what research I have made in the matter that until we undertake to keep the volume of money in exact relation to the volume of goods production we will not have stability or progress. But I go a step further. There was an opportunity for this country and for other countries to have assisted the internal and external situation. Mr. Neill points that out:

If on the collapse of the stock market boom the principal central banks of the world had decided that drastic contraction of currency and credit was not to be permitted, a drastic fall in the price level could not have occurred.

Now, those words are very clear. As I say, it is because of the criminal failure on the part of governments—including this one—to recognize the necessity for regarding monetary policy as fundamental that now results in the introduction of this legislation. Nay, more, Mr. Speaker, it goes further. It results in a policy of dismissal of employees; it will result in a general lowering of the standards of living all over this country, and the continuation and prolongation of the present depression for possibly a generation.

I said a few moments ago, and I now repeat, in my humble opinion the only quick way out is by a process of anti-deflation. The government has declared itself to be definitely opposed to and is unwilling at the present time to introduce such a policy. I do not think it can take that stand long. I do not think it will remain long in power if it does. The people will not permit it to, if this condition of depression is pursued deliberately after the facts have been placed in front of their eyes—whether it is in front of their intelligence or not is a matter for them to decide.

I said a moment ago that general conditions depend entirely upon what I call a monetary policy. Let me quote again from the much quoted Macmillan report. At page 196 will be found the following:

It is not easy to see how we can expect a revival in our foreign trade, on a sufficient scale to be of much value to us, by any other means than through a revival of world demand. To meet the immediate problems, arising out of the world slump, a policy intended to direct

increased purchasing power into the right channels, both at home and abroad, with a view of restoring equilibrium at the present level of costs, would, therefore, be much wiser, in our judgment, than a policy of trying to cut our costs faster than the rest of the world can cut theirs.

The world has launched itself on a policy of cutting costs. Great Britain announces today tremendous cuts. We have already announced our intention as a government to cut right and left, to fire more into the ranks of the unemployed, increasing the problem of unemployment, and prolonging this depression to an indeterminable length. I wonder how many hon. members are seized of the fact that in this very policy the principal guiding factor, whether intentional or not I cannot say, is unquestionably the sacrifice of the masses of the people to the interests of our creditors. I say to you, Mr. Speaker, that under an emergency of this kind we might far more readily ask our creditors, external as well as internal, to await a time for their payments rather than attempt to maintain them at a cost of ghastly suffering to the masses of the people of this country. There are times when balancing budgets may be wise and sound policy, but there are times when balancing budgets is not wise if it means pressing down further into the bog of debt and misery the people of the nation. In my opinion the policy at this time is not wise, but it is the inevitable one that must follow the steps that have already been taken by the administration.

Mr. MANION: Might I ask my hon. friend a question?

Mr. GARLAND (Bow River): With pleasure.

Mr. MANION: I made inquiries the other day and find there are over 200,000 people each holding less than $2,000 worth of bonds. How would he treat such bondholders when cutting down the rate of interest?

Mr. GARLAND (Bow River): As my hon. friend to my left (Mr. Coote) has just suggested to me, the cost of living in their case has already been reduced also. That is the protestation of the ministry in support of the ten per cent cut in civil service salaries. Why not apply that principle all the way round? Why not let those bondholders take the cut too, if it is equitable in the other case? That is my answer in passing; I know that it is not the answer the hon. minister would like me to make to his inquiry. But, as the last speaker has suggested, I say we can tap the sources of wealth by direct taxation. That must be done this year, or this

government stands utterly discredited in the eyes of the people of this country and in its own eyes.

An hon. MEMBER: Will that hurt your own feelings?

Mr. GARLAND (Bow River): No, but I am afraid it will not help my hon. friend's. I say to the ministry, this policy is a policy of despair, it is a policy that is not constructive, it is a policy of continual depression. There is no prospect of improvements under a policy of this kind. If anybody in the ministry has any hope for me in that regard, I trust he will disabuse me in this particular instance. I have no desire to anticipate greater misery or gloom for our people than we are already facing, but unfortunately I happen to see the suffering around me and appreciate it at its value. I cannot, like so many hon. members, disregard with one sweep of my hand as a great patriotic effort the sacrifice of ten per cent of the income of persons receiving $70 a month, for I happen to be able to appreciate what $70 a month must mean to those people.

But without stressing the sentimental aspect, let me deal with the subject of remuneration in the civil service. The average wage paid in the whole civil service of Canada, including all the high salaries as well as all the low, is between $1,500 and $1,600 a year. It is not a difficult thing, then, to make a rough estimate of the vast numbers that must be receiving miserably below-cost-of-living incomes. I take a statement just presented today by the Minister of Finance (Mr. Rhodes) to one of my colleagues, giving the total salaries of all classes in the civil service. The grand total, as given in the statement, according to the Beatty commission report of October 1, 1930, is 47,561. The total salary paid is $72,728,120.

Now I will ask you to take the first class mentioned; 16,408 people are receiving $13,573,030. That sounds splendid in the aggregate, but you analyze it you will find that it means an average annual income of $827, or less than $70 a month, for that number of persons. In all humanity I do appeal to the administration not to affect in any way, by any reduction, incomes of that class. I appreciate that these people cannot live under a decent standard, educate their children and buy the necessities of life on those wages.

I come to the next class, those receiving salaries of from $1,201 to $2,000. A total of 22,745 persons receive $36,147,750, so in that class the average income would be $1,580. I have hastily estimated these figures; they are not absolutely exact, but they are at least approximate. Taking the two classes together we find about 39,000 civil servants out of the total of 47,000 receiving an average salary of $1,203. I wonder how my hon. friends opposite, the rent of whose homes or apartments alone is in excess of that sum, would like to have to carry on their entire living and educate their children on this sum of money.

Mr. McGIBBON: How many of those are single and how many have families to support?

Mr. GARLAND (Bow River): Fortunately I am in a position to answer the hon. gentleman. It happened that a few years ago the hon. member for Battle River (Mr. Spencer) was interested in the Beatty commission which was about to make an inquiry into this matter, and he made a request for a return showing the facts. The information given him, which I am glad to furnish my hon. friend, is that of the 3,761 employees in the public service receiving less than $100 per month, 2,376, are men with dependents.

Mr. McGIBBON: That was not the question I asked; probably the hon. member did not understand me.

Mr. GARLAND (Bow River): Well, it really does not matter. Even for single persons $70 a month is not any too much, even under present conditions. If the hon. gentleman has any illusions on that matter I suggest that he turn to the report of the committee on industrial and international relations for the session of 1926. He will find some splendid evidence given there as to a budget for a decent standard of living, and for a poverty standard as well, in Canada. I turn to page 19 of this report, and ask the hon. gentleman to listen to the words of the official of the Department of Labour who was giving evidence. He said:

> The investigation was confined to average families; that is, families with about three children. They found that when the income fell below $1,400 the family did not get enough to eat.

I will continue further; the hon. member for Winnipeg North Centre interjected some questions, and the answer was:

> The budget published in the Labour Gazette conforms practically to the third one mentioned by Paul Douglas,—about $1,650 per year.

That is the moderate standard of Paul Douglas, the labour economist in the United States. Again, on the same page, he says:

> I mentioned the United States investigators in 1918 found that when the family income was less than $1,400 the family did not get enough

to eat. They found they economized on their food to such an extent that they were not getting a healthy diet, they found they did not have enough rooms to live in; there would be perhaps five people living in four rooms; they might be living in a six-roomed house and renting two rooms and that is a very common basis for economy,—many people whose income is low and rent is high, rent part of the house. Another plan is to keep boarders, which is equivalent to the same thing.

Then he is asked:

In a case of malnutrition—

Such as is implicated here.

—who pays the bill?

A. The death rate is usually high.

Q. Is it in direct ratio with the amount of malnutrition?

A. It affects the community indirectly in every respect.

I have been talking about a moderate standard of living, and now I turn to the budget prepared by the Department of Labour of this dominion. This budget covers the yearly expenditure of an avergae family of five, with an income of $1,400, which, as I have just pointed out, is very much higher than the income of most of the members of the civil service. I leave out of the question for the moment, although hon. members would find it very interesting, the budget provisions for the man; and because most of the members of this chamber are married men I ask them to turn to that section which deals with provision for the wife. I will not give all the items, though they are very interesting to read. The wife, under this budget, is provided with one skirt worth $4. You go home and tell your wife that you are going to live on a budget of $1,400 a year, and that she will get only one skirt, and see what she says to you about it. The budget provides two wash dresses, worth $1.50 each. It also provides material for a hat. It does not provide the hat, but it provides materials for a hat at a total cost, for trimming and everything, of $3.50, and that is all. I do not mean that is all the clothes provided for the wife, but these are some items picked at random to indicate how closely pared must be the clothing comforts of the wife in that family with an income of $1,400 a year.

Let us even make provision for the reduction in the cost of living that has taken place since 1926. It is alleged by the Prime Minister that this reduction amounts to about ten per cent. Take $140 from $1,400, and you still have an income producing a standard of living so low that I doubt if any hon. member in this chamber would wish it for himself or for any member of his family.

[Mr. E. J. Garland.]

Mention has been made of the condition of the farmers. I represent a constituency in the southern part of which we have had almost constant drought for three years. In the northern part we had moderate rains last year but a very light crop, and a heavy hail storm destroyed the crop over a large area. The farmers in my riding are as poor as any farmers in western Canada, particularly those in the south half of my constituency, but I venture to say that no considerable percentage of them would want me to stand up in this House of Commons and vote to drag other already underpaid people in Canada down to their basis of living. But I will tell you what they do not want; they do not want the Sir Herbert Holts, the Gundys and the other millionaires in Canada to escape carrying their fair share of this burden. I am satisfied that my people will not ask that civil servants who are receiving less than $1,500 a year should be asked to accept any reduction. I do not believe my constituents will criticize or censure me if I reject this resolution, first on the basis that it is inequitable, and in the second place because the salary of $1,200 is too low a point at which to start the 5 per cent reduction. The salary adjustment should be on a sliding scale; I could offer proposals to the government in that regard, but I will wait until the bill comes down. Then there is another reason: Much has been said about the cut of ten per cent, but very few hon. gentlemen on the government side have been frank enough to admit or to point out that there is actually more than a ten per cent reduction. In addition to the ten per cent cut, the statutory increase is to be eliminated. A man receiving a salary of $2,000 has a net salary of $1,900, after the superannuation is deducted; the proposed reduction of ten per cent amounts to $190, the elimination of the statutory increase means a further $120, making a total reduction of $310, or fifteen and a half per cent instead of ten per cent. I regard the abandonment of the statutory increase as a breach of contract. If the Prime Minister gives as a reason for exempting the judges from this cut the fact that their salaries are set by statute, I ask him how he can justify the elimination of this amount also provided by statute in the case of the civil servants?

While I am discussing this point, I ask the house if it realizes that after the embargo was placed on the shipment of gold from Canada the government continued to purchase gold from the mines, and I am informed in addition to paying the stated legal value in terms of

Canadian currency, paid a premium sufficient to bring the price up to that which would have been received in the United States. Would it not have been fair in a crisis such as this to eliminate that premium? The gold producer has the price of his product fixed by law and no other producer is in as favourable a position as he. When the price of wheat was advancing on the foreign markets during the war the government brought into being the federal wheat board to keep down the price of grain, but in the case of gold, they put on an embargo and then paid an extra premium. That may have been a necessary and equitable policy, but if it was fair in that case I contend it is utterly unfair to break the contract with the civil servant without reducing all contractual salaries.

It might be interesting to know what men like the Right Hon. Reginald McKenna—who is, with all due respect to the Ottawa Journal, a little more than a theorist—have to say in this regard. Mr. McKenna is a practical banker of considerable reputation and at one time was Chancellor of the British Exchequer. No man can reach that office without having had a thorough and real experience in banking circles. He is not a faddist or crank, in fact, in my own humble opinion and in no way making an invidious comparison, he is the equal in financial matters of any hon. member in this house, including the Prime Minister of Canada himself. Mr. McKenna and several men associated with him in discussing changes in salaries and incomes, had this to say:

> We consider that a change of this character cannot, with equity, be concentrated on salaries and wages, but should apply to every category of income alike, including those protected by contract. The benefit of an increased value of money is just as fortuitous in the case of the rentier as in the case of the wage-earner, and the burden of enterprise and on the budget of having to pay the same amount of money as before to meet interest charges, though the value of money is greater, is similar in character to the burden of having to pay the same money wages as before. Moreover a great social change of this kind cannot be carried through except by general consent.
>
> This view is reinforced by a consideration of the monetary history of recent years. A large part of the national debt was incurred at a price level much higher than that which now prevails. The long period of deflation which culminated in the return to gold at the pre-war parity had the effect of increasing the burden of this debt.

This remark might well be applied to Canada. The statement continues:

> The fall in world prices which has occurred more recently has caused a large further aggravation of the burden. In view of the fact that the increase in the value of sterling was deliberatedly intended—

Just as it was deliberately intended that we should go back to the gold standard in 1925.

> —it seems difficult to require a reduction of salaries and wages without proposing any modification of the uncovenanted blessings which accrued to the holders of the national debt and of claims on money generally and to other classes whose incomes have remained unaffected.
>
> Our conclusion is, therefore, that if a substantial change should become necessary, it must be a general change and apply, so far as possible, to every class of income alike.

The Prime Minister in pleading his case in this house the other day—no, I should not say pleading; he does not plead anything—in directing the house in regard to his opinion, quoted a letter which he said stirred him to the very depths of his being, or words to that effect. He said that he would not forget this letter to his dying day. It was a letter from a lady who expressed joy at the opportunity being afforded to her of making the sacrifice of ten per cent to Canada during this crisis. I have nothing but congratulation for that lady, but I should like to know her income and whether or not she has any dependents. The disclosing of that information might have given greater force to the illustration. In answer to the Prime Minister I should like to quote from one letter picked at random from many, and I ask the house to compare these two letters and decide upon which one the policy of the administration should be governed. This letter is dated Vancouver, February 27, and reads:

> Dear Sir:
>
> As the wife of a Canadian and civil servant and a mother of three small children under seven years (three boys), I am taking the liberty of writing you in regard to the wage cut. I am putting before you the bare facts. How in heaven's name are parents to bring up children with such a small salary as $75 per month, as that is what it will be if this cut takes place. We have made terrible sacrifices as it is to buy two quarts of milk and oranges for our babies. What of rent, insurance, fuel and clothes? If the government want healthy population for pity's sake try and get a decent wage for parents, as the children at present are not getting the proper nourishment. How can they? Please do your best to stop this cut if it is in your power. I thank you in anticipation.

I submit that that letter offsets absolutely the letter quoted by the Prime Minister. This is a letter from a woman who is burdened with the carrying of the load of budgeting for a family on $75 per month. In all decency, in all humanity, do not touch salaries of that kind. Hit the salaries over $2,000 if you must, but do not cut the very low wages. I urge upon the administration the necessity of taking into consideration a most serious and drastic cut in the incomes of the millionaires of Canada.

Mr. JOHN T. SPROULE (East Lambton): Mr. Speaker, I had not intended to take part in this debate, but after listening to the previous speaker (Mr. Garland, Bow River), I feel it my duty to say a word or two. The previous speaker mentioned the fact that he came from an agricultural district. I also come from an agricultural constituency, and I venture to say that if the average farmer in my constituency, were to sell every bushel of grain and every head of stock he possesses he would not realize $750, the figure mentioned by the hon. member. When he got that he would still have to pay taxes and interest, or he would be sold out.

I was interested in the remarks this afternoon of the hon. member for Southeast Grey (Miss Macphail). She said that she would follow the views expressed by her constituents and vote in favour of the resolution. I do not think many hon. members opposite know how the people in the agricultural districts live. The hon. member who preceded me referred to a letter he had received from some woman, stating that on account of the cut in salary they would not be able to buy oranges and milk for the children. That may be true, but in the agricultural districts there are many people who have not seen an orange for a long while and are not likely to do so for some time to come. I often wonder if hon. gentlemen opposite believe all they say, or whether they are speaking on behalf of their own salaries. I have every respect in the world for those returned soldiers and nurses, and I have every reason to believe they are broadminded enough to take this cut in a philosophical way, as we should all take it. While I am not a firm believer in the Globe, I noticed in that paper a statement that the agricultural people more than a year ago had taken a forty per cent discount, and they were not asked to take it.

Mr. McINTOSH: What is wrong with the Globe?

Mr. SPROULE: My hon. friend no doubt reads a paper a little stronger than the Globe. The people in the agricultural districts will be very fortunate if they do not have to take more than a ten per cent cut, and the same thing might happen to other classes. I have every sympathy in the world for the returned soldiers, who voluntarily went to fight in defence of this country, but many men and women in the agricultural districts worked day and night to provide food and money during the war and many a mother sat up until midnight thinking of her son who was over there. I am sure those soldiers who have been fortunate enough to return to Canada are sufficiently big, knowing the present situation, to be willing to accept this ten per cent cut.

I do not think there is really half the complaint that we hear from the other side of the house. I assure you, Mr. Speaker, that hon. gentlemen on this side are not very anxious to make this cut; it is not a thing any of us want to do; but we have all to share this burden together, and by doing so we shall live through it.

While I was listening to the speeches to-day, I was reminded of a trial that took place on a certain occasion, when a young man was charged with stealing a suit of clothes. There did not appear to be anybody who had seen him steal the clothes, but they tried to convict him and they employed such clever lawyers as there are on the other side of the house who are trying to convict us on this side. The young man's answer always was: "No, I did not steal the clothes." But just before it was all over, the judge turned to the accused and said: "Young man, you stole the clothes; you had better own up to it and we will make it as light as we can for you." The young man replied: "I did not steal the clothes, but after listening to these clever lawyers I am commencing to wonder whether I did or not."

Mr. MARTIAL RHEAUME (St. John-Iberville) (Translation): Mr. Speaker, in taking part in this debate, I have no intention to protest against the ten per cent cut in the members' indemnity. However, I wish to register my protest against the manner in which the government is treating the civil servants. This afternoon, when the hon. member for Gaspé (Mr. Brasset) alluded to the foolish expenditures the government is making in the Gordon inquiry, the hon. member for Compton (Mr. Gobeil) contended that the government was justified in spending that money. I entirely differ with the views of the hon. member for Compton. I state that if the right hon. Prime Minister's pride was wounded he could have applied to our courts to obtain redress. When Canada is passing through a crisis, I consider that it should not be called upon to make considerable outlays for such trivial things. I am anxious to see the government's counsels' bills in this inquiry.

The hon. member for Compton stated that within the last years the farmers' returns have considerably dwindled. I ask the hon. members on your right, sir, whether in making a ten per cent reduction on all civil servants' salaries, they will not also suggest to large

concerns and departmental stores to cut down the salaries of their employees. I think the government has given a bad example, and I can state, according to my information, that here in the Capital, since the government announced this ten per cent cut, owners of departmental stores have reduced the salaries of their employees by ten per cent; yet the sale price of goods has not come down ten per cent. I know that a number of concerns in my own county have taken advantage of this measure to cut down the salaries of their employees by ten per cent, giving as an excuse that it was to meet the competition of rival companies; yet I am in a position to state that I paid, previous and after the crisis, the very same price for goods that I bought from these manufacturers. However, the dividends as well as the salary of the managers and president of the company were not affected. This afternoon, the hon. member for Stormont (Mr. Shaver), speaking of the Royal Mounted Police, stated that he had a great admiration for that body of men which I admire as he does. However, there exists a class of employees whose work is unknown by members. Namely the post office employees, and I have a number in my constituency. I notice that the hon. Postmaster General (Mr. Sauvé) is in his seat. In the Quebec Legislature Assembly he once was the champion of the workmen and farmers. I trust that the hon. Postmaster General will take part in this debate and champion the cause of the civil servants whose salary amounts to only $1,080 to $1,500. These employees, namely letter carriers, are obliged, during seven or eight hours per day, to walk the streets of cities such as Montreal, Ottawa and other large centres; they must carry on regardless of weather, rain, wind or snow; whether it is fine or not it matters little. Yet, they are the very men who are the least remunerated. I trust that the hon. Postmaster General will champion their cause here as he did in Quebec.

Now, sir, there is a certain class with which no one dares to interfere, because their salary is supposed to be statutory. Namely the Lieutenant-Governors who receive a salary of $10,000 per year and cost the provinces over $100,000. Well, when the Canadian people are taxed to balance the budget, I contend that we should begin by taxing those who are in receipt of larger salaries. Salaries of $10,000, per year to Lieutenant-Governors and expenses amounting to over $100,000, for receptions, travelling, teas, etc., while the people are starving, I say that it is more than time, before we clip the salaries of employees receiving $1,200, to begin by these high officials.

I now come to army officers. I have some in my constituency and I state that if there are people who do not earn their salaries, they are the army officers. This afternoon, the hon. member for Grey Southeast (Miss Macphail) stated that there are 18 employees who earn between $4,000 and $5,000, 5 who earn more than $5,000, 1 earning over $8,000 and 1 over $12,000. I wonder what is their occupation. I suppose they are busy doing pretty much the same thing as those in my county: a little riding jolt of one or one hour and a half in the morning, and the day's work is over.

There is another class: the judges. Their salaries are as follows: Superior Court, from $9,000 to $10,000, and for the Supreme Court up to $15,000, and a pension when they become invalids or reach the statutory age. I wonder whether the judges' salaries should not be reduced by twenty per cent.

We find, in the estimates which were brought down for this year, that the budget of the National Defence last year amounted to $13,000,000 and this year $10,000,000, in round figures, namely a reduction of $2,500,000 or one-fifth. If there is money spent uselessly, it is for the National Defence; I do not think that there is a cent spent more carelessly.

The budget of agriculture for 1931-32 amounted to nearly $10,000,000; this year it has been cut down to a little more than $3,000,000, that is one third. The hon. members for the province of Quebec shed many tears, they were greatly moved over the lot of the poor farmers; I trust that, when the budget of that department comes up, they will stand to their guns and try to fulfil their pledges of 1930.

Last year the government had $2,000 voted to compensate the ministers for the loss of their motor cars. I understand that they made use of the government's cars for a period of over seven months last year; I am unaware whether they drew their $2,000, but I do know that this amount was voted when the supplementary estimates came up for consideration. I think that the government could not show a better example this year than striking out this $2,000 allocation. Let the government prove its sincerity. It is all very well to advocate economy, but let the government first set the example. This $2,000 is equivalent to $40 per week of motoring between the Chateau Laurier and the Post Office or Marine department. I am assured that for $5 this service can be had, for 5 or 6 days per week, from the Landreville Motor Co., that is, it would only cost between $250 and $300 per year instead of $2,000. I trust that the French

Canadian cabinet ministers will avail themselves of this advice and give the example by declining to accept this $2,000.

Mr. PETER McGIBBON (Muskoka-Ontario): Until a short time ago it was not my intention to say anything in this debate, but I feel that I must compliment the hon. member for Bow River (Mr. Garland), as one of the greatest interrupters in this house, upon the gentlemanly way in which he receives interrogations from this side. I want to compliment him also on the innumerable great people in the world with whom he agrees. Nearly every speech he makes is one largely of quotations of men whose opinions he always agrees with; but I have never, in my time in this house or in my reading outside the house, ever found very many of these great men who agreed with him.

The debate on this question has extended far afield. But after all the question is a simple one—a ten per cent reduction in the salaries of the civil service of Canada. Everything from Dan to Beersheba has been brought in, but I want the house to come back for a moment to the real question at issue, and that is whether the civil service of Canada should or should not take a cut along with every other man and woman earning wages in Canada to-day. That is the question, and I hope the government will see to it that every member of this house votes upon it, so that the public will know just where each of us stands. That is a duty that we owe the people of Canada at the present time.

The hon. member for Bow River is always quite eager to lecture the house. He sets himself up as the great defender of the poor of this country, but I venture to say that I could pick out at least a dozen in the house who do more for the poor of the country in a year than he does in a lifetime. I repeat that, and it can easily go on record. I know men in this house who have contributed, not from their revenue but from their earnings, and therefore it is a deduction from their revenue, eight to ten thousand dollars a year looking after the poor of the country. I get tired of being lectured by people who would rather play the demagogue than discuss the issues that come before parliament and the country.

This cut is either right or wrong. If it is right, then the people who are affected were receiving adequate compensation for their services two or three years ago, because the cost of living has fallen at least to that extent. And if the civil servants were not getting adequate salaries at that time, the fault lies not with this government nor on this side of the house but with hon. gentlemen opposite. But, sir, I rose to say this, that there are people in this country besides the civil servants of Ottawa. Ottawa seems to think that it is the whole Dominion of Canada, but as I said the other evening it is the people outside Ottawa who pay these salaries. Let me observe in passing that if the civil servants of Ottawa do not wish to take the cut of ten per cent they have the same recourse that every other wage-earner in the country has: they have the alternative of resigning. And if they did resign at the present time there would be such a rush for their positions that it would make the bombardment of Shanghai look like artillery practice.

There is, however, another side to the question, and I wish to present it to the house and to the people of Canada. These salaries and wages are paid by the people outside Ottawa. I represent a workingman's riding, and I take second place to no man in standing up for the working class; and I venture to say that not two per cent of the wage earners of the district I represent earned in the last year half of $1,200, the amount at which the exemption is fixed. What does that mean? It means that if they are going to keep up their contributions to these salaries their tax is doubled, and in my present position I am not in the frame of mind to go back to my people and ask them in this time of depression to double their taxes to pay the civil servants of Ottawa. I will not do it.

I say, what every man knows, that there is no one in the Dominion of Canada to-day whose wages have not been cut. I do not care whether he is living on an income or working for a salary, or is in business or in a profession—every man has suffered a reduction. The professional man's income to-day has not been cut ten per cent but sixty and seventy per cent; and the professional men are doing the same work to-day as they did two or three years ago. I therefore wish to voice my opposition to the speeches that have been made against the reduction. These speeches are not consistent with the times. Pick up any newspaper you like and see what it says. Here, for instance, is to-day's Globe announcing a ten per cent cut in telegraphers' wages; and both railways have done the same thing. A large number of industrial concerns have done not only that but worse: they have dismissed their men. In many places people are taking a cut not of ten per cent but of one hundred per cent. Ask the member for Essex or the members from the border cities, and what will they tell you? Then we come to the great city of Ottawa. These

people are protected from the day they enter the service until the day they die. They get wages in good times and bad, in good weather and foul; and when they are too old to work they go on pension, to which the government contributes so long as they are in the service. I fail to see any reasonable ground for objection to the cut. In fact, I say that the opposition to this measure is, outside of the cities of Ottawa and Hull, the best electioneering campaign that the Conservative or any other party could imagine, because the action of the government is fair and honest. I can tell you, Mr. Speaker, that in my riding there are many men who do a half day's work before the civil servants in Ottawa begin theirs, and those same people do another half day's work after the Ottawa employees leave their offices at four or five o'clock in the afternoon. Yet the party opposite would ask me to go to the people who are now on half pay or less and say to them. "Double your taxes; work a little harder and a little longer so that you may keep the civil servants in Ottawa in ease and luxury like they had a few years ago."

It is time some one spoke in this house, Mr. Speaker, for the taxpayers of Canada. Their burden is heavy and, I think, is getting almost to the breaking point. It would seem that we have to come here, sir, and be lectured because we ask the civil servants of this city to accept a meagre ten per cent cut. The people outside of the city of Ottawa are not grumbling about it.

Mr. MACKENZIE (Vancouver): I should like to correct the hon. member on that point.

Mr. McGIBBON: Probably the people in Vancouver are, but those in the decent cities of Ontario are not.

An hon. MEMBER: Ontario is not all of Canada.

Mr. McGIBBON: But we pay a big part of the taxes of Canada. I agree with the remarks of the hon. member for Southeast Grey (Miss Macphail) that the civil service is in a preferred class; there is not a class in Canada to-day which has been riding as easily and smoothly through this storm of depression as the civil servants of Canada. I should like nothing better than to have someone come into my riding and say that when we made the ten per cent cut we did wrong. I should like nothing better than to have someone go into men's camps and make that statement. I was surprised at the remarks of the hon. member for East Hamilton (Mr. Mitchell); apparently he thinks that the civil servants compose the whole working class of Canada. I should like to take him back to some lumber camps where the men work from 3.30 or 4 o'clock in the morning until 8 o'clock or 9 o'clock at night for $25 or $35 a month. In the spring they get into the cold water of the rivers when ice remains in them and drive the logs down. They are there not one hour a day but eight or ten hours, and get out of the water at night and sleep on the banks in their wet clothes.

Mr. COTNAM: They do not grumble, either.

Mr. McGIBBON: No, no grumbling there. Hon. members opposite ask this house, and they ask me, to go to those men and say. "You are earning only half what you earned before, but we want to double your taxes so that the poor overworked civil servants at Ottawa will not have to stand a cut." Oh, it is a beautiful doctrine.

Then the hon. member for Bow River (Mr. Garland) gets up, and with all his Irish eloquence pleads an imaginary cause. We must remember this: The hon. member for Bow River lives only in a hurricane or a storm. The peaceful atmosphere never suits him; contentment and happiness never suit him, and if there is not a storm he will make one. And he is pretty good at it, too.

It seems, Mr. Speaker, that every time the civil service question comes up in the house members flock from all corners to speak. The other day I went into an office where there were five civil servants. Not a single one of them was doing a thing,—not a single one. I think that statement pertains to the civil service in this city generally. Their main object is to get on the pay-roll; they want to let the country keep them. Let me say that the civil service offers a career to any man or woman who has the grey matter to take advantage of it. That opportunity would have meant a great deal to some of us who were brought up back in the country with very few advantages, and no school training except what we managed to get ourselves. Then, when they ask me to bow down and worship this golden calf which is set up as the civil service of Canada, I say, "Oh Lord, where dost Thou lead me?"

As I said earlier in my remarks, I hope every man in the house opposed to the measure will put himself on record so that he may go back to the farmers to-day who are receiving between 4 and 5 cents per pound for their pork, practically nothing for their grain, the housewives who are trying to keep things together on less than half the incomes they had a few years ago, and tell them to double their taxes so the civil servants of Canada may escape. I would have no fear of the result.

Mr. T. M. CAYLEY (South Oxford): Mr. Speaker, I wish to address only a few words

to the house concerning the matter now under discussion. Coming from the county of Oxford, one of the fairest agricultural districts in the whole of Canada, "fair as the garden of the Lord," I can say we have some of the greatest, most tenacious and patriotic farmers to be found in the dominion. I want to state, however, that to-day they are carrying on with fear and foreboding, but are putting up a wonderful fight. They are heavily burdened by taxation of one kind and another, and I have received many sad tales of their heroic efforts to hang on. I want to tell hon. members that those farmers are expecting that every Canadian who is highly favoured in this country will do his or her part in this national emergency. I agree with the hon. member for East Lambton (Mr. Sproule) who held forth on behalf of the farmers of his constituency. What applies in his constituency applies equally in the fair county of Oxford. I know of the sad conditions there, and I can say that those farmers are expecting—in fact, I believe civil servants are expecting—to come across and to do their share willingly in this time of stress. I am sure the civil servants appreciate the seriousness of the present emergency. I do not doubt for a minute that they are ready to do anything they possibly can to help meet it. It is like a war-time emergency when every man and every woman must do his part. And they will do their part, but they want fair play.

The hon. member for East Lambton said that the greatest depression is on the farm, and that we must bend every effort to benefit the farmer. I did hope that if any one thing more than another would be emphasized this session it would be the necessity for solving the great problems confronting our farmers to-day. I do not see any signs on the order paper, I do not see much of a program, I do not see so very much indication that the farmer is going to get anything beneficial out of this session. Perhaps the emergency is so great that we cannot do anything. But I tell you the farmers are expecting something. They were promised something, and they are looking forward to the fulfilment of those promises that were made to them in such a convincing way. They want greater markets. The hon. member said that a farmer could sell all his cows, horses and everything else and they would not bring him $750. Of course, to a great extent that is true. Undoubtedly our farmers are in a very difficult position. A lady came to me not many days ago. She and her husband are on two hundred good acres of land.

She said to me: "What are we to do? They are going to foreclose the mortgage on us. We cannot meet the payments. We have already borrowed on my husband's life insurance policy, we have raised every last dollar, we have scraped together and borrowed money to pay the taxes, and now we have reached the limit of our resources." She and her husband had devoted years and years of hard effort to cultivating their farm and developing herds of cattle—and there are no herds like the Oxford herds. They have done their very best, and now they are asking the rest of Canada if they will not join in an endeavour to relieve them of the burden of taxation; they are asking the great crowd throughout Canada to get off their backs and give them a chance.

This, I understand, is an interim appeal to meet a great emergency. The Prime Minister (Mr. Bennett) if I recall his words aright, implied that it was a great patriotic appeal. Then, sir, that appeal should stir the hearts of every Canadian. But when I go back to my people and tell them that in this great patriotic appeal for a ten per cent cut—and they are all for a cut, so am I; there is no justice unless we all do our part—when I tell them that this ten per cent cut will apply to everybody in the civil service, from those getting from $35 a day down to those getting a couple of dollars a day, what will they say? And what will they say when I tell them about the poor lad who came to me and said, "I get only $95 a month. They are going to cut off $5, and out of the $90 left I have to provide for my wife and seven children and pay $25 a month rent." Do you mean to say the good farmers and the workingmen of Oxford county will think this is a fair deal all the way down the line? No, I can imagine them saying: "That is what we have had to put up with all the time. There is a favoured class in this Canada of ours, and there is an unfavoured class." Then worse than that, what will be their reaction if I have to tell them: "Here is a body of public servants who are exempt—they are the great 'untouchables'; you must not touch their salaries." Yet we are appealing to the patriotism of all these great Canadians! It seems to me, and I know many of these gentlemen well, that they will resent being left out in the cold in this way. Now, in this great emergency why not call upon these men of the army and navy and the bench? Let the Prime Minister go out and in that convincing way of his ask them to make their contribution in this great national emergency. It is only an interim shift to balance our budget. Let us all work

together. The farmers are doing their part, they are hanging on; and after all they are the foundation of this great dominion. They are doing their part. If they can only make ends meet you will not hear any grumbling from them. But I do believe there is a great deal this government can do to relieve these farmers of the oppression that is now upon them. The agriculture committee should get together and show greater interest in the problems of our farmers and do their best to help them solve their difficulties.

The other day the Prime Minister, speaking of the merit system, exclaimed: "If we had only some way by which we could ascertain real merit!" Is there any real merit in a ten per cent cut in salaries ranging all the way from $35 a day clear down to $2 a day? Let us bear this burden in proportion as we have strength to bear it. Then the farmers of Oxford county and the workmen throughout the whole dominion will say: "At least they were fair."

Mr. H. A. MULLINS (Marquette): Mr. Speaker, I had not intended to intervene in this debate, but after hearing so many members offering apologies for a ten per cent cut it is well nigh impossible for me to keep my seat, for I have had over a fifty per cent cut. My constituents also have had a heavy cut, they are backed up against the wall, fighting conditions in an endeavour to bring back this old country of ours, this country Canada, to a condition of prosperity. If they are let alone by the agitators they will bring back this country into its rightful position.

While I listened to the hon. member for East Hamilton (Mr. Mitchell) I thought of a little pamphlet that was left at my farm some years ago at a time when I was paying my man $100 a month and giving him the very best on the farm. Some gentleman came around with a pamphlet called "The Slave of the Farm," in an attempt to get my man discontented. I have the pamphlet before me. It was printed in 1914. Ever since 1914 they have been agitating in various ways, sowing discontent throughout the country. This pamphlet was got up by the socialist party, not the communist party at all.

So far I have heard no practical suggestions to help the farmer. The farmer has a lot to contend with. I have made up a statement of conditions on the farm when the farmer was getting a dollar a bushel for his wheat, and I am going to place it on Hansard. I have no doubt it will be subjected to criticism by my friends of the United Farmers of Alberta. I am going to place it on Hansard because I know it is correct; it is based on fifty years' experience on the farm. The farmer has had more than a ten per cent cut; in my constituency he has been cut twenty per cent, thirty per cent or forty per cent, but he is not discouraged, and I tell hon. gentlemen opposite that this is the wrong time to try to shake the foundations of this old country of ours. My constituency is purely agricultural, and I made up this statement for the benefit of those who lack any knowledge of agriculture.

The other day I made a statement which I am going to repeat—and I do not refer to the hon. member for Bow River (Mr. Garland) at all—that education without brains is the cheapest commodity on the market, but that education with brains is scarce and hard to get. I have listened to some hon. members who have had lots of education but very little practical knowledge. I am proud of my constituency, and one reason is because Sir John A. Macdonald represented it at one time. It has been represented by some outstanding men; the chairman of the Civil Service Commission, Hon. Doctor Roche, represented it for years. There are real men in that constituency, and they sent me back here with a majority of nearly 2,700. We had a few agitators running around the country, men with hyphenated names, calling themselves Liberal-Progressive, and Progressive-Liberals. One of them who called himself a Liberal-Progressive, should have cut off one part of that name. I said I was a progressive Conservative, and they could not understand it.

I want to congratulate the right hon. leader of the opposition (Mr. Mackenzie King) on one thing. I do not think any other man in Canada could have held possession of parliament, as he held it in 1925 and 1926, with the various occupational groups with which he had to contend, made up of men with such a variety of ideas. He held them together; they flocked from all parts of Canada to get behind him; they came back here at all hours to support him, and I must congratulate him on that.

Having said that, Mr. Speaker, what about to-day? I see the hon. member from Battle Creek—

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: —or is it Battle River (Mr. Spencer), in his seat. He made the statement, which appears in Hansard, that I farmed the farmer, and made my money in that way. I emphatically deny that statement on the floor of this house. I am retired and out of business now; I am giving my services and my knowledge of farming in western Canada

for the benefit of the farmers, and I am proud to say that I paid every man one hundred cents on the dollar for everything I agreed to pay him. I never misled the farmers; I never farmed the farmers, as the hon. member stated.

I am supporting this resolution because my people in Marquette wish me to do so. They have suffered, and by this statement I am going to show that even with wheat at $1 a bushel the farmer cannot make a dollar on a 320 acre farm under present conditions. They must have lower freight rates, but not one hon. member opposite said a word about that. I was a member of the local legislature in Manitoba when the freight rate was 20 per cent lower that it is to-day, but that was taken away from us in 1917. In order to obtain a lower freight rate we put the name of the province on the back of the bonds, and it did not cost the province of Manitoba one dollar. We had a ten cent rate on wheat; we secured a lower rate on cattle, and through the actions of the government of Manitoba, of which I was a member, we were able to get the products of the farm to the seaboard at a reasonable rate. Did I farm the farmer then?

We must have less agitation; we must have outstanding men to get behind the farmer and bring conditions back to where they should be. I do not want to see our country crash; I want to see prosperity come back, and the only way that can be done is to help the farmer to get his commodity to market at something like a reasonable rate. No man can farm at a profit under present freight rates.

We must have a little economy also. I wonder how many of these civil servants, who are getting a ten per cent cut, went to see Jack Dempsey box in Winnipeg. I saw several of them there, sitting in the $3 seats. A short time ago I was asked to go to the Maple Leaf Gardens in Toronto to see a hockey match. There were 15,000 people at that match, and the seats cost from $1 up to $3. I see all the luxuries of the city, and I think of the hardships and struggles of my people in Marquette, who are fighting with their backs to the wall. These men who have all the luxuries of city life, who can afford to pay $3 to see a prize fight in Winnipeg or a hockey match in Toronto, are complaining about a ten per cent cut. I asked the gentleman who took me to see the hockey match what he paid for the seat, and he said he paid $3. He bought three seats, and I told him he was pretty fortunate, since he was on a salary. Let me tell you what you must get down to. I walked from Stouffville to Toronto, with one cow on the end of the rope, and made $8 out of it. When we get down to work and start off again we might get somewhere.

We must have economy and we must work. Talk about work; I see so many people earning money so easily, and it makes me think back over my life. I have worked, and I have every sympathy for the worker. I would be the last to go against the worker, but this is not a normal year, as hon. gentlemen opposite know very well. We all must make a sacrifice, I am making one just as much as any other member of this house is making one. I say that if we get back to work and practise economy we will save this country from getting into a worse condition than exists to-day. This statement I have referred to, showing the operating costs of a 320-acre farm in the province of Manitoba, discloses that under the best of conditions the lady of the farm cannot buy even a four-dollar skirt.

We hope to get Churchill opened up to bring Manitoba nearer to the seaboard, and with the prospects of the St. Lawrence waterway we hope to be able to ship from the prairie provinces at something like a reasonable rate.

Mr. SPEAKER: The hon. member for Marquette (Mr. Mullins) has mentioned putting something on Hansard, but I would advise him that nothing goes on Hansard which has not been either read or spoken in the house.

Mr. MULLINS: The statement is rather lengthy and I did not want to tire the house.

Some hon. MEMBERS: Read it.

Mr. MULLINS: I spent some time in the preparation of these figures, and they may be received with some criticism. They are as follows:

320-ACRE FARM

Estimate of capital invested in land and equipment necessary to farm a half-section in western Canada.

Also revenue therefrom and expenditure in connection therewith to cultivate in proper manner, averaging over a ten year period.

Land apportioned as follows:

	Acres
For buildings, yards, lanes, garden and pasture	20
For grain and feed for horses, cattle and hogs	50
Summer-fallow, to keep land clean	80
For wheat—or other equivalent crop	170
	320

Investment in land: 320 acres at $20 per acre			$ 6,400
Requisite buildings thereon as follows:			
1 dwelling house (medium size)	value	$1,500	
1 barn and stable, sufficient for horses and cattle	value	1,500	
Hog stable, hen house and implement shed	value	500	
Portable, or other granaries	value	500	
Well and pump (water reasonably obtainable)	value	100	
Investment in land and buildings			4,100
Total investment in land and buildings			$10,500

Implements required and cost thereof:

1 general purpose plough	cost	$ 30
2 gang ploughs (4-horse), $136 each	cost	272
1 disc harrow (4-horse)	cost	69
1 sixsection diamond harrow	cost	47
1 double disc drill (24 spouts)	cost	233
1 nine-foot cultivator (6-horse)	cost	142
1 pulverizer and sub-soil packer (or manure spreader)	cost	210
1 binder (4-horse) 8 ft. cut	cost	250
1 mower 5 ft. cut	cost	91
1 steel rake, 10 ft.	cost	53
1 fanning mill	cost	40
1 small gas engine, jack and belt	cost	115
1 cream separator	cost	100
1 platform scales (2,000 lbs.)	cost	50
2 wagons, box and seat complete, $177 each	cost	354
1 buggy, fairly good class	cost	145
1 cutter (jumper)	cost	50
1 sleigh (running gear only)	cost	55
1 grindstone and frame, wheel barrow, forks, shovels, rakes, hoes, pails, bags, tools, chain, racks for hay and grain, hay-fork, rope and pulleys and sundries—say		147
Investment in implements		$ 2,500

HORSES, CATTLE, HOGS AND POULTRY

9 horses (8 working and 1 driver) at $150 each	cost	$ 1,350
4 sets general purpose harness at $40 each	cost	160
1 set single harness	cost	30
9 halters for stable, etc. ($1.50 each and up), say	cost	15
Blankets, robes, brushes, currie combs and sundries	cost	50
5 cows, good grade milkers at $50 each	cost	250
3 young cattle, averaging $10 each	cost	30
1 brood sow (good class)	cost	35
5 shoats, for meat supply for table	cost	50
Chickens, ducks, geese, etc., say	cost	30
Investment in horses, cattle, hogs, etc		$ 2,000

Recapitulation, capital invested

Land and buildings, etc	$10,500
Machinery, implements, etc	2,500
Horses, cattle, hogs, etc	2,000
Total investment in land, buildings, implements and equipment	$15,000

Revenue from crop sales—From 170 acres wheat, or equivalent crop, as follows—

	Bushels	
80 acres summer-fallow, 20 bushels per acre over seed	1,600	
80 acres 1st year stubble, 17 bushels per acre over seed	1,360	
10 acres 2nd year stubble, 14 bushels per acre over seed	140	
	3,100	
3,100 bushels of wheat, or equivalent at $1 per bushel	$3,100	
Less cost of threshing, etc., elevator charges, dockage and storage, average 20 cents per bushel	620	
Net revenue, 3,100 bushels at 80 cents per bushel		$ 2,480

Note:—In addition to sale of grain, there will surplus proceeds from brood mares, cows, hogs, poultry, etc., in excess of table requirements. It is not, however, considered that such sales will be in excess of necessary purchases of flour, fresh meats in season, tea, sugar, coffee and other groceries required for the table in addition, for board of owner and wife and hired help.

Operating expenses, etc.—Hired help—		
1 farm hand for 7 months at $45 per month and board	$ 315	
1 extra hand for 1 month in harvest and board	75	
Cost of hired help		$ 390
Depreciation and maintenance—		
On buildings, including painting and repairs, $4,000 at 5 per cent	$ 200	
On machinery, implements, etc., including repairs, $2,500 at 10 per cent	250	
On wagons, horses, etc., including shoeing, etc, $2,000 at 7 per cent	140	
Cost of depreciation, maintenance, etc		$ 590
Taxes and Sundries—		
Municipal taxes, estimated average	$ 165	
Hail insurance, 170 acres at 5 to 10 per cent for $10 per acre	100	
Fire insurance on buildings and contents, $5,000 at ½ per cent annually	25	
Binder twine, 2 pounds per acre and sundries—say	60	
Fuel for cooking and heating and illuminating oil—say	100	
Cost of taxes and sundries		$ 450
Recapitulation—		
Hired help	$ 390	
Depreciation, maintenance, etc	590	
Taxes and sundries	450	
Total operation expenses		$ 1,430
Balance net revenue over, for services owner and wife		1,050
Total		$ 2,480

Note:—Nothing is left over for interest on capital invested, or if balance over be treated as interest on capital invested, yielding 7 per cent, nothing will be left over for services of owner and wife.

With the above figures of cost of land. buildings, implements, horses, etc., any farmer can readily figure out the profit of farming. If, from his experience, his grain will yield more or less of an average per acre over a ten year period, then he can add on or deduct from as the case may be but, when these prices and yields of grain were prepared the farmer was given the benefit of any doubt.

It will be noted in computing the revenue that I have allowed $1 per bushel for wheat. I did that because I believe wheat will come back to $1 per bushel, and I am looking for us to get that price this year. The compilation of these figures took some time but I thought they would be interesting to hon. members who may not understand the operation of a 320-acre farm in western Canada.

This proposed cut of civil service salaries is not a large one and it will be in effect only for this year. It will not fall heavily upon them to make that sacrifice as compared with the sacrifices that others are making, and I ask hon. gentlemen opposite not to be too critical and not to be continually finding fault with this side.

I know the right hon. gentleman who is piloting the ship of state; I have known him for over thirty years, ever since he came to Calgary. I do not know of one dishonourable move he has ever made. I have watched his career during the last thirty-two years in western Canada. Thirty-two years ago I had

[Mr. Mullins.]

the privilege of standing on the platform with him in southern Alberta when he was first branching out, and I have watched him all down through the years. I know he will, if at all possible, bring this country back to prosperity, and it is a godsend that he is at the helm.

Some hon. MEMBERS: Oh, oh.

Mr. MULLINS: Hon. gentlemen smile and laugh at that remark, but while they were doing so I was thinking of an old ship called Canada on which I left the Prince of Wales landing dock in Liverpool to come home. How she did rock and pitch and roll all over the ocean, setting in the trough of the sea. At present Canada is in the trough of the sea and we are working to get her out, just as they did with that old ship Canada that ran for so many years across the Atlantic. They put her into dry dock. They took the top decks off her and put her on an even balance. That, from my knowledge during the past thirty-two years of the right hon. gentleman who is leading this party, is what he will do for Canada.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I shall detain the house only for a couple of minutes. We all join in the hope that the hon. member for Marquette (Mr. Mullins) will, thirty-two years from now, be again standing on the platform with his chief of whom he thinks so highly. I say that with all good wishes and sincerity.

As regards the subject of the debate, I am willing to agree to the cut not only in the civil service salaries, but in the indemnity as well. But I am strongly of the opinion that the cut should have been extended to all branches of the civil service, including the judges, also that it should have been on a graded scale so that the money forfeited should have come rather from money that would ordinarily be spent on luxuries than from money that would otherwise be spent upon necessities. I am also very much in favour of the suggestion that has been made that there should be a total exemption of the ten per cent cut as regards those having a salary of $1,200 or less. Further, I would point out that the announcement made by the Prime Minister (Mr. Bennett) that on salaries under $1,200 a concession would be made by the government paying the contribution of those civil servants towards the superannuation fund, is not a contribution in this regard; that a large number of civil servants do not contribute to the superannuation fund, and if they are receiving less than $1,200 a year, they will get no rebate whatever, so that they will be heavily penalized. To suggest that the burden be taken off only those who happen to be paying superannuation, is unreasonable.

My real object in speaking was to make some comment on the remarks of the hon. member for Muskoka-Ontario (Mr. McGibbon) who I am sorry to see is not in his seat at the moment. He said that he had visited one of the departments lately and had seen five of the employees doing nothing. That, in his opinion, was the condition that prevailed generally throughout the civil service in Ottawa. When an hon. member or, indeed, anybody enters an office, it is natural for the employees to look up. Perhaps they were arrested by his striking personality and possibly they did what is recorded of the people in Goldsmith's Deserted Village:

> And still they gazed, and still the wonder grew
> That one small head could carry all he knew.

They may have been arrested by some such thought as that. At any rate, we do not know the reason why they were doing nothing at the moment. I must, however, enter my protest against the statement that idleness is the prevailing condition in the civil service. These people in Ottawa are not able to speak for themselves. I should have been glad had some member more directly associated with the service taken up the cudgels, but perhaps this comes with more force from one who lives a long distance away and who has no personal interest in these people. I have had business at many of their offices and I have found them obliging, courteous and for the most part painstaking and willing to work. I wish to enter my emphatic protest against the suggestion of the hon. member for Muskoka that the conditions that generally prevail are those of doing little or nothing for their salaries. Of course there are defections in all ranks, but for the most part they are a hard working, industrious, decent body of people.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I was glad to listen to the hon. member for Marquette (Mr. Mullins); he always entertains the house for a time. But perhaps the best thing he has done since he has been a member of parliament has been to put on record, for the benefit of the house and the country, what it costs to carry on a farm in western Canada. The hon. member has done just what some of us have been endeavouring to do during the last ten or eleven years, namely, to show what the real cost of carrying on farming in the west is and how little profit the farmer is able to make under present

conditions. If, however, I may say so without offence, I am glad the hon. member is now clothed and in his right mind, for we can readily recall how he has told the house what wonderfully prosperous conditions have prevailed in the constituency of Marquette. Probably the hon. member has been receiving letters from home.

Mr. MULLINS: Will the hon. member allow me to explain that?

Mr. BROWN: Yes, if the hon. gentleman does not take too long.

Mr. MULLINS: It was to keep the mortgage companies from bothering any of the men who had loans from them, and I did not want to keep on wailing and crying.

Mr. BROWN: That may be so; but after reading some of the wonderful statements made by the hon. member for Marquette in regard to his constituency, I had an incident reported to me of an agent for a machine company who was fired from his firm because he was unable to collect more from those very prosperous farmers. As a further indication of the conditions that prevail in Marquette, the other day I received information that in one municipality there were 271 parcels of land listed for tax sale, most of them quarter-sections as well as some town lots. I had the amount added up on an adding machine in one of the departments and the unpaid taxes amounted to $29,000.

I was interested also in the hon. member's reminiscences of the session of 1926. I do not think any of us who were here at that period will ever forget the hectic time we had. I was interested in the tribute the hon. member paid to the present leader of the opposition (Mr. Mackenzie King) on being able to carry on under such circumstances.

Mr. COTNAM: He should have paid it to the hon. member.

Mr. BROWN: I am not unwilling to take part of it. Perhaps if hon. gentlemen opposite knew of the tremendous efforts that were made by those now sitting on the other side of the house to wean us away from our allegiance, they would realize something of the pressure we had to bear.

Mr. COTNAM: The hon. gentleman was weaned anyway.

Mr. BROWN: Before I come to the resolution itself, while I have been listening to the debate that has been carried on from one side of the house and the other, two questions have arisen that are clamouring for an answer. One is this. How did it come about that conditions which in 1930 were entirely the fault of the then government were, six months after, and still are, the result of world wide conditions? Another is, how the present plea for economy in this particular direction can be reconciled with the declared efficacy of the policies which this government has put into effect. We will leave the solution of these problems to a later date; probably when we have nothing better to do we shall try to answer them.

With regard to the matter before us I want to say this. Representing as I do a rural constituency, representing people who have seen not only a ten per cent reduction in their income but the whole equity in their holdings wiped out in the last two or three years; knowing as I do that to-day a letter and yesterday a telegram have come from home reminding me that the farmers are losing their horses and every day or two are compelled to draw one out into the field; knowing that, and knowing that I can get no satisfactory answer from this government as to what they propose to do, and believing as I do that the farmers have borne their full share and more than their share of the burden, I can offer no objection to the general principle of a reduction in salaries. I do believe, however, that the proposed reduction, if made along the lines indicated so far, will not give fair play all round. I believe that the people of this country should bear the burden in proportion to their ability to bear it. If I were discussing this question theoretically I would say that all men, from those receiving the highest salaries to those receiving the lowest, should bear some share of the burden; and if we find it not practicable to levy contributions upon the smaller incomes it is only because the cost of collecting it would be greater than the amount that would be received. So that for practical purposes it is probably desirable that there should be a minimum amount fixed below which there should be no reduction. I do hold, however, and very strongly, that when the government is attempting to levy this burden upon the people of Canada they should try to levy it as equitably as possible, and I want to endorse all that has been said in regard to the exemptions proposed. I see no reason why judges and military and naval officers should be exempt from the burden; I see no reason why they should not be asked to carry a share of the burden which the other people of Canada are being called on to carry. If the bill when it comes down is framed along those lines I shall have no hesitation in supporting it; if there is any indication that there is an attempt to distribute the burden

fairly among the different classes in the country. We all realize that it is not a pleasant thing to reduce salaries, but we are face to face with an emergency such as prevailed during the war. At that time we felt that we were under obligation each and all of us to carry what share of the burden it was possible for us to bear. Some accepted the burden freely and gladly, while others made the war an occasion for piling up wealth for themselves. While we should like to think that all men are willing to bear their share of the burden we must not forget that there are possibly those who will be only too glad, if they are able, to escape their share. I trust that the government, now that they have taken this step to balance the budget, will realize that this is only one of a number of possible means that might be taken; and I hope that the Minister of Finance will not pay any attention to a letter he has received, a copy of which came to us to-night, from some commercial bureau protesting against any increase in the income tax. That to my mind is the one source from which we could receive large sums of money that would help us to balance the budget.

While accepting the general principle of this bill, that is for reductions in salaries, I should like to see it along a graded line, so that the small salaries would not be burdened while a heavier tax would be laid upon those who are much more able to bear the burden. Let us remember that after all it is not so much what is deducted from our incomes that counts; it is what we have left; and we have good reason in this regard for bearing in mind the commendation of the poor widow who gave her two mites to the treasury. She had given all that she had, and had nothing left. We must therefore judge the measure of sacrifice not by the amount deducted but by the amount left.

Mr. G. G. COOTE (Macleod): I regret to have to speak on this resolution at this hour. I did endeavour to get the floor earlier in the debate but did not succeed. I want to say at the outset that I do not intend to oppose the resolution, but at the same time there are features about it that are objectionable. I believe that if we had in Canada an intelligent and scientific monetary system there would be no need of putting wages up and down every few years, nor should we hear ministers making any reference to "normal depressions." If we are to have normal depressions then I suppose wages at such times must be reduced, and we cannot at the present time help ourselves. We have this system. It seems as though the majority of people are willing that it shall continue, and that being the case I think we must submit to a reduction in salaries at this time.

Most of the people outside the civil service have had a reduction in wages or salaries; at least that is the statement I understood the Prime Minister (Mr. Bennett) to make, and he goes on to justify the cutting of salaries of civil servants because of the fact that in foodstuffs there has been a reduction of thirty per cent; in fuel cost, 5.8 per cent; in rents 7/10 of 1 per cent; in clothing, 23.6 per cent, and in sundries, 2.2 per cent, or an average reduction of 14.4 per cent. Then to-night some speakers on the other side of the house have stated that the farmer has taken a reduction in his income amounting in some cases to sixty per cent. In view of all this, I feel that in a great many instances the civil servants can have no valid objection to a reduction in salaries. But I think it is to be regretted that the reduction which is being introduced was not made on a fairer basis. I believe that some of the smaller salaries are too low at the present time and should not be reduced at all; on the other hand, some salaries, particularly those over $5,000 might stand a reduction of more than ten per cent to make it equitable. But one thing I cannot understand—I do not think it is just—is that while the cost of living in some cases has been reduced as much as 14 per cent; while the salaries and wages of civil servants are being cut ten per cent, and while there has been a general cut in wages throughout Canada of about ten per cent, interest rates have been raised. That is, the wages of money have been increased. I believe this matter should receive the serious attention of the house, and at this time we are justified in bringing it to the attention of hon. members. The people of Canada should not be compelled to accept reductions in their wages, and reduced incomes from the sale of their products, and at the same time have the wages of money raised. In so far as it is within the competence of parliament, interest rates should be reduced in the same proportion as wages and salaries.

Exemptions from the reduction form another objection to the proposal now before us. My first objection will be directed towards the exemption given to lieutenant-governors, and next comes the exemption given to judges. I can see no reason why lieutenant-governors and judges should be exempt from the reductions. They are drawing high salaries, and surely if there is any equity in this

country we should begin at the top and reduce the big salaries. Judges hold their positions for life and retire on substantial pensions. To my mind there can be no justification for exempting these people when civil servants, some of whom receive less than $100 a month have their salaries cut.

Next I come to the case of the officers of the National Defence department. I can see no reason why they should be exempt from the reduction of salaries. Mr. Speaker, would you call it eleven o'clock.

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

Friday, March 4, 1932

The house met at three o'clock.

FEDERAL STATE MEDICINE

Mr. J. P. HOWDEN (St. Boniface) moved:

That the following resolution, namely: That, in the opinion of this house, the government should take into immediate consideration steps which would: (a) provide for periodic medical examination of the Canadian people; (b) afford medical relief for those suffering from disease, be restored on this order paper under the provisions of standing order 52.

Motion agreed to.

CANADIAN CURRENCY

PROPOSAL TO ISSUE IN BOTH OFFICIAL LANGUAGES

Mr. O. L. BOULANGER (Bellechasse) moved:

That, in the opinion of this house, in order to well establish that the population is bilingual and that the country was settled by two great races, it is desirable that Canadian currency should be in both official languages of Canada, be restored on the order paper under the provisions of standing order 52.

Motion agreed to.

NARCOTIC DRUGS

INTERNATIONAL CONVENTION LIMITING MANUFACTURE AND REGULATING DISTRIBUTION

Right Hon. R. B. BENNETT (Prime Minister) moved:

That it is expedient that parliament do approve of the international convention for limiting the manufacture and regulating the distribution of narcotic drugs, Geneva, July 13, 1931, signed on behalf of Canada by the plenipotentiaries named therein, and that this house do approve of the same.

He said: In moving the resolution which stands in my name, I desire to make a short explanation inasmuch as this convention is a matter of considerable importance to the dominion. It was drawn up by an international conference held in Geneva, from the 27th May to the 13th July, 1931, in which fifty-seven states participated. Thirty-eight have now signed the convention.

The convention was signed for Canada by Dr. W. A. Riddell, Canadian advisory officer accredited to the League of Nations, and Colonel C. H. L. Sharman, chief of the narcotic division of the Department of Pensions and National Health, who represented this country at the conference.

The convention will become effective ninety days after the secretary-general of the League of Nations has received the ratificaton or accessions of twenty-five members of the League of Nations or non-member states, including any four of the following: France, Germany, United Kingdom, Japan, the Netherlands, Switzerland, Turkey, and the United States of America, which, of course, is not a member of the League.

Seven of the eight named states, that is all except Turkey, have already signed the convention, and His Majesty's government in the United Kingdom has introduced legislation which is now before the British parliament to give effect to the provisions of the convention.

The convention supplements and develops the earlier efforts for the international regulation of the traffic in narcotic drugs which were embodied in the Hague Convention of the 23rd January, 1912, and the Geneva Convention of the 19th February, 1923, to both of which the Dominion of Canada is a party. Under the provisions of the conventions now in force a fairly effective system of control of international trade in narcotic drugs has been worked out, and I suppose, Mr. Speaker, that there are few matters of more universal import to this country than the trade in narcotic drugs. The main lines of this system of control are probably familiar to the members of this house, for on more than one occasion we have debated the matter. They are embodied in the Opium and Narcotic Drug Act and the regulations made by order in council to give effect to that act. In substance, they require that all imports of narcotic drugs into this country should be accompanied by an official import certificate issued by a competent government department, which has satisfied itself that the consignment in question will be used solely for medicinal purposes. Within the limits of the earlier agreements this system has worked satisfactorily, but it was obvious that no system of control of trade could be

completely effective if no restrictions of any kind were placed upon the manufacture of drugs whose distribution was regulated. It will be recalled that on more than one occasion the medical doctors who are members of this chamber have discussed that phase of the situation, and the difficulty of adequate control based upon restrictions was apparent when no control or restrictions were exercised upon manufacture. That discussion, I think, will be within the memory of most members of the chamber.

The task of inducing the manufacturing countries to agree upon restricting their output of habit-forming drugs has been an extremely difficult one. The kernel of the convention before the house is Article 6, which stipulates:

1. There shall not be manufactured in any country or territory in any one year a quantity of any of the drugs greater than the total of the following quantities:

(a) The quantity required within the limits of the estimates for that country or territory for that year for use as such for its medicinal and scientific needs including the quantity required for the manufacture of preparations for the export of which export authorizations are not required, whether such preparations are intended for domestic consumption or for export.

(b) The quantity required within the limits of the estimates for that country or territory for that year for conversion, whether for domestic consumption or for export.

(c) Such quantity as may be required by that country or territory for the execution during the year of orders for export in accordance with the provisions of this convention.

(d) The quantity, if any, required by that country or territory for the purpose of maintaining the reserve stocks at the level specified for the estimates for that year.

(e) The quantity, if any, required for the purpose of maintaining the government stocks at the level specified in the estimates for that year.

An extensive illicit traffic in such drugs as morphine, heroin, and cocaine is carried on in many parts of the world. In fact, almost every day one reads in the newspapers of efforts that are being made to convict those who are so engaged. We in this country are neither exempt from the operation of these habit-forming drugs nor yet from the illicit traffic in them, but our efforts to repress the traffic have been marked with a certain measure of success. The effectiveness of regulatory action has, however, been limited by the fact that narcotic drugs are being manufactured in quantities vastly in excess of legitimate requirements for medical and scientific purposes. The restriction of manufacture to these requirements is the primary object of the convention before the house. Its prompt ratification and rigorous application promise the ultimate eradication of a wretched and evil trade.

The importance of securing a satisfactory solution of this problem of manufacture to a country like Canada, which is technically a "victim country" cannot be over-emphasized. We do not manufacture narcotic drugs but depend for our legitimate requirements upon the countries in which these industries are already established. It is, therefore, a source of great satisfaction to all engaged in preventive work in Canada that an agreement has been reached on such a measure of limitation as this convention represents.

I may say that our representatives at the convention at Geneva were confronted with many difficulties in securing assistance from countries similarly situated and lending assistance to other countries determined to suppress the traffic. The result is the convention now before the house. It will be necessary to amend the Opium and Narcotic Drug Act of 1929, and notice to that effect stands upon the order paper. That will enable the ratification of the convention, which will take place immediately, and the bill, as I say, will give effect to the provisions which the convention provides.

It may be pointed out that if this convention is approved and the government authorized to proceed to its ratification Canada will be the first country to complete ratification of the convention.

The attached report may be of some interest to members of this house who have been following these matters, for these words were used at the fifth committee of the assembly of the League of Nations on September 18, 1931, and give a fair indication of public opinion as represented by the delegates there assembled. The language is as follows:

The convention marks an entirely new and highly important development in international cooperation, since this is the first time that an industry has been brought under international regulation and that manufacture in its economic aspect has been wholly subordinated to higher humanitarian and moral aims. Thanks to the system established by this convention and the Geneva convention, there will be at the headquarters of the league itself a sort of central counting-house for the world traffic in drugs. . . . The new convention covers a far larger number of drugs than preceding conventions. It brings codeine under control, whereas for many years morphine converted into codeine has to some extent escaped all supervision. It prohibits the export, except on very strict conditions, of a substance which has in the past bulked very large in the illicit traffic—diacetylmorphine—and raises the question of its replacement by

less dangerous substances. It contains stipulations relating to reserve stocks and surplus stocks, which will be gradually brought into use for legitimate consumption by a corresponding reduction in output or will be disposed of under the sole responsibility of the government.

Above all, through a system of estimates furnished by governments, the convention enables a world total of the quantities to be manufactured to be fixed, and sets up a supervisory body to examine those estimates. . . . The new convention strengthens the powers of various league organizations, especially the advisory committee and the permanent central board. The fifth committee emphasized the importance that attached to the provisions instructing the advisory committee to draw up a model administrative code to serve, as it were, as a body of regulations for the application of the convention, and as a pattern for national laws and regulations. Furthermore, the system of annual reports and reports of seizures, which forms an essential part of the committee's work, is for the first time effectually incorporated in an international convention. The powers and responsibilities of the permanent central board are also enlarged.

Those are the words used in submitting the convention to the assembly in September last. I have, therefore, Mr. Speaker, the greatest satisfaction in moving the approval of this convention which has been entered into and in connection with which I should like to say that the Canadian representatives, and especially the chief of the narcotic division of our own Department of Pensions and National Health took a very important and at times not indecisive part.

Motion agreed to.

PRICE OF SEED WHEAT

On the orders of the day:

Hon. ROBERT WEIR (Minister of Agriculture): Mr. Speaker, the hon. member for Willow Bunch (Mr. Donnelly) yesterday asked for information arising out of a letter he had received as to why the elevators were receiving 58 cents a bushel for wheat, and the farmers receiving only 52 cents for the same grade of wheat. My information is that the elevators are receiving only 52 cents a bushel.

LOBSTER FISHING

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the hon. member for Shelburne-Yarmouth (Mr. Ralston) yesterday asked me a question. Previously he had sent a note to my office which I did not receive until I had left the office and the chamber had assembled. His inquiry has been forwarded to the State department.

[Mr. Bennett.]

SEED AND FEED RELIEF

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, the hon. member for Lisgar (Mr. Brown) yesterday asked a question with respect to an order for a return which was passed a few days ago. Upon inquiry I learn the return involves the work of several departments. Undoubtedly my hon. friend is aware of the procedure in such cases. The information from the several departments is forwarded to the Secretary of State, who, in turn, submits the return. Speaking only for the Department of Finance, I can say that I shall undertake to expedite the answer.

CANADIAN SETTLEMENT IN COLOMBIA

On the orders of the day:

Mr. J. A. BRADETTE (North Timiskaming): Mr. Speaker, in the absence of the Minister of Immigration and Colonization (Mr. Gordon), I should like to direct a question to the Prime Minister (Mr. Bennett). I have in my hand an Associated Press cable from Colombia to the effect that the government of that country intends to expropriate 1,000,000 acres of land and to place thereon 20,000 Canadians and 30,000 Europeans. Is the government aware of that movement?

Right Hon. R. B. BENNETT (Prime Minister): I would ask that the question of the hon. member stand as a notice for the Minister of Immigration and Colonization (Mr. Gordon). I have heard that some Doukhobors from Canada were contemplating removal to Colombia. During the last few days, however, I have not had occasion to look into the matter.

LEAGUE OF NATIONS

CANADIAN REPRESENTATIVES AT SPECIAL SESSION OF ASSEMBLY IN GENEVA

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I should like to ask the Prime Minister who is representing Canada at the special assembly of the League of Nations now sitting at Geneva?

Right Hon. R. B. BENNETT (Prime Minister): Canada's representatives are the Right Hon. Sir George Perley and Hon. Maurice Dupré.

Mr. LAPOINTE: What about the lady?

Mr. BENNETT: She is not a member of the government.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I noticed that my right hon. friend, replying to a question addressed to him by the ex-Minister of Justice (Mr. Lapointe) mentioned that the lady representative at Geneva had not been appointed as a delegate to the assembly because she was not a member of the government. I should like to ask my right hon. friend if there is any new ruling which governs representation at the assembly of the league, because I have always understood the government was free to name any delegate it wished, whether the delegate was a member of the government or not.

Mr. BENNETT: I dare say Hansard will indicate that is not what I said.

Mr. MACKENZIE KING: That is what we understood.

Mr. BENNETT: I am not responsible for that. The ex-Minister of Justice asked a question, "What about the lady?" And I said that she was not a member of the government. That is a statement of fact; that is all. There is no rule that I know of which compels the appointment of a member of a government, or that does not leave the widest discrimination to appoint anyone. I named two members of the government and that, I thought, answered the question which was asked. I did not think it was necessary to say why someone else was not appointed, and I gave my answer in that way. Then the ex-Minister of Justice, thinking this a matter of importance, when his question as to who had been appointed had been respectfully and courteously answered, asked a question and received an answer. Then he volunteered something which had nothing to do with the question. I said "She is not a member of the government" in the same sense as he had asked the question.

Mr. LAPOINTE: It was a most improper answer, because the fact that she is not a member of the government is no reason why she should not sit at the assembly of the League of Nations. My right hon. friend himself has appointed people who were not members of the government to go to the assembly of the league. Other governments have done so, and I am quite sure that at the present assembly there are many delegates, in fact a majority of delegates, who are not members of any government. I cannot see why the lady from Canada has been singled out to be left out of the delegation.

THE PUBLIC SERVICE

PROPOSED DEDUCTION OF TEN PER CENT IN INDEMNITIES AND SALARIES

The house resumed from Thursday, March 3, consideration of the following proposed resolution (Mr. Rhodes):

Resolved, that it is expedient to introduce a measure to authorize deductions of ten per cent from the amounts of certain salaries or other compensations or indemnities payable by the government of Canada during the fiscal year 1932-33.

And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

Mr. G. G. COOTE (Macleod): Mr. Speaker, when the house adjourned last night at eleven o'clock I had stated I felt it was inevitable that this resolution should be accepted by the house. I did urge the government however to reduce interest charges on money or, as it is commonly known, money wages. I do not think there is any justice in reducing the salaries and wages of 90 per cent of the people of Canada and at the same time increasing money wages. We are moving in opposite directions.

I then proceeded to protest against some of the exemptions proposed in the resolution. I can see no reason why lieutenant governors' salaries should not be reduced, or why judges' salaries should not be reduced. They are the very highest paid officials and in such times as these their salaries could very well be reduced. I wish however particularly to refer to the military officers whose salaries under the proposed resolution are exempt. I can see no reason for such exemptions. It would seem that military men are being exempted while the salaries of civil employees are being cut; thousands of civil servants are to receive cuts in their salaries. Some of those servants were in the forces overseas; some of them served four years in the great war, and made great sacrifices. For that service they received the handsome salary of $1.10 a day, after which they returned to Canada and were placed in the civil service. Now they are to receive a ten per cent cut, while the military officers, the generals and colonels who drew high salaries during the war are to be

allowed to maintain their regular salaries. I can think of no reason for such discrimination. Particularly do I feel that there is an injustice when I consider what is happening in the air force. Recently we learned that some of the men in that force who have been laid off sought service under a foreign government. I think they cannot be blamed for adopting that course. In most cases they have wives and children dependent upon them for support. Some of the very finest men I have known in Canada have been members of that force, and it is not necessary to remind this house that in every branch of military service Canada's soldiers were second to none among those who took part in the great war. I do not wish to make any comparison between the different branches of the Canadian military forces, but certainly I can say that Canada's air men were second to none. I believe every member of this house must admit that.

Recently a statement was made in the house that 70 officers of the Royal Canadian Air Force had been laid off. I believe 42 of them are ex-service men, and nearly 40 are married. To my mind, Mr. Speaker, this is a discrimination against married men who are also war veterans, when by common consent of all parties in this house war veterans, and especially married men, should at all times receive the greatest consideration. Forty-two returned men and dependents would number about 100 souls. I feel, Mr. Speaker, that I cannot let this resolution pass without protesting against the proposed cut. If these men are to be let out of the air force Canada is going to lose the services of her most experienced flyers. These men have flown over northwestern Canada and have charted air routes across that great country. They charted the air routes over Labrador, they laid out the routes for our air mail service. If they are to be dismissed now Canada is going to lose the very cream of her flying men. As a matter of general policy I think the government is making a mistake in reducing the civil service at this time. I realize that perhaps a cut should be made in the amount that is being spent on the civil service, but with hundreds of thousands of people unemployed surely it is not good policy to add to their ranks by discharging men of this type. I think a much better way of dealing with the matter would be to keep these men on the pay list at reduced salaries, that is, by cutting down the number of days' work so that nobody need be laid off. This would involve no increase in the appropriation for the civil service, and all these men could be taken care of as vacancies occurred in any of the departments. We are only adding to the number of unemployed when we discharge civil servants at a time like this. I think most of us realize that there are no other jobs available for these people, which means that within a short time some of them will be in need of direct relief.

Mr. ARTHURS: Why should the taxpayer be burdened?

Mr. COOTE: What I am proposing will not add to the burden of the taxpayer. Under my proposal the reduced hours of labour would enable these men to be continued in the service without additional cost. I urge that this method be adopted to take care of these men now forming part of Canada's air force. Why should these men feel compelled to seek service under some foreign government—to provide as a matter of fact a fighting air force for that government in order to provide for their families? Flying is the only work these men are fitted for, and there are no positions in civil aviation to which they can turn now. They served in the war when they were young, in the very best years of their life, the formative period as we term it, and they are not fitted for any other work. For the work of our air force, however, they are better qualified than any other men whom we could put in their place.

Again I urge the government to adopt my suggestion that these men be retained in the service at a reduced salary. I am sure they would not object to a reduction in salary. Naturally they feel that they are not being treated fairly. A reduction of ten per cent applied to the salaries of all the officers of the National Defence department would take care of the salaries of these forty married men, all of them ex-servicemen, under the proposal which I am now putting forward. If the government will not consider such a reduction in the salaries of the personnel of the National Defence department, I suggest that these men be retained, and the total amount which is provided for the air force after the proposed ten per cent cut is put into operation be distributed among all the men who belong to the air force; let them all share in the reduction.

I suggest that the government abolish the lieutenant-governorships. The saving thus effected would more than take care of these forty married men and their dependents, and I am sure the service rendered Canada by

these flying men is far more important than any service rendered to the country by our lieutenant-governors. Any judge of the supreme court in each of the provinces could very well discharge the duties of lieutenant-governor. Surely there is no question as to which is the more necessary national service. I might also point out that a reduction of ten per cent in judges' salaries would provide far more than is being saved by the discharge of these flying men.

May I say in conclusion that these men have done the most dangerous work of any branch of the civil service. But what is the reward they are receiving? They are not being asked to submit to a cut of ten per cent; they are being retired, in most cases at one month's notice. If they return to civil life it is impossible for them to get jobs as flying men, the activities of civil aviation being now at a minimum. In a word, these men are facing unemployment—a most distressing prospect for their wives and families. These flying men have given Canada their best. Is Canada now going to let them be turned out in the cold? I do hope the government will take some action to see that these men are retained in the service.

Mr. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, before this debate closes, I wish to add a few comments with reference to this resolution which does not do honour to the government. It is useless to refer to the numerous pledges made throughout the country by the Conservative party in the last election; pledges of charlatans, made with the view of capturing the people's confidence, pledges according to which the serious problem of unemployment was to be solved in three days, and an opportunity would be afforded to farmers to sell their products at better prices and secure new markets for our manufactures. It will soon be two years since this government has taken over the affairs of the country. The economic depression which existed at the last election far from abating has become worse. This is a clear proof of this government's incompetence and shows up their lack of ability to govern the country.

In order to balance its budget, it asks this house through a resolution to cut the salaries of civil servants by ten per cent.

The principle upon which rests this resolution, that is a horizontal cut applied to all salaries is no surprise to me. Ever since this government has been in power it has always been the poor, the small wage earner and the humble citizens who were called upon to contribute and in the same measure as the wealthy, the millionaires that sit in large numbers on your right, sir. They are responsible for the present state of our finances through the enforcement of a high protective tariff.

The quota of the civil servants who receive $1,200 per year, in justice should be less than that of the official who is paid $5,000 or $10,000. In fact, those receiving $1,200 should be entirely exempt from contributing to the treasury. As to judges, it would only be fair, during this depression that they do their bit in helping the state, they should not be exempt. The same may be said as regards gold lace officers who travel around the country and who perhaps have not even won their spurs on the battlefield. And these millionaires who sit facing us and have never known the sweat of labour, should also contribute on a larger scale than the wage-earners in order to relieve the present economic depression. It does not behoove the latter to open their purse, but those who have large fortunes and surpluses they cannot spend should contribute largely.

For these reasons, sir, I am opposed to this resolution, and not because I am called upon to contribute $400, as my share—I can well afford making this sacrifice—however, I strongly protest against this resolution which forces the small wage earner to contribute in the same ratio as those who can better afford it.

Yesterday, I heard the hon. member for St. Henri (Mr. Mercier) state: "Those who should be taxed for the administration of the country are those who have inherited millions through estates." I shall add that is also those who during the war—and they are friends of the present government—built up fortunes by selling horses, bacon, drugs and scrap iron, and, to-day, travel over the country displaying the millions they accumulated at the expense of the poor soldier who on the battlefield shed his blood to uphold freedom. Let the millionaires who accumulated their wealth during the war open widely their purse, and let us not allow the government to put through a resolution which asks the small wage earners, the lower grade civil servants to contribute equally with those who are in receipt of $10,000 or over $15,000 per year. In this contribution, one must not forget those who, last year, voted themselves $2,000 in prevision of this ten per cent cut which they are called upon to contribute in order to help the country out of the hole where this government has placed it, an administration directly opposed to the true interests of the Canadian people.

This is why, sir, I am strongly opposed to this resolution. If the situation is so bad that civil servants' salaries must be reduced, let it be at least in proportion to their earnings. I trust that these few remarks will be received in the best of spirit by the government and they will realize that if they wish to truly serve the people, and have at heart to do justice to all, they will, when the bill comes before the house, have it drawn up in such a way as to deal fairly with the small wage earners and that the latter will only be called upon to contribute in proportion to their earnings. In closing my remarks I would ask the government to exempt not only those who earn $1,200 but to also include those earning $1,500 and even $1,800. Should they grant my request I shall support the resolution. Otherwise, should they persist in being unfair to the small wage earners, I shall oppose it, and publicly I shall say: Stop! Do not ask from the humble and small wage earner the same contribution as you ask from those who are high up, rich and millionaires. The former are entitled to be fairly treated and as legislators we should see that they are.

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, I should like to say just a word in endorsation of what has been said by a good many of those who have already spoken. I believe that I, together with every other hon. member of this house, should express my candid and non-partisan convictions in regard to this matter. I do not propose to refer to the remarks of those hon. gentlemen who have already spoken in this debate. I do not know that there are very many civil servants in my constituency, and I have no thought of making any political capital out of the action of the government or the criticism of the opposition.

This is a very important matter, Mr. Speaker, touching the lives of many thousands of Canadians, and I believe that inasmuch as the government is the executive council of this house, it should endeavour to lend an ear, as it were, to the sentiments expressed with regard to this matter, and should shape its actions accordingly. I believe, as a matter of fact, that the country generally views this measure with favour; I think every right thinking Canadian feels that something of this nature should be done at this time and I am sure, sir, that the hundreds of thousands of people who have lost not a portion but all of their salaries because of this depression, and the hundreds of thousands of farmers who have nothing left now but a little hope and a lot of courage, together with the many thousands who would be starving to-day if it were not for the intervention of various governing bodies, all feel that some action of this kind should be taken at this time.

However, Mr. Speaker, I do not think they look to the men who at present are barely getting enough to live on to fill in the breach and come to their relief. Just how a man can live on less than $100 a month, keep a roof over his head and look after his family is something I cannot understand. I certainly do not think men who are paid on this basis should be asked to contribute anything but I do feel, sir, that there are a great many others, not only in the civil service but in all walks of life, who should come to the assistance of those who are suffering because of the depression at this time.

So far as civil servants are concerned I must say that I agree with a great many others who have already spoken, and I believe there is no sane reason why men receiving salaries of $8,000, $10,000, $15,000 and perhaps more should be exempted from this reduction. I think they should not only pay a percentage; I believe their percentage should be greater than that of the people receiving smaller salaries. I think the reduction should be on a graded scale, so that those who have smaller salaries will give less than those who are better off. I understand that in England about one-third of the total national income is absorbed by the government by way of taxes. This bears very heavily on those better off, the wealthy, the old nobility and the aristocracy. So much has this been the case that many old estates have had to be dismembered and disposed of. Our aristocracy and nobility, if we have any in this country, are not as old as those of England, but I do not see why they should not make a fairly large contribution at a time like this.

I would not for a moment make any suggestion as to what the scale should be, but I do believe that men receiving less than $1,200 per year should be exempted. Perhaps those receiving from $1,200 to $1,800 could contribute in a small way, and after that the percentage could gradually increase. So I say, Mr. Speaker, that I believe a measure of this kind would meet with the endorsation of the entire Canadian people.

The house divided on the motion (Mr. Rhodes), which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arthurs,
Barber,
Baribeau,
Beaubier,
Belec,
Bennett,
Beynon,
Bourgeois,
Bowman,
Boyes,
Burns,
Bury,
Campbell,
Carmichael,
Cayley,
Coote,
Cormier,
Cowan (Long Lake),
Dickie,
Dorion,
Duguay,
Ernst,
Esling,
Fortin,
Gardiner,
Gobeil,
Gordon,
Guthrie,
Hackett,
Hanson (York-Sunbury),
Hay,
Hepburn,
Irvine,
Johnstone,
Jones,
Kennedy (Peace River),
Larue,
Loucks,
Lucas,
Luchkovich,
Macdonald (Kings),
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGibbon,
McGillis,
McGregor,
McLure,
Manion,
Morand,
Murphy,
Myers,
Neill,
Pettit,
Plunkett,
Porteous,
Price,
Rhodes,
Robinson,
Rogers,
Short,
Simpson (Simcoe North),
Simpson (Algoma West),
Smoke,
Spankie,
Speakman,
Spencer,
Spotton,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Swanston,
Tétrault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Weir (Melfort),
Wright.—83.

NAYS

Messrs:

Ahearn,
Bouchard,
Butcher,
Casgrain,
Denis,
Desrochers,
Euler,
Fafard,
Fiset (Sir Eugène),
Fournier,
Hanson (Skeena),
Heenan,
King, Mackenzie,
Lapointe,
MacInnis,
Mackenzie (Vancouver Centre),
MacLean,
Motherwell,
Parent,
Perras,
Power,
Ralston,
Reid,
St-Père,
Stewart (Edmonton West),
Veniot,
Verville,
Woodsworth.—28.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Arsenault,
Baker,
Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John-Albert),
Black (Halifax),
Bowen,
Cahan,
Cantley,
Casselman,
Chaplin,
Charters,
Cotnam,
Cowan (Port Arthur),
Dupré,
Duranleau,
Edwards,
Embury,
Fraser (Cariboo),
Gagnon,
Ganong,
Garland (Carleton),
Geary,
Gott,
Harris,
Kennedy (Winnipeg),
Laflèche,
Laurin,
Lawson,
Lennox,
MacDonald (Cape Breton South),
McDade,
Maloney,
Matthews,
Moore (Chateauguay),
Mullins,
Nicholson,
Peck,
Perley (Qu'Appelle),
Perley, Sir George,
Quinn,
Ross,
Rowe,
Ryckman,
Ryerson,
Sauvé,
Senn,
Smith (Cumberland),
Spence,
Stinson,
Stitt (Nelson),
Sullivan,
Turnbull,
White (London),
White (Mount Royal),
Willis,
Wilson,
Factor,
Thauvette,
Bertrand,
Rhéaume,
Mercier (St. Henri),
Raymond,
Dubois,
Dubuc,
McKenzie (Assiniboia),
Rinfret,
Cardin,
Howard,
Hanbury,
Blair,
Hurtubise,
Ilsley,
Ferland,
Malcolm,
Elliott,
Bothwell,
McMillan (Huron),
Boulanger,
Totzke,
Goulet,
Mercier (Laurier-Outremont),
Rutherford,
Jacobs,
McIntosh,
Girouard,
Fontaine,
Gray,
Pouliot,
Urquhart,
Dupuis,
Young,
Moore (Ontario),
Boucher,
Howden,
Bradette,
Deslauriers,
Munn,
Marcil,
Dumaine,
Roberge,
Lacroix,
Chevrier,
Taylor,
Séguin,
Sanderson,
Duff,
Fraser (Northumberland),
Hall,
Beaubien,
Brasset,
McPhee,
Gershaw,
Donnelly,
Brown,
Vallance.

Mr. SENN: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted I would have voted for the motion.

Mr. SPENCE: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted I would have voted for the motion.

Mr. GERSHAW: I was paired with the hon. member for London (Mr. White). Had I voted I would have voted against the motion.

Mr. CASSELMAN: I was paired with the hon. member for Sherbrooke (Mr. Howard). Had I voted I would have voted for the motion.

Mr. HOWDEN: I was paired with the hon. member for Marquette (Mr. Mullins). Had I voted I would have voted against the motion.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario (Mr. Rutherford). Had I voted I would have voted for the motion.

Mr. MARCIL: I was paired with the hon. member for Argenteuil (Sir George Perley). Had I voted I would have voted against the motion.

Mr. FRASER (Cariboo): I was paired with the hon. member for South Huron (Mr. McMillan). Had I voted I would have voted for the motion.

Mr. CHEVRIER: I was paired with the hon. member for East Toronto (Mr. Ryckman). Had I voted I would have voted against the motion.

Mr. WILLIS: I was paired with the hon. member for Lisgar (Mr. Brown). Had I voted I would have voted for the motion.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted for the motion.

Mr. DUFF: I was paired with the hon. member for Cumberland (Mr. Smith). Had I voted I would have voted against the motion.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted I would have voted for the motion.

[Mr. Howden.]

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted for the motion.

Mr. EMBURY: I was paired with the hon. member for Swift Current (Mr. Bothwell). Had I voted I would have voted for the motion.

Mr. SAUVE (Translation): I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted, I would have voted for the motion.

Mr. CAHAN: I was paired with the hon. member for St. James (Mr. Rinfret). Had I voted I would have voted for the motion.

Mr. SPEAKER: In the absence of the deputy speaker I would ask the hon. member for Essex East (Mr. Morand) to take the chair.

The house went into committee on the resolution, Mr. Morand in the chair.

Mr. CASGRAIN: What are the categories of employees to whom the ten per cent reduction does not apply?

Mr. RHODES: The Governor General of Canada, the lieutenant-governors of the several provinces, the members of the judiciary, the members of the military, naval and air forces, and the Royal Canadian Mounted Police.

Mr. LAPOINTE: Will it apply to employees who are working by the hour?

Mr. RHODES: Yes.

Mr. LAPOINTE: There are certain classes of employees whose wages have just been reduced. I have in my hand a list which was issued on March 1, giving the new rates of pay for men working on the Lachine canal maintenance. These rates will be effective from February 16 of this year. For instance, a blacksmith first class was paid 82 cents per hour and will now be paid 65 cents; second class is reduced from 69 cents to 55 cents; helper first class from 62 cents to 50 cents; helper second class from 55 cents to 45 cents; assistant carpenter foreman from 82 cents to 70 cents; carpenter foreman from 89 to 75 cents; carpenter first class from 75 cents to 65 cents; carpenter second class from 62 cents to 55 cents; carpenter helper from 55 cents to 45 cents. There are many other classes. For example, there is labourer foreman who has been reduced from 75 cents to 60 cents; labourer from 48 to 40 cents; machinists foreman from 96 cents to 75 cents. And so on. They are all reduced. Now it would be most unfair, after having already reduced these men

by a good deal more than ten per cent of what they were earning, to take off a further ten per cent from the rates which will now prevail as from the 16th of February.

Mr. RHODES: When the bill is introduced I think my hon. friend will find that apparent inequalities such as he refers to will be taken care of. It is not the intention that there should be a double reduction in salaries or wages.

Mr. MANION: In reply to the remarks of my hon. friend (Mr. Lapointe) may I point out that these reductions of which he speaks are reductions which have been made throughout Canada not only on the Lachine canal but on canals in every other part of the country, under the prevailing rates of pay. In other words, there were a number of these men who were out of alignment with the prevailing rates of pay in the sections of country affected; they were not in line with the prevailing rates as paid by contractors, private corporations and so forth. Prior to this discussion of a ten per cent reduction this whole matter had been taken up with the Department of Labour and the prevailing rates of pay had been decided upon in different parts of Canada. And so far as these revised rates are concerned, the men in the different sections of the country were notified that they would be put into force as the prevailing rates acceptable throughout the country. So that this is not a cut in wages but a realignment.

Mr. VENIOT: What is it then?

Mr. MANION: It is not a reduction below the prevailing rates; it is simply a readjustment of wages. Laying aside the ten per cent, these men are getting now what they should have been getting previously. Let me give the information that was submitted to me by my officers. This was done on recommendation of the officers, and I am not blaming them; I am assuming responsibility. After I had gone into the matter I agreed with them. Some time before the last election these men had their time cut down to 44 hours per week and they retained their pay at the old rate per week, so that a number of them were out of alignment with the prevailing rates in the sections concerned, and this was merely to put them on the same rate of pay as was given in the different sections of the country by private corporations or contractors or any concern hiring the same class of labour.

Mr. MARCIL: I wish to ask the Minister of Finance a question. My chief reason for voting against this resolution is that certain classes are exempt under the proposed bill. Will the minister tell us why the judiciary and military and naval officers as well as the others are exempt?

Mr. RHODES: Because in all these instances the relationship is one of contract.

Mr. LAPOINTE: May I ask whether the statement of the Minister of Finance (Mr. Rhodes) still holds good after the remarks of the Minister of Railways (Mr. Manion)? The Minister of Finance intimated that when the bill is introduced these men will be taken care of so that they will not be subject to a double reduction, because according to the rates which I have read they have been already reduced by a good deal more than ten per cent. It amounts to twenty-five or thirty per cent, and I do not think it is fair to these men to add to that another ten per cent.

Mr. MARCIL: Following up that question—

Mr. LAPOINTE: I want an answer first.

Mr. RHODES: I have nothing to add to nor to subtract from the statement I made a moment ago.

Mr. LAPOINTE: My hon. friend puts me in the dark.

Mr. DUFF: If I understood the Minister of Railways correctly, he said that these reductions of which the hon. member for Quebec East spoke were made in order that the people affected thereby should be in line with the same class of employees on canals in other parts of the country.

Mr. MANION: Not on canals particularly.

Mr. DUFF: Or any other work in his department. Prior to that the Minister of Finance said that when the bill came down these men would be looked after and not affected because they had already taken the reduction. May I ask either the Minister of Finance or the Minister of Railways what will happen if the statement made by the former is correct? What is going to happen to the men outside those whom the hon. member for Quebec East spoke about, men in other parts of the country who are working in the Marine department, in the minister's own department, and so on; will they receive now the amount of pay which, as the Minister of Railways has said, is intended to bring the men referred to by the hon. member for Quebec East into alignment with other classes in the country?

Mr. MANION: I should say that the matter is a detail which will have to be considered by the government in applying the cut. That is the answer.

Mr. DUFF: That is not a satisfactory answer to me. The Minister of Finance, in reply to the hon. member for Quebec East, said that because the men spoken of by the hon. member for Quebec East were mentioned in the reduction, they would be provided for in the bill. If no further reduction is made in the wages of the men referred to by the hon. member for Quebec East, is there going to be a reduction in the wages of the other employees all over the country, in whom the Minister of Railways is interested?

Mr. RHODES: My statement made a moment ago will appear in Hansard and I adhere to it. May I submit, with all deference and without the slightest desire to curtail discussion upon the resolution itself, that we could to far better advantage discuss questions of this kind when the bill itself, with its provisions, and the machinery which it intends to apply, is before the house.

Mr. DUFF: Is the minister in that statement referring to the Minister of Railways?

Mr. RHODES: I am referring to the whole house.

Mr. CHEVRIER: It will be altogether too late then. Now is the time to discuss this or not to discuss it at all. It may be as the Minister of Railways and the Minister of Finance have said with respect to the prevailing rates of those who have already received a cut, that those rates may be adjusted; but what will happen to those who are to-day working under prevailing rates and whose prevailing rates will be decreased on the first of April, after this legislation has gone into effect? If this goes through, and if there are certain regulations to be made, the ten per cent cut will, I understand, affect all those who are on prevailing rates, whether or not they have already been reduced to the existing standard of prevailing rates. If after this goes into effect, their wages will also be cut, then they will have to suffer a second cut when the prevailing rates in this district are readjusted on the first of April. They will thus have to suffer two cuts and it will be too late to talk about the matter then; the legislation will be already in operation, and therefore the situation must be cleared up now. The answer of the Minister of Railways is no answer, much less the intended answer given by the Minister of Finance.

[Mr Duff.]

Then there is this other aspect of the question: clearly all these people receiving under $1,200 will be affected. The answer is that all those who contribute to the superannuation fund will have to pay only five per cent. How many of those receiving less than $1,200 contribute to the superannuation fund? When the minister has answered that, so that nobody may intervene, I shall ask him this: Do these dispositions apply to those who pay into the retirement fund? They do not apply to them at all. Those are the questions to which we must have answers before we allow the resolution to pass. The question is: How will the minister adjust the prevailing rates of those men who will suffer another cut on the first of May?

Mr. RHODES: In view of the remarks of the senior member for Ottawa I would hesitate to answer the question, because I submit that to the best of my ability a moment ago I gave a correct reply, which my hon. friend says is not a correct answer at all. Therefore I do not know why he addresses a question to me.

Mr. CHEVRIER: To whom then can I address it? Will someone else answer it on behalf of the government?

Mr. RHODES: What particular question is it that my hon. friend has in mind at the moment?

Mr. CHEVRIER: I ask the minister or anybody else on that side who can understand it and who has the ability to answer it: What will happen to the men now working under prevailing rates who will suffer this ten per cent cut and who will suffer an additional cut when the present prevailing rates are readjusted downwards on the first of April?

Mr. RHODES: I have nothing to add to or to subtract from the statement I made.

Mr. CHEVRIER: I trust the hon. minister will have something to subtract from the cut.

Mr. HEENAN: Mr. Chairman—

Mr. CHEVRIER: Let the minister answer. I am prepared to stay here until I get an answer.

Mr. HEENAN: While the minister is figuring out what answer he will give to the senior member for Ottawa, let me offer him my sympathy because at the present time he is in charge of a resolution the meaning of which his own colleagues of the cabinet do not understand. If there was no other justification for the opposition to this horizontal

cut, it is now quite manifest that the members of the cabinet themselves do not know what it means. The Minister of Finance, I think, took the right and fair position in the matter when he answered the ex-Minister of Justice that any irregularities—

Mr. RHODES: Inequalities.

Mr. HEENAN: —and inequalities—it is all irregular anyhow—would be taken care of when the bill came down. The Minister of Railways, however, disagrees on that point—

Mr. MANION: I did not disagree at all.

Mr. HEENAN: —because of the fact that he has in his own department allowed or acquiesced in a reduction already even before the introduction of the bill. Is that not a justification for those on this side voting a few minutes ago against a horizontal cut? For the information of the Minister of Railways and the Minister of Labour in particular, if they do not have it, I might give it to them now. When they reduced the wages of those men whom the ex-Minister of Justice mentioned a few minutes ago, they did an injustice to them.

Mr. MANION: I deny that.

Mr. HEENAN: In doing so they violated the law of this country. When the fair wage and eight-hour day bill went through, it provided, if I remember rightly, not only that the prevailing rate of wages should obtain but that the prevailing rate of wages should obtain only if it was a decent or reasonable rate of wages. Therefore it is not necessary that the prevailing rate of wages should obtain if the Minister of Labour deems it not fair or reasonable. Consequently, when we put the eight-hour day into effect, in some instances we increased the wages of the lower paid men so that they would receive as much for an eight-hour day as they did for a ten-hour day. In other words, the then Liberal government—and I have never before been so proud of belonging to a Liberal government as I am at the moment—

Mr. ERNST: But the hon. member does not.

Mr. HEENAN: I mean that literally. When we put the eight-hour day into effect we adopted the principle that the wages that the men were then receiving for ten hours should prevail. There was no man in the civil service whose hours were reduced from ten or nine to eight hours a day, who lost a proportionate amount in his wages or salary. That was why the Department of Labour in some instances increased the wages in particular of the lower paid men. Now the present government—and it seems to me the Minister of Railways quite approves what he did in the matter—actually stole, according to the laws of this country, so many cents an hour from these men. The Minister of Labour sits smiling behind the Minister of Railways and yet the other day he stood up on the floor of the house and said that he represented the great body of labour men in this country. When at the next election he returns to his constituency and travels throughout the length and breadth of the country, he will not be regarded as a gladiator on behalf of the labour forces of Canada, especially after the present exhibition of the Minister of Railways in glorifying the fact that he reduced the wages of these men and that now apparently, according to his own words, he is satisfied that they should take a further cut. I do not know how to discuss this matter.

Some hon. MEMBERS: Oh, oh.

Mr. HEENAN: I admit it. There are many gentlemen on the other side who are giving that egotistical "ha ha" who simply do not know what they voted for recently. Even the members of the cabinet who are bringing in this legislation do not understand it.

Mr. SHORT: We voted to cut $400 off our salaries, and you did not.

Mr. HEENAN: There may be some excuse for us. The members on this side may need that $400 while the members on the other side may not. Mr. Chairman and Mr. Finance Minister I approve of the decision you have taken in the matter. I will vote for the resolution and take off my hat to the minister if he is able to maintain the position that he has taken at the present time with respect to any who have had cuts, that if inequalities show up the bill will cover such cases.

Mr. MACKENZIE (Vancouver): The Finance minister replying to the hon. member for Bonaventure said that exemptions were made in the case of the judges, the army and navy, and lieutenant-governors because in their case it was a question of contract. Does the minister seriously suggest to this committee that parliament cannot break any contract? The government themselves with regard to the members of the House of Commons and the Senate are breaking a contract by this legislation.

Mr. RHODES: Parliament is, of course, all-powerful and can break any contract if it wills to do so, but it does not follow that

if parliament does an unethical thing it is right. So far as those who are asked to make a contribution in virtue of this bill are concerned, there are no contractual rights.

Mr. POWER: Does the minister think that there are no contractual rights in the case of a civil servant when it is specified in the government's advertisement for the position that there shall be an annual increase of $120? Is not that a contractual obligation just as much as any contract with the man who enters the army and does not really know what he is going to be paid?

Mr. GUTHRIE: May I say one word? I do not want to enter into this discussion because I do not think it should be permitted at this stage, but in the case of the police, and the army and navy, these men are recruited. They cannot leave. They are there for three years, and if they leave before that time they are arrested as deserters. The civil servants are not in the same position. They can leave to-morrow if they so desire, if they can better their condition or they do not wish to carry on; but not so with the other class.

The point I was going to state, Mr. Chairman, was this: This is a general resolution. There are no exceptions mentioned in it. The bill is not before the committee, and the discussion must be general and in the terms of the resolution. When the bill is brought down, if there are exceptions, and I assume that there will be, there will be full opportunity in committee or on the first and second reading of the bill, to discuss them. The practice is pretty clearly laid down, and the extract I give is from May, thirteenth edition:

> Debate on money resolutions is confined to the terms of the resolution and must not be extended to the bill.

We have a right to discuss the general terms of this resolution. We have already discussed them; we did so when the resolution was moved. The resolution is that there shall be a ten per cent reduction in the salaries of the service. There are no exemptions mentioned here, and I submit, Mr. Chairman, that the discussion must be on the resolution as presented. If the bill contains other material, it will then be open to hon. gentlemen to discuss it.

Mr. CHEVRIER: I am quite prepared to discuss these matters as they arise.

Mr. GUTHRIE: I am only quoting the rule of procedure in this house, and I am going to ask the chairman to rule on it.

Mr. CHEVRIER: I am going to discuss the terms of the resolution just as it is.

[Mr. Rhodes.]

The CHAIRMAN (Mr. Morand): I rule that the hon. member must confine himself to the terms of the resolution.

Mr. CHEVRIER: I am going to read a portion of the resolution. I am trying to help the Minister of Finance out of his difficulty. Now that the minister is in the hole, see if he can get out of it. I knew exactly where he was heading for. The resolution reads, in part:

> And to provide for payment out of the consolidated revenue fund of all current contributions payable under the provisions of the Civil Service Superannuation Act in respect of the salaries payable during the fiscal year ending March 31, 1933, of all employees who receive not more than one thousand two hundred dollars per annum.

I asked the Minister of Finance if this applied to prevailing rates men, and I was told, yes, it did. Now if it does apply to the prevailing rates men, how will it affect them? I certainly have the right to ask that question. I have pointed out to the minister the difficulty. There are some who have already been reduced in salary, but there are others who will not be reduced until after this measure goes into effect on April 1 or thereafter. I have asked the minister in plain English, how is he going to take care of those cases? Has he thought of them? That is my question, and if he cannot answer it I am sorry, but I want to get an answer from someone who can answer it.

Mr. RHODES: I am not going to take exception to the lecture from my hon. friend from Ottawa, but I submit in all deference, and I suggested it a short time ago, that he can discuss the details to much better advantage when the bill itself is under discussion. However, my answer to the inquiry which my hon. friend has just put to me is precisely the same as my answer to the question put to me by the hon. member for Quebec East. I have precisely the same answer to give to him.

Mr. CHEVRIER: All right, but that is no answer at all. If the Finance minister cannot give me an answer, then probably somebody else on the treasury benches can. I am going to put this question to the Minister of Justice who is now leading the house, and I would ask him to answer it or let anyone on the other side who can answer it do so.

Mr. MANION: I do not think I can let the remarks of my hon. friend from Kenora-Rainy River (Mr. Heenan) go by without some correction. The hon. gentleman has a habit of rising in this house and making speeches and not only in this house but outside, which contain more irresponsible statements than

those of all the rest of his party put together. He has been frequently corrected during the last few years since he came into this house, and shown on innumerable occasions to have made statements which were not true.

Some hon. MEMBERS: Order.

Mr. MANION: He has been disowned by the people of his own riding. Within the last week in this house statements which he had made regarding unemployment in his district were declared to be false by the town council of Kenora, his home town where they know him best, and as well by the Canadian Legion of the town of Kenora, which also knows him well, and by the board of trade of Kenora. If he were at all sensitive, if he were not so thick-skinned, after the showing up which he got here from the Minister of Labour the other evening he would have been ashamed to open his mouth in this house for weeks to come. The hon. gentleman is a great boaster of what he does for labour. He is always standing up as a great champion of the labour people of this country, and yet for years he was in this house as Minister of Labour and he talked all over this country of old age pensions and while he was talking of them in London, his leader the then Prime Minister was saying in the city of Ottawa that they would not have them. Despite all his talk of old age pensions in London and elsewhere throughout this country he never made any move to bring them into effect.

Mr. CHEVRIER: I rise to a point of order.

Mr. MANION: But it was associated—

Mr. CHEVRIER: Mr. Chairman, you ruled, and quite properly so, that we were to discuss the terms of this resolution, and I confined myself to the resolution. I have had no answer yet to the question I put to the minister, and I submit that the remarks of the Minister of Railways and Canals are far afield, that they have nothing at all to do with the resolution.

Mr. GOTT: In answer to the hon. gentleman—

Mr. CHEVRIER: I would ask an hon. gentleman who knows more about procedure—

Mr. GOTT: I know something about onions; I assure the hon. member of that.

Mr. MANION: Mr. Chairman—

Mr. CASGRAIN: Let the chairman decide the point of order.

Mr. CHEVRIER: I submit, sir, that on the point of order you should rule that we confine ourselves to the terms of this resolution, and not refer to what happened in Kenora.

Mr. MANION: I shall now direct my remarks to the resolution—now that I have said what I had to say in reply to the hon. member for Kenora-Rainy River. That hon. member made the statement that I gloried in cutting the—

Some hon. MEMBERS: Order.

Mr. MANION: I am dealing with a clause of this measure.

The CHAIRMAN: The hon. member must speak to the resolution.

Mr. DUFF: I should like the chairman to decide on the point of order which has been raised.

The CHAIRMAN: The point of order is well taken.

Mr. MANION: I accept the ruling of the chair. The hon. member for Kenora-Rainy River, dealing with the so-called cut in wages on the canals—because that is what promoted the discussion—said that I gloried in what he called a cut in wages. I did nothing of the sort. I justified what he called a cut in wages. I can think of no reason in the world why the employees of a government should be paid a greater hourly rate than the employees of private corporations. On that ground I stand, and it was on that ground that the officers of the department drew to my attention the fact that these men, under the prevailing rates of wages, were receiving more than men working for private corporations doing the same class of work. After consultation with the Department of Labour the recommendation was made to me that those men should be put on the prevailing rates of wages for the districts concerned. I agreed with their recommendation, and the change was made. I did not glorify it. I have no desire to cut anybody's wages, but on the other hand I can think of no reason why employees of a government, whether they be carpenters or any other type of employee, should receive more than men doing similar work for private corporations. That attitude I took, and I do not withdraw any word or part of it.

Mr. HEENAN: Mr. Chairman, it is quite evident that the Minister of Railways and Canals is glorying in the position he has taken regarding the cut in wages of the men on the canal because he has no apology to

make. He has the kindliest words for the employees whose wages he cut—but who could expect anything else from a gentleman who says he can see no reason why government employees should not receive any more than those employed by private concerns. Even if the private concerns ground their labourers down into the mud the government—

Some hon. MEMBERS: Oh, oh.

Mr. HEENAN: —is prepared to follow in the same footsteps—

An hon. MEMBER: Cheap.

Mr. HEENAN: —and the Minister of Railways and Canals sees no reason why such action should not be taken. The minister stands in this house and tells hon. members that the representative from Kenora-Rainy River goes around the country making statement that are not true.

Mr. MANION: Hear, hear.

Mr. HEENAN: At the same time he was talking about something about which he knew nothing. He took as an example an occasion when the former Minister of Labour spoke in the city of London concerning old age pensions—

Mr. MANION: I was ruled out of order.

The CHAIRMAN: Please keep to the matter under consideration.

Mr. LAPOINTE: You had your innings.

Mr. MANION: But he had his first; however, I shall have another.

The CHAIRMAN: Confine your remarks to the resolution.

Mr. ST-PERE: Take your medicine.

Mr. HEENAN: The former Minister of Labour was talking in London about the old age pensions when the then Prime Minister, Mr. Mackenzie King, was discussing something to the contrary. I want to tell the minister that I was not talking about old age pensions at all. I was referring to unemployment insurance—but I do not think you ever read that word in your life.

Mr. STEVENS: Order; address the chair.

The CHAIRMAN: The hon. member must confine his remarks to the subject matter.

Mr. MANION: May I say that I meant unemployment insurance, instead of old age pensions. The use of the term "old age pensions" was a slip of the tongue, because I meant unemployment insurance.

[Mr. Heenan.]

Mr. HEENAN: I quite understand that the Minister of Railways did not know what he was talking about.

Mr. MANION: Well, I am glad my hon. friend understands something.

Mr. HEENAN: The Minister of Railways, together with some of the gentlemen who sent the telegrams a few days ago to say that I was not telling the truth, came over into my riding during the last election campaign and told my constituents what an untruthful man I was.

Some hon. MEMBERS: Order.

Mr. HEENAN: Notwithstanding that, I was elected.

Mr. MANION: Not by very much.

Mr. HEENAN: At that time the present Minister of Railways and Canals said I was a member of a cabinet—

Some hon. MEMBERS: Order.

Mr. HEENAN: —that was talking all over the country about old age pensions—

Some hon. MEMBERS: Order.

Mr. HEENAN: —and yet did nothing about those pensions. Does the Minister of Railways and Canals not know that the Liberal party brought in—

The CHAIRMAN: I must remind the hon. member for Kenora-Rainy River that under this resolution he must not discuss old age pensions.

Mr. HEENAN: I am replying to the Minister of Railways.

The CHAIRMAN: Your remarks are out of order.

Mr. HEENAN: Why did you not rule the Minister of Railways out of order?

The CHAIRMAN: He went too far, too; but he was ruled out of order.

Mr. HEENAN: Mr. Chairman, will you please tell me why our Minister of Railways and Canals does not know that there is an old age pension system in Canada at the present time?

Some hon. MEMBERS: Order.

Mr. STEVENS: That is not a point of order.

Mr. HEENAN: Will you permit the minister to tell me that?

The CHAIRMAN: Please stay within the resolution; the hon. member surely must know he is not conforming to the rule.

Mr. MANION: Perhaps I may be permitted to answer the hon. member. I confess I used the words "old age pensions" instead of the words "unemployment insurance," but the mistake was made merely by a slip of the tongue. As the hon. member must admit, while in London he referred to unemployment insurance. By a slip of the tongue however I used the words "old age pensions."

Mr. HEENAN: Mr. Chairman, are you going to permit the Minister of Railways to discuss unemployment insurance and old age pensions, but forbid me to do so?

The CHAIRMAN: I shall not allow anybody.

Mr. HEENAN: I quite accept the minister's statement; I knew he was making a mistake, because he makes them all the time. I wish to point out however that the Minister of Railways is taking a position different from that of the Minister of Finance, so far as this resolution is concerned. The prevailing rate of wages in Canada to-day is protected by law. The eight-hour day and fair-wages on government contracts and government works must be accepted; it is the law of Canada, and is not a regulation of the Department of Railways and Canals. The law provides that if the prevailing rate of wages is fair and reasonable, such rate will obtain. However the Minister of Railways and Canals, in fact the whole government, evidently has decided that it makes no difference whether or not wages be fair or reasonable, those wages must be the prevailing wages paid by private contractors. I am in all kindness trying to prevent the Minister of Railways and Canals from—

Mr. MANION: I do not want kindness from you.

Mr. HEENAN: I am elected to try to keep my hon. friend straight, and if I cannot do it—

Mr. MANION: You are too busy trying to be crooked yourself, to keep anybody else straight.

Some hon. MEMBERS: Withdraw.

Mr. VENIOT: Withdraw.

Mr. MANION: Mr. Chairman, the hon. member has pointed out that he is trying to keep me straight. I think he was getting pretty close to the line, and probably his remark was as objectionable as my statement that he was busy trying to be crooked. However, I bow to your ruling.

The CHAIRMAN: Hon. members will please keep within the resolution.

Mr. HEENAN: I understand the minister has withdrawn his statement; it does not matter to me whether he did or not, because any time—

The CHAIRMAN: That has nothing to do with the subject before us.

Mr. HEENAN: Any time anybody on the other side of the house talks about being crooked—

The CHAIRMAN: Order.

Mr. HEENAN: Do you think I am going to stand and allow that statement to go on Hansard without telling you this, Mr. Chairman?

Some hon. MEMBERS: Order.

Mr. HEENAN: Any time any man sitting on the other side of the house says that someone is crooked, I want to reply to it.

Mr. STEVENS: It was withdrawn.

The CHAIRMAN: Yes, the statement was withdrawn.

Mr. HEENAN: I am elected to this house to try to keep the Minister of Railways and Canals, and the remainder of the government, straight on these matters, so far as the interests of the working men in Canada are concerned.

Some hon. MEMBERS: Order.

Mr. HEENAN: When they reduced the prevailing rates of wages in order to bring them down to a level with those that were paid by private interests, they were robbing the workmen of whatever reduction took place.

Some hon. MEMBERS: Order.

Mr. HEENAN: They were robbing them because the laws of the country provide that the workmen shall get fair and reasonable rates of wages—not the prevailing rates altogether. I want to say to the Minister of Finance that if the bill is to contain a provision that those who already have received a reduction in wages shall not be affected, I will support the bill—I take that back.

An hon. MEMBER: You do not know what you have said.

Mr. HEENAN: I do not know whether to support it until I have seen the other provisions of the bill; but I will support that particular feature. I am sorry that some of the minister's colleagues, not knowing what

they are talking about, have introduced the subject of some petty patronage in Kenora by some defeated candidate and his henchmen, for by so doing they have thrown a monkey wrench into the machinery and made his position far worse than it was.

Mr. CHEVRIER: Can the minister say how many of these people who earn less than $1,200 will be affected by the resolution?

Mr. RHODES: I am not sure that I have the exact figures before me.

Mr. CHEVRIER: I understand the minister's difficulty.

Mr. RHODES: I shall be able, I hope, to get accurate figures before the bill is disposed of in committee.

Mr. CHEVRIER: Will the minister implement that information to this extent? Some months ago a certain number of civil servants earning less than $1,200 were retired or released. Have there been any further dismissals or retirements of this class who will be affected by the disposition of the five per cent?

Mr. RHODES: I submit that this has no bearing whatever on the resolution, but I shall be glad to get the information.

Mr. MACKENZIE KING: The minister admitted that there would be inequalities when he stated they would be dealt with by a provision in the bill. As I recollect, the Prime Minister when introducing the resolution intimated that the bill would leave the adjustment of inequalities in the hands of the governor in council. Might I ask my hon. friend if that is a correct impression, or can he tell us what will be the provision in that regard?

Mr. RHODES: My right hon. friend will see at once the difficulty of attempting to discuss the bill while we are discussing the resolution. Under the circumstances I can best answer him by saying there will be a provision in the bill whereby the treasury board can make rulings with respect to inequalities which might arise in the administration of the act. Does that answer my hon. friend's question?

Mr. MACKENZIE KING: Yes. That is practically what I thought the Prime Minister meant. I may say quite frankly that this is one of the reasons why I am inclined to take exception to the measure. After all, it seems to me that a body such as the Civil Service Commission would be much better qualified to deal with irregularities and inequalities than would the treasury board, which is a committee of the cabinet. This gets back again to placing everything in the hands of the government by order in council, even to the adjustment of admitted inequalities. I confess I have not quite the confidence in the administration that I should like to have, and that has a bearing on the point of view as presented here.

Mr. RHODES: My right hon. friend's remarks bear out the suggestion which I made some time ago as to the hopelessness of our attempting to discuss a bill which is not before us. Admitting that what my hon. friend has just stated is a fair subject of discussion, perhaps some other machinery might be set up for the purpose of ironing out inequalities which might arise in application of the act, but we can only discuss that feature when the bill itself is before committee.

Mr. MACKENZIE KING: I am quite prepared not to press this aspect of the matter further at present. I wanted, however, to clear up the one point as to whether the inequalities were to be dealt with by the ministry or by such a body as the Civil Service Commission, which has been constituted by parliament to deal with all civil service matters. May I ask my hon. friend a question, too, in regard to the exempted classes. As I understood, he gave as a reason why certain classes of public servants were not included in the proposed ten per cent reduction that their position was one of contract. Later on he or one of his colleagues mentioned that members of the civil service were free to leave the service whenever they desired to do so. Is not that equally true of our judges, who come within the exempted classes? Is there any contract which obliges a judge to remain on the bench if he desires to withdraw?

Mr. RHODES: I do not think the cases are comparable at all. If my right hon. friend will refer to his colleague on his left (Mr. Lapointe), who for some time occupied the distinguished office of Minister of Justice, he will find that a judge is not free to retire from the bench at will, not by any means.

Mr. LAPOINTE: He may resign.

Mr. MACKENZIE KING: He may resign at any time.

Mr. RHODES: And his resignation may or may not be accepted.

Mr. MACKENZIE KING: I should like to know any cases where resignations have not been accepted. Are not the indemnities of members of parliament fixed by statute, and to that extent are they not in the same position as the salaries of civil servants?

Mr. RHODES: I would say that it is quite competent for us to deal with our own indemnities. I would put them in a class entirely apart from the salaries of civil servants. But I would think that every member of the house without question would wish to make a contribution to the treasury under the conditions that exist at the present time.

Mr. MACKENZIE KING: I am quite prepared to concede that at a time like this members of parliament as such will wish to set an example that will be appreciated by the country at large. But the point I want to bring out is this: My hon. friend says they do that of their own volition because they are here assembled. This proposed bill does not assume they are doing it of their own volition; it assumes that parliament is going to do the will of the ministry.

Mr. STEVENS: Oh, no.

Mr. MACKENZIE KING: Yes. Have the civil servants been given any opportunity to act in a similar manner? Before this resolution was placed on the order paper was any approach made on the part of the government to any organization of the civil service to consider the question of voluntarily making a percentage deduction from their salaries in order to meet the present situation? In other words, in the matter of a voluntary deduction why should not the public service of Canada be put in precisely the same position as members of parliament at this time? Has any attempt been made to allow the service itself to express what it will do voluntarily?

Mr. RHODES: With respect to the last question submitted by my right hon. friend, of course there was discussion with any number of civil servants. My right hon. friend will realize that while there is a civil service federation, a highly reputable and very representative body, it by no means represents the whole body of the civil service of Canada. We heard, as a government, a deputation from the civil service federation, as well as any others who cared to make representations to us, so I think it is a fair statement, without the government being called upon to consult every individual civil servant in Canada, to say that there was a reasonable and fair canvass made of the situation prior to this resolution being brought in.

Now I must take exception, quite deferentially, to my right hon. friend calling in question the procedure of the government in bringing down a bill of this character and assuming that parliament must pass it. My right hon. friend knows full well that it is the responsibility of the ministry of the day to initiate legislation touching financial matters, and we followed the procedure which my right hon. friend has followed and which of necessity all governments must follow. The answer to the objection he raised will be found in the circumstances as to whether or not parliament in its wisdom sees fit to pass legislation which has been initiated by the government. If it does so then his question will be answered, and in that case I can see no force in the suggestion he makes.

Mr. MACKENZIE KING: May I say that in speaking of the civil service being given an opportunity voluntarily to make a contribution to meet the emergent situation, similar to the way in which members of parliament are doing at the moment, I had in mind what I observed during last year and this year, that members of the public service had made a very considerable voluntary contribution to unemployment relief. I understand that a collection was taken up in the different departments and that members of the service contributed very generously towards unemployment relief. In doing so I think the public service showed that if given the same opportunity it was just as ready to make its contribution to meet an emergent situation as are members of parliament.

In that same connection I should like to ask another question. Did the ministry, before it brought in this measure, confer with the Civil Service Commission as to whether or not, in their opinion, a horizontal cut would be a wise way of bringing about this deduction, or whether in the interests of the public service of Canada it would be better to have a graded deduction?

Mr. RHODES: My right hon. friend has referred to the civil servants having made contributions towards the unemployment relief fund. They did so, and they are to be commended for their action in that respect. I have always found that civil servants, wherever they may be, are splendid citizens, and as citizens and not as civil servants they made a contribution to that philanthropic object, together with other citizens. But my right hon. friend must bear in mind that the contribution was made from the salary which they had received in full. If this bill passes, the contribution for which we are asking will

be made out of the amount of the salary which they will receive for the next year, and therefore it has no bearing upon the suggestion he has just made with respect to their already having made a contribution, unless he takes the ground that having made a contribution this year they are to be absolved for all time from making any further contribution.

Then with respect to the other question, so far as I am aware the Civil Service Commission was not consulted as to whether it would be wiser to make a straight reduction of ten per cent or whether it would be better to have that reduction graduated. The commission may have been consulted, but so far as I am aware it was not. However, my right hon. friend knows that whether the proposed method is the right one or the wrong one, after all it is a question of governmental policy, for which the government must assume the responsibility. It may be that my right hon. leader consulted the Civil Service Commission upon that point; I cannot say.

Mr. MACKENZIE KING: As I have said very frequently, if there is a wrong way of going about anything the Prime Minister is apt to take it in preference to the right way. I repeat that the Prime Minister's method is very arbitrary. It is not the method, before taking a particular step, of bringing into consultation and conference those who may be affected. What the Minister of Finance now says bears out the truth of that statement. Apparently the minister personally has not been consulted, nor does he know whether or not that step has been taken with the Civil Service Commission; I venture to say there is not a member of the cabinet at this moment who can say whether or not the Civil Service Commission was consulted. The steps that lead up to the formation of government policy is something with which every member of the cabinet ought to be familiar; what has been done ought to be a matter of common knowledge on the part of the ministry,—the ministry should have full knowledge,—before a step of this kind is taken which affects the entire public service of Canada. Every member of the government should know whether the body appointed by this parliament particularly for the purpose of having supervision over the public service in matters of salary deductions, salary increases and so on, had been consulted.

That is one of the very serious objections to the measure as framed, that apparently there has been no consultation with the service itself. The minister has just said that the government received a statement from the civil service federation. I think it was admitted, on a day when my hon. friend unfortunately was prevented from being in the house, that when the delegation came to present their views this resolution was already on the order paper, and the bill itself, I understand, drafted. I do not think they were given any real opportunity to present any views in a way which would permit of their careful consideration, and I do say that if that opportunity had been given I believe the ministry would not have brought in a horizontal cut. It is the horizontal cut to which we take exception. We do not take exception to the public service being asked to make a contribution at this time, but we are opposed to a horizontal, arbitrary cut of ten per cent instead of a graded deduction. That is the whole point of our opposition to this measure; the vote just taken was registered on that account, as I made very plain when I spoke at the outset.

I do think that if the ministry had approached this matter by conference, by conciliation and by negotiation, the main object namely, that of getting a very substantial contribution from the public service of Canada, might have been attained, but it would have been obtained with good will, and with an appreciation of the fact that all those contributing were joining in the performance of a patriotic act. The civil service of Canada is just as patriotic as any other body, as my hon. friend has just said, and civil servants are just as much entitled to an opportunity to disclose their patriotism to the country as is the Prime Minister. They were quite as much entitled to be given an opportunity voluntarily to show what they were willing to do as the Prime Minister was entitled to say what should be done, whether they wished it or did not wish it done. That is the point I desire to impress on my hon. friend.

Now I should like to ask another question. There has been a civil service council established by order in council. I do not know whether or not hon. gentlemen opposite have seen the order in council, or whether they are aware of it. I think I may take it for granted that this body was not called into conference either. If I am mistaken in that, perhaps my hon. friend will correct me. That body was formed for the very purpose of helping to meet situations of this kind. It was brought into being by the previous administration, as being in character similar to the joint councils which for some time past have been in existence in England, and which have had to do with these very questions that arise between a ministry and those who are members of the public ser-

vice. I submit that this body should have been brought into conference with the government and given an opportunity to make representations. I believe that, if such a body had been consulted and the whole situation carefully placed before it, the ministry would have been able to come to parliament and advise us that the public service of Canada and the government had arrived at a graded basis of deduction from the salaries of civil servants, which the civil servants themselves were prepared voluntarily to make, and which the country would be pleased to know they were ready to make. But the government have not taken that course; they have assumed the arbitrary attitude of—"Take it or leave it; we are in authority; we are in power and we are going to cut your salaries no matter what you say about it. And we are going to cut them all alike regardless of how long you have been in the service, whether you are married, no matter what the extent of your family responsibilities, or whether or not you are contributing to certain funds, or what your other obligations are, or whether you have served your country overseas in the great war?" The arbitrary method is what I wish to stress, the way in which the government has gone about this business, however laudable the object may be. That is one point.

The second point is this. My hon. friend mentioned a list of those who are exempt, and at the head of the list he placed His Excellency the Governor General. As we all know, and as the country appreciates, His Excellency has himself voluntarily made a ten per cent contribution to the treasury at this time. Can my hon. friend tell us whether any of the lieutenant-governors or any of the judges of Canada have voluntarily made a contribution?

An hon. MEMBER: They would not do it anyway; they are Liberals.

Mr. RHODES: I must respectfully take exception to my right hon. friend's position. He assumes that the action with respect to this measure was the arbitrary and high-handed action of the Prime Minister. Now the proposals may be good or not; they may be sound or not; but I wish to assure my right hon. friend that they are the proposals of the ministry as a whole and we are all equally responsible. We must share equally in the responsibilty. My right hon. friend would have it appear—and perhaps from his point of view I cannot take exception to his having done so—that the action of the government is arbitrary and high-handed, a take it or leave it attitude. Well, I submit that such a view could be taken of every government proposal that is brought down following constitutional practice. As I have already said this afternoon, money bills must of necessity be initiated by the government and upon message; there is no other way whereby they can be initiated. Therefore the same argument would obtain with respect to every similar measure which has been introduced not only this session but in previous sessions, and that will be the case until some other method of procedure is devised which in the judgment of British parliaments is more satisfactory than the one that obtains at the moment. My right hon. friend has put a query to me as to whether others have followed the example of His Excellency the Governor General. So far as I am aware none have.

Mr. MACKENZIE KING: There is just one further point I wish to refer to and that is the conception of contractual obligation which my hon. friend has put forward—that there are certain statutes governing the salaries of some officials in the public service, and that these statutes being in existence places those to whom they refer in a different position from the others. May I ask my hon. friend: Is it not true that every man or woman who enters the public service does so because of certain advantages which the service offers to them, of permanency, the possibility of promotion, statutory increases, retirement and the like, in consequence of which they are prepared to accept a much lower rate of remuneration than very many of them would receive if they were in the competitive world, and taking their part in the general business of the country? That being so, is there not an implied contract, if there is not also an actual contract, the terms of which as understood at the time of entering the service they have a right to expect will be carried out, and have they not also a right to expect that they will not be subjected to anything unforeseen without at least having some opportunity of making their own representations in advance?

Mr. RHODES: I do not take exception to what my right hon. friend has said with respect to civil servants, although he did not enumerate all the advantages. But I do take exception to this, and it is an attitude which hon. gentlemen opposite have almost invariably taken. They assume that by this measure we are introducing a salary reduction. Now, I submit that we have not interfered with the salaries of civil servants as such. We propose by this resolution the deduction of a stated sum which ought to be regarded as in the nature of either a contribution or

a tax as the case might be, depending upon whether the method is agreeable to the civil servant or whether it is not. My right hon. friend has spoken of an implied contract with the civil servants. Admitting that this may be so with respect to the question of salary, surely he does not take the position that we should regard the civil service as a class sacrosanct and apart from the citizenship at large. If that were so my right hon. friend could not have been a party to the application of the income tax to the salaries of civil servants, because to the extent that the income tax is applied to the salary of a civil servant, to that extent does he make a contribution, and to that extent is his salary reduced.

Mr. CHEVRIER: That applies to all Canada.

Mr. RHODES: I am dealing with the point made by my right hon. friend that inasmuch as there is a contractual relationship between the state and the civil servant therefore the civil servant's salary should not be reduced. That is not a sound ground, because we do the same thing when we ask him to pay income tax to the federal treasury.

Mr. RALSTON: But you do that to everyone else.

Mr. RHODES: According to my right hon. friend, there is an implied contract that the salary shall remain as it was when the individual entered the service. I am not admitting that there is a contract; I am taking his argument that one is implied.

Mr. VENIOT: There is a contract.

Mr. RHODES: Let me come back to the argument I was making a moment ago. If my right hon. friend were to establish the proposition that by this act we were reducing the salaries of civil servants, there would be virtue in his argument. But what we are doing is this. We are asking that, while the country is in dire need—

Mr. CHEVRIER: You are not asking.

Mr. RHODES: —of a contribution from all its citizens, the civil service shall make a fair contribution for one year only. The bill will provide that it shall apply for one year only, and at the end of that year the salaries of civil servants will be precisely what they were but for the intervention of the bill.

Mr. MACKENZIE KING: I must take exception to my hon. friend's contention that the government is not interfering with salaries. Civil servants in this city and elsewhere have

obligations to meet—premiums coming due on insurance, rent to be paid and so forth; can they be excused from payment simply by saying to those who present them with the accounts that their salaries are not what they have always been? Will they not be obliged to say that their salaries are not what they were before and that they are, therefore, unable to pay? Once accounts have to be met we shall soon find out whether salaries have been interfered with by the government. How can the civil servant say his salary has not been interfered with, when it has been cut ten per cent for this year? It is only playing with words to say that salaries are not interfered with. It is a cut of ten per cent this year. If every citizen of Canada who has not already suffered a reduction in wages or salary or income were being asked to forego ten per cent of his income, then we would have a ten per cent cut which was general and which did not single out a particular class. But the way in which this measure is presented amounts to the conscription of ten per cent of the wages of the civil service throughout Canada, to the exclusion of the salaries of these belonging to other classes. If that be a just basis of procedure, I should like to hear the minister defend it, but it is the position.

Mr. RHODES: My right hon. friend has referred to the fact that in requiring the civil servants to make this contribution the contracts upon which they entered the service will be interfered with.

Mr. MACKENZIE KING: By the reduction in the amount.

Mr. RHODES: Quite so. But I think the same argument applies to everyone in this country. I do not know anyone else who has not been subjected to a reduction.

Mr. MACKENZIE KING: This is in addition to that.

Mr. RHODES: Unless my hon. friend is prepared to take the position that civil servants are to be placed in a glorified class by themselves—

Mr. MACKENZIE KING: I am taking the other position.

Mr. RHODES: If we admit, as I think it must be admitted, that the treasury requires a greater revenue, to the extent that the civil service fails to make this contribution, the other citizens of the country must have an additional burden of taxation imposed upon them. That is the argument. When my right hon. friend says: You are asking a contri-

bution from the civil service and you are not asking it from the other citizens of the country, I say to him: The other citizens are sustaining a cut of ten per cent and perhaps a little more.

Mr. MACKENZIE KING: May I say this, that any application of an income tax will apply to the civil service in precisely the same manner as to any other class. I do not think my hon. friend intends to exempt the civil service from the income tax.

Mr. RHODES: No.

Mr. MACKENZIE KING: They will have to meet the same obligations in respect of taxation as anyone else. If the government would say: We shall have a one per cent levy on the salary of every citizen of Canada, they would not have to make a ten per cent levy on this particular branch of the public service. That is where the discrimination comes in. As I see it, it is a most unfair and unjust discrimination, and I think the minister, when he considers the great body of citizens at large, will see the matter in the same light. There is a discrimination between members of the civil service, who have limited salaries, and lieutenant-governors, judges, members of the army and the navy, the air force and the mounted police. How can my hon. friend defend a discrimination of that kind? He began by defending it upon statutory grounds. But that is not what he is arguing now. His last argument is that, if the civil servants do not pay this, all the other citizens will have to pay it. Why should the civil service have to make a contribution on behalf of the other citizens? It is singling out one particular class in the dominion and making it carry a burden which ought to be distributed generally over the citizens at large.

Mr. BROWN: I do not like to enter into the discussion of what seems to be a legal problem, but some hon. members have been considering the question of the judges. It has been indicated from the other side of the house that they are to be exempted on statutory grounds. The question of statutory grounds was raised on this side only because it was first raised on that side. Some of us who are not lawyers feel that if the argument in regard to statutory grounds holds good as to judges, it holds equally good as to civil servants.

Mr. RHODES: I do not think this makes very much difference, but in my first answer to an inquiry that was submitted as to why there was a distinction, I said it was because of contractual rights; I did not mention statute. I said it was a matter of contract.

Mr. VENIOT: I hold in my hand a copy of the Civil Service Act, from which I wish to correct a statement made by the Minister of Justice that judges could not resign, could not get out of the service at will.

Mr. GUTHRIE: I made no such statement.

Mr. VENIOT: Yes, the hon. member did. He said that their resignation need not be accepted.

Mr. SPENCE: Then why did the hon. member not say that?

Mr. VENIOT: I was not given time to say it.

Mr. SPENCE: My hon. friend tells part of the truth all the time.

Mr. VENIOT: My hon. friend thinks he is at present in the good roads convention. He has wheels in his head.

Mr. SPENCE: I have as many as the hon. gentleman himself.

Mr. VENIOT: While the judges have the privilege of resigning, the civil service does not have it. No member of the civil service may resign except under regulations of the Civil Service Commission. That is statutory. Section 53 of the act reads:

> The commission shall by regulation prescribe what shall constitute a resignation of a position by an employee.

Therefore they are in a worse position than the judges. Let me point out further that section 13 of the Civil Service Act states, in part:

> But no appointment shall in any case be made at less than the minimum nor at more than the maximum rate prescribed for a class.

Is that not a statute and binding? Is that not a contract? Let me go further. Subsection 4 of section 11 states:

> No permanent employee who was appointed before the tenth day of November, 1919, shall have the salary of his position on that date reduced by reason of the classification of his position, and if any such employee is placed in any class where the maximum salary is smaller than the maximum salary of the subdivision or grade in which he was before classified he shall be entitled in the same manner and to the same extent as heretofore to increases until he has reached the maximum fixed for the subdivision or grade in which he was previously classified.

That is even more binding than any contract for the judges of the supreme court or the lieutenant-governors of the provinces. The statute distinctly states that there shall be a minimum and a maximum. That minimum and that maximum are rated when the employee is engaged; he is under contract; the

government is under contract with him that he shall go from that minimum to the maximum as the regulations prescribe, and those regulations have the effect of a statute. Therefore, when our hon. friends opposite try to make a distinction as between judges and other branches of the civil service—because after all the judges are only a branch of the civil service, and so are the lieutenant-governors—they are merely drawing a red herring across the trail of the injustice they are doing to one class of the civil service of this country.

Mr. DUFF: There is one class of citizens in Canada who will be affected by this legislation and for whom nobody has so far said a good word. The Minister of Finance has told us that the judges and some others have contractual rights so far as this legislation is concerned, and unless the statute is amended the cut cannot apply to them. He referred particularly to the judges. There are several other classes of people who have contractual rights, but I am going to refer to only one. Under the statutes of Canada the members of this house have contractual rights with the Canadian people. I was elected in my constituency in 1930, and I accepted the nomination thinking I was to receive $4,000 a year for the term of this parliament.

Mr. GOBEIL: The hon. member voted against the resolution.

Mr. DUFF: Yes, my hon. friend did not have spunk enough to vote against it. I voted against the resolution for several reasons. One is that I consider that as a member of parliament I shall, before the end of the session, have earned the $4,000 which I am supposed to get from the people of this country. If we had the proper spirit in this parliament we would get up and say that we are entitled to the $4,000, and that we should not have had this cut made without the government at least consulting the members of parliament as to whether they wanted the cut made or not.

Mr. SHORT: We consulted them this afternoon when the vote was taken.

Mr. DUFF: You consulted them? Not you. The member for Digby-Annapolis is opposed to this cut, I know.

Mr. SHORT: I take it willingly, and I want to say to my hon. friend that it is the second cut of ten per cent that I have taken since the first of January.

Mr. DUFF: You deserved them both. I have taken seven since the first of January.

[Mr. Veniot.]

Mr. SHORT: I am employed by only one other concern.

Mr. DUFF: I say, Mr. Chairman, that we were not consulted about this. I say that this parliament was assembled and that the government had no right even to bring in this legislation without consulting parliament. But what they did was to bring down the estimates, and in those estimates, with regard to both members of parliament and to the civil service, they deliberately, without consulting parliament at all, made a reduction of ten per cent. The reason they did that was to endeavour to show the people of this country that they were making a reduction in their expenditure this year of $23,000,000. What they should have done, I contend, was not only to consult the members of parliament with regard to the reduction in indemnity, but to introduce a resolution before they brought down the estimates or made the cut which the estimates show. There is no question that that was the proper thing to do. I agree with those who say that the action of the government in putting this ten per cent cut in the estimates was an arbitrary action; and every member of parliament would agree with me if he spoke his mind.

Mr. SHORT: No. We wanted to make a contribution to the country. We did it willingly, every member of us.

Mr. DUFF: I say to the hon. member for Digby-Annapolis that he was not consulted about it at all. Will he tell me that he was not consulted about that other reduction which he spoke of as having received since the first of January?

Mr. SHORT: No.

Mr. DUFF: I say, Mr. Chairman, that if this reduction is to be made, if the members of parliament are to lose $400 from their indemnity, the judges of this country have a right to be cut ten per cent as well as anybody else.

Mr. SHORT: I agree with you there, my friend.

Mr. DUFF: My hon. friend and I usually agree. Let us see what are the conditions affecting the judges and those associated with the judges. I have no particular reason to discuss the judges' salaries. In fact, to be quite candid, and I want to say this before I go on; that as far as I am concerned I believe this whole thing is a mistake and that the government by reducing any salaries is creating a feeling of unrest all over the country.

Mr. SHORT: No. It is the most popular thing that ever happened.

Mr. DUFF: Very good; we will see in the next election. Why should the judges in the supreme court here in Ottawa, for instance, be allowed to retain their full salaries while the registrar of the supreme court, who has to do just as important work as the judges, takes a reduction of ten per cent? And remember, his salary is mentioned by statute too. Why should the law reporters, the clerk of process, the librarians, the assistant librarians and the secretary to the chief justice, all receive cuts while the judges retain their full salary? The chief justice is getting a salary of $15,000, while the secretary to the chief justice, with a salary of $2,220, has $222 cut from his salary. Is that fair? Take my friend who is the president of the exchequer court, and who gets $10,000 a year. Is it fair that he should get his full salary and make no contribution to this country's exchequer, while the employees in connection with his court are all cut ten per cent? For instance, the deputy registrar, drawing $3,720, is now to receive $372 less than before. The total salaries for the exchequer court officials amount to $18,840, which are reduced by $1,884, while the chief justice receives his full salary. These men are doing just as important work as the judges, and yet they have to take the ten per cent reduction.

An hon. MEMBER: That is a good argument.

Mr. DUFF: Of course it is a good argument. Is it fair, Mr. Chairman, that the charwomen working in this building and the boys in the elevators should have to take a reduction of ten per cent while the lieutenant-governor of Nova Scotia does not take it? Is that fair? Is that right? Can any government go before the people of this country and justify that position? I say that they cannot.

Some hon. MEMBERS: Hear, hear.

Mr. DUFF: Is it fair for the gentleman in charge of the mounted police in this country not to be affected by this ten per cent cut while all the clerks and officials of the Department of Justice have to subscribe ten per cent of their salaries to the revenues of this country? Is that fair or is it not?

Take the militia. Somebody talked the other day about the brass hats in the militia. Is it fair that the stenographers and clerks in the Department of National Defence should have to pay ten per cent of their salaries into the coffers of this country to help us out of this mess while the brass hats and the admirals—

Some hon. MEMBERS: Oh, oh.

Mr. DUFF: I am an admiral without salary. The brass hats and the admirals and the commodores and all the rest of them get away with their full salary. That is not fair, Mr. Chairman. It is not right. I am willing if it is necessary, in the interests of this country, but I say I am absolutely opposed to the cut, whether it is on my indemnity or on yours, Mr. Chairman, or that of any other member of parliament. I am opposed to the whole ten per cent reduction because I do not believe it is good business. I believe it will be reflected all over this country and that when we next meet here after voting to reduce the salaries of the service by ten per cent, the country will not be one iota the better off; on the other hand, in my opinion as a business man, the cut will make conditions worse than they are to-day. But I do say that if we are going to reduce anybody's salary by ten per cent, then every man who gets a salary from this federal government, whether he be a lieutenant-governor, a judge, a commodore, a general or anybody else, should take the same reduction, and the legislation should be amended to make the cut general throughout the whole service.

Mr. POULIOT: A distinction should be made between those who are able to pay and those who are not, and then perhaps we might easily come to an agreement with the government. I entirely agree with the Minister of Finance that in this democratic country, according to law and custom, money measures are always brought into the house by the government, but this resolution has been presented to the committee to-day to give members on both sides of the house the opportunity to submit their suggestions to the government, and as has been said before, the government can either accept or reject those suggestions.

I have a suggestion to make to the government. Why not begin the cut, if it is necessary, at the figure of $4,000, and leave aside those civil servants earning less than that amount so that they will not be subjected to the cut? I would recommend that all other salaries, including those of judges, lieutenant-governors and ministers of the crown, be cut to the extent of the amount they are in excess of $6,000. I do not know if hon. members understand the position I take, but it is this:

I feel that it is well to practise the cut on ourselves, to show that we are setting a good example. At a later time I may have the opportunity to discuss whether or not any cut is necessary.

Admitting however for the moment that it is necessary, we must adopt the cut ourselves. I do not share the view of the hon. member from Nova Scotia who said that hon. members should not suffer a cut. If such action is to be taken, it should become operative right here in the House of Commons and in the Senate. My idea would be that a cut of ten per cent would be made in salaries ranging between $4,000 and $6,000, and that salaries in excess of $6,000 to all others, including judges, lieutenant-governors, ministers and so on, would be depreciated by the amount they are in excess of $6,000, to compensate for the special consideration given to the poorly paid servants. Would not such an arrangement be fair?

First of all, however, the special allowance given to ministers should be taken away. I was very much surprised a few days ago to learn that the estimates show no cut in that special allowance, and I cannot understand the attitude of the government in that regard. I have to apologize to the house for having made the mistake of saying that the ten per cent cut applied in that particular connection. I wonder if the ministers of the crown have taken the trouble to consult the estimates and see if the allowance is still operative. I should like to remove not only that allowance, but to correct the whole discrimination against members of parliament and others in the civil service of Canada who are suffering from the cut.

At this point I am led to say a few words about the judges. My regard for the bench is high, and I know that at all times that body of men has set an example of self sacrifice. Many outstanding lawyers who were earning high fees in their practice as legal counsel have made sacrifices to go on the bench at lower salaries. Hon. members must have noticed that the judges who came to Ottawa asking the committee then sitting for increases in salary were not all the most prominent figures on the bench. There is one point, however, which has been overlooked by those who have spoken, and it is this: The statement has been made that judges' salaries are statutory. True, but they were also statutory when some years ago they were increased.

I can think of judges who accepted their offices at salaries of $5,000; in the meantime, however, their salaries have risen to $9,000.

[Mr. Pouliot.]

May I compliment the Minister of Justice (Mr. Guthrie) upon the stand he took concerning a particular case I have in mind. He granted leave to an old judge 83 years of age. That judge was appointed when he was quite old at a salary of $5,000. His superannuation, if taken now would be $6,000, being two-thirds of his regular salary of $9,000. His personal wealth brings him a very substantial annual income. He has not yet resigned. Why? Is the reason that after having completed twenty years on the bench he might receive $1,000 more superannuation? At the same time other judges who are sane in mind and body are overworked. I compliment the Minister of Justice upon forcing the judge to take his leave, but I am sorry a resignation has not been recommended so that he might be succeeded by some other judge, who could do the work.

Judges when appointed to the bench receive certain salaries, which they accept. On account of representations made to the then government judges' salaries were increased; so much the better for them. To-day however we are in different circumstances, and I do not see why the judges would refuse to accept the cut. I am sure no member of the cabinet has received representations from judges to the effect that they would refuse a cut; I am sure neither the Minister of Justice, who holds as high regard for the bench as I do, nor the Prime Minister has received such communication. Then, why not give the people the right impression, and if a cut has to be made adjust it so that those receiving the higher salaries will be affected as much as the low wage earners, les gagne-petit, as we call them in French, who have so much trouble in their attempts to make both ends meet.

I wish now to address my remarks to that part of the subject concerning lieutenant-governors. I have a high respect for those special representatives of the crown in each of the provinces, but I wonder if they are very necessary. In the province of Ontario we have an example where the office of lieutenant-governor, which was vacated a few months ago, is held by the chief justice of the province. A few years ago I addressed a question to the leader of the Labour party (Mr. Woodsworth), who was speaking about curtailments which were to be made, asking him if it would not be feasible to replace lieutenant-governors by the chief justice of each province. Some weeks ago Mr. Georges Pelletier, a former president of the press gallery and a prominent newspaper man wrote in Le Devoir that such

action should be considered, that a great saving would result to the federal exchequer, the provinces and the lieutenant-governors themselves. The practice being now followed in Ontario has been tried in other provinces between the death or the dates of resignations of lieutenant-governors and appointments of successors. The duties of a lieutenant-governor are by no means onerous; he has only to sign bills, letters patent and orders in council. For the time being at least I can see no necessity for the appointment of new lieutenant-governors, and believe the chief justice of each province could perform the offices more economically to all concerned. This is a suggestion which I respectfully submit should be considered by the government in due course.

Many generals and officers of the army and navy are chiefly has-beens, and serve no practical purpose at this time. They carry swords and wear what we call full regalia; of course they look very splendid and picturesque but the people derive no benefit from them. Those who should receive as great consideration are the privates, the non-commissioned officers, and the lieutenants who fought under shell-fire in no man's land. Many of them are to-day in the civil service and receiving small salaries. They risked their lives when some generals and other higher officers who receive higher salaries were in the rear. But these fighting men instead of being given that consideration which the nation owes them for their sacrifices at the front in defence of their country, are now penalized to the extent of a ten per cent reduction of their comparatively low salaries, while the generals and other high officers who were safe in their dugouts are still quite safe, they are still away from all danger—their salaries are not cut. It is the man who risked his life in the front line trenches who has to pay for the general who remained safe in his dugout. I submit, Mr. Chairman, that this treatment is most unfair and most unjust.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. POULIOT: I wish to conclude the remarks I rose to deliver before the dinner recess. There have been two kinds of exaggerations. The first, in my humble belief, is that according to the resolution the poorly paid civil servants are to suffer a cut, while the other is that a drastic cut is not made in the salaries of those receiving the larger amounts. I would suggest that the government consider the middle course, so that the lower paid and the better paid grades will contribute in a graded proportion. As I said before, many civil servants are returned soldiers who fought in the great war, and they are to suffer a cut. This point has not been mentioned before, although no doubt many hon. members have thought of it. Here a distinction should be made also between parade generals and officers of high rank who had no war service, and others who have performed useful services for this country; there should be a distinction between those who deserve the thanks of the country for the help they gave during trying times and those who have done nothing, who have only a title which they obtained in some way or other.

I should like to make one further observation. It would be wrong for the public to get the impression that members of both houses of parliament are contributing only ten per cent of their indemnity. I suppose the experience of hon. members opposite is the same as my own; when we go to our constituencies we meet people who are needy and who come to us for assistance. We give them a quarter, a half dollar or a dollar; we give them what we can, and we are sorry we cannot give them more. I am sure this has been the experience of hon. members on both sides of the house. Even here in Ottawa, while we are attending our parliamentary duties, when we walk home from the parliament buildings very often we meet people who may be fairly well dressed but who ask us for something to eat, and no one refuses them. This is one kind of assistance that is not mentioned; I refer to it only so that people may have a better understanding of what the members are doing, and may know that we are not neglecting our duties as citizens when we come in contact with unfortunate cases of distress and misery.

Before I resume my speech, Mr. Chairman, I should like to point out that a cut affecting so many people is economically unsound. Economists have told us that in the last few years wealth has been concentrated in the hands of a few; a certain number of men get richer by many thousands of dollars, but that money comes from a great many people, so when we come to a time of depression the purchasing power of these people is naturally lessened. Consider a man who is very rich; even if he spends his money lavishly he cannot eat as many potatoes or as much beef or mutton or bread as ten families can eat; even if he dresses very well and spends a great deal of money on his wardrobe he cannot spend as much as would be required to clothe ten

families. This must be taken into consideration; the fact that the cut affects so many people brings up a very grave problem. Those people who have less money will buy less, and instead of the burden being placed entirely on the state, which would mean that it would be borne by rich and poor alike, it is borne in the greater part by the people of small means.

I bring these matters before the committee in all sincerity, in order to show the government that there are two sides of the question to be considered; it is not at all a matter of party politics. In conclusion I hope the government will be impressed by the different remarks which have been made by all the members on the subject.

Mr. RHODES: Prior to the dinner adjournment the senior member for Ottawa asked me a question which at the moment I was not in a position to answer. The total number of civil servants in receipt of salaries of $1,200 per year or less is 16,408.

Mr. NEILL: I want to ask the minister two questions, but before doing so I must deprecate very much the acceptance by the chairman this afternoon of a point of order raised by the Minister of Justice. I believe, sir, you accepted his point of order without looking into the authorities, perhaps because no one on the opposition side pointed out where that would lead us. As I understood the point of order raised by the Minister of Justice, it would confine the discussion of this resolution in committee entirely to the terms of the resolution itself. This affords very narrow scope indeed for discussion, and if that is the view held I would ask, what is the use of putting these resolutions into committee of the whole? We have already discussed its principle on the motion to go into committee, and if we are to be confined now strictly to the same subject matter then the committee stage is merely a farce. I understood, and certainly it has always been the practice in the past, that the discussion in committee would be allowed to range, if perhaps not into the details of the bill itself, at any rate into the details of the principle, so to speak, allowing the committee to explore and canvass every angle of the situation as revealed by the resolution in its broad sense. The theory has been, and I can recall occasions when it has been acted upon by the government, that some valuable information might be gleaned from the views expressed by members in the committee and that the government might, in the light of those views, moderate or change the bill which would afterwards be brought down. If my memory serves me rightly the government last year did somewhat modify a bill which they were going to introduce, after representations had been made by the opposition while it was in committee of the whole. I notice that in spite of the point of order the debate has been allowed to extend in the usual way all over the subject, but I wish to protest now, not only as regards the matter at present before us but in view of what may happen in the future, against the position that has been taken. It would be very inimical to the best interests of the subject under discussion if it became the practice.

The CHAIRMAN (Mr. Morand): I would point out that May, at page 507, lays down that debate on such a resolution must be confined to the terms of the resolution and must not extend to the bill itself.

Mr. NEILL: Yes; but May is only our last resort when we do not know what to do ourselves. I think that in these days when precedent is so largely followed I might point to the precedent of a good many years' standing, under which we have been allowed to discuss the subject in its broadest aspect. However, I will confine myself for the moment to the terms of the resolution. It was suggested this afternoon—and this illustrates the need for allowing the fullest range of discussion—that we must not discuss exemptions because they are not mentioned in the resolution. I would point out, however, that in his very first remarks the Minister of Finance mentioned half a dozen exemptions. But in any case an exemption is mentioned in this resolution, because the second paragraph declares that the purpose is to provide for the payment by the government of contributions due under the Civil Service Superannuation Act in respect of those members of the civil service who receive $1,200 or less. That is certainly an exemption and it is upon that point that I wish to base the question I am about to ask. I do not know how many, but there are a large number of civil servants both in Ottawa and outside who are not eligible to pay into the superannuation fund. If I mistake not there are many of them in the Finance department and also in the soldier settlement branch, and I know that in the outside service there are quite a number. I will illustrate by one class that comes into my mind just now. I refer to employees on government fishing patrol boats and boats used in connection with the lighthouse service, and also the men on lifeboats. They get a miserable salary, $65 a month, I believe, sup-

plemented by a small living allowance; and of course many of them are married and are therefore obliged to maintain homes. They live on the boats but they have to keep their homes, and while the allowance is sufficient to feed them there is nothing left to provide a separate home, to pay rent and so forth. These men are not eligible to pay into the superannuation fund; it has been so decided. Assuming the allowance to be equal to $25 a month, that means that they receive $90 a month, or $1,080 a year, and because they are not eligible to pay into the superannuation fund they do not come under the second clause of this resolution. Therefore they will be docked ten per cent, or $108 per annum, which is equal to $9 per month, whereas the man getting $1,200 per annum will get off with five per cent, if he pays into the superannuation fund. In other words, the man with $100 a month gets off with a reduction of $60 while the man receiving only $90 a month has to pay $108. There is absolutely no justice there, and I would ask the minister whether he will not make some provision for those members of the service who are getting less than $1,200 and who, because they are not eligible to pay into the superannuation fund, will be reduced ten per cent. I should like to know whether he has made or will make provision to take care of this class.

Mr. RHODES: The hon. member in his opening remarks would lead the committee to believe that the Minister of Finance had been responsible for having enlarged the discussion by discussing exemptions. The fact is, it was only as a matter of courtesy that I did so, a question having been asked by the other side; that was the only reason that the exemptions were specifically stated. I might properly have sheltered myself behind the resolution and requested that we wait until the bill was introduced. I mention this merely for the purpose of having the record put straight. With regard to the question asked by the hon. member for Comox-Alberni (Mr. Neill), I would rather reserve until the bill is in committee the answer with respect to lower salaried officials. Whatever the answer might be, it would have no bearing on the resolution itself.

Mr. NEILL: I submit that it is certainly pertinent to this resolution. I must accept the minister's decision although I regret it, because I think this is the place and time to discuss that phase of the matter. I want to ask another question and I hope I shall be more successful this time. What about the so-called revenue postmasters, not those who are paid a fixed salary in large cities, but those who get a commission of so much per cent on what they sell. Will they be docked? They are not getting any fixed annual salary, the amount they receive varying according to the sales of the previous year. They certainly do not pay into the superannuation fund and I should like to know what attitude will be taken with regard to them.

Mr. RHODES: They would be affected by the terms of this resolution as it stands.

Mr. NEILL: On the percentage of what they have sold? That is tough on those getting only $200 or $300 a year.

Mr. RALSTON: I want to refer particularly to some remarks made with regard to the military phase of the subject. I refer to what was said by the Minister of Justice with regard to the suggested contract or obligation whereby it was impossible, he rather intimated to the house, to alter the terms of service under which military officers and men are serving. I want to be clear in the first place as to what the Minister of Justice intended to convey. I understood him to say that owing to some rule, which I have not before me at the moment, the country was under some legal obligation to those who are employed in the military service, which obligation it could not alter as to either the term of service or the rate of pay. I understand the Minister of Justice was the one who referred to the matter this afternoon. Does he think either officers or men cannot either have their pay reduced or be discharged at the will of the crown?

Mr. GUTHRIE: No; I know the crown can do so as it sees fit. Whether it should do so is another matter. When a man is definitely enlisted for a certain period, no one knows better than my hon. friend that he is bound to serve for that period if the crown so desires, and if he does not do so and leaves the service, he may be treated as a deserter. I grant, however, that the crown can change any regulation or contract or ordinance as it sees fit. Whether it should do so is another question.

Mr. RALSTON: That is just the point I want to bring out. My hon. friend will remember that there are certain airmen whose services have been discontinued, and they are enlisted men just in the class of which my hon. friend speaks.

Mr. GUTHRIE: That is in the power of the crown.

Mr. RALSTON: The crown has taken the position that it should not even reduce the salaries of some, whereas others who are in exactly the same position from a legal standpoint may be dismissed or retired.

Mr. GUTHRIE: On reasonable terms, yes.

Mr. RALSTON: The matter of terms remains, I hope, to be discussed. So far it has not been. With that in mind I want to make this statement with regard to those in the military service: I have heard a good deal in the committee and in the house with regard to the officers and men who are serving in the military forces of Canada, and I am glad I cannot concur in a good deal that has been said which questioned their necessity in this country. Those men are performing just as useful and necessary a service as anyone in the public service. They are required just as much and are giving just as loyal and faithful attention to their work as any who serve this country. I would be the last to concur in any deprecation of their service or to agree that they are not rendering full value for everything that is being paid to them. At the same time I regret that we have not so far heard from the government side of this house—and it is the government which is bringing down this resolution—the reason why these men are to be exempt from the general cut which is being made in the service. Unless there is some good reason of which I am not aware—and if there is one, the government should give it to us—I find it difficult to justify to men like lighthouse keepers, who have been mentioned to-night, men on government boats, and men on the fishery patrol boats, who are not even getting the benefit of the five per cent superannuation payment, why they should have their salaries cut, while those in the military and other branches of the service to which reference has been made are not asked to contribute in the same way. If, as has been suggested, there is to be a sort of income levy upon those in the service of Canada, simply because the government feels it has this money in its treasury and can therefore easily collect it by deducting it from the cheques; if this is to be the method of collecting taxes in this country and a special class is to be picked out, namely, the government servants, I say it is all wrong; but if the government is determined to do it then is it fair to apply it just to one class of government servants and to leave others out. Let me say further that in any case the idea of keeping some public servants on full pay and dropping others entirely is something which should not be done under existing conditions in Canada. All I want to ask the Minister of Finance is this: In view of what the Minister of Justice has said, that it is within the right of the crown without legal obligation to alter the term of service or the rate of pay of those in the military service, why is it that these men are not being included in the cut?

[Mr. Guthrie.]

Mr. RHODES: I answered the question this afternoon, and I do not know that I can change the answer which I gave then. I said that the reason for those exemptions was that we regard this as a matter of contract. I admitted at that time, as the Minister of Justice has done to-night and, I think quite rightly, it would be proper for the crown to ignore that contract if it wished and to include all of those.

An hon. MEMBER: Why not do so?

Mr. RHODES: Because we have regarded it as a matter of contractual right and have not thought fit to do so.

Mr. RALSTON: I do not know of anyone in the house or the country who is less inclined than I to even suggest that anything should be done to the detriment of those who are engaged in the military forces of Canada; but we are discussing a bigger question, one which affects the whole public service, all over Canada, and the only thing which could possibly commend any such cut to the country will be if it is fairly applied. With that principle in mind, and in view of the answer made by the Minister of Justice, I do not see how the Minister of Finance can rely any longer on the matter of contract. I have under my hand the civil service classification with every salary in it; it is provided in the Civil Service Act that civil servants are to be paid those salaries and they are appointed on those terms. In the military service, the men are enlisted for three years; officers are taken on under their commissions, but they are not taken on for life any more than are civil servants, and to say there is a contract does not quite answer the point which has been raised not only from this side but from other quarters of the house with regard to these exemptions.

Mr. GUTHRIE: Does my hon. friend not realize any distinction in this: when a man is enlisted in the military or naval or air service or the mounted police, he is there for a definite period; he cannot leave if he wants to do so, whereas a civil servant, if he is dissatisfied in any way, can always leave the service?

Mr. RALSTON: My hon. friend was not in the chamber when that point was discussed.

Mr. GUTHRIE: I was and I heard what was said. I know from experience and a pretty long one, that any man in the service who desires to resign, can do so. That is not the case in the military or naval service and if the government chooses to change the contract with a man who is enlisted, he has to put up with it. It is the right of the crown to do that. But if in the civil service terms are imposed which, in the judgment of a civil servant, are not satisfactory to him, he can retire and do something else.

Mr. EULER: Cannot a judge do the same thing?

Mr. GUTHRIE: A judge would be practically out of business.

Mr. RALSTON: If what the minister says is so, how is it that the government takes another stand in regard to men who are enlisted in exactly the same way, namely, the men of the non-permanent air force? My hon. friend says the government takes one position with regard to men who are considered permanent and another with regard to those who are non-permanent, although they are in exactly the same situation. The Minister of Finance is rather ingenious, as he can be—and I take him at his word—in suggesting that, after all, this is not a reduction of salary, but simply a deduction for one year.

Mr. RHODES: That is right.

Mr. RALSTON: If that be so, there can be no question about the right to make a deduction from any salary in just the same way.

Mr. MACKENZIE (Vancouver): It has been done in England.

Mr. RALSTON: My hon. friend suggests that it has already been done in England so far as the army and navy are concerned. The minister assures us that no one will sustain any reduction in salary; far from it; that a man will get $60 less a year and will have that much less to spend, but that that is not a reduction; it is simply a deduction, and there has been no change in his contract. If there has been no change in his contract I submit that the deduction, not the reduction, can be made from all salaries just as well as from certain classes. I once more say that I am only suggesting this because of the fact that the government seems determined to make some deduction and some special levy upon those who happen to be, in this case, so unfortunate as to be in their service, but I say that if there must be a general levy of this kind and I say it is all wrong, the only way you could do it so it could possibly be justified to the country as fair, would be to apply it all around, not simply taking some classes in and leaving others out.

Mr. ELLIOTT: If I understood the Minister of Finance correctly in his statement this afternoon, it is possible that when the bill is introduced in the house the horizontal reduction referred to in the resolution may not be adhered to but may be departed from.

Mr. RHODES: No, my hon. friend did not understand me correctly if that is his understanding of what I said. The principle of the horizontal reduction will be adhered to, but what I said was that where there were inequalities and where there was a double deduction, there were special provisions in the bill to provide for such a case.

Mr. ELLIOTT: What my hon. friend meant, then, was that there would be special provisions only in the case of a double deduction such as that to which the hon. member for Kenora-Rainy River referred, where the salary had already been reduced. Is that correct?

Mr. RHODES: It was to take up inequalities, not necessarily that one.

Mr. ELLIOTT: I take it that I am correct, then, in assuming that the principle of the resolution providing for a horizontal reduction of ten per cent will be adhered to in the bill?

Mr. RHODES: Yes.

Mr. ELLIOTT: If that is so, may I point out to my hon. friend that we have here a provision for a five per cent reduction in the salaries of those who are receiving $1,200 or less. Now where does that get you? Take the man who is now receiving $1,200. He is deducted five per cent and he will get $1,200 less $60, or $1,140.

Mr. RHODES: No. He will still be deducted ten per cent, but he will not be called upon in addition to pay his superannuation.

Mr. ELLIOTT: He will be reduced ten per cent, but he will be allowed five per cent of that ten per cent. That will give the $1,200 man a salary of $1,140.

Mr. RHODES: No.

Mr. ELLIOTT: In the long run that is what it will mean. Let us have no misunderstanding about it, because I want to get the matter clearly into my head as far as I can from the resolution. Either we are going to adhere to that cut, or we are going to depart from it. If we adhere to it, then the man who gets $1,200 and is allowed five per cent gets in the future $1,140. Take the man who comes next, the $1,240 man. He gets a deduction of ten per cent, or $124. That leaves him with a salary of $1,116. So the $1,240 man, after this horizontal cut is made, gets $24 less than the $1,200 man.

Mr. RHODES: My hon. friend is referring to an incidence that is bound to happen in border line cases. If you have a graduated cut, when you come to the border line you are going to find cases just beyond the border where the man on the one side will have an injustice as compared with the man on the other. That is inescapable. There is no system whereby those apparent injustices can be remedied.

Mr. ELLIOTT: Then I take it that my hon. friend has no remedy for what he says will be the case.

Mr. RHODES: There will be inequalities on the border line. They are bound to occur.

Mr. ELLIOTT: When my hon. friend has done the very best he can do in what he says he has decided upon, we will have this inequality, that after this cut goes into effect a civil servant now drawing $1,240, will be drawing $1,116 while the man now drawing $1,200 will receive $1,140. That is, the $1,240 man will receive $24 less than the $1,200 man. That, I submit, is one of the things that comes as an inevitable result of the government not having considered the matter with a view to a graduated scale of reduction.

Mr. RHODES: If my hon. friend had a graduated scale, he would simply multiply those instances by the number of steps up in the graduation.

Mr. ELLIOTT: That might be so if my hon. friend was trying to see how ridiculous he could make it. I want to discuss this matter with the resolution before us clearly in mind, and I want to point out to my hon. friend before the bill is introduced just where this is going to lead. This is the inevitable result of taking a ten per cent slash at all salaries without any consideration of where you are going to land. I submit that with the greatest courtesy possible in dealing with a resolution as ill-considered as this resolution appears to me to be.

Take the principle of a graduated scale. Is there anybody in this house on either side or in any corner who will deny the equity of that principle? My hon. friend has practically admitted the equity of it by allowing a deduction of five per cent from the man drawing a salary of $1,200 and less. Is not that correct? Why was the deduction of five per cent made in that case instead of ten per cent?—because that is what it amounts to. The reason was that it was not considered equitable that a man receiving $1,200 or less should get as high a percentage cut as the man receiving above that figure. There can be no question about that. The $1,200 man is being given consideration because he receives a low salary, and the principle of a graduated scale is admitted when the government pays five per cent towards the superannuation fund in respect of that man's salary. Having started out that way, how on earth can my hon. friend justify leaving the man between $1,200 and $2,000 with exactly the same percentage of reduction as the man between $6,000 and $8,000? Why not continue to follow the same line of reasoning that my hon. friend apparently has commenced? Why not give to that low salaried man between $1,200 and $2,000 the same consideration you give to the man who is receiving $1,200 or less? That is what appeals to me very strongly.

I want to say this further to my hon. friend, that so far as I am concerned I opposed this resolution just because I was afraid that the very result would ensue which the Minister of Finance now tells me will follow from its adoption. I opposed it because I believe in a graduated scale of reduction, similar to that in effect with regard to income tax, succession duties, and so on. I submit the proposal now before us is contrary to the practice which has been followed in the various provinces and by the dominion in regard to matters of this kind. My hon. friend may answer, "oh, no". My reply is however, in the words of the hon. member for Shelburne-Yarmouth (Mr. Ralston), that the proposed cut is not a reduction but really constitutes an impost or tax. If the proposed cut is in the nature of an income tax levy, then are we to understand that to that extent the people affected will not be subjected to income tax? I think we may dismiss any such considerations from our minds, because undoubtedly they will be subjected to the operations of the income tax, just as other people who are receiving salaries.

I want to say also that I am not opposed to the cut, but I think it should be graded.

I am opposed to the exemptions, I do not think they can be justified before the people of Canada. I say frankly to my hon. friend the Minister of Finance that there are a great many people in Canada to-day who are in a much worse position than those civil servants receiving salaries of $1,200. But the greatest indignation will be felt throughout Canada if the high salaried persons are cut to no greater extent than those receiving the smaller salaries. There will be further resentment against certain civil servants who may suffer no cut at all. I think any such arrangement is ill considered, and the minister would do well, when the bill is introduced to try to make up the required revenue by taking a higher percentage from the higher salaries. I agree that money must be had for the public treasury, and it is the duty of my hon. friend and his colleagues to raise it, a task which is by no means easy. Surely, however, it will be much easier for him and for those associated with him who are charged with the responsibility, to raise the money in a more equitable fashion so that the burden may be placed upon the shoulders of those able to bear it rather than upon the shoulders of the lower paid civil servants.

There are many low salaried people who are finding it difficult to get along without reductions; and then there are certain classes, I must admit, who are even worse off. Unfortunately the farmers, who receive no salaries at all and who at the present time are getting no returns on their investments, are suffering more than any other people in Canada. Everything they have to buy is priced altogether out of proportion to the amounts they receive for the goods they have to sell. Nevertheless they are not being helped by an injustice perpetrated upon some other class.

I am bound to submit to my hon. friend that a bill such as he has described, which will follow rigidly the terms of the resolution now before us, will be most unjust. When the bill is introduced, if it be found that an amount equal to that anticipated can be raised by instituting cuts on a graduated scale, I submit such changes could be made constitutionally and with the approval of Canadians generally.

Mr. RHODES: Mr. Chairman, I must call the attention of hon. members to the fact that the resolution now before us contains no reference to exemptions.

An hon. MEMBER: What about "certain salaries"?

Mr. RHODES: That the discussion has turned towards exemptions is due to the fact that I answered—and I am not sorry—a direct question this afternoon. I submit the question of exemptions is arguable and debatable, and a subject for discussion when the bill is presented. I have, however, some comments to make in connection with my hon. friend's objection to any inequality which might arise in respect of what might be termed border line cases. I refer of course to salaries of $1,200 and less, where the deduction of ten per cent ceases to operate and in effect becomes five per cent. If one were to follow my hon. friend's logic, the only proper procedure would be to have a straight ten per cent cut all along the line. The inequality to which he has referred arises merely because an attempt was made to temper the wind to the shorn lambs who were in receipt of salaries of $1,200 or less. Where deductions are taking place, inequalities are bound to occur on one side or the other of the border line, and a graduated scale would serve only to multiply the inequalities by the number of graduations allowed.

My hon. friend may not agree with me, but I submit to him in all deference that the horizontal cut is fair and equitable, and I believe I should tell him my reasons for thinking so. If we proceed upon the assumption that a salary is commensurate with the services rendered, then all men are being paid on the same basis. It is a fact that one can get thousands of men in the lower grades of the civil service at low salaries, but sometimes it is very difficult to obtain the services of high salaried men. In fact I have known instances in the government service where the highest paid men are the hardest men to get and to hold. If we proceed upon the assumption that civil servants are paid fair salaries for the work they perform, whether they receive $2,000, $4,000 or $6,000 per year, then I say that a horizontal cut of ten per cent is fair in each individual case. In addition to that, we must remember that the higher salaried servants pay federal income tax and some of them pay municipal income tax, as well. Bearing these factors in mind, we would be unfair to the higher paid men in the service if we called upon them to stand more substantial reductions than those of the lower grades.

Mr. RALSTON: Put it the other way.

Mr. RHODES: It is not pleasant for me to be the sponsor of a proposal which means the reducing of salaries, for the period of one

year, of civil servants. Only the stern necessities of the case force us to ask them to make a contribution. My hon. friend has mentioned other people in the country who have suffered reductions. May I say that I know of many God-fearing, honest, hard-working people who to-day, through no fault of their own, are in receipt of no salaries at all. We must admit that civil servants are in a very much better position than that, small though some of their salaries may be. Furthermore, to the extent that we exempt the civil servants from making their contribution in this time of stress, just to that extent do we place the full burden upon other classes in the community who must raise the sum of money the treasury needs.

My hon. friend may not agree with me, but may I say to him that the resolution now before the committee has received the utmost consideration, and in my judgment, for the reasons I have given, amongst others, I believe the horizontal cut is in the circumstances fair and equitable. If any of those in the higher grades receive remunerations higher than they should receive, that is an act of injustice which can be remedied only by creating an equality in the amounts of pay they should receive for services rendered.

Mr. ELLIOTT: I think my hon. friend knows that I did not for a moment intend to suggest that he or anybody else gets any pleasure out of imposing salary cuts.

Mr. RHODES: I was not suggesting that.

Mr. ELLIOTT: I know that quite well. But it appears to be necessary to make this salary cut in order to obtain the requisite revenue to carry on the business of the country. That being the case, I submit it should be done in a way that I think would be much more equitable than the way now proposed. When my hon. friend says that it is quite impossible to reconcile these inequalities, I do not think he could have given the matter the consideration that I think it will get before the bill passes this house. There is no question that the inequality to which I referred is something which probably always will arise when you come to a certain point where you change the rate. But does not my hon. friend propose to remedy a case of that kind by an appropriate provision in the bill?

Mr. RHODES. It cannot be remedied.

Mr. ELLIOTT: It cannot be remedied if my hon. friend is determined that there shall be no departure from the resolution.

[Mr. Rhodes.]

Mr. RHODES: I am not suggesting for one moment that it is not competent for the committee or for the house to amend this resolution and the bill in any manner they see fit. What I meant was, there is no actuarial method whereby you can assign a series of border lines at which there should be a variation in rates without at the same time creating these very inequalities of which my hon. friend speaks. It cannot be done.

Mr. DUFF: It is done every day; take the income tax, for instance.

Mr. CHEVRIER: I thank the Minister of Finance for the information. The 16,408 received a salary of what?

Mr. RHODES: Twelve hundred dollars and less.

Mr. CHEVRIER: Amongst those how many contribute to the superannuation fund?

Mr. RHODES: Under the retirement fund 510; under the old Superannuation Act 3; under the retirement fund 550.

Mr. CHEVRIER: The resolution says that those who have paid into the superannuation fund will receive the benefit of five per cent from the consolidated fund. But the resolution does not say anything with reference to those 550 who paid into the old retirement fund. Will the same benefit be extended to those?

Mr. RHODES: I answered a similar question from the hon. member for Comox-Alberni (Mr. Neill), or rather I gave a partial answer. It was not satisfactory to him.

Mr. NEILL: No.

Mr. RHODES: I said I would prefer to give a final answer when the bill is before the house. As the resolution now stands they would be affected.

Mr. CHEVRIER: May I go back to the statement of the hon. minister that what is being done now is not a reduction in salary. I am prepared to admit that it is a deduction, which in the long run amounts to ten per cent less salary. We are all agreed on that. But the Prime Minister has changed the wording since his declaration in the house. Then he said the salaries would be reduced. That meant that the range of the salaries would be disturbed. But, as I understand, this resolution does not reduce the range; it simply takes ten per cent away from salaries within that range, for this year. Nevertheless it is an arbitrary deduction; you cannot get

away from it. This afternoon the Minister of Finance said there had been some consultation with some representatives of the civil service. But the civil servants apparently were not consulted, because the delegates came to represent thirty-five of the affiliated associations, covering something like 62,000 members of the service. When some time in 1923 or so a reduction was made in the bonus of the civil servants, a consultation took place. We on this side of the house consulted with the civil service. Of course, they objected to having a reduction in the bonus, but they were heard. They presented memoranda, they had interview after interview with the Minister of Finance, to whom I had the pleasure of introducing those deputations. Of course, the cut was made, but only after full consultation with representatives of the civil service. Nothing would have been easier than to have followed the same practice this year. No doubt a ten per cent cut would have been made, but the same result could probably have been arrived at by means of some other arrangement. That is why I say this is a purely arbitrary deduction.

The minister asserts that a straight or horizontal cut is the only way in which to produce equality of treatment. Well, here is a contrast: a minister of the crown in receipt of $14,000 a year has to pay $1,400; a civil servant who earns $1,200 a year, and does not contribute to the superannuation fund or the retirement fund, will have to pay $120. Surely the minister will not argue for a moment that the $14,000 man is not better able to suffer and bear his reduction in salary than the man who suffers a reduction of $120. The minister sees at once the difficulty. So long as you keep within the high range of salaries the cut is not so felt. He who is in receipt of $21,000 can easily suffer a reduction of $2,100. The Secretary of State (Mr. Cahan) smiles.

Mr. CAHAN: I was wondering how often the hon. member had been cut in that way.

Mr. CHEVRIER: I have never received $21,000 a year.

Mr. CAHAN: Then why mention it?

Mr. CHEVRIER: Now that the Secretary of State has raised the point, I submit that in the very nature of things I must feel a cut of $400 in my indemnity to a far greater extent than the Prime Minister will feel a cut of $2,100 on his salary of $21,000, supplemented as it is by his private income. The moment you get to the lower range the pressure is harder. That is why it is so difficult for the lower salaried civil servants to view this shrinkage in their income with any degree of satisfaction. The Prime Minister said that they ought to be enthusiastic; well, I do not know how they can be expected to become enthusiastic over a loss of $120 on a total salary of $1,200. If this is to be treated purely and simply as a deduction, then why should not the same deduction apply all through? Surely it would not be a breach of contract to apply it as well to the high salaries of the judges and military and naval officers. There is a contract of employment between the civil servant and the crown, or there is not; there is a contract between the judge and the crown, or there is not. There is a contract between the civil servant and the crown in so far as contractual obligations can exist between the crown and its servants. Proof of that is undoubtedly to be found in the statute and in the form of contract used by the Civil Service Commission. The Civil Service Commission advertises these positions; there is the offer and then the acceptance, and that is a binding contract, or I know nothing about it. Just taking an ordinary form circulated by the Civil Service Commission, the offer made by the government through its agent the Civil Service Commission is in these words:

> In the event of a permanent appointment the initial salary of $2,280 will be increased—

There is the promise.

> —upon recommendation for efficient service at the rate of $120 per annum until a maximum of $2,700 has been reached.

That is the offer, and the civil servant accepts, so the contract is binding. He is given the position, and under the statute it is ratified. If the Minister of Finance can find a better form of contract, including the offer, the acceptance, the ratification by statute and the binding obligation on the crown to continue to employ that man as long as he fulfils his part of the contract by good conduct, I do not understand anything about the law on contracts. The crown also promises by statute, through the advertisement which is accepted by the applicant, that upon good conduct the civil servant will be entitled to and will be paid a statutory increase.

The contract from which I read was dated November 23, 1931, and so much did the government recognize that it contained a binding contract that in the new form of notice sent out by the Civil Service Commission and dated March 4, 1932, we find these words, offering another contract:

> The salary is, however, subject to such temporary reduction or subsequent increase—

Let us hope there will be a subsequent increase, since we are sure there is to be a temporary reduction.

—as may be authorized by parliament.

These are no idle words; there must have been a reason for saying that from and after a certain date there shall be a new form of contract; there must have been a contract previously. I cannot see how the Minister of Finance, even with his high attainments, can get away from it. But there was a statement made by the Minister of Justice that should not be allowed to go by. The Minister of Justice endeavoured to differentiate between the contract applying to a judge and the contract applying to a civil servant. So far as judges are concerned, the Minister of Justice says they cannot be retired, while if a naval or military officer wants to retire before his term is up he may be arrested. But the Minister of Justice added, "If terms are imposed upon the civil servants that are unfair, he can resign."

That is a statement which cannot be allowed to go unchallenged. If I understand the Minister of Justice correctly, he means that, obligations being imposed and contractual relation having existed, if unfair terms are imposed what is the remedy? The employee may resign. That is a most extraordinary statement, that the crown may force one of its employees to resign by imposing upon him unfair terms. With all deference to the Minister of Finance I cannot see how he can escape the binding obligation, the contractual relation between the crown and the civil servant.

As I have said, this new contract is dated March 4, 1932. Whoever advised the Civil Service Commission, or whoever cast a legal eye over this contract, knew very much more about it, apparently, than the person who drafted this resolution, because at once they saw the objection that there is this responsibility upon the government to respect the legal relation, the contractual obligation that has been made with the civil servant, in view of the fact that he is entitled to a permanent position at a stated annual or monthly salary, and that such is to continue as long as he conducts himself properly.

In view of that, these people have contracted obligations. The man in the commercial world works from day to day, from week to week, from month to month or has a contract for one year. A man who has a contract for one year may lease an apartment and buy a certain amount of furniture, but he knows that he does so at his own peril, that at the end of that year the contract may be terminated. When the civil servant accepts a position at a certain salary that is to be paid if he conducts himself properly, with a statutory increase of $60 a year in certain grades and $120 a year in others until he reaches a certain maximum, he cuts his coat according to his cloth. He enters into contractual obligations; he buys a house and puts a mortgage on it; he knows the amount of interest he has to pay; he buys some furniture and makes out his budget so as to enable himself to carry on. Recently the civil servants, of their own good will, contributed to the unemployment relief fund, and the minister paid them a tribute they well deserved. Had they known that, right out of the blue, with no notice whatever, and to take effect immediately, their salaries were to be reduced it might have been a different story. Now they have contracted an obligation which they may find it hard to keep. I cite that just as an example. I have had people come to me and say "This means starvation; I just renewed my lease on the first of February." The house opened on February 4, and they had no premonition that this was to happen. They have renewed old obligations and contracted new ones on this promise to pay; the promise now is shattered, and the contractual relation broken.

If this matter had been approached in a different way it would have been a great deal easier. If the minister had said, "Very well, you as the debtor will be unable to meet your commitments to the extent of ten per cent, so something must be done whereby the creditor will not collect to the extent of ten per cent," matters might have been adjusted, but under present conditions I say this arbitrary action will impose a heavy burden upon those least able to bear it.

I might as well be frank about it; I am absolutely opposed to any cut under these circumstances. I think it is the most unfair thing that could be done. It was done in a most arbitrary way, and will not produce the results anticipated. We may talk of patriotism; it is a very good thing to talk about, but the government and the outside world have no monopoly on patriotism. The civil service is patriotic also. But if the farmers and those in other spheres of life feel the effect of this economic situation to-day, there is no reason why someone who is now enjoying a steady income should have that income reduced, when no direct benefit will result to anyone else. If the civil service is cut to this extent it will not bring one cent of relief to the farmers or to mechanics or to the professional classes. It will be just the other way

around; it will reduce by that much the purchasing power of the civil servant. Why should one take the attitude that because a man in business has been mulcted to a certain extent, his business suffering, his income reduced, and himself in financial difficulties, he should on that account begrudge somebody else who is in a more fortunate position? If the government decided to cut these salaries by ten per cent but at the same time to force all employers of labour who reduced by ten per cent the wages and salaries of their employees to contribute that money to the treasury, putting it alongside the $8,000,000 which it is expected to raise from the reduction in civil service salaries, then I am quite satisfied that the civil service would never have been heard from. But I do think that it is a most unfair and inequitable thing to force the civil servants of Canada to contribute $8,000,000 to the national exchequer when the people outside will not contribute one cent. If the employer of labour turned into the coffers of the state whatever reductions in salaries he might make so far as his own employees are concerned, then there would be an excuse for it; but instead of going into the national exchequer side by side with the moneys which will be taken from the civil servants it will simply be used for the purposes of those who cut salaries outside. Those reductions will be used for the benefit of their own businesses and they will not help one bit the reduction of the national debt. For these reasons I cannot support this resolution at all. I make this distinction so far as indemnities are concerned: When I vote against the reduction I am not voting against the reduction in the indemnities of members of parliament.

Mr. SPEAKMAN: I wish to make clear the position which I have taken in this matter. Generally speaking, I may say that, as I voted, I am in favour of the general principle of a reasonable cut. I have felt for some time, and so I believe have many other people in the country, that there is one class of people who have been exempt and entirely protected from the effects of the depression, and the depression can always be borne more easily the wider the foundation on which it rests. For that reason I supported the resolution. But there are certain objections which I have to the details of the cut, first in respect to the lower salaries. I shall not dwell on that because it has been discussed at great length, but I do think that the system of gradation should have been carried to a greater extent than it has been. My objection to some of the details applies, however, more particularly to the anticipated exemptions.

It has been suggested that we are somewhat premature, if not out of order, in discussing exemptions at the present time, in that they are not specifically mentioned in the terms of the resolution. I cannot agree with that, because in voting on the general principle we must, if we are to vote intelligently, have some conception of the character of the cut—how wide-embracing it may be, how complete, what the exemptions will be, to what extent they will go, and so on. All that must be embodied in the principle itself, and I think those questions might fairly be discussed in discussing the principle. Coming to the exemptions—and there are several exemptions—I shall take first the Department of National Defence and kindred branches. It has been pointed out by the Minister of Justice, I believe, that the enlisted men occupy, by reason of their obligations and the obligations of the government to them, a position different from that of the ordinary civil servant; the terms of their enlistment are more strict and they have not the same freedom of action. That, I think, is a fair argument. But does it apply to the administrative officials of the department, that is, to the deputy minister and his staff and other officials not enlisted men?

Mr. RALSTON: Those are all cut.

Mr. SPEAKMAN: No, they are not cut.

Mr. RALSTON: Yes, the deputy minister and the others.

Mr. SPEAKMAN: Then I withdraw the objection so far as that goes. I come then to my chief objection and that is the exemption of judges. It is largely a matter of principle, but may I ask this: In what different position does the judge find himself from, say, the railway commissioners, the pension commissioners or members of other commissions of that sort, all of whom suffer the cut? They also are definitely appointed under statute; their salaries are just as definitely fixed by statute as those of the judiciary. It has been said year after year, and I think correctly, that these commissioners to whom I refer occupy judicial positions, that their work is of a judicial character, that their responsibilities are judicial, and that in every respect they are comparable to judges on the bench or the ordinary judges in different parts of the country. Now I ask, why should one class of judges be exempt while the other class receive these cuts? It is something that does not appeal to my sense of justice.

I supported the resolution because I believe in the general principle that all citizens should bear their fair share of the weight of depression. Nor do I take seriously for a moment the argument that we are reducing purchasing power by the cut in these salaries. That would be true if it applied to reduction of wages in ordinary life, but not where these wages are derived from taxation. It is a question of distribution rather than a reduction of purchasing power. It will reduce purchasing power in Ottawa, but it does not reduce purchasing power in the country generally. Every dollar that comes into the city of Ottawa by way of salary must be taken from the purchasing power of those in other parts of the country, so that I do not take that objection seriously. But I do take most seriously the suggested exemption of judges. How can that be justified in view of the fact that the members of these commissions I have mentioned, paid under statute, performing judicial services under statute, are subject to the reduction?

Mr. RHODES: Unless I repeat myself many times over, there is nothing I can add to what I have already said. The question of exemptions is one that ought not properly to be discussed at this stage of the resolution, and I am not resting solely on technical grounds when I say that. I said it might be a fair subject for discussion whether there ought to be as many exemptions in the proposed bill as suggested, but we cannot get anywhere by discussing that phase of the subject on this resolution; the remedy can be applied only in the bill itself. Therefore I hope my hon. friend will not think me discourteous if I take the same attitude with him as I have with others who have raised the same question.

The CHAIRMAN (Mr. Morand): Will hon. members please confine themselves to the subject matter of the resolution?

Mr. SANDERSON: Following the hon. member for Red Deer, the few observations I propose to make will have more to do with the exemptions than with anything else connected with the resolution.

The CHAIRMAN (Mr. Morand): Inasmuch as the exemptions are not mentioned in the resolution—

Mr. MACKENZIE (Vancouver): Let me read the first part of the resolution:

Resolved, that it is expedient to introduce a measure to authorize reductions of ten per cent from the amounts of certain salaries.

[Mr. Speakman.]

That does not affect all salaries paid by the crown in the right of the Dominion of Canada. Therefore this committee is entitled to discuss exemptions.

The CHAIRMAN (Mr. Morand): Exemptions are not named.

Mr. SPEAKMAN: What my hon. friend says being the case, I think I have a right, in discussing the principle of the resolution, to ask what salaries are to be affected and what are not.

Mr. SANDERSON: I want first to deal with the exemption of the judges. I am glad the Minister of Justice is in his seat, because the other night, while I was making a few remarks on the resolution, he was not present and there were one or two question I wanted to ask him that I thought he would be better able to answer than any other member of the government.

I want to draw the attention of the committee to the estimates for the fiscal year ending March 31. First of all I note that the estimates for the Department of Justice, are increased rather than decreased. It is true the increase is not very large, but still it is an increase. I wish to refer to some of the salaries paid to the judges. I shall not have time to go over every province, but I shall take first of all the Supreme Court of Canada:

Salary of Chief Justice of Canada.	$15,000
Salary of six judges at $12,000.. ..	72,000

Then I come to Ontario. The salaries paid to judges in that province are fair examples of those paid in the other provinces, although in Ontario and Quebec they may be a little higher.

Supreme Court of Ontario—	
Salary of Chief Justice of Ontario.	$10,000
Salary of Chief Justice of Second Divisional Court..	10,000
Salary of Chief Justice of High Court Division..	10,000
Salary of eight justices of appeal at $9,000..	72,000
Salary of eight judges of high court division at $9,000..	72,000
County courts—	
Salary of sixty-six judges and junior judges of county and district courts at $5,000..	330,000

In addition to that—I do not know that this can fairly come into the discussion, but I shall mention it anyway:

Travelling allowances..	$34,000

That is for the province of Ontario. According to the estimates laid on the table of the house some days ago, the total amount paid to the judges of this country is $2,197,550.

Mr. YOUNG: Does that exclude what is paid by the provinces? They receive something from the provinces.

Mr. SANDERSON: I have no figures for the provinces: Let me say in passing, lest I forget, that in regard to county court judges—while their salary as received from the federal exchequer is $5,000 a year, they are entitled, I believe, to some fees from the surrogate court, so that the average salary of a county court judge in Ontario would be about $6,000

Another aspect of the question is that judges receive pension or superannuation. I do not think I am wrong in stating—if I am, the Minister of Justice or the Minister of Finance will correct me—they do not pay a single dollar into the superannuation fund. Am I correct? Therefore they are receiving, I will not say an extravagant but at any rate a comfortable salary during the years they are on the bench, and always with the prospect that when they retire or are superannuated they will be well taken care of for the rest of their lives.

It has been stated during the debate that many judges, when they are elevated to the bench, make great financial sacrifices. That may be so in some cases, but I am inclined to think the large percentage of the lawyers who are elevated to the bench do not make much of a financial sacrifice.

Mr. BEAUBIEN: If they do, they can always resign.

Mr. SANDERSON: That is quite true, but my observation in regard to vacancies in either the supreme court or the county court is that where there is one vacancy there are perhaps fifty applicants, all anxious to be elevated to the bench and quite willing to make the sacrifice.

Let me make this further comment, which is only in connection with county court judges—and I say this not in any critical way, for I have every respect for the judiciary; I think the judiciary of the Dominion of Canada stands as high as that of any other country in the world. But my observation has been that the county court judges who receive $5,000 plus $1,000, or a total of $6,000, with a pension of $5,000 or $6,000 awaiting them when they retire, are in ninety cases out of a hundred making perhaps 35 or 40 per cent more than they were in the practice of law.

Why judges should be exempt from this ten per cent cut, I do not understand. Would the minister be good enough to tell the committee on what grounds they are exempt? There may be some reason; there may be a good reason; but I am of the opinion if there is any class of public servants—because after all judges are public servants—who should lead the way and set an example of sacrifice during such a condition as we have in the country at present, it should be the judges who before they were elevated to the bench were leaders of the bar. Will the Minister of Justice be good enough to give me some reason for exempting judges from this ten per cent cut? If he can, perhaps he will convert me.

Mr. GUTHRIE: Notwithstanding the discussion of this resolution in the house when we thought we had succeeded in converting my hon. friend, when the vote came we found we were wrong and we missed his vote. He was not in the chamber when the vote was taken.

I do not know how serious he is in the questions he has asked; at all events I can regard them as having been seriously put and will state my views in a serious manner in regard to the matters he has mentioned. Of all branches of the administration of government in this or any other country I believe the most important is that of the administration of justice. You may pass in this parliament what laws you see fit, but unless those laws are fairly and honestly administered by a competent judiciary the results will not be satisfactory. The men, regarding whom the greatest caution should be exercised and the greatest consideration had, are those who from time to time are appointed to the bench in the various courts throughout the dominion. We approach a man who we think is qualified from his standing in the community, his general reputation, and especially his legal knowledge and ability, and invite him to accept a seat upon the bench. If he does so he is to a very large extent removed from the ordinary affairs, conditions and circumstances of life, to such an extent indeed that in many cases he has to forego former friendships and former associations. He has to give up the practice of his profession and he must not engage in any kind of business whatsoever. He may be a man who has enjoyed a highly lucrative legal practice. He goes upon the bench with a distinct understanding as to what he is to receive by way of salary and as to the tenure of his term of office. He knows that he cannot be removed through the device or whim of any person or through any political consideration. He is absolutely independent in his judicial position

and we desire to keep him so. A judge's salary is fixed by statute and provision is made for his ultimate retirement. In the case of county judges to whom reference has been made by my hon. friend, after thirty years' service on the bench, which is a long term of service, a county court judge may retire on full pay. It has been said that they may retire at any time. That is true, and the pension payable to them upon retirement is fixed according to the number of years they have served, provided they have served a minimum of five or ten years. But if they should retire, what can they do? They are out of practice, their clients and their business have disappeared. They have added five or ten years to their lives, and their chances of making a livelihood under those circumstances are very slim indeed. I submit that if we are going to maintain the high character of the judiciary of this country, as it has been maintained in the past, we must pay our judges substantial salaries and assure them in regard to the permanency of their positions; and we must also make provision for their ultimate retirement. Otherwise we will not secure the eminent class of men that we desire to see upon the bench in this country. Speaking generally, we have enjoyed in Canada since confederation, a very able, upright and distinguished body of men in the various courts in Canada, but there have been, I am sorry to say some exceptions. We strive to get the ablest and best qualified men we can for the modest salaries which we are able to pay as authorized by this parliament.

With regard to county judges, I may say that $5,000 is the salary of a county or a district judge. We have county or district judges in all provinces of Canada save in the province of Quebec, where they maintain a different judicial system from the other provinces of the dominion. This government does not establish the various courts of the provinces or the number of judges in the provinces. When my hon. friend says that there is a slight increase in the estimates of the Department of Justice this year, it is true there is an increase of between $4,000 and $5,000, but this increase has arisen because the provinces, by legislation, have requested us to appoint four additional county court judges. Otherwise there would have been from $16,000 to $17,000 of a reduction. But in compliance with the request of the provinces four additional county judges were appointed at $5,000 apiece. That is the reason for the apparent increase. Otherwise there would have been a reasonable decrease in the estimates of the Department of Justice.

I know that in Great Britain the salaries of judges were decreased last autumn, and that was done I understand with the consent of the judges themselves, or of a number of them. Judges' salaries in Great Britain and in Australia and South Africa are much higher than in the Dominion of Canada. Whether they are able in this way to secure better or abler judges in Australia and South Africa than we do in Canada I cannot say, but this I can say, that the salaries we now pay as authorized by this parliament do not attract many of the men whom we would like to elevate to the bench of this country. Man after man has replied to our invitation to consider a seat upon the bench that he cannot afford to do so having regard to the salary he would receive as a judge and the amount of the emolument which he annually receives from his practice. With only $15,000 as the salary of the chief justice of the Dominion of Canada, which is the highest judicial post in this country, we cannot hope to attract the greatest and most distinguished lawyers in this dominion. We have to do the best we can under the circumstances. If you have only nine or ten thousand dollars to offer for a position on the bench, all you can expect to secure is a nine or ten thousand dollar man. You cannot get an oustanding man in the profession for that salary. I am one of those who believe that the time has already passed when this house should consider the revision upwards of judicial salaries in Canada. I do not say that in respect of all our courts, but I do say it in respect of our higher courts. This I realize would not be an opportune time to suggest such an increase, but in years past I have had a very strong opinion that the salaries of judges in our higher courts should be materially increased. We recall that a committee of this house was appointed to consider this matter two or three years ago. That committee did not report favourably in regard to increases in judicial salaries. Some other consideration, sessional indemnities or something of the kind, became involved in the deliberations of that committee, and no favourable recommendation was made at that time. But I believe the day is not far distant when we shall have to revise upwards the salaries paid to some of the judges of our higher courts if we are going to continue to insist upon securing the ablest and best qualified men to administer the laws of this country. I believe that the administration of the law is a more important branch of the government of a country than the executive authority which is vested in the government. If our laws are properly administered, fairly and honestly administered, we have gone a long way in the government

of our country. But if our law is not fairly and fully administered, then our decline is not very far distant. For myself may I say that I do not think it would be proper to reduce the salary of a judge without his consent under the circumstances under which he has been appointed.

Mr. MACKENZIE KING: This is not a reduction in salary.

Mr. GUTHRIE: Well then this deduction, or whatever my right hon. friend chooses to call it—this ten per cent cut which is proposed in the present resolution. Have I made myself clear now? I do not think that judicial salaries should be subjected to the proposed ten per cent reduction. It has been suggested to me that it might not be constitutional to attempt it. That is a debatable point. The judges of some of our courts are appointed directly under the authority of the British North America Act. The judges in other courts are appointed under authority of the statutes of this parliament. It may be that something may be urged against the constitutionality of such a proposal in respect to those judges who are appointed under the British North America Act, while other considerations might be involved in the case of judges who are appointed under the authority of acts of this parliament. Our county court judges, our supreme court judges, our exchequer court judges have all been appointed under the authority of our own acts. Not so however in the case of the superior courts of the provinces of Canada which existed at the time of confederation and have since been continued. The judges of those courts were appointed pursuant to a section of the British North America Act, and a serious question might arise as to the constitutionality of any act we might pass with regard to them.

Mr. GARDINER: Under the section of the British North America Act by which these judges were appointed, is the salary set?

Mr. GUTHRIE: The salary is not set by the British North America Act, but was set by this parliament. The British North America Act provides that we shall appoint the judges, pay their salaries and allowances. In that connection a point occurs to me which may be discussed when we proceed, a few days hence, with a bill to amend the Judges' Act. I question whether the Dominion of Canada should be called upon to pay the ordinary travelling expenses of the judges in Canada, although we have done so since confederation. The provinces administer the law in the provinces, and the judges are responsible for that administration, but we have been in the habit of paying the expenses of judges travelling throughout their own counties in the administration of provincial laws. That is a question however for future discussion. We have always paid these travelling expenses because the word "allowance" occurs in the British North America Act. There is a strong opinion however that the word "allowance" refers to a retiring allowance or a leave allowance. If it were intended that we should pay travelling expenses undoubtedly the words "travelling expenses" would have been inserted in the act. However, that is not the question now before us.

For the reasons I have already stated, personally I am opposed to the ten per cent cut in judges salaries, but I agree we have a right to tax those salaries should we see fit to do so. We did so when we imposed the income tax.

Mr. BEAUBIEN: Without amending the constitution?

Mr. GUTHRIE: A question as to the constitutionality of our action was raised, and a decision was given by the Judicial Committee of the Privy Council in favour of the right of this parliament to tax judges' salaries. While I do not think we could properly subject judges' salaries to this ten per cent reduction, I will say that it is entirely within our power to subject them to a ten per cent tax. That is the distinction I draw between the two. I do not want to interfere with the solemn contracts we made with those men when they were appointed to the bench. I desire to keep judicial appointments entirely free from influence or threats. I want judges to feel absolutely secure in the positions they hold; I want them to administer the laws of this country without fear or favour from any quarter or section, and I desire that they receive sufficient salaries and emoluments to make them absolutely independent of any influence whatsoever. If we continue to maintain proper conditions we will secure proper and just administration of our laws. Such is the way in which a high standard of administration of the law has been secured in Great Britain. In that country exceedingly high salaries are paid to judges, and I believe judges there have themselves agreed to a very substantial reduction in their salaries. That of course is a matter of agreement. Salaries of judges in Great Britain are sufficiently high to attract many of the ablest men at the bar in England. We must also consider the security of the position, as well as the substantial salaries and the care taken upon retirement. I consider judicial posi-

tions in Canada as something distinct entirely from ordinary positions under the government. We have always endeavored to treat them as distinct; the country in general respects its judiciary very highly and I would not be one to interfere lightly with salaries which we are pledged to pay.

Mr. SPEAKMAN: I believe the minister was regretting the inadequacy of the remuneration which rendered it almost impossible to bring to the bench the services of the most outstanding lawyers at the bar. The suggestion, which seems to have some merit, has been made to me—and I am speaking only as a layman—that the qualities in a lawyer which tend to make him most successful in private practice, from a financial point of view, are not necessarily the qualities which would make him the best judge. That is, the impartial, judicial qualities which are so essential in a judge, and without which a judge cannot be most effective, are not always found in the most successful lawyers. Naturally however some qualities of the successful judge are found in the most successful lawyers pleading at the bar. Would the minister tell me if there is anything in that point, and if we are still able to secure men who, though admirably adapted to judicial duties, have not been the most successful in private practice.

Mr. GUTHRIE: There may be something in the suggestion my hon. friend has made. I have known lawyers who were not very highly regarded at the bar, but who were enormously successful in certain lines of legal practice which, one might say, was not of the highest type. Such however are not the men we seek to put upon the bench. We have to look for men of undoubted integrity, men who hold the respect of the communities in which they live, men whose knowledge of the law is undoubted, and men who bear unblemished character. While my hon. friend has suggested that there have been long lists of applicants, for judicial positions, may I say to him that during the year and a half that I have been in the Department of Justice that has not been the case. I have found it very, very difficult to secure the most suitable men for the higher courts in Canada at the salaries which we now pay. I have received many refusals from men I have asked to consider judicial appointments. I think perhaps that does not apply in as great a degree to the county courts as it does to the higher courts. There is not the same difficulty in securing excellent men to accept county court judgeships. But to secure the services of outstanding men in the legal profession to fill the higher court vacancies has, in my experience of the last eighteen months, not been the easiest matter.

Mr. SPEAKMAN: I think the minister did not grasp fully the import of my question. When I referred to lawyers who were eminently successful in higher practice but did not possess the judicial qualities necessary in judges I was not reflecting upon the character or integrity of those men, but was rather referring to the fact that their abilities may have been confined to those which enabled them to succeed in certain branches of law. Yet that fine judicial or impartial quality which sometimes is detrimental to lawyers is an essential in judicial practice.

Mr. GUTHRIE: We try of course to secure broadminded men not only with a knowledge of the customs of the country, and a wide knowledge of law, but who have engaged in general legal practice. I agree that men who have specialized in one line of legal work may not prove to be the best judges. We seek to secure our judges however from men who are accustomed to appear before the courts, who have enjoyed varied practice in our provinces, and men whose character and integrity is undoubted. Forty years ago in Canada, at the salaries then offered, which were much lower than they are now, it was not so difficult to attract leading lawyers to the bench. I can assure the committee however that it is much more difficult to-day owing to the very modest salaries which we pay to judges in this country.

Mr. SANDERSON: Replying to the Minister of Justice, I should like to say that he has not been fair to me so far as the vote this afternoon was concerned. I was not in the chamber when the vote was taken; had I been here I would have voted for the resolution, and I so placed myself on record a week ago to-night. I said I was not opposed to the ten per cent cut, and the minister was not fair to-day when he insinuated that I ducked the vote. I want to tell him that while I have not been in this parliament as long as he has, and with all due respect for his experience and years in the house, he cannot charge me with ducking a vote since I have been here.

The minister said he thought there was no use replying to me as he could not convert me. I admit at once, Mr. Chairman, that he can never convert me. Let me refer him to his own chief. Speaking in his own city of Guelph some time ago, and on the same

platform with his chief lieutenant, the right hon. Prime Minister stated that he "never had any use for converts, because you could never trust them." I do not presume to say the right hon. gentleman was referring to the hon. member for South Wellington (Mr. Guthrie) when he made that statement.

In dealing with the exemption of judges' salaries from the ten per cent cut, although the Minister of Justice did refer to the matter of contract before he sat down, he based his whole argument on the presumption that the judges do not have enough to live on, that they made great sacrifices when they were elevated to the bench. In fact he went so far as to say that the integrity of these men depend on the salaries they get. I have always understood that when a lawyer accepts a judgeship he does so because his professional standing enables him to serve his country. A few nights ago I referred to the exemption of the army officers from the operation of this ten per cent reduction in salary, and my good friend from Antigonish-Guysborough (Mr. Duff) referred to them this afternoon. I think he put the case very clearly before the committee. If we have any class of civil servants that are overpaid and underworked—my friend says "useless," but I will not go so far as that—they are the army officers attached to the permanent force, not only at headquarters in the city of Ottawa but in every military district in the dominion. It is true they are not very large in numbers, perhaps between 150 and 200, but the average pay drawn by each of those men ranges between $6,000 and $7,000 a year, with free house and found, as we used to say in the old days. My hon. friend says "beer."

Mr. DUFF: In the officers' mess.

Mr. SANDERSON: I prefer to leave that out of the discussion. But they are well paid. As a matter of fact in comparison with ninety-five per cent of the civil servants living in the city of Ottawa or those outside Ottawa they are much better paid. But there is another feature to be taken into account: these men draw large pensions when they retire, pensions running anywhere from $5,000 up to $7,000 a year, but they do not contribute a single solitary cent to the retirement fund. I am told my information is not correct; if so, I will withdraw that statement. May I ask the Minister of Finance if the army officers of the permanent force pay anything into the superannuation fund?

Mr. GUTHRIE: Yes, they do.

Mr. SANDERSON: Then I am sorry, Mr. Chairman, to have stated to the contrary. My information is wrong. But that does not hurt my case a particle. I say they are overpaid for the work they do. Perhaps those men do more loafing and more swanking and more parading and less work than any other body of men in the service of the crown. But, oh no! you must not cut their salaries. Why should they be exempt? No reason has ever been given why they should not participate in this salary reduction. I do not think any reason can be given for their exemption. I would urge on the Minister of Finance that he go into the pay and allowances of these army officers, that he check up on the amount of work they do—or rather on the amount of work they do not do—and include their salaries in the ten per cent cut.

Then the Royal Canadian Mounted Police apparently are not to be subject to this ten per cent cut. I see no reason why they should be exempt. The Royal Canadian Mounted Police have done credit to Canada all down through the years, the reputation of the force extends all over the world, their record of personal sacrifice and fidelity to duty is perhaps unequalled by any similar force in the world. But I am inclined to think that the members of the Royal Canadian Mounted Police are ready to bear their share of the ten per cent cut. Why should they be exempt? Then there are the lieutenant-governors. I did a little figuring to-night, and I can tell the Minister of Finance that he can save $8,000 or $9,000 a year by making a ten per cent cut in the salaries of these gentlemen. Nobody would object to such a reduction; I doubt even if the lieutenant-governors themselves would demur. Men of the type who become lieutenant-governors accept the position because they have the financial resources to enable them to maintain the social traditions of their office.

About an hour ago the Minister of Finance went so far as to say that perhaps the question of exemptions would be further considered. I would ask him to reconsider them carefully. One of my hon. friends says "prayerfully," and as I look on the minister I think he is a man of prayer. So I hope he will reconsider these exemptions carefully and prayerfully. I plead with him to make no exemptions, to treat all civil servants alike in regard to this ten per cent cut. I need not refer to the condition of the farming industry and to the plight of the unemployed, but I tell the government that this is a time

to proceed very carefully and not divide the masses against the classes. Therefore, once more I urge them to reconsider these exemptions very carefully.

Mr. MACKENZIE (Vancouver): My hon. friend a few moments ago stated that the reduction of judges' salaries in England was made with the consent of the judiciary. May I refer him to the Spectator of January 23, 1932, where he will find this paragraph:

> There is a great deal to be said for the protest of the high court judges against the compulsory reduction by an order in council under the Economy Act, of their by no means excessive salaries from £5,000 to £4,000 a year.

Mr. GUTHRIE: I am very glad my hon. friend has brought that to my attention, because while in London last autumn I heard that many of the judges did not object to the reduction. But what he has stated is no doubt correct.

Mr. CAHAN: Mr. Chairman, there is one matter which my hon. friend from Ottawa (Mr. Chevrier) referred to that I think may have left a wrong impression on the house, although of course, this was unintentional on his part. A reference to section 12 of the Civil Service Act will show how the matter of compensation is dealt with. Section 12 says:

> The commission shall, from time to time, as may be necessary, recommend rates of compensation for any new classes that may be established hereunder, and may propose changes in the rates of compensation for existing classes.
>
> 2. In each class there shall be a minimum and a maximum salary rate and such intermediate rates as may be considered necessary and proper to provide increases between the minimum and maximum.
>
> 3. Such proposed rates of compensation shall become operative only upon their approval by the governor in council, and, where any increased expenditure will result therefrom, when parliament has provided the money required for such increased expenditure.

Mr. VENIOT: But recommendations have not been submitted by the Civil Service Commission in connection with this cut.

Mr. CAHAN: I am not dealing with that. I am saying that any rate fixed or any increase proposed or recommended by the commission is operative only when approved by the governor in council.

Mr. VENIOT: They have to propose it.

Mr. CAHAN: I am dealing with conditions year by year, and over periods of years. According to the express terms of the contract those payments are dependent upon the annual vote of parliament for that purpose.

[Mr. Sanderson.]

Mr. DUFF: That refers to an increase, not a reduction.

Mr. CAHAN: That refers to the entire payment on account of the civil service of this country. I have before me a copy of the estimates for the year ending March 31, 1932, which shows the amount to be voted, and entirely conditional upon the vote of parliament, to be $12,673,104 while the amount in the estimates authorized by statute was only $358,666. Under the statute there can be no contract outstanding with a civil servant where the salary is not fixed by statute, which in law—I am not discussing morals—is binding until the actual vote is made for that purpose year by year. The salaries are fixed by the Civil Service Commission, but such compensation has no legal effect whatever unless year by year there is placed in the estimates a sum to cover the total amount to be voted for the civil service, and until that amount has been voted.

Mr. DUFF: Then could the salaries of civil servants be changed year by year, up or down?

Mr. CAHAN: If parliament in any year does not choose to vote salaries for any class of civil servants, they receive nothing and in law they can claim nothing, because their salaries depend entirely upon the discretion of parliament as exercised year by year.

Mr. VENIOT: They can leave the service, and in that way you would cut down the staff.

Mr. CAHAN: Quite so; they may go out of the service, but I am dealing with this other question. My hon. friend from Ottawa suggested that there was a fixed contract. He did not use that term, but that was the impression I thought might be left upon the minds of hon. members, whereas in fact there is no fixed contract, as there is in the case of judges. There is no such fixed contract with the civil servant.

Mr. DUFF: What would happen if the salaries of judges were not voted?

Mr. CAHAN: The salaries of judges are not voted annually by this house.

Mr. DUFF: Yes they are.

Mr. CAHAN: No, they are not; they are statutory and not voted year by year. In the estimates for last year, under administration of justice, there appeared the sum of $2,124,300 representing the salaries of the judges of this country, which are not voted year by year by this house but which are fixed by

statute. The payment of those sums out of the consolidated revenue fund does not depend year by year upon the vote of this house. Judges are in an entirely different position from members of the civil service whose salaries are always dependent and contingent upon the vote of this house from year to year.

Mr. VENIOT: Are not the civil service salaries contingent upon the vote of this house year by year because of the fact that there is a minimum and a maximum?

Mr. CAHAN: No, that is not it; the entire amount, minimum or maximum, is so dependent. I do not think there is any doubt about that, and I make that reference in order to distinguish between the conditions under which the salaries of civil servants are paid, and the conditions under which the salaries of judges are paid. I am dealing with the whole body of civil servants. There may be some of them who have salaries fixed by statute, but they must be very few indeed because in the whole civil government estimates there is only $358,660 appropriated by statute for such salaries.

Mr. MACKENZIE (Vancouver): May I point out that it made no difference in England, under the economy act?

Mr. CAHAN: I am not an expert on the economy act; I have not read it and I do not know what are the powers of His Majesty in council under it. Therefore I do not propose to discuss it.

Mr. MACKENZIE (Vancouver): The hon. gentleman knows that the salaries of judges were fixed under the Act of Settlement, and that this was abrogated by order in council.

Mr. CAHAN: It could be abrogated by order in council only if the parliament of Great Britain, which is supreme in the exercise of its discretion, definitely and specifically authorized His Majesty in council to do so by order in council.

Mr. MACKENZIE (Vancouver): The question of statute or contract did not stop them.

Mr. CAHAN: Quite so, but if you wish to deal with the matter under our constitution you cannot do it as we have dealt with the civil service salaries, which depend from year to year upon an annual vote. In order to make this deduction from the salaries of judges it would require a specific amendment to the Judges Act, specifically deducting from their salaries a certain amount, or reducing their salaries by a certain sum. In the estimates for this year we cannot deal with judges' salaries in that way. We can reduce the amount voted for the civil service of this country, but in doing so we are not violating any contract with any civil servant. I am quite clear as to that.

Mr. POWER: May I just take up that point with my hon. friend? As I understand his argument, it is based on page 10 of the estimates on which the salaries authorized by statute are set forth, and my hon. friend states that these salaries cannot be reduced except by a special act of parliament. Have I understood his argument correctly so far, that salaries authorized by statute, namely those of the Governor General, the High Commissioner for Canada in London, the Lieutenant-Governor of Ontario, and so on, can be dealt with only in that way? That is to say, to back up his argument that this obligation to the judges is a statutory, contractual obligation my hon. friend points to the estimates? Allow me to point out to him that one of the bodies not exempt under the terms of this resolution, so far as I know—I am sure it is not exempt—is the Civil Service Commission. Anyone who knows what I have had to say in this house with respect to the Civil Service Commission knows that I am the last one to defend it. But I will say that if an injustice would be committed to the judges in asking them for this forced voluntary contribution, just as great an injustice would be committed to the Civil Service Commishsion, because they are listed as amongst those whose salaries are statutory. They are so listed in the estimates. Moreover, reading the Civil Service Act I find that:

> There shall be a commission called the Civil Service Commission, consisting of not more than three members appointed by the governor in council.

And what is their tenure of office?

> The commissioners in office on the 24th day of May, 1918, shall hold office during good behaviour. Each subsequently appointed commissioner shall hold office during good behaviour for a period of ten years from the date of his appointment, save that his tenure of office shall cease upon his attaining the age of sixty-five years. . . . There shall be paid out of the consolidated revenue fund of Canada, to the chairman, a salary of seven thousand dollars, and to each of the other commissioners a salary of six thousand dollars per annum.

There, if anywhere, is a straight contract between the members of the Civil Service

Commission and the government of Canada, ratified and confirmed by statute of this parliament, providing that the chairman shall receive the sum of seventy thousand dollars during the course of ten years.

Mr. CAHAN: Who denies it?

Mr. POWER: Then why do hon. gentlemen opposite, why does the Minister of Justice, why does the Secretary of State, why does the Minister of Finance come to us and say, "We cannot reduce the salaries of judges because forsooth their salaries are guaranteed by statute," when there is a far greater guarantee by statute to the members of the Civil Service Commission whose salaries we are reducing. We want hon. gentlemen opposite to be fair.

Mr. CAHAN: There is nothing in this resolution reducing them.

Mr. POWER: But there is in the estimate. The position is worse than ever. We were informed by the Minister of Finance this afternoon that certain persons were exempt, namely, judges, officers in the army and navy, representatives of the crown and the Royal Canadian Mounted Police. The estimates show the salaries of the civil service commissioners: one at $6,300 and two at $5,400, making a total of $17,100. By statute of the parliament of Canada, by the law of this dominion, there is a contract between those commissioners, for whom I have no love, and this country, a contract which provides that their salaries shall be, in one instance, $7,000 and not $6,300, and in the other instance $6,000 and not $5,400. I suggest to the Secretary of State that he had better follow the example of the Minister of Justice who, during the whole course of his remarks a few minutes ago, departed altogether from the contractual obligation theory and based his plea in favour of the judges upon the ground of propriety.

Mr. CAHAN: I was not making any argument with regard to the judges. I was simply pointing out to my learned friend the hon. member for Ottawa (Mr. Chevrier) that there was a distinction as regards civil servants whose salaries are contingent upon a vote of this house. If my hon. friend wishes to take up the case of the members of the Civil Service Commission on the ground that their salaries are statutory, which they certainly are according to the section he has read, that is a matter which will fairly come up when the proposals contained in the bill are under discussion.

[Mr. Power.]

Mr. POWER: The whole argument we have heard all day is now discarded, that the judges were in a different position from everyone else because there was a contractual obligation confirmed by statute. If my hon. friend will read the Judges Act he will see that our obligation towards the judges is not as great as our obligation to the Civil Service Commissioners. What do we provide in the Judges Act? There is the following provision:

The Supreme Court of Canada

The salaries of the judges of the Supreme Court of Canada shall be as follows:

	Per annum
(a) The Chief Justice of Canada.	$15,000
(b) Six puisne judges, each	12,000

Their salaries are provided for only for one year, whereas the civil service commissioners are provided for for ten years, and we are obligated to pay those salaries. Each one of those commissioners, were it not for certain prerogatives of the crown, could go into any court in the land, he could go into any court if he had such a contract with a private concern and sue under it and collect. I may tell my hon. friend something while I am on this subject. In my own city of Quebec we have a body known as the Quebec Harbour Commission, and since the hon. gentleman's friends came into office they have taken it upon themselves to dismiss a certain number of people for what they called political reasons, but merely because we had hearkened to the cry of the hungry and helpless and appointed them under the harbour commission. The firm of which I am a member took forty cases of that kind before the courts of the province of Quebec for wrongful dismissal, dismissal without notice, and were enabled to collect on behalf of these poor people something like $15,000 which the treasury of this country paid. Now if this government were amenable to the ordinary laws of the land they also would be obliged to pay the salaries of the civil service commissioners.

I return now to the argument advanced by the Minister of Justice with regard to propriety. Every phrase he used in urging upon us not to reduce the salaries of the judges was in direct contradiction of the contractual theory of his honourable friend the Minister of Finance. He urged upon us not to reduce the salaries of the judges because it was very difficult to obtain good men to fill these positions. I agree with him. I am not one of those who think the judges' salaries should be reduced, particularly. But they of all people, if they are patriotic, if they have a

love of country, if they are men of standing as the Minister of Justice says and as I believe, should be the first to make a temporary contribution. We are speaking now on the basis of a temporary contribution; we are not speaking on the basis of finding men to fill the position. We are asking these honourable and estimable men who hold these positions to join with their fellow citizens, those who receive lower salaries, in making a contribution to pay for the cost of government. And they should not be denied that privilege. Every argument which my hon. friend used in support of his case for the judges, the argument, for example, that they had to withdraw from other business, that they are set apart, so to speak, can with equal justice be urged on behalf of the railway commissioners of Canada who, even though their names are not amongst those entitled to exemption, are entitled to salary under an act of the parliament of this country. Every one of those arguments can be urged on behalf of the Board of Pension Commissioners, on behalf of the members appointed to the pension tribunal, and on behalf of the pension appeal board. Not a word is said by the Minister of Justice which does not apply equally to these, and perhaps a little more so in the case of those appointed to the pension appeal court and the other courts dealing with soldier problems; because during the time they occupy these positions they cannot possibly practise any other profession. In the course of time, at the end of ten years, if they are obliged to vacate these positions, they will find themselves without anything whatever with which to face the world. If there is one position more than another that should be exempt it is that of the pension tribunal and the pension appeal court. The members of these bodies are obliged to devote themselves to a very special category of cases dealing with a very special kind of legislation. They are unable to form any connection which will be of use to them when they retire, and they should be protected at least to the extent that their salaries be not reduced any more than those of the judges.

I again urge upon the ministers that their contention as to statutory obligation is not sound either as to theory or practice, and that the argument of propriety applies equally to other public officers and representatives of the crown as to judges. I urge upon the Minister of Finance, before he introduces his bill, to consider carefully whether, if there is to be a sacrifice, it should not be general and apply to all classes of the community.

Mr. DUFF: Just along the lines of the argument of the hon. member for Quebec South, I think the Minister of Justice and my good friend the Secretary of State told us that the judges were in a different position from members of the civil service because the former had contractual rights and their salaries were authorized by statute and did not have to be voted, whereas those of the civil service as a whole had to be voted by parliament.

Mr. CAHAN: I was dealing with civil service employees.

Mr. DUFF: Yes. I understood the Secretary of State to say that the salaries of civil service employees had to be voted by parliament, and if parliament so desired it did not need to vote them at all, but the judges' salaries were authorized by statute and consequently had to be paid whether we voted them or not. In this country there is another class whose salaries do not have to be voted by parliament. This is the class of which I spoke this afternoon. The salary of the Speaker of the house does not have to be voted by parliament; it is authorized by statute. Will the Secretary of State, who is a great constitutional lawyer, please look at page 15 of the estimates for 1933? On that page the amount to be voted is given as $897,934.40; there is authorized by statute $1,270,000, making a total of $2,167,934.40. The items which I intend to read are authorized by statute and do not have to be voted by the house; yet the government—and I presume the Secretary of State is just as guilty as any other members of the cabinet—in spite of the fact that these votes are authorized by statute, deliberately by order in council or by vote of the council or by some other means decided to cut the salary of the Speaker of the house from $6,000 to $5,400.

Mr. CAHAN: Will the hon. member allow an interruption? May I call his attention to the fact that on page 15 certain salaries are marked with an asterisk and a note at the foot reads:

These reductions will be authorized by legislation.

Mr. DUFF: That does not make any difference. It is true there is a footnote saying that these reductions will be authorized by legislation. Why is there not a similar footnote in regard to the salaries of the judges?

Mr. CAHAN: Where there is a salary fixed definitely by statute, a reduction in that salary must be by legislation. In the case of civil service employees, where no statutory salary

is fixed, a reduction may legally be made at any session by a reduction in the vote of this parliament. The Minister of Justice has given his reasons why a reduction has not been made in the salaries of judges.

Mr. DUFF: My hon. friend must think he is in the police court, not in parliament.

Mr. CAHAN: I will say to my hon. friend that if I were in the police court, I would have a more intelligent audience than now in addressing my hon. friend.

Mr. SPEAKMAN: Does that apply all round?

Mr. DUFF: Does that apply to my hon. friends on his side of the house? My argument is this: if the government in their wisdom can make this footnote on page 15 and deduct $600 from the salary of the Speaker of the Senate; if they can deduct $38,400 from the indemnity to senators, which is statutory and is not voted by parliament; if they can deduct $600 from the salary of the Speaker of the house; if they can deduct $400 from the salary of the deputy speaker of the house; if they can deduct $99,000, Mr. Chairman, from the poor and small amount, that we get for our sessional indemnity, then with respect to the judges they should pass the same legislation, about which the Secretary of State speaks, as they do with regard to members of parliament. My hon. friend's argument falls to the ground, I say without fear of contradiction that everybody in the country shall be treated alike. I hate to see my hon. friend lose his $1,400; it is not fair that he should lose it any more than that I should lose my $400. I am opposed to this reduction. My hon. friend was elected in his constituency on the understanding that he was to receive a sessional indemnity of $4,000. He was taken into the cabinet with a contract, either verbal or otherwise, that for his services he was to receive $10,000 as a minister of the crown.

Mr. VENIOT: It is fixed by statute.

Mr. DUFF: Yes, and I say it is a shame that my hon. friend has to accept $1,400 less than he is entitled to from the people of this country.

Mr. CHEVRIER: The Secretary of State has not submitted anything new. He and I have solved many a riddle before and this is no worse than others. I never said that the salary of the civil servant was statutory; I said that it was a contract. When my hon. friend reads the act, he does not say anything new. The act says: "for existing classes", and the Secretary of State well knows that when those classes are changed, the civil servant does not suffer a reduction of his salary but continues in that class until the end of his term. Then the new incumbent takes the position subject to a reduction. There is a contract that the new incumbent shall accept the position at the reduced remuneration. There is no power either in the Civil Service Commission or in this parliament to decrease the remuneration while that incumbent is there, and the fact that these amounts are voted yearly does not detract at all from the contract. This parliament could not anticipate and say in one year we will vote hundreds of millions of dollars to pay what has been contracted for when these civil servants entered into the service of the state. The hon. Secretary of State has not in any way met the situation by citing the Civil Service Act. There is no change there at all.

Mr. CAHAN: Except that the contract is conditional upon parliament voting the money from year to year.

Mr. CHEVRIER: Parliament votes the money as a result of contractual obligation.

Mr. CAHAN: No. The obligation is conditional.

Mr. MacINNIS: I would like to say a few words in connection with this phase of the resolution. It is amazing to me that a government that makes any pretensions at all to follow democratic principles should take such a course as this government is following in regard to the proposed exemptions. I listened to the leader of the opposition today making a case for a graduated reduction in civil service salaries, and I listened to the reply of the Minister of Finance, who asked with a large gesture; Do you want to make the civil service a preferred class? Here in these exemptions we have a preferred class. The judges are the highest paid servants of the state, and they are not necessarily the most useful part of the service. We are being asked for equal sacrifices. Is it equal sacrifice to make a deduction of ten per cent from the salary of a man receiving only eight or twelve hundred dollars a year—and there are large numbers in the civil service in that class—while those who are getting salaries ranging up to $15,000 are exempt? Is that equality of sacrifice?

However, the point I wish to make is this: There is always a reason why people do things. The reason brought forward by the government for making the reductions is that the country is in difficulties and they desire each one to contribute his share in order to help balance the budget. But does it not seem

strange that all these exemptions are of people who have to do with the enforcement of law? That is the point I would like cleared up. The Secretary of State says that the reason they have been exempted is that the judges' salaries could not be reduced without an amendment to the Judges Act. But why could not an amendment to the Judges Act be brought down simultaneously with this resolution? I do not see any difficulty in that regard. The sinister fact of the situation is that all those we are dealing with—judges, mounted police, military—have to do with the enforcement of law, and I can come to no other conclusion than that they were exempted from the reduction in order that there might not be any dissatisfaction among those who had the enforcement of law in their hands. I protest against that with all the strength at my command.

There is another point I wish to make. Before these judges come those who are charged with contravening the law. You reduce the salary of a civil servant who is receiving less than $1,000. He has to keep himself and his family on that salary, and then because of economic pressure he is perhaps driven to do something in contravention of the law, and is brought before the judge, a judge drawing a comfortable salary. I would like to know how a judge in that position could pass sentence upon a person who is living in such different circumstances. There is no possible reason that I can find for these exemptions except that the government are fearful of what may happen in this country because of the depressed condition of the people owing to the hardships which they have to put up with. The government do not want to be put in the position that Great Britain was in when she made a reduction in the pay of the navy. The government is afraid of what may happen. I think they should at least have the courage to treat the whole civil service alike. If any further legislation is necessary it should be brought down at once. The government should show that it intends to legislate for the whole country on the basis of the democratic principles to which we have been accustomed in the past.

Mr. HEENAN: Before the Minister of Finance rises—I know he has had a very hard afternoon—I would plead with him to reconsider the position in which the prevailing rates men will be put if a further reduction of ten per cent is made. It is quite evident from what was said in the house this afternoon by another minister of the crown that private employers having already reduced the wages of labourers, the government has reduced the wages of its employees to the same level. What I want to point out to the minister, and I know he will get the point, is that in the event of the government reducing the prevailing rate men another ten per cent, private employers will insist on their men coming down to the same level as the government men, because they will say that the government rate is the prevailing rate.

Mr. RHODES: If my hon. friend is referring to this salary reduction as a cut in wages, I do not follow him.

Mr. HEENAN: The Minister of Railways and Canals admitted to-day that he had already cut the wages of the men on a certain job because he found that the government had been paying more than the prevailing rate paid by the private employers in that district. I shall not argue that point. But as a consequence the rates for the government prevailing rate men in that district are now on a level with the rate paid to labourers of private employers, and my point is that if the minister gives these prevailing rate men another ten per cent cut, private employers will bring down their wages to the same level by reducing them ten per cent.

Mr. RHODES: I can only repeat to my hon. friend that I do not regard this resolution as effecting a salary reduction. Call it anything you like, but the salary remains the same. That is what I say.

Mr. VENIOT: They do not get the money, that is all.

Mr. HEENAN: I know that when I go home after this session I shall figure that my indemnity has been reduced by ten per cent. I want to be helpful to the minister. I want him to get this point and I know that he will be fair enough to see that in those cases where men have already been cut—

Mr. RHODES: If I understand my hon. friend aright, he is suggesting a sort of hide-and-go-seek game as between the government employees and private employees. I do not think he would seriously argue anything of the kind.

Mr. HEENAN: I hope Hansard gets me correctly. I am afraid I am something like the Minister of Railways and Canals; I am thinking one thing and saying another. I want to impress upon the minister, however, that where the prevailing rate of wages has already been reduced, no further cuts should be made. Such action on the part of the government would be an inducement to private employers to cut still further the

wages of their men. If that were the case, the different governmental departments would have to make further wage cuts down to the prevailing rate among private employers, and there would be no end to it. I hope the minister will keep that in mind when he presents his bill.

Mr. RHODES: I think the fears of the hon. member for Kenora-Rainy River are quite unnecessary; he need have no misgiving whatsoever on that score.

Mr. SPEAKMAN: It is quite clear that at least on one point we have come to agreement, namely, with regard to the statutory obligations we owe to judges. That argument would seem to have fallen on the ground and must be abandoned. Speaking of the exemptions on February 26, the Prime Minister said that owing to the peculiar statutory position of judges, an exemption would be made in their case, and that among others to receive similar consideration would be railway commissioners. Turning to page 28 of the estimates I find that among the payments authorized by statute are the salaries of the Board of Railway Commissioners. It would seem to me therefore that there can be no legal argument upon the question of statutory obligation so far as judges are concerned, so that the discussion resolves itself into a consideration of the propriety of the action.

Following the argument of the Minister of Finance, and accepting his statement that no reduction in the salaries of judges is contemplated, I suggest that we should permit the judges among others, to accept this temporary sacrifice and equalize the burden on all sides.

Mr. MACKENZIE KING: I should like to ask the Minister of Finance a question. I have great difficulty in understanding how he reconciles, in regard to both grading and exemptions, the position he takes as Minister of Finance dealing with income tax legislation, and the position he takes as Minister of Finance dealing with this reduction in salary. How does my hon. friend, on the one hand dealing with the income tax, defend a graduated tax which bears less heavily upon those receiving small incomes and more heavily upon those whose incomes are large, while, as Minister of Finance dealing with civil service salaries he urges there should be a horizontal cut which leaves out altogether any graded arrangement?

Further, how does he, in dealing with the income tax, justify an exemption of small salaries on the score that the people receiving such salaries are least able to pay, but when dealing with a reduction of salaries of public servants exempt the largest salaries to the exclusion of all others? I remember that when the budget was introduced last year such exemptions as there were to a further upward gradation under the income tax were upon the large salaries. The present Minister of Finance was not in that office at that time; it would almost seem that the hand which had to do with the budget of last year had something to do with the drafting of these salary exemptions. I should like to know how my friend the present Minister of Finance justifies the exemption of high salaries, so far as these reductions in salaries of the public service are concerned, and goes to the opposite extreme when it comes to exemptions under income tax legislation, namely, exempting not the highest but the lowest salaries.

Mr. RHODES: Mr. Chairman, I assure my right hon. friend there is no deduction to be made to the effect that the person who drafted the income tax of last year is the one who drafted this resolution. I can assure my right hon. friend upon that point.

Mr. MACKENZIE KING: Or inspired it?

Mr. RHODES: As a matter of fact he had no knowledge of it. If there were no income tax I could see the force of my right hon. friend's argument when he says there should be a graduation with respect to the contribution being asked from civil servants this year. Inasmuch however as there are income taxes, if my right hon. friend would carry his argument reductio ad absurdum, he would finally leave the high salaried men with no salary whatever. In the circumstances I regard the cut of ten per cent as the one more equitable in the circumstances.

Mr. MACKENZIE KING: What about exemptions? My hon. friend has not told us how he justifies in the case of income tax exemptions of those who have small salaries and no exemptions of those who have high salaries, whereas, in the present instance he justifies the exemption of high salaries and does not permit an exemption in low salaries.

Mr. RHODES: I was not referring to exemptions; probably there has been too much discussion on that score.

Mr. MACKENZIE KING: If my hon. friend will let us have an answer to my question, we may be able to get to the next stage on the resolution.

Mr. RHODES: I may have misapprehended my right hon. friend's meaning; I hope he is not objecting to the fact that we have made exemptions in the lower salaries.

Mr. MACKENZIE KING: I am trying to get at the principle which governs. My hon. friend will agree that in regard to income tax, exemptions are made on the salaries of those who have small incomes, but not on large incomes.

Mr. RHODES: Or dependents.

Mr. MACKENZIE KING: On the principle of the tax bearing on those best able to carry it.

Mr. RHODES: Yes.

Mr. MACKENZIE KING: That is the principle there laid down and acted upon. If that principle is carried through in matters of taxation generally, how does he justify the exemption of the largest incomes, so far as these deductions in salaries are concerned?

Mr. RHODES: May I answer my right hon. friend in this way: In the first place he must remember that the higher salaries are subject to the dominion income tax, a graded tax bearing more heavily upon the higher salaries. The same principle applies to those who pay municipal income taxes. In some cases civil servants have to pay three income taxes—dominion, provincial and municipal. As I had pointed out to me, in one province the income tax has been doubled. That means that there is a very substantial portion of the salary of the highly paid officials taken away. If the reductions now before us were to be continued and were based upon an expectation of permanency, my right hon. friend's question might be an appropriate one for discussion at this point, and we might consider whether the system of grading should apply. In this instance however there is only one contribution for one year, and I submit that the method suggested by the government is the fair one.

Mr. CHEVRIER: I wish to make it clear that I am not objecting to the cut in indemnities, but I am objecting to the cut as it applies to civil servants.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 19, to provide for the deduction of compensation in the public service.

Mr. MACKENZIE KING: Does not the minister feel that in view of the discussion to-day he may wish to modify this particular measure before he presents it to the house?

Mr. RHODES: If it is decided, Mr. Speaker, that any amendments are desired they can be made in committee.

Mr. MACKENZIE KING: Very well.

Motion agreed to and bill read the first time.

On motion of Mr. Guthrie the house adjourned at 10.55 p.m.

Monday, March 7, 1932

The house met at three o'clock.

AGRICULTURE AND COLONIZATION

Second report of the select standing committee on agriculture and colonization.—Mr. Senn.

UNEMPLOYMENT AND FARM RELIEF

On the order for motions:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, as we do not reach the orders of the day until late in the day, if at all to-day, there is a matter which I would like to mention to the Prime Minister on the order for motions which is of importance at the moment, and which may not have occurred to him.

There appears to be an obvious necessity for the voting of money for unemployment relief, and particularly for supplying seed grain and other forms of farm relief to those who are in need in the west. What I wish to say to my right hon. friend is that if he will bring into the house a supply bill asking for the amount that he may regard as necessary and wish to have for this month, so far as the opposition is concerned we will be prepared to do what we can to facilitate its passage rapidly through the house. We recognize that it is a week since the Unemployment and Farm Relief Act lapsed and that my right hon. friend will certainly be coming to parliament for some moneys, for this purpose. If a supply bill is brought in at any time to provide what may be necessary for the balance of this present fiscal year, so far as the opposition is concerned we shall be prepared to agree to any suspension of the rules which will allow the bill to go through this house with as little in the way of criticism or delay as possible.

Right Hon. R. B. BENNETT (Prime Minister): I assure the right hon. gentleman that I appreciate his observations, but the government has not overlooked the fact that it is necessary to provide money for seed and feed.

But it is not its direct responsibility; that rests with the provinces. Our duty is to confer with them as to their financial position and give them such assistance as we may. That will be found stated in the Unemployment and Farm Relief Act of last session. Believing as we do that a national emergency exists that demands our giving that assistance it is proposed to proceed with order No. 13 to-morrow, notice having been placed on the order paper some time before the 26th of February, but obviously the title as it now appears would be improper because the first of March has passed; but the sense of the measure proposed is to extend the provisions of the Unemployment and Farm Relief Act to the first of May, 1932, and not to proceed by way of a supply bill for reasons that I shall endeavour to explain to the house when we reach order No. 13 which I propose to take up as the first order of business to-morrow when government orders are called. I thank the right hon. gentleman for his offer of assistance so far as the dealing with this emergent situation is concerned.

Mr. MACKENZIE KING: I would like to make clear to my right hon. friend that one reason I mention the matter immediately is that if it is proceeded with by means of a supply bill I believe there will be no question as to the rapidity with which the bill would pass, but if my right hon. friend has in mind proceeding with a bill such as the one passed at last session, which was intended to meet a situation while parliament was not in session, I may say that we on this side would have to take very strong exception to proceeding in that way.

PRIVILEGE—MR. BRADETTE

On the order for motions:

Mr. J. A. BRADETTE (North Timiskaming): On a matter of personal privilege, Mr. Speaker, in a letter which appeared in the Ottawa Citizen of last Saturday from James Hoey, Sr., Ottawa, it is stated in the first sentence of the last paragraph that the members of parliament received the sum of $4,000 for attending during the emergency session of the fall of 1930. After making inquiry I wish to state to the house that the members of parliament attending that session received only the sum of $375. I think that misstatement should be corrected.

OPIUM AND NARCOTIC DRUG ACT

Hon. MURRAY MacLAREN (Minister of Pensions and National Health) moved for leave to introduce Bill No. 26, to amend the Opium and Narcotic Drug Act, 1929.

[Mr. Bennett.]

Some hon. MEMBERS: Explain.

Mr. MacLAREN: The purpose of this bill is to make certain amendments to the act to bring it into conformity with the Geneva convention which was held last year. As hon. gentlemen will remember, the convention was laid before the house last week by the Prime Minister, and in order to conform with the conditions laid down in the convention these amendments to the act are necessary. They are few in number. One is in reference to the definition of drugs, to provide that it shall include "by synthetic process" as well as by natural process. Another amendment rather broadens the definition of opium. There are also two minor changes in addition to the amendments which are necessary to bring the act into conformity with the Geneva convention. One is to remove a misunderstanding with regard to the act which exists at the present time, and the other is to permit the use in small quantities of the drug cannabis sativa.

Motion agreed to and bill read the first time.

EXCISE ACT AMENDMENT

Hon. E. B. RYCKMAN (Minister of National Revenue) moved for leave to introduce Bill No. 27, to amend the Excise Act.

Some hon. MEMBERS: Explain.

Mr. RYCKMAN: The proposed bill is one to amend the Excise Act in relation to its administration. I do not think there is any matter of principle proposed in the bill upon which there could be a divided opinion. I do not like to take up the time of the house in explaining these matters, all being unrelated to each other, but the bill will provide for the definition of a provincial analyst; that the commissioner of excise may exercise administrative powers when these are delegated to him by the minister. At the present time it is doubtful whether the commissioner of excise has the right to revoke a licence for brewing beer. An amendment will provide that the minister shall not be required to sign all these revocations of licences for the privilege of brewing beer. The bill also provides that the penalties and forfeitures recovered under this act shall be the property of the crown. There is at present some doubt as to that, and the doubt will be removed. Then there is the right given to druggists as defined in the act to obtain alcohol for use in the manufacture, compounding or dispensing of medicine for pharmaceutical preparations. Provision is made for the trying of cases, and the necessity for this arises from the fact that

one province in particular, Prince Edward Island, has given to a tribunal certain legislative powers, which we wish to use. The proposed amendment the purpose of which I have outlined will make easy the trial of such cases.

Motion agreed to and bill read the first time.

CRIMINAL CODE AMENDMENT

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved for leave to introduce Bill No. 28, to amend the criminal code (promoting changes).

Some hon. MEMBERS: Explain.

Mr. WOODSWORTH: The purpose of this bill is to attempt to clarify or remove some of the more objectionable subsections of section 98 of the criminal code. The first change is the insertion of the word "physical" before the word "force". According to the proposed amendment seizure of property can be made only after a search warrant has been issued, and such property may be confiscated only when the charges are proved. The burden of proof of innocence is removed from the accused. On a number of occasions the looseness of this wording has proven a difficulty, and for many years the Trades and Labour Congress of Canada has been protesting that this section should be altered. In 1920 a report was given to the congress concerning the present section. It was pointed out that upon one occasion a judge charging a jury had said:

> Mr. Russell gave us his idea of a sympathetic strike. He said, "When a dispute originates between an employer and his employees, and when the labour organizations see that organization being beat, they come to their assistance by calling a strike to force their employers to bring force to bear upon the original disputants to make settlement." Force, force, force.

The report continues:

> Any dictionary will show that "force" has a very wide meaning, covering influence, pressure and the like. If the statute meant physical force it would not go on to enumerate "violence" and "physical injury." It must therefore, have a different meaning from "violence" and "physical injury."

The proposed amendment would seek to clarify the subsection.

Then, subsection 2, to be repealed, reads as follows:

> (2) Any property, real or personal, belonging or suspected to belong to an unlawful association, or held or suspected to be held by any person for or on behalf thereof may, without warrant, be seized or taken possession of by any person thereunto authorized by the Commissioner of the Royal Canadian Mounted Police, and may thereupon be forfeited to His Majesty.

The amendments I am introducing to-day do not touch the question of unlawful assembly. The one to which I am now referring merely seeks to safeguard those who are not members of an unlawful assembly but may easily enough, be inconvenienced or suffer hardship through the sections as they now stand. Provision is made that a search may be carried out after a warrant has been issued, but that there should be a search without any warrant, and a seizure without any conviction does not seem to be in keeping with the best British traditions.

Then, there are one or two sections which have to be renumbered. Into a discussion of those sections I will not at this time enter.

Then, subsection 4 to be repealed is as follows:

> (4) In any prosecution under this section, if it be proved that the person charged has
> (a) attended meetings of an unlawful association; or
> (b) spoken publicly in advocacy of an unlawful association; or
> (c) distributed literature of an unlawful association by circulation through the post office mails of Canada, or otherwise,
> it shall be presumed, in the absence of proof to the contrary that he is a member of such unlawful association.

It seems quite unfair that in this way the burden of proof should be placed upon the accused. Any chance passer-by might stop to listen to a speaker on a street corner and might find that the speaker to whom he had been listening belonged to some unlawful association. At the present time there is no safeguard. Then, a person may pass on a piece of literature he has obtained, which action, in itself, would be considered proof that such person belonged to an unlawful association. To an innocent man such legislation is most unfair. To prove innocence would be next to impossible because such an accused person would not be in a position to bring proof from any member of an existing unlawful association.

Subsection 6 is amended by striking out the words "or is about to be" and also by inserting the words "if the charges are proven" before the words "may be forfeited to His Majesty" at the end of the subsection. At the present time the subsection reads as follows:

> (6) If any judge of any superior or county court, police and stipendiary magistrate, or any justice of the peace, is satisfied by information on oath that there is reasonable ground for suspecting that any contravention of this section has been or is about to be committed, he may issue a search warrant under his hand,

authorizing any peace officer, police officer or constable with such assistance as he may require, to enter at any time any premises or place mentioned in the warrant, and to search such premises or place, and every person found therein, and to seize and carry away any books, periodicals, pamphlets, pictures, papers, circulars, cards, letters, writings, prints, handbills, posters, publications or documents which are found on or in such premises or place, or in the possession of any person therein at the time of such search, and the same, when so seized, may be carried away and may be forfeited to His Majesty.

It would seem only fair that we should not charge a man or allow him to be charged with some crime which a magistrate may conceive is about to be committed. I submit, Mr. Speaker, that British tradition and practice relate only to crimes already committed. I do not think any magistrate, however clear-headed he may be, is in a position to say whether or not a crime is about to be committed. I would strike out that section. Further, I do not think a man should have his property confiscated until charges are proven. The insertion of the words "if the charges are proven" would take care of the difficulty I have mentioned.

Then subsection 9 provides merely for renumbering. I should like to read that subsection, because the next one to which I shall refer would not be understandable without first hearing subsection 9. It is as follows:

Any person who circulates or attempts to circulate or distribute any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document of any kind, as described in this section, by mailing the same or causing the same to be mailed or posted in any post office, letter box, or other mail receptacle in Canada, shall be guilty of an offence, and shall be liable to imprisonment for not more than twenty years.

I am not now proposing that the clause I have just read should be changed—although I do think it should be changed. It is an integral part of the legislation concerning unlawful assemblies. A few days ago when I attempted to introduce an amendment regarding unlawful assemblies it was voted down, and I feel I would not be in harmony with the practices of this house if I were to introduce any matter the principle of which has already been decided upon. I do however urge the repeal of subsection 10, so that we may safeguard those who are not members of an unlawful assembly. It reads as follows:

Any person who imports into Canada from any other country, or attempts to import by or through any means whatsoever, any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document of any kind as described in this section, shall be guilty of an offence and shall be liable to imprisonment for not more than twenty years.

[Mr. Woodsworth.]

Now, Mr. Speaker, it is manifest that a man might very readily import a pamphlet from Great Britain and find that it came within the prohibited list described in the preceding subsection, in that it advocated force or was issued by an organization that under the previous sections was deemed an illegal organization. In that case the importer would be liable to a twenty-year penitentiary sentence. It is obviously absurd that such should be the case. In Great Britain there are no unlawful associations such as come within the scope of our Criminal Code. I might write a British publishing house, and they quite innocently might send me their literature, and on receiving that literature this subsection would render me liable to a twenty-year penitentiary term. The fact is that the word "force" is so loosely used in this act, and force has been so generally recognized as being justifiable on certain occasions, that there is a whole literature dealing with the use of force that might come under the ban. A recent writer in the Canadian Forum of Toronto has listed some of the books which would come within this section. He states:

To begin with there is a large and diverse group of works whose main object is to prove that in certain circumstances it is not only justifiable but a positive duty to use force to bring about a governmental change. The Spanish Jesuit, Mariana, devotes an entire chapter of his De Rege et Regis Institutione to a defence of tyrannicide. A whole host of Huguenot writers preach rebellion as a religious duty in such works as Duplessis-Mornay's Defence of Liberty Against Tyrants, Béza's Rights of Magistrates over their Subjects, and the anonymous, Whether it is Lawful for the People and the Nobility to take up Arms. So does the Roman Catholic Rossaeus (probably the Bishop of Senlis) in The True Power of a Christian State. Buchanan, a Scots Presbyterian, follows suit in his De Jure Regni Apud Scotos; Milton contributes to the list no less than four works justifying the rebellion against Charles I (the two Defences of the People of England, Eikonoklastes, and the Tenure of Kings and Magistrates), and Locke's Treatise of Civil Government is a defence of the "glorious revolution" of 1688. Any competent political scientist could no doubt produce at a moment's notice a similar "Index" twice as long; but this random selection is sufficiently formidable.

Then there are other writings, which, while not exclusively or mainly concerned with the advocacy or defence of force, do nevertheless incidentally counsel it or praise historical instances of it. The writer continues:

Chief among these, of course, is the Bible, notably in the account of the revolt against Jeroboam in I Kings. The British and Foreign Bible Society had better take steps at once to issue special expurgated editions for Canadians only. Otherwise it may wake up to find itself

an unlawful association. The early Greek writer Theognis (accessible to the unlearned in an English translation by the Rev. J. Banks), according to the New English Dictionary, is guilty, like Mariana, of advocating tyrannicide. Macaulay's History of England is another attempt to justify the revolution of 1688. Motley's Rise of the Dutch Republic and the Rev. J. N. Figgis' from Gerson to Grotius, contain glowing panegyrics on the revolt of the Netherlands against Spain. G. M. Trevelyan's England under the Stuarts traces all our liberties to the revolt against Charles I. A. W. Tilby's British North America, Sir George Trevelyan's American Revolutions, and George III and Charles Fox, Ramsay Muir's Short History of the British Commonwealth, Basil Williams' Life of Chatham, and the Cambridge History of the British Empire, are all so incautious as to praise the American revolution. Worst of all—'twas whispered in heaven, 'twas muttered in hell—the Ontario High School History of England (if my memory serves) quotes with gusto Chatham's "I rejoice that America has resisted." If these works fall victims to the new censorship, how many histories of the French revolution, the first Russian revolution of March, 1917, the Spanish revolution, and the Fascist march on Rome will escape?

When such a reputable journal calls attention to the serious dangers implicit in this section, it seems to me that it is not unreasonable that we should seek to safeguard the interests of the public at large. I ask also that subsection 11 be repealed. It reads as follows:

It shall be the duty of every person in the employment of His Majesty in respect of his government of Canada, either in the Post Office Department, or in any other department to seize and take possession of any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document, as mentioned in this section, upon discovery of the same in the post office mails of Canada or in or upon any station, wharf, yard, car, track, motor or other vehicle, steamboat or other vessel upon which the same may be found and when so seized and taken, without delay to transmit the same, together with the envelopes, coverings and wrappings attached thereto, to the commissioner of the Royal Canadian Mounted Police.

This if thoroughly carried out would in effect turn all our post office and customs officials into a set of spies who would be constantly on the look out for some chance piece of literature of this class for confiscation, and our mails would never be safe. I would suggest that this is quite out of keeping with the very basis of our boasted British freedom.

I would point out again that this proposed amendment to section 98 does not touch the main principles embodied in that section. I should like to have seen the whole section repealed, but I am not at liberty to attempt such a repeal on this occasion. Under the circumstances the best I can do is to try to introduce legislation which will at least safeguard the ordinary citizen who is not a member of any unlawful association against the dangers of this section, and ensure that to a certain extent our homes and liberties will be a little more secure.

Motion agreed to.

Mr. WOODSWORTH moved that said bill be read the first time.

The house divided on the motion, which was negatived on the following division:

YEAS

Messrs:

Ahearn,
Blair,
Bradette,
Brown,
Butcher,
Campbell,
Carmichael,
Chevrier,
Coote,
Denis,
Donnelly,
Duff,
Fiset, Sir Eugène,
Fournier,
Gardiner,
Garland (Bow River),
Gershaw,
Goulet,
Hanson (Skeena),
Heaps,
Heenan,
Howden,
Hurtubise,
Ilsley,
Johnstone,
King, Mackenzie,
Lawson,
Lucas,
Luchkovich,
MacDonald (Cape Breton South),
MacInnis,
Mackenzie (Vancouver Centre),
MacLean,
Macphail (Miss),
McKenzie (Assiniboia),
McPhee,
Mitchell,
Motherwell,
Munn,
Parent,
Ralston,
Reid,
Roberge,
Ross,
Sanderson,
Speakman,
Stewart (Edmonton West),
Stitt (Selkirk),
Urquhart,
Veniot,
Weir (Macdonald),
Woodsworth.—52.

NAYS

Messrs:

Anderson (Toronto-(High Park),
Anderson (Halton),
Arthurs,
Beaubier,
Belec,
Bennett,
Beynon,
Black (Halifax),
Bourgeois,
Bowen,
Bowman,
Burns,
Cahan,
Casselman,
Charters,
Cormier,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duguay,
Esling,
Garland (Carleton),
Gobeil,
Gordon,
Hanson (York-Sunbury),
Hay,
Jones,
Larue,
Loucks,
Macdonald (Kings),
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGillis,
McLure,
Manion,
Matthews,
Morand,
Mullins,
Murphy,
Myers,
Nicholson,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,

Quinn,
Rhodes,
Rogers,
Ryckman,
Senn,
Shaver,
Short,
Simpson
(Simcoe North),
Smith
(Cumberland),
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Sutherland,
Swanston,
Thompson
(Simcoe East),
Thompson (Lanark),
Turnbull,
Weir (Melfort),
Willis,
Wright.—70.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted, I would have voted against the motion.

Mr. ROBINSON: I was paired with the hon. member for Portneuf (Mr. Desrochers). Had I voted, I would have voted against the motion.

Mr. IRVINE: I was paired with the hon. member for Queens-Lunenburg (Mr. Ernst). Had I voted, I would have voted for the motion.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted, I would have voted for the motion.

Mr. FRASER: I was paired with the hon. member for South Huron (Mr. McMillan). Had I voted, I would have voted against the motion.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted, I would have voted for the motion.

Mr. STITT (Nelson): I was paired with the hon. member for Provencher (Mr. Beaubien). Had I voted, I would have voted against the motion.

Mr. McGIBBON: I was paired with the hon. member for Quebec South (Mr. Power). Had I voted, I would have voted against the motion.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted, I would have voted for the motion.

Mr. GOTT: I was paired with the hon. member for Kent, Ontario, (Mr. Rutherford). Had I voted, I would have voted against the first reading of the bill.

Mr. SAUVE: I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted, I would have voted against the motion.

Mr. SPENCER: I was paired with the hon. member for Frontenac-Addington (Mr. Spankie). Had I voted, I would have voted for the motion.

[Mr. Woodsworth.]

Mr. HEPBURN: I was paired with the hon. member for North Huron (Mr. Spotton). Had I voted, I would have voted for the motion.

Mr. BELL (Hamilton): I was paired with the hon. member for St. Henri (Mr. Mercier). Had I voted, I would have voted for the motion.

Mr. BRASSETT: I was paired with the hon. member for St. Ann (Mr. Sullivan). Had I voted, I would have voted for the motion.

Mr. BERTRAND: I was paired with the hon. member for Toronto Northeast (Mr. Baker). Had I voted, I would have voted for the motion.

Mr. PERRAS: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted, I would have voted for the motion.

Mr. BOTHWELL: I was parred with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted, I would have voted for the motion.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DORCHESTER PENITENTIARY—WARDEN

Mr. WOODSWORTH:

1. What was the cost of the residence built for the warden of Dorchester penitentiary?
2. What was the cost of the residence built for the deputy warden?
3. What salary does the warden receive?
4. What extra allowance does the warden receive?
5. With how many cars is the warden provided for his personal use?
6. What is the cost each of the houses now being built for the staff?
7. What was the original cost, and what is the operating cost per month of the heating plant?
8. What was the original cost, and what is the operating cost per month of the electric plant?
9. What sums have been paid to Mr. T. Edwin Oulton or his wife for sand and gravel?
10. Who owns the farm from which this sand and gravel is taken?

Mr. GUTHRIE:

1. $22,241.93.
2. $22,241.93.

Note in re answers 1 and 2, as above:

The two houses were constructed at one and the same time, both being identical, and cost divided between the two on completion.

3. $3,540 cash per annum.
4. Perquisites valued at $840 per annum, which include house, light, heat, water and uniforms.

5. One only for official business.

6. 5 new single houses completed at cost of $10,126.15 each:

1 double tenement completed; 2 double tenements completed outside only, and foundation built for another at total cost of $28,-098.79, to date.

7. Original cost of heating plant was included with shop buildings thirty-seven years ago and probably cost less than $5,000.

The system of central heating is adopted and the average cost for the last three months of winter was $1,787.39, including the heating of the whole prison and buildings attached thereto. In summer steam heat is only required for cooking.

8. Cost of electric plant, $8,041.

Electric plant not operated since February, 1929. Current has since been purchased from New Brunswick Electric Power Commission under contract.

9. $19,107.13, has been paid to Mrs. Oulton during a period of seven years.

10. Manford Buck owns sand rights which are leased to Mrs. Oulton.

QUEBEC LEGISLATURE—RESOLUTIONS

Mr. DORION:

1. Did the Dominion government during the year 1930 receive any resolutions adopted by the legislature or legislative council of Quebec, if so, what are said resolutions?
2. Did the government receive any such resolutions during the year 1931, if so, what are said resolutions?
3. Has the government received any such resolutions since the beginning of the year 1932, if so, what are said resolutions?

Mr. CAHAN:

1. No.
2. No.
3. No.

UPPER WHITE HEAD, N.S., WHARF

Mr. DUFF:

1. Was a new wharf built at Upper White Head, county of Guysboro, Nova Scotia, last year?
2. If so, on whose recommendation was said wharf constructed?
3. How much did said wharf cost?
4. Were tenders called for said wharf?
5. If not, how much was paid by the government per lineal foot for logs and how much per foot for timber and plank?
6. What was the name of the foreman?

Mr. STEWART (Leeds):

1. Yes, under U. F. R. Act, 1931.
2. Petitioned for by residents of large section of Guysborough county and recommended by district engineer.
3. $11,945.85 including cost of a wharf shed.
4. No.
5. 9″ logs and piling up to 22′—13 cts. per lin. ft.

9″ logs and piling up to 27′—15 cts. per lin. ft.

9″ logs and piling up to 32′—15 cts. per lin. ft.

Heavy sawn timber—$40 per M.

Plank—$25 per M.

Ballast floor logs up to 17 ft. long—6 cts. per lin. ft.

Ballast floor logs 17 to 24 ft. long—8 cts. per lin. ft.

6. David Duncan.

P. T. AHERN

Mr. POULIOT:

1. Is Mr. P. T. Ahern mentioned as secretary clerk at page L-4 of the last report of the Auditor General?
2. Do the letters secretary mean that he has been acting as secretary to anyone?
3. If so: (a) to whom; (b) for how long?

Mr. GUTHRIE:

1. Yes.
2. No.
3. Answered by No. 2.

SOLICITOR GENERAL—SECRETARIES

Mr. POULIOT:

1. How many private secretaries, joint private secretaries, assistant private secretaries and secretary clerks have been working for the Solicitor General in Ottawa since August, 1930?
2. What is the name of each one and when has each one of them been appointed?
3. Did any one of said private secretaries, joint private secretaries, assistant private secretaries or secretary clerks accompany the Solicitor General to the disarmament conference this year?
4. If so, how many?

Mr. GUTHRIE:

1. One private secretary, one joint secretary, one secretary clerk.
2. Jules Landry, September 15, 1930; Miss M. M. Turcotte, August 19, 1930; P. T. Ahern, November 15, 1931.
3. No.
4. Answered by No. 3.

MINISTERS' CLERK—QUEBEC

Mr. POULIOT:

1. Is there a clerk in the minister's office at Quebec?
2. If so, who is he?
3. What is his salary?
4. Who is the minister he works for?

Mr. GUTHRIE:

1. Yes.
2. J. L. A. Tanguay, of Beauport.
3. $1,860 per annum.
4. He is at the disposal of all ministers.

BROCKVILLE—PUBLIC BUILDING

Mr. SANDERSON:

1. What work was done in and about the Dominion public building at Brockville, Ontario, within the last year?
2. What was the cost of the work?
3. Who was the contractor for such work?
4. Were tenders for the work advertised for, and, if so, when and where?
5. If not advertised for, how were tenders called for and how was the contract awarded?

Mr. STEWART (Leeds):

1. New post office fittings, lock boxes, etc. Alterations to brickwork, carpentry, plastering, electric wiring and fixtures, terrazzo floor, and painting and decorating.
2. Total cost including superintendence $8,110.85.
3. For interior fittings, Canadian Office & School Furniture Co.; for lock boxes and plates, Rubenstein Bros.; for structural alterations and additional work, F. W. Clow; for additional electric wiring and fixtures, A. Louch.
4. No.
5. Tenders for interior fittings were invited from: Canadian Office & School Furniture Co.; Office Specialty Mfg. Company; Renfrew Wood Products; Interior Hardwood Company. For lock boxes, etc., from: Rubenstein Bros.; Office Specialty Mfg. Company; Robt. Mitchell Company. For structural alterations, painting, etc.: Tenders were invited by a local architect at Brockville; from local contractors. Three tenders were received. The lowest tender in each case was accepted.

GUELPH, ONT.—POST OFFICE

Mr. HEPBURN:

1. Have tenders been called for the construction of a post office in Guelph?
2. Was anyone authorized to state on or about November 13, 1931, on behalf of the government that a new post office was to be built in Guelph to provide relief for unemployment, and that the closing date for the acceptance of tenders would be December 10, 1931?
3. Was anyone authorized to state on behalf of the government that the actual cost of the post office aside from the value of the land would be from one hundred thousand to one hundred and twenty-five thousand dollars?

Mr. STEWART (Leeds):

1. Yes.
2. The advertisement for tenders was duly published and the closing date for receiving same was December 10, 1931.
3. Twenty tenders were received running from $123,200 to $157,472 using mechanical equipment for excavation work, or $127,150 to $167,622 using hand labour, but no contract has yet been awarded. No one has been authorized to make any statement on behalf of the government in respect to this matter.

[Mr. Guthrie.]

BAGOTVILLE, QUE., POSTMISTRESS, DISMISSAL

Mr. CASGRAIN:

1. Is the government aware that Mrs. Levesque, postmistress at Bagotville, Quebec, has been dismissed?
2. If so, were complaints lodged against her?
3. What is the nature of said complaints?
4. What is the name of the person who lodged the complaints?
5. Was an inquiry held previous to the dismissal of Mrs. Levesque?
6. If so, what is the name of the commissioner who held the inquiry?
7. What is the name of the person who replaced Mrs. Levesque?
8. Who recommended said person?
9. Did said person pass the required civil service examinations?

Mr. SAUVE:

1. Yes.
2. Yes.
3. (a) Political partisanship; (b) Advanced age of postmistress; (c) Inattention to duties; (d) Unsatisfactory location of post office.
4. Nerée Pouliot and petition signed by Odina Simard and nine others.
5. Yes.
6. Inquiry conducted by district superintendent, Quebec, into questions of management and location.
7. Nerée Pouliot.
8. J. C. Gagné, Chicoutimi.
9. Permanent selection not yet made. The usual procedure required by the Civil Service Commission will be followed in rating candidates for the vacancy.

MILLE VACHES, QUE., POSTMASTER, DISMISSAL

Mr. CASGRAIN:

1. Is the government aware that Mr. Elmerie Bouliane, postmaster, at Mille Vaches, in the county of Saguenay, was dismissed?
2. Is so, were complaints lodged against him?
3. What was the nature of said complaints?
4. What is the name of the person who made said complaints?
5. Was an inquiry held previous to the dismissal of Mr. Bouliane?
6. If so, what is the name of the commissioner who held the inquiry?
7. What is the name of the person who replaced Mr. Bouliane?
8. Who recommended said person?
9. Did said person pass the civil service examinations?

Mr. SAUVE:

1. Yes.
2. Yes.
3. Unsatisfactory service.
4. Thomas Maher.
5. Yes.
6. Investigation made by district superintendent, Quebec.

7. Jos. Tremblay (Thaddee).
8. Thomas Maher.
9. No. This position is exempt from the operation of the Civil Service Act.

ST. TITE-DES-CAPS—POSTMASTER

Mr. CASGRAIN:

1. What is the name of the postmaster at St. Tite-des-Caps, in the county of Montmorency, who replaced Mr. Alfred Leclerc?
2. Who recommended the new incumbent for said position?
3. Were examinations held under the supervision of the Civil Service Commission?

Mr. SAUVE:

1. Ludger Leblond.
2. Selected by Civil Service Commission.
3. Usual Civil Service Commission procedure was followed.

JOSEPH LEO TREMBLAY

Mr. CASGRAIN:

1. Is the government aware that Mr. Joseph Leo Tremblay, postmaster, in the parish of Mille-Vaches, in the county of Saguenay, was dismissed?
2. If so, were complaints lodged against him?
3. What is the nature of said complaints?
4. What is the name of the person who made said complaints?
5. Was an inquiry held previous to the dismissal of Mr. Tremblay?
6. If so, what is the name of the commissioner who held the inquiry?
7. What is the name of the person who replaced Mr. Tremblay?
8. Who recommended said person?
9. Did said person pass the civil service examinations?

Mr. SAUVE:

1. Yes.
2. Yes.
3. Political partisanship.
4. Thomas Maher.
5. Yes.
6. L. P. Cote.
7. Vve. Wilfrid Tremblay-Martin.
8. Thomas Maher.
9. No. This position is exempt from the operation of the Civil Service Act.

POINTE LEBEL, SAGUENAY, POSTMASTER

Mr. CASGRAIN:

1. Is the government aware that Mr. Honore Chouinard, postmaster, at Pointe Lebel, in the county of Saguenay, has been dismissed?
2. If so, were complaints lodged against him?
3. What was the nature of said complaints?
4. What is the name of the person who made said complaints?
5. Was an inquiry held previous to the dismissal of Mr. Chouinard?
6. If so, what is the name of the commissioner who held the inquiry?
7. What is the name of the person who replaced Mr. Chouinard?
8. Who recommended said person?
9. Did said person pass the required civil service examinations?

Mr. SAUVE:

1. Yes.
2. Yes.
3. Political partisanship.
4. Thomas Maher.
5. Yes.
6. L. P. Cote of Matane.
7. Henri Granier.
8. Thomas Maher.
9. No. This position is exempt from the operation of the Civil Service Act.

MONTREAL POST OFFICE TEMPORARY EMPLOYEES

Mr. RINFRET:

1. Did the government give notice that after March 31, 1932, the services of a certain number of temporary employees in the post office at Montreal, would not be required, or do they intend to give such notice?
2. If so, how many temporary employees will be affected?
3. Will the government take the necessary measures to assure maintenance of such employees and their families in case that their services are no more required?

Mr. SAUVE:

1. Tentative notice was given to all temporary employees.
2. It is impossible to state at present as inquiries have not yet been completed.
3. It is presumed answer will be furnished by the government.

EXCHANGE SITUATION

Mr. WOODSWORTH:

1. Did Samuel Sons and Company, Toronto, receive some $15,000 in gold, or any other amount, through the Receiver General's office in Toronto a few days after Great Britain went off the gold standard?
2. If so, for what service?
3. Did the Dominion Square Corporation of Montreal receive from the Department of Finance some $75,000 in gold, or any other amount, last September or October?
4. If so, for what service?
5. What other amounts, if any, were paid other Canadian firms in connection with the exchange situation?

Mr. RHODES:

1. A redemption of Dominion of Canada notes, as provided by law, was made at the office of an assistant receiver general on September 26, 1931, to one who gave his name as Norman Samuel, of Samuel Son & Company. The amount was $14,600. The department has no knowledge of the uses made of the gold by the recipient.
2. Answered by No. 1.

3. No.

4. Answered by No. 3.

5. Gold issued in redemption of Dominion of Canada notes from September 21 to October 19, 1931, the date of passing of order in council No. P.C. 2617, to public bodies, banks, firms and individuals—$5,318,461.49.

As export licences were not required prior to October 19, the department has no record of the uses made of the gold so received.

DIRECTOR OF UNEMPLOYMENT, MONTREAL

Mr. FOURNIER:

1. What are the duties of L. G. G. Gravel, 112 West St. James street, Montreal, as director of unemployment for the district of Montreal?

2. What are the powers of said Gravel, as director of unemployment for the district of Montreal?

Mr. GORDON:

1. Attached is a memorandum containing the instruction given to Mr. L. G. Gravel on his appointment as assistant to the dominion director of unemployment relief for the district of Montreal.

2. Answered by No. 1.

Memorandum for Field Representatives of Dominion Unemployment Relief Branch

Cooperation with provincial authorities

1. Officials of the Dominion unemployment relief branch will cooperate with the provincial authorities to the end that the need of the unemployed is relieved.

Technical detail covering projects

2. Technical details of construction of projects are under the control of provincial and municipal authorities, or, in the case of federal projects, the appropriate department of the Dominion government.

Employment selection

3. Duties should include protecting federal interests along the lines of seeing that those in need are given employment regardless of race, religion or political affiliation.

Employment service of Canada

4. The employment service of Canada should be used wherever possible as medium for hiring labour.

Returned soldiers

5. At least ten per cent of men employed should be returned soldiers if available.

Married men

6. It is preferable that married men or single men with dependents be given preference on work where they reside.

Elimination of case not in need

7. On investigation if it is found that men not in need are employed, or men are not properly employed according to regulations, such cases should be followed up with proper authorities with a view to correcting condition.

[Mr. Rhodes.]

Hours

8. The maximum day is eight hours, unless otherwise previously approved by the Minister of Labour.

Wages

9. See that the wages as set forth and authorized by the province or municipality are being paid and that clause 8 of general regulations, P.C. 2043, is respected.

Deductions for board

10. See that deductions for board (or medical treatment in relief camps) is according to provincial regulations.

Transportation

11. A memorandum is being sent you setting forth the arrangements for reduced transportation charges for workers going to relief work.

Percentage of labour to total cost of works

12. Note clause 14 of dominion-province agreement, "of the amounts expended pursuant to provisions of clauses 6, 8, 9 and 10 hereof not less than forty per centum thereof shall be expended for labour unless a modification of this requirement is previously agreed to by the Minister of Labour".

Press comments

13. Any articles appearing in the local press adversely criticizing the administration of the unemployment relief should be investigated when practical with a view to establishing the accuracy, or otherwise, of such statements, and steps should be taken to rectify any failure to comply with regulations.

Complaints

14. In taking action on complaints referred to you, effect an adjustment if possible.

Relief camp conditions

15. If relief camps are not properly organized as to housing, board, sanitary conditions, etc., direct the attention of the proper authorities to the matter.

Correspondence

16. Forward to this office copies of all communications addressed by you to provincial or municipal authorities. Address communications to "Dominion Director of Unemployment Relief, Department of Labour, Ottawa".

Direct relief

17. See that only such relief be given as is specified in general regulations P.C. 2043 when said relief is being contributed to from federal funds.

Lists of approved works

18. Lists of works approved under the agreement with province will be furnished to you. If you find any works being carried on to which it is proposed that the federal government should contribute, other than those appearing on the lists sent you, advise the Dominion unemployment relief branch, Department of Labour, Ottawa.

General Instructions

Staff

1. No appointments can be made except by order in council.

Supplies

2. Requisition for supplies needed should be forwarded to this office.

Rent of premises

3. No premises may be rented except on authorization from this office.

Provincial reports

4. Statistics and expenditures reports are received at Ottawa from province. Specimens of forms used will be furnished to you. Assistant to director will be called upon to secure any special reports from provincial authorities when necessary.

Cost of administration

5. No portion of provincial or municipal administration charges may be paid (see general regulations P.C. 2043, clause 13).

Expenses

6. All expenses for travelling must be approved by assistant to director for province and all expenditures over $2 covered by voucher. In the case of hotel expenses the statement of account issued by hotel to be attached.

Weekly report of localities visited

7. A weekly report is required showing projects visited.

Correspondence

8. Correspondence should be brief as possible.

Deductions

9. Deductions from wages of workers are not allowed for any reason whatever, except in the case where the worker is engaged in camps at a specific rate of pay and a certain deduction is to be made for board. No amounts for taxes may be deducted from the workers' pay. Municipal authorities must pay the workers, in full, amount of wages due them for their work.

CIVIL SERVICE RETIRING FUNDS

Mr. DESLAURIERS:

1. What is the amount, to date, of the civil service retiring fund?
2. Does the government loan or utilize the said retiring fund?
3. What percentage in interests is allowed on this money?

Mr. RHODES:

1.

Superannuation fund (act of 1924)	$33,798,174 37
Superannuation fund (act of 1893)	2,080,980 14
Retirement fund (act of 1898)	6,528,204 08
	$42,407,358 59

2. As authorized by statutes, contributions are paid into consolidated revenue fund.
3. Superannuation fund (act of 1924) four per cent; Retirement fund, five per cent.

PENSIONS FOR CABINET MINISTERS

Mr. DESLAURIERS:

1. Did the Canadian parliament enact legislation in 1905 to the effect of creating a pension for cabinet ministers who were in office five years?
2. If so, what are the names of those who have benefited, up to date?

Mr. RHODES:

1. Yes, by chap. 30, statutes of Canada, 1905, repealed by chap. 40, statutes of Canada 1906.

2. Payments were made in 1905-06 to the following: Hon. A. G. Blair, Sir Mackenzie Bowell, Sir John Carling, Sir Adolphe Caron, Hon. John Costigan, Hon. Geo. E. Foster, Hon. John Haggart, Sir Hector Langevin, Hon. Clifford Sifton, Hon. J. Israël Tarte, Sir Charles Tupper, Sir Charles Hibbert Tupper.

LEAGUE OF NATIONS

Mr. DESLAURIERS:

1. What is meant by Canada occupying a temporary seat at the meetings of the League of Nations?
2. Are there additional advantages enjoyed in occupying a permanent seat at said meetings over those of a temporary seat?
3. Are the expenses of the Canadian delegates included in the amount of $205,000 plus $80,000 for labour organization, which is supposed to be the contribution of Canada to the League of Nations for 1931?
4. If not, what is the amount of the expenses incurred by the Canadian delegates to the League of Nations in 1931?

Mr. BENNETT:

1. Neither Canada nor any other member of the league occupies a "temporary seat" at the meetings of the League of Nations, The reference may possibly be to the fact that the council of the league consists of five permanent and nine non-permanent members, and that from 1927 to 1930 Canada held one of these non-permanent seats.
2. Answered by No. 1.
3. No.
4. $16,060.63.

QUESTIONS PASSED AS ORDERS FOR RETURNS

J. V. GUAY

Mr. CASGRAIN:

1. Is the government aware that Mr. J. V. Guay, telegraph operator at Sept-Iles on the north shore of the St. Lawrence river, has been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. What was the nature of these complaints?
4. Was an inquiry held previous to the dismissal of Mr. Guay?
5. If so, who was the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Guay?
7. Who recommended said person?
8. Did said person pass the civil service examinations?

JEAN BOUDREAULT

Mr. CASGRAIN:

1. Is the government aware that Mr. Jean Boudreault, lighthouse keeper, at Havre St. Pierre, on the north shore of the St. Lawrence river, has been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. What was the nature of these complaints?
4. Was an inquiry held previous to the dismissal of Mr. Boudreault?
5. If so, who was the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Boudreault?
7. Who recommended said person?
8. Did said person pass the civil service examinations?

J. M. PIUZE

Mr. CASGRAIN:

1. Is the government aware that Mr. J. M. Piuze, telegraph operator, at St. Paul du Nord (Mille Vaches), in the county of Saguenay has been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. What was the nature of these complaints?
4. Was an inquiry held previous to the dismissal of Mr. Piuze?
5. If so, who was the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Piuze?
7. Who recommended said person?
8. Did said person pass the civil service examinations?
9. Is it a fact that the telegraph office was removed from the centre of the village to Sault-au-Mouton, two miles further?
10. If so, why?

J. A. HOULD

Mr. CASGRAIN:

1. Is the government aware that Mr. J. A. Hould, telegraph operator, at Havre St. Pierre, on the north shore of the St. Lawrence river, has been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. If so, what was the nature of these complaints?
4. Was an inquiry held previous to the dismissal of Mr. Hould?
5. If so, what is the name of the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Hould?
7. Who recommended said person?
8. Did said person pass the civil service examinations?

FRANCIS GALLIENNE

Mr. CASGRAIN:

1. Is the government aware that Mr. Francis Gallienne, superintendent of telegraph lines on the north shore of the St. Lawrence river, has been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. What is the nature of these complaints?

[Mr. Casgrain.]

4. Was an inquiry held previous to the dismissal of Mr. Gillienne?
5. If so, what is the name of the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Gallienne?
7. Who recommended said person?
8. Did said person pass the civil service examinations?

GASPE POSTMASTERS

Mr. BRASSET:

1. How many postmasters were dismissed or resigned in the county of Gaspe, since August, 1930, up to the present date?
2. In each case, what was the date of his dismissal or resignation, the name of the post office, the name of the postmaster, the reason for his dismissal and the name of his successor?

Mr. CAHAN: Stands as order for return.

Mr. MACKENZIE KING: I cannot see why a question of this sort should require an order for return. It is a very simple question. I am afraid the Secretary of State has an old list in his hand.

Mr. CAHAN: The information has to come from the Civil Service Commission and the Post Office Department. It covers a number of cases with the reasons for dismissals. I thought that was a proper subject for an order for return and I asked that it stand in that way.

DISMISSALS OF POSTMASTERS

Mr. ST-PERE:

1. How many postmasters were dismissed between the dates of August 7, 1930, and February 1, 1932?
2. What are the names of those dismissed, the reasons assigned for such dismissal, and the names of the post offices?

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF, NOVA SCOTIA

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized, (b) the amount expended.

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for contribution to works being constructed or contributed to by the provincial or municipal authorities in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. RALSTON:

For a copy of the correspondence, documents, accounts and vouchers respecting the expendi-

ture for direct relief in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

Mr. SPEAKER: Motions Nos. 1, 2 and 3 stand.

Mr. RALSTON:

For a return showing the pay sheets of men employed on the breakwater on the south side of Cape Sable island, in connection with the expenditure of moneys during the last six months under the Unemployment Relief Act of last session.

Mr. RALSTON:

For a return showing the pay sheets and vouchers in connection with moneys spent in the last six months on the wharf on the west side of Port Dufferin, Halifax county.

Mr. RALSTON:

For a return showing the pay sheets in connection with the repairs of the breakwater at West Baccaro carried on during the year 1931.

Mr. RALSTON: Will the Minister of Public Works allow Nos. 4, 5 and 6 to pass? The first one has reference only to pay sheets and nothing else; the next one has to do with pay sheets; the third one has to do with a return which, as I understand the matter, is not under the Unemployment Relief Act and therefore will not be the subject of the return which is coming down on March 15?

Mr. STEWART (Leeds): I have no objection to the motions.

Motions agreed to.

WHARF AT BARACHOIS, N.B.

Mr. VENIOT:

For a copy of the pay sheets in connection with construction of a wharf at Barachois, Aboujagan river, county of Westmorland, New Brunswick, and a return showing: (a) the names of the men employed, and their respective wages since the work was undertaken to date; (b) the quantity of stone and lumber purchased, from whom purchased and the prices paid for such material; (c) the amount expended to date; (d) to whom cheques were sent in payment of wages and material; (e) whether or not the expenditure was made under the Unemployment Relief Act; (f) whether or not the work was done under contract or by days' work.

Mr. VENIOT: This is in the same category as those submitted by the hon. member for Shelburne-Yarmouth. I would ask the minister if he would agree to let this go through.

Mr. BENNETT: Paragraph (e) covers the whole of it.

Mr. SPEAKER: The motion stood by arrangement on several former occasions.

Mr. VENIOT: The only question that would come up in the report to be submitted would be paragraph (e), "whether or not the expenditure was made under the Unemployment Relief Act." The rest does not come under the act, and I cannot see any objection to letting the motion pass.

Motion agreed to.

PARLIAMENTARY EMPLOYEES

Mr. REID:

For a return showing the number of persons in the employ of the government in connection with the Commons chamber, the Senate chamber and parliament building generally, with the various salaries paid.

Mr. SPEAKER: The hon. member does not specify any particular date, so perhaps this motion had better stand.

Motion stands.

UNOPPOSED MOTIONS FOR PAPERS

HARBOUR COMMISSION EXPENDITURES

Mr. QUINN:

For a copy of all correspondence passing between the Department of Marine or any other department or any member of the government or any minister, deputy minister or any official of any department of government, and each of the following harbour commissions from January 1, 1929, to August 1, 1930, dealing with or concerning expenditures made previous to authority therefor, by order in council or for obligations incurred by such harbour commissions previous to such authority, namely: (a) Quebec; (b) St. John; (c) Montreal; (d) Sorel; (e) Halifax.

UNEMPLOYMENT RELIEF FUND, QUEBEC

Mr. BOULANGER:

For a copy of all correspondence, telegrams, letters and other documents exchanged between the Prime Minister of Canada or any other member of the government in August, September and October, 1931, and Messrs. Thomas Maher, Pierre Audet, Pierre Bertrand, Louis Francoeur, G. A. Lepine, F. J. Dinan, Ludger Bastien, J. A. Foley, G. A. Pelletier, J. S. N. Turcotte, A. Paradis, J. A. E. Cote, F. Proulx, Eug. F. Dussault, A. Rioux, J. C. N. Labrie, J. M. Bourassa, Eugene Bernard, Thomas Tremblay, Noel Belleau, L. Francoeur, L. Deschenes, L. Levesque, G. Simard, J. G. L. Duguay, A. Dontigny, J. A. A. Drolet, T. Dufour, J. A. Lavergne, C. Belanger, J. A. Nadeau, J. B. Arsenault, Dr. J. L. O. Corrineau, Raoul Poulin and E. B. Feeney, in connection with unemployment funds in the province of Quebec.

AGRICULTURE ESTIMATES

Mr. MOTHERWELL:

For a return showing: Total aggregate amount of money voted for agriculture in each fiscal

year during the years ending 31st of March, 1923, to the 31st of March, 1933, inclusive (exclusive of any sums voted under the provisions of the Agricultural Instruction Act).

SENIOR FRUIT AND VEGETABLE INSPECTOR, P.E.I.

Mr. ILSLEY:

For a copy of all correspondence, letters, telegrams, or other documents, exchanged between the government of Canada, any minister or department thereof, and the Civil Service Commission, or, between either of the foregoing and any other person or persons since July, 1930, relating to the position of senior fruit and vegetable inspector in Prince Edward Island, the dismissal of the senior fruit and vegetable inspector from this position and the appointment of a successor.

ROBERVAL, QUE.—WHARF AND BREAKWATER

Mr. PERRAS:

For a copy of all correspondence, letters, telegrams and other documents in connection with certain works, constructions and repairs to the wharf and breakwater at Roberval, Quebec, carried on during the months of July, August, and September, 1931, together with a copy of paylists and statements of moneys expended for the purchase of material and otherwise, and also showing the name of the superintendent of works.

ST. DAVID, LEVIS, QUE.—RURAL ROUTE NO. 1

Mr. POWER:

For a copy of all letters, telegrams and correspondence exchanged between the member for Levis and the Solicitor General or the said member and the Postmaster General, having reference to the cancellation of a mail contract on Rural Route No. 1, St. David, county of Levis, and the calling for new tenders in connection with the said rural route; together with copies of all tenders, prices, recommendations, submitted by any contractor who proposed undertaking the work of carrying the mail on the said Rural Route No. 1, St. David.

MR. J. V. GUAY

Mr. CASGRAIN:

For a copy of all reports, correspondence and other documents in connection with the dismissal of Mr. J. V. Guay, telegraph operator, at Sept-Iles, on the north shore of the St. Lawrence river; also a copy of all reports, correspondence and other documents relating to an inquiry held in 1931, in connection with charges made against said J. V. Guay, including the proof and the evidence of all the witnesses who were heard in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

ST. PAUL DU NORD TELEGRAPH OPERATOR

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the

dismissal of Mr. J. M. Piuze, telegraph operator, at St. Paul-du-Nord (Mille Vaches) in the county of Saguenay; also a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said J. M. Piuze, including the proof and the evidence of all the witnesses heard in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

HAVRE ST. PIERRE TELEGRAPH OPERATOR

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. J. A. Hould, telegraph operator, at Havre St. Pierre, on the north shore of the St. Lawrence river; also a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said J. A. Hould, including proof and the evidence of all the witnesses heard in said inquiry and the decision arrived at by the commissioner who held the inquiry.

HAVRE ST. PIERRE LIGHTHOUSE KEEPER

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Jean Boudreault, lighthouse keeper, at Havre St. Pierre, on the north shore of the St. Lawrence river; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against the said Jean Boudreault, including the proof and the evidence of all the witnesses heard in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

ST. LAWRENCE RIVER—SUPERINTENDENT OF TELEGRAPH LINES

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Francis Gallienne, superintendent of telegraph lines on the north shore of the St. Lawrence river; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said Frances Gallienne, including the proof and the evidence of all the witnesses heard in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

BAGOTVILLE, QUE., POSTMISTRESS

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mrs. Levesque, postmistress, at Bagotville, Quebec; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said Mrs. Levesque, including the proof and the evidence of all the witnesses heard at said inquiry, and the decision arrived at by the commissioner who held the inquiry.

ST. TITE DES CAPS, QUE., POSTMASTER

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Alfred Leclerc, postmaster at St. Tite-des-Caps, in the county of Montmorency; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said Alfred Leclerc, including the proof and evidence of all the witnesses heard in said inquiry and the decision arrived at by the commissioner who held the inquiry.

MILLE VACHES, QUE., POSTMASTER

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Elmerie Bouliane, postmaster, at Mille Vaches, in the county of Saguenay; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said Elmerie Bouliane, including the proof and evidence of all witnesses in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

RIVIERE EPERLAN, QUE., POSTMASTER

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Joseph Leo Tremblay, postmaster, at Riviere Eperlan, parish of Mille Vaches, in the county of Saguenay; also for a copy of all correspondence, reports and other documents relating to an inquiry held in 1931 in connection with charges made against said Joseph Leo Tremblay, including the proof and evidence of all the witnesses heard in said inquiry, and the decision arrived at by the commissioner who held the inquiry.

POINTE LEBEL, QUE., POSTMASTER

Mr. CASGRAIN:

For a copy of all correspondence, reports and other documents in connection with the dismissal of Mr. Honore Chouinard, postmaster, at Pointe Lebel, in the county of Saguenay; also for a copy of all correspondence, reports and other documents relating to the inquiry held in 1931 in connection with charges made against said Honore Chouinard, including the proof and evidence of all the witnesses heard at said inquiry, and the decision arrived at by the commissioner who held the inquiry.

PORT DANIEL EAST POST OFFICE INVESTIGATION

Mr. MARCIL:

For a copy of the evidence and report of the commissioner of the investigation held by order of the Post Office Department in September, 1931, at Port Daniel East post office, county of Bonaventure, Quebec.

ROBITAILLE, QUE., POST OFFICE

Mr. MARCIL:

For a copy of the correspondence exchanged between the patrons of the Robitaille post office, county of Bonaventure, and the department, regarding that post office, during the year 1931.

LAPRAIRIE, QUE., POSTMASTER

Mr. DUPUIS:

For a copy of all correspondence, reports, or other documents relating to the dismissal of Noel Fontaine, postmaster at Laprairie, county of Laprairie, Quebec, including full report of an inquiry into charges brought against him, with proof and evidence submitted thereto; also a copy of all correspondence, reports and other documents relating to the appointment of his successor.

NOVA SCOTIA RURAL MAIL CONTRACTS

Mr. MacLEAN:

For a copy or list of all rural mail contracts put up for public tender since March 1, 1931, up to March 1, 1932, in the provinces of Nova Scotia, New Brunswick, and Prince Edward Island, showing amount paid under old tender and also amount paid under new tender in each case.

ST. THOMAS, ONT., PUBLIC BUILDING CARETAKER

Mr. HEPBURN:

For a copy of all correspondence, reports, telegrams, ratings and other communications to or from the Minister of Public Works and any other minister, officials of the government or any member or official of the Civil Service Commission, or other person or persons, in any way relating to the appointment of a caretaker for St. Thomas public building, since November 25, 1930.

REPRESENTATION OF PATRICIA

IMMEDIATE ENFRANCHISEMENT OF RESIDENTS OF THE DISTRICT

Hon. PETER HEENAN (Kenora-Rainy River) moved:

Whereas, citizens of Canada residing in the Patricia district in the province of Ontario, are deprived of the right to vote in any federal election, owing to the fact that the district of Patricia is not included in any federal electoral district;

And whereas, a federal general election may be held at any time.

Therefore be it resolved: That necessary steps be taken to immediately provide for the enfranchisement of the citizens of Canada residing in the Patricia district.

He said: Mr. Speaker, this resolution is short and concise in form, but in order that members of the house may know its significance, I shall make a short explanation thereof. In the Patricia district which lies directly north of the Kenora-Rainy River riding there are between five and six hundred

citizens who have been disenfranchised. A large portion of this district is within the province of Ontario, but for some reason or another at the last redistribution it was not included in any electoral district. The reason for this action may have been that very few people were residing in the district, but since that time the development of the mining areas therein has advanced quite rapidly. At the Howey mine alone there are between five and six hundred people employed.

In 1929, prior to the provincial elections, the provincial government of Ontario extended the franchise to the people in this district, but up to the present time they have not been taken into any federal constituency. In May of 1930 the government introduced a bill to enfranchise these people, but the bill subsequently was withdrawn apparently for lack of information in connection with the territory. During the discussion on this bill my duties as minister of labour took me to Fort William where a labour dispute had arisen and I was not able to be present in the house to give the information which I am sure would have been appreciated. In the elections of 1930 between five and six hundred citizens were not permitted to vote.

At the last session I introduced a private bill but after some discussion the six months' hoist was moved and the bill did not advance any further. I leave it to the house to say whether or not it is fair and in the interests of democracy that between five and six hundred people should be unable to vote. My bill specified that this district should be added to the constituency of Kenora-Rainy River, and that may have been the reason why it was not permitted to advance further. The present resolution leaves it with the government to say in what electoral district this territory shall be included. I hope the house will see its way clear to adopt this resolution.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I do not intend to take up much of the time of the house in discussing this matter. The only reason I take upon myself the duty of answering on behalf of the government is that, like the hon. member who has just spoken (Mr. Heenan), I come from that particular section of the country. I have no quarrel with the statements made as to the need of these people having the vote. Through an error they were not granted the vote at the last elections, but it is the intention of the government that this right shall be given them before the next elections are held. A census has been taken and there will be a redistribution before the next elections, and I think under the circumstances it would be a duplication of work to pick out at this time and deal with one particular section. I think the house will agree that the wise course to follow is to allow this matter to stand until next year, when, in all probability, there will be a redistribution and this section of the country, along with others, can be given the necessary attention. That appears to me to be the reasonable attitude under the circumstances.

Mr. MACKENZIE KING: May I ask the minister who has just spoken (Mr. Manion) whether he is in a position to give any guarantee that this government will last until after the next redistribution. I ask this quite seriously. I do not mean that any of us are anxious that the government should not have ample opportunity to redeem all its pledges, but there are always possibilities of a government disintegrating and going to pieces, and it would be a great pity if the people of this part were again left without an opportunity of voting should an election come before redistribution.

Mr. MANION: I cannot give a written guarantee, but so far as one can foresee in the ordinary course of human affairs this government is going to last not merely until after the next redistribution but for a number of years thereafter. I can assure my hon. friend that there will be a redistribution and that this question regarding Patricia will be looked after. But I am afraid that my right hon. friend will be sorry if that is done because when the opportunity comes, the people there will likely vote as many of the people up there did last time against his party.

Mr. HEENAN: I am well satisfied that the government has now taken the position that these people should no longer be disfranchised. It will be noted that in my few remarks I did not lay any blame on any government or party. I simply asked that these citizens be enfranchised. The Minister of Railways, however, I think rather qualified his statement that they would be enfranchised. I think he could go further than he did and say that before another election takes place, whether a redistribution bill has been brought down or not, this territory will be taken care of.

Mr. MANION: I think I can easily go that far, but I am quite sure that it will be attended to by redistribution.

Mr. HEENAN: Then under those circumstances the government might accept the resolution.

Mr. MANION: I would rather that my hon. friend withdrew it. He has accomplished what he had in mind.

Mr. HEENAN: All right. I ask leave to withdraw my motion, Mr. Speaker, on that assurance.

Mr. SPEAKER: Has the hon. member unanimous consent to withdraw his motion?

Motion withdrawn.

WESTERN FREIGHT RATES

REDUCTION OF DOMESTIC RATES ON GRAIN AND GRAIN PRODUCTS

Mr. E. E. PERLEY (Qu'Appelle) moved:

That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in Manitoba, Saskatchewan, Alberta, and British Columbia, to a point in any of the said provinces, or from one point to another point in any one of the said provinces, be substantially reduced.

He said: I do not propose to speak at any great length or possibly to take all the time allotted to me in presenting to the house arguments in favour of the resolution standing in my name. The resolution calls for a substantial reduction in domestic freight rates. The question of freight rates has long been a vexatious one. Not only has it been frequently debated on the floor of this house but for a number of years back it has been debated by practically every organization of the farmers of western Canada and by boards of trade of the different cities of the west, and resolutions urging a reduction in freight rates have been forwarded to the government of the day and the Board of Railway Commissioners. I do not think it would be wise or serve any useful purpose for me to present to the house a great volume of figures in support of my argument. Figures have been presented from time to time and have not availed very much. I think it would be better for me, Mr. Speaker, to make a plain statement of fact and use some commonsense argument in support of the resolution.

I do not attach any weight to the argument that this question should not be dealt with until the appeal from the decision of the Board of Railway Commissioners has been decided. That decision should have been given by the late government as far back as January, 1930, but the government was more or less self-confident and felt secure in their position, and they left this question, together with many other important problems, on the doorstep of the present government. The situation, however, is now such that it is due to the western farmers and producers that we should endeavour to settle this question now and do what is fair and right. Many arguments could be adduced which have previously been given, and probably the discussion which will take place on this resolution will be more or less of a rehash of some of the arguments of the past, but I think I can bring to the attention of the house one or two arguments in particular in favour of a substantial reduction in these freight rates, which have gained force within recent months.

I would refer to the fact that during the last session we placed a duty on corn. By so doing we shut out from the consumers in British Columbia the supply of that feed. It will be remembered that during the debate last year on the question of placing a duty on corn, figures were given by different members of the house, showing conclusively that as far as food values are concerned barley is equal if not superior to corn. The figures were given and the house was informed of experiments that had been carried on, all conclusively in favour of barley. In our three western provinces there is an annual increase in the production of barley. Manitoba is the largest producer of barley, but we in the province of Saskatchewan are now growing this grain because we can seed it late in the season, and the farmers are able to till their land in the spring and get a growth of the noxious weeds, and then destroy that growth and seed barley. We have had some excellent crop yields in that way. We should at least endeavour to have our coarse grains from the prairie provinces put on the market in British Columbia and the eastern provinces on a fair and equitable basis both to the producer and the consumer. Further, each year there is a greater demand in the provinces, for barley and coarse grains, so that shipments from one point to another within the province as well as inter-provincial shipments of these grains are increasing. Let me cite a case that we had this year in the southern part of the three prairie provinces. In the dried out areas of the province of Saskatchewan many farmers who are not dependent altogether upon the aid given by the government have to bring in feed grains from other parts of the province. I should add that many Saskatchewan farmers within the last few years have begun feeding cattle for the eastern and overseas markets, a practice we wish to encourage.

May I review the circumstances of one particular case in my own district. I refer to

an industrious farmer who, through drought and the cut worm, lost his first seeding but who decided in the first ten days of July to re-seed with oats. He was most fortunate in that several local showers passed over his farm, and as a result he had a splendid crop of oats which, unfortunately, were too late to mature. He left the crop until frost came, then put the binder in his fields and harvested about four or five hundred loads of sheaf grain. Having only fifteen horses on his farm, and in order to get a reasonable return from his sheaf feed, he visited the stock yards at Moose Jaw and there purchased 80 head of cattle which he is feeding this winter. To feed properly and to get the desired results he has found it necessary to ship in coarse grains and grain products to mix with his green feed. Already he has shipped in three cars, and certainly the freight rates figure greatly in his costs. I believe that more and more throughout the years we will find that the freight rates discriminate against the farmers. In my twenty years' experience in farming and handling grain there has not been one year when there have not been interprovincial carload shipments and shipments between points within the province.

While in the west there has been a gradual increase in grain production there undoubtedly has been an increase in diversified farming, a part of the agricultural industry which all hon. members wish to foster and encourage. While there has been a healthy increase in the production of grain and in diversified farming there has been an even greater increase, proportionately, in interprovincial shipments and shipments within the provinces. I think figures can be produced from the freight departments of the two great railway companies to prove the accuracy of my statement. There are two arguments in support of this reduction which to my mind are very important and have not yet been presented to the house. Referring particularly to diversified farming I would say that within recent years in western Canada some splendid stock farmers have developed. Some very fine pure bred herds have been established, and if any hon. members have not witnessed a stock parade at one of our class "A" fairs, such as those held at Brandon, Regina, Saskatoon and Edmonton, they have a treat in store for them.

Mr. BENNETT: And Calgary.

Mr. McINTOSH: What about the class "B" fairs?

Mr. PERLEY (Qu'Appelle): I was going to mention that some very splendid parades have been held at class "B" fairs. One can see stock valued at hundreds of thousands of dollars pass in review. Such an industry should be supported and we should endeavour to assist by a specific reduction in freight rates. These farmers have to import grains which they do not produce in their own district and more particularly products from grain such as bran and shorts.

One of the arguments in favour of the present rates was that they were maintained in order not to discriminate against shipments to certain points of delivery. In order not to discriminate against such points of delivery it has been found necessary to discriminate against the great majority of farmers but I think it is high time we gave sufficient consideration to the matter to see that no longer shall there be discrimination against those who are interested in a basic industry.

At the present time a rate known as the terminal rate provides for free haulage for a distance of one hundred miles between the points of Fort William and Winnipeg. Certainly such an arrangement does not allow for a fair or reasonable rate to points farther west. Certainly there is discrimination in favour of Winnipeg and other large distributing centres. Here again no useful purpose could be served by a continuation of the system now in use.

At the outset I said I did not think it necessary to give figures in support of my argument, but at this time may I put on record only a few. I am about to quote carload rates on grain and grain products in cents per hundred pound shipments from points within the province, both east and west. For the sake of convenience I am taking a point in the constituency I have the honour to represent in the province of Saskatchewan, namely Indian Head:

Carload rates on grain and grain products in cents per 100 pounds

	Domestic rate	Export rate
From Indian Head, Sask., to Moose Jaw, Sask., distance 90 miles	14 cents	—
From Indian Head, Sask., to Swift Current, Sask., distance 200 miles	20 cents	—
From Indian Head, Sask., to Vancouver, B.C., distance 1,160 miles	52½ cents	27 cents

Hon. members will notice that there is a difference in the domestic and export rates between Indian Head and Vancouver of 25½ cents. If the standard were changed from the 100 pound basis to the bushel basis, and the commodity changed to barley there would be a difference between domestic and export rates of 12 cents. From Moose Jaw to Vancouver, a distance of 1,060 miles the domestic rate is

50½ cents and the export rate 25 cents. Hon. members will note that there is a difference of two cents between domestic and export rates between Indian Head and Vancouver and Moose Jaw and Vancouver. The figures I have given would show clearly that if there were two cars of grain shipped from Indian Head west, one of which had been left at Moose Jaw for domestic consumption the rate would be 14 cents. If the second car was taken on to Vancouver and there used for domestic purposes, on a basis of the export rate per mile haulage they would take it from Indian Head to Moose Jaw for two cents. To my mind that is unreasonable and there could be no justification for such a rate.

Let us now consider shipments to points east. From Indian Head to Moosomin, a distance of 100 miles, the rate is 14½ cents. If the car were taken on to Fort William, 620 miles farther, it would be taken that extra distance for 4½ cents. I cannot see that such an arrangement is fair or equitable, because the producer within the province should be considered. Also from any point in Saskatchewan to Montreal there is only a three cent differential as between the domestic and the export rates. I have just quoted figures to show that the differential from any point in the province to Vancouver is twenty-five cents. Why there is this discrimination as between the east and west bound rates I cannot understand, and I do not think any satisfactory explanation has been offered. Similar figures could be produced with respect to shipments from Manitoba and Alberta. I might say that when the question of these discriminatory rates was before the railway commission the argument presented by the governments of the three prairie provinces in every case was to the effect that there should not be any differential. I might also mention the fact that when its decision on the case was handed down by the Board of Railway Commissioners—it was quoted last session by an hon. member when speaking to the freight rates question—the Hon. Frank Oliver, then a member of the commission, gave a dissenting judgment. It is not necessary for me to read it now; it will be found at page 1813 of Hansard of last session. Mr. Oliver was of the opinion that there should not be any differential at all, especially on coarse grains, low grade wheat and feed wheat.

The whole thing boils down to this, that on a basis of equal freight rates the price in Vancouver would be twenty per cent in favour of barley as against corn; on the present basis barley is adversely affected to the extent of fifty per cent. I am informed that last fall after the imposition of the duty on corn many of the poultrymen and dairymen in British Columbia tried our western barley for their stock and found it in every respect equal to corn, if not better. They are prepared to use our coarse grains, and with a proper adjustment of the freight rates there would be no difficulty in our finding a very good market for them in that province.

Prior to the consolidation of the Canadian Northern and the Grand Trunk railways, we had a freight rate from the western provinces to Fort William of two cents less than the present rate. For example, from Indian Head to Fort William it was seventeen cents per hundred pounds, as against nineteen cents per hundred pounds now. That was owing largely to an agreement made between the Manitoba government and the Canadian Northern railway at the time when the provincial government guaranteed the bonds of the railway. The railways were able to haul domestic grain at a profit at that rate when there was only a single track line to Fort William, the freight cars were small, the engines were also small, and the rails were light. Surely to-day with double track lines, heavy rails, large capacity freight cars and powerful engines the railways ought to be able to haul domestic grain at a profit if the old rate were reestablished. At the present time it is very difficult to get a 1,000 bushel car, the railway agent wants you to load grain into a 1,200, 2,000 or 2,500 bushel capacity car. As for the engines, to-day they are so powerful they can haul from twenty to twenty-five more cars than in the old days.

Now, Mr. Speaker, if we could secure a fair and equitable adjustment of these rates I think it would be a very substantial benefit to all our producers of grain in western Canada; some three million people in the three prairie provinces who would be directly affected. The prosperity of Canada generally depends on the success of our great basic industry, agriculture, and, I repeat, those engaged in agriculture in the prairie provinces would be directly benefited by this proposed rate adjustment. And I am confident that the railways themselves would benefit if this adjustment were made. I think it is generally admitted that the railways make the greater part of their earnings on the haulage of export grain, and I think the movement of domestic grain should be on just as favourable a basis. Why should the railways charge so to speak a double rate and in some cases more for moving grain a hundred miles

within a province than for hauling it seven hundred miles to a terminal? It is high time that this matter was given very serious consideration. I trust this resolution will meet with favour from this house, and that, being so endorsed it will be favourably considered by the government. If there are any obstacles in the way of action being taken due to judgments on appeals being still pending, I think such judgments should be delivered without further delay.

Mr. HARRY J. BARBER (Fraser Valley): Mr. Speaker, coming from the province of British Columbia, it gives me great pleasure to second the motion of my hon. friend from the prairie provinces (Mr. Perley) having for its object a reduction of the domestic grain rates. This matter has been brought to the attention of the house almost every session for the last five years, and the facts have been placed before by hon. members so fully that I shall be very brief in my remarks.

As the last speaker (Mr. Perley) has said, some further arguments have been brought forward that might well be considered in dealing with the subject. Under present conditions we believe that a reduction in the domestic grain rates, particularly as applied from points in the prairie provinces to the province of British Columbia—to which I shall confine my remarks—might be in the interests not only of the producer and consumer, but also of the transportation companies. I am free to recall the speech made by the hon. Minister of Trade and Commerce (Mr. Stevens) on the 10th of February last. He was referring to the problems his department had to face at that time, and one problem which was causing his department a great deal of worry was that of finding how we could influence the movement of trade so that there might be an easier and more equitable flow of goods from one part of the world to another and from one part of the country to another. Canada, with a population of ten million people, extends for some four thousand miles from coast to coast, and within our country we find that because of climatic and perhaps other conditions, in one section we can produce commodities to much better advantage than is the case in another section. This is so in the matter of grain, which is under discussion to-day. Perhaps in no part of the North American continent can grain be grown so successively as in the prairie provinces, and we in British Columbia are interested in grain from the standpoint of feed. As I say, under present conditions it might be good business to lower this rate, and I have no doubt that by doing so we would increase the consumption and also increase the car haulage for domestic purposes.

I have in my hand, as perhaps other members have also, a letter from the Canadian Coal Committee. I was quite taken with the argument contained in the letter in regard to a request for a reduction in the freight rate on coal from $6.75 to $5 per ton. It is pointed out that this would work to the advantage of everyone concerned, and I think the same would apply to grain. They say that by this reduction the consumption of Canadian coal in the east would be increased, and that it would mean greater business to the transportation companies. With a revenue of, say, $10,000 per train of 2,000 tons, having in mind the thousands of cars rusting on sidings, the engines which are idle, the train crews seeking relief and the miners of Alberta who have to be clothed and fed, they say the fixing of a rate of $5 per ton would make possible such a movement that it would be a proper move to make from a national point of view, if only as a temporary measure. Further they say:

> Ontario consumes over 4,000,000 tons of domestic fuel per season and if Alberta could only secure 25 per cent, or one million tons, it would mean 500 trains of coal, with a gross revenue to the railways of approximately $5,000,000, plus the benefit which would come from the expenditure of wages of the miners, train crews, teamsters, coal yard employees, and all those other people who would be directly or indirectly employed.

I think if we had time we could show that a reduction in grain rates would also greatly increase the business of the transportation companies. As I said before, the question of a reduction in domestic freight rates as applied to British Columbia is not new, and it is not necessary for me to go extensively into its history, but I wish to place before the house briefly where the matter stands at present as far as my province is concerned. A few years ago this question was referred to the railway commission, who heard the application in 1926 and gave judgment in 1927. An appeal was taken to the former government, which was heard in 1929. Although they had months to consider the question no judgment was given; the privy council as then constituted vanished after the election of 1930, and the new government came into power in September of that year. As we understand it, this means a new hearing, because while the personnel of the court is gone the appeal still exists. Briefly, that is how the matter stands and we

believe that if it had not been for present conditions not only in Canada but throughout the world, this matter would have received the serious consideration of the privy council much sooner.

The last speaker referred to the discrimination shown in export over domestic rates to British Columbia. Without question the domestic rate of 41½ cents per hundred pounds from Calgary to Vancouver is excessive and discriminatory. It has been pointed out on more than one occasion that with an export rate of 20 cents, apart from the cost of sacking the grain, when our wheat reaches Yokohama and Hong Kong frequently it has paid no greater freight rate than we pay from prairie points to the Fraser valley and Vancouver island. The last speaker also referred to the all rail export rate from Fort William to Montreal, which is 34½ cents per hundred pounds, while the domestic rate is 3 cents greater, or 37½ cents. The distance from Fort William to Montreal is over one-half greater than the distance from Calgary to Vancouver, and there would not appear to be any reason for the difference between the export and domestic rate from prairie points to Vancouver. The differential on the haul from Fort William to Montreal, as I have pointed out, is 3 cents, while the differential on the haul from Calgary to Vancouver is 21½ cents.

Unfortunately the same rate applies to the poorer grades of grain. As I have already said, under normal conditions the prairie provinces produce the highest quality of wheat, oats and barley, but from time to time a considerable proportion of the crop is damaged through exceptional seasonal conditions, and rendered unfit for export. The bulk of this damaged or low grade grain can be used for feed for cattle, hogs and poultry. Damaged grain, of course, is not as suitable for feed as sound grain, but if it can be secured at a sufficiently low price it answers the purpose fairly well. The present domestic rate of 41½ cents per hundred pounds makes impossible the use of such grain by the poultry and dairy farmers of the Fraser valley, and compels them to either pay this added cost of 41½ cents per hundred pounds or, as the last speaker said, buy imported corn.

My hon. friend also referred to the matter of barley. As hon. members will recall, last year a duty of 25 cents was placed on corn in order to encourage the use of barley in the feeding of poultry. I made inquiries from some of the largest poultry plants, as well as from the milling people in my district. They assured me they had used considerably more barley this year than they ever did before and they found it very satisfactory. We find at the same time large shipments of corn came from South Africa free of duty under the British preferential.

If we are to carry out the principle that we established last session, of trying to encourage the poultrymen of British Columbia to use more barley, it is essential that we be in a position to lay barley down at a lower rate than at present if we expect to compete with imported corn. The whole question of transportation will no doubt come before the government and the house before long, and at that time it might be well to take into consideration the matter of rates under the question of cheaper transportation of products of this kind from one part of Canada to another.

It has been argued that the rate should be the same as the export rate. I do not know that the farmers of British Columbia are united on that. We would be satisfied with a small differential rate; if the differential on the westbound rate were reduced to the same level as that of the eastbound rate, that is, 3 cents, it would give relief to the poultry and dairy industry in British Columbia. It would give us a rate of 23 cents instead of 41½ cents per hundred pounds. The retaining of the small differential would tend to establish a greater milling industry in the west. If this were done I believe it would be possible for the dairymen, and to a certain extent the poultrymen, to procure mill feeds at a lower rate than at present. The dairymen do not feed the whole grain; they depend almost altogether on mill products, such as bran, shorts and so forth.

I have tried to draw to the attention of the government, first, that lower rates on grain for domestic use would tend to relieve to a great extent the conditions prevailing in the poultry and dairy industries owing to the existing low market situation. Second, it would enable these men to produce at a lower cost and better to meet competition on the world market. Third, the lower rate would without doubt increase the consumption in British Columbia of the prairie grain, which would be beneficial to the producer on the prairie and at the same time, as I pointed out, give more business to the transportation companies. I have great pleasure in seconding the motion.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, it is a pleasure to me to support this resolution this afternoon. If my memory serves me aright, last session I made some mention of domestic freight rates, but I was

rather advocating a tariff on corn. I said that there was one great obstacle in the way and that was the domestic rate, and after what has been said in the house to-day, I think hon. members will be convinced that such is the case.

I notice this resolution refers only to grain and grain products. I wish it had gone a little further and included other commodities. I want to submit to the house a few figures in connection with domestic rates on gasoline. I believe this question was up in the house a couple of weeks ago and I should like to give figures to show what it costs us for gasoline. We have a farmers' cooperative and we handle our own gasoline. We have a tank at Delisle. I find that the freight rate on gasoline from Calgary to Delisle is 57½ cents per hundred pounds. The other day the hon. member for Kindersley (Mr. Carmichael) mentioned that the weight was 8 pounds to the gallon, and I think he also said there was a shortage. I should like to quote one shipment in that regard. Last summer on one shipment we had a shortage that amounted to $38 a car, and the average weight to the gallon was 7 pounds instead of 8 pounds. Last summer our business amounted to 10 tanks of gasoline shipped into Delisle and on that we had a deficit of $380.

Let me compare the rate on gasoline and on coal from practically the same distance. The rate on coal from Drumheller to Delisle, a few miles less than from Calgary to Delisle, is 13½ cents a hundred pounds, while the rate on gasoline from Calgary to Delisle is 57½ cents. We feel that rate on gasoline is excessive. In other words, it amounts to about 4⅘ cents a gallon. Our gasoline, laid down at Delisle from Calgary, costs practically 19 cents a gallon, and the first indebtedness on that is 4⅘ cents for freight. In other words, if the freight rate were deducted, the gasoline would cost a little less than 15 cents a gallon. The high freight rate is one great reason for the excessive price of gasoline at the present time.

I do not think it is necessary, in connection with the domestic freight rate, to take up much of the time of the house, because figures have already been submitted that demonstrate the importance of something being done, and I hope that action will be taken in connection with the matter. When we were discussing last session the question of imposing a tariff on corn I could appreciate the difficulty that the British Columbia members felt would arise if something were not done in connection with the domestic rate on shipments into that province. I thought I was rather exaggerating when I said that it was possible to ship grain all the way to Great Britain and back into British Columbia and save something over shipping it under the domestic rate, but from the figures submitted here to-day I find that I was quite right in my statement. I do not know whether it has ever occurred to hon. members it is possible under the present domestic rate to ship barley all the way to Sweden or Denmark for less than we can ship it over the border into British Columbia. Since we have become so interested in the bacon type of hog in western Canada, under the present rates we are making Denmark and Sweden our greatest competitors because we can send them the feeds such as barley and coarse grain cheaper than we can ship them to our neighbours in British Columbia. This shows that something should be done in the way of reducing freight rates.

A little over a year ago I had a letter from the secretary of the Conservative organization in Manitoba, and he quoted a farmer who undertook to ship a car of barley into British Columbia where the net return for the car was $1.95. Therefore the present rate and prices prohibit the shipment of barley into that province.

Mr. MANION: I think the hon. member said you could ship grain from the prairies to Denmark cheaper than to British Columbia.

Mr. LOUCKS: Yes.

Mr. MANION: Has the hon. member the figures?

Mr. LOUCKS: No.

Mr. MANION: I am rather doubtful.

Mr. LOUCKS: If the minister will take the figures already quoted, he will find the domestic rate from Alberta into British Columbia is just about double.

Mr. MANION: I agree with that one point, but not with the rest.

Mr. LOUCKS: I was referring only to the domestic rate. We can ship grain to Great Britain, Denmark or Sweden at a rate cheaper than that for domestic shipments.

Mr. MANION: That is partly correct. I have the figures here which show that the rate to Liverpool is a little higher than the domestic rate.

Mr. LOUCKS: I noticed a question was asked the other day in connection with the shipment of Australian wheat to British Columbia, and it seems almost ridiculous that wheat can be shipped to Vancouver from Aus-

tralia cheaper than it can be shipped from Alberta. The price of wheat is now about thirty and some odd cents a bushel, and it seems almost impossible to believe that Australia can be a competitor. I attribute this to the handicap of the domestic rate. The hon. member for Fraser Valley (Mr. Barber) mentioned a letter which he had received in connection with domestic rates, and no doubt many hon. members have been thus circularized.

Considerable rolling stock could be put to work if the domestic rate was brought into line with the export rate. Every western farmer is concerned about this matter, and I think every hon. member from the west will endorse this suggestion. Millions of bushels of barley could be shipped from western Canada to British Columbia if these rates were adjusted and brought in line with the export rates. I have confidence something will be done. I know it is a matter for the railroads but to a certain extent this government is responsible in seeing that the rate is brought into line. I feel assured that this resolution will receive the endorsation of the house.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I am pleased indeed to rise in support of this resolution. I am sorry I was not prepared at the time the resolution standing in my name was called and I began to fear that this matter would not be discussed at this session as I was informed that my resolution could not be again placed on the order paper. I am glad however to join with hon. members opposite in support of the resolution.

It is not my purpose to cover the ground that was covered last year. At that time many figures were quoted, many figures have been quoted to-day, and it would be wearisome and a vain repetition to cover all the details. I intend to deal more particularly with the domestic freight rates appeal now before the governor in council, as I find there is considerable doubt in the minds of many persons regarding the matter. I hope to be able to clarify this situation. In all kindness I point out to the hon. member for Fraser Valley (Mr. Barber) that he did not give the true position of this appeal or the proper dates.

Before doing this, I should like to say that the poultry and dairying industry of British Columbia have reached a point where if something is not done and done real soon there will be no poultrymen or dairy men to provide traffic for the railroads. The following account of a meeting of poultrymen in British Columbia appeared in the Vancouver Province:

> Many coast poultry farmers have given up the battle against high freight rates and other handicaps but the industry as a whole—

That is, the poultry industry.

> —is still fighting for reduced charges on prairie feed despite the disheartening record of the past couple of years.
>
> "Undoubtedly many producers are going out of business and the railway rates are one of the principle causes," said G. P. Wallace, president of the Canadian Poultry Pool Limited, in commenting to-day on an appeal for the poultrymen made in the legislature by Captain MacGregor Macintosh.
>
> The islands member said Japan can import grain at half the cost of British Columbia and charged the railways with building traffic at the expense of Canada's taxpayers.
>
> To show the decline in the industry, Mr. Wallace pointed out that in 1929 British Columbia shipped 389 carloads of eggs to outside markets while in 1930 there was a twenty per cent fall to 310 cars, and in 1931 a thirty per cent fall to 221 cars.
>
> "It is true that the cost of grain has decreased," he said, "but so has the price of eggs, while freight rates have remained unchanged. There is still a difference of about $4.30 a ton between the export and domestic rates to the coast."

It is startling to realize that our competitors in Japan and China can obtain their grain requirements from the grain fields of Alberta, good No. 2, No. 3 and No. 4 grain as against the poorer grades which we have to feed, at a rate of about $7 per ton delivered—that is the Shanghai rate— as compared with $8.30 for Vancouver delivery. The article continues:

> We think that we are entitled to the same rate as foreigners. We are trying to build up a valuable export trade here in British Columbia. We are making occasional shipments to Great Britain but we find that producers in England can buy Alberta wheat just as cheaply as we can while it costs us seven or eight cents a dozen to deliver the eggs in the old country. The point is that we have a specialized industry here in British Columbia with both our markets and feed sources great distances away. Montreal and other eastern Canadian cities are our main market while our feed comes from the prairies.

We believe we are entitled to special consideration. We do not expect the railroads to lower domestic rates in all parts of Canada but we think we are entitled to expect the same arrangement that has been put into effect in other parts of the dominion.

Since my arrival in Ottawa I have received many letters and telegrams citing the serious position of the poultrymen and dairymen. I will quote from one letter only, received from a man in my own constituency. He says:

Dear Sir,—

I am a member of the British Columbia Egg and Poultry Association. Our association shipped twenty-two cars of eggs to Montreal during the two months December, 1931, and January, 1932. For the grade "Firsts" our net return at the ranch was five and a half cents per dozen on the above shipments.

Get that, Mr. Speaker—five and a half cents per dozen was the net return at the ranch. He continues:

Candling costs were under five cents a case. Freight five cents. You would know better than I what the consumer paid in Montreal.

He goes on to say that we should get some help from the federal government, and at the foot of the letter is this tragic note:

Shall we join the unemployed?

The dairymen in British Columbia are also in a precarious position. Two years ago they were receiving from 65 to 70 cents a pound for butter fat. This year they are receiving 22 cents per pound. They are also faced with further serious competition in that Alberta is shipping into British Columbia, I was going to say cheap butter, but butter at a cheap price, which comes into the city of Vancouver. It was in the first instance presumably made for consumption as butter. Many restaurants and other concerns now take this butter and rechurn it back into cream. Then they buy some skim-milk or milk from the Fraser Valley Cooperative Association and resell the milk with from three to five per cent butter content which has been made out of the butter that has come in from Alberta. Our dairymen are faced with this further serious competition. The price was not low enough at 22 cents a pound, I suppose, and it is now going lower due to this serious and undreamt of competition.

When it is remembered that the freight rates on grain constitute fifty per cent of the cost of the grain, it will be realized how serious a matter it is to the poultrymen and dairymen who must of necessity purchase it for feed. The feed they purchase is of poor quality, not grade number two or three or four, but the lower grades selling at a lower price. In some cases the grade is so low that I wonder the stuff is put on the market at all, but that is by the way.

It is with particular reference to the delay in deciding the appeal from the Board of Railway Commissioners that I wish to speak. When I introduced this subject in this house last year the hon. Prime Minister (Mr. Bennett) made the following statement, which will be found at page 1795 of Hansard of last year:

I just put it again to this house, and I put it to my hon. friend: Does he not think that the amendment he has proposed has served its purpose and should be withdrawn? Does he think it is fair to any body of men—suppose he were one of them—

Mr. Mackenzie (Vancouver): Will the Prime Minister give us the assurance that, so far as he is concerned, he will expedite the proposed hearing as much as possible after the close of the session.

Mr. Bennett: I am coming to that; I think it is a highly proper question and, indeed, it was not necessary to ask it. On two occasions the government was of the opinion that it should fix a future date on which the matter could be heard; but considerations of moment came up that made it impossible to fix a date. It is the intention of the government, however, to hear that appeal just as early as it is possible to do so, consistently with the duties of the administration while parliament is in session. We cannot hear it while parliament is in session.

Since the house prorogued parliament has been out of session for some six or eight months, and this appeal still has not been heard before the governor in council. I wish to deal specifically with this matter because I feel that if it is properly brought to the attention of the government, some action may be accorded to us. I should like to quote from the report of the Board of Railway Commissioners, in which a history of this appeal is given, at page 252 of Volume XVII, by the Hon. Frank Oliver, who was one of the commissioners. He says.

From time to time steps towards equalization of mountain with prairie rates were taken, chiefly on representations made by the province of British Columbia. At the date of the order in council of June 5, 1925 (P.C. 886)—

That was the western grain rates case.

—the westbound grain rate was 22½ cents per 100 pounds to Vancouver from Calgary, 642 miles, and from Edmonton 765 miles, as compared with 26 cents from both points to Fort William, a distance of 1,243 miles from Calgary and 1,227 miles from Edmonton.

You will note, Mr. Speaker, that the grain is carried for 26 cents when it is going east for export, or more than twice the distance than when it is going west.

It will also be noted that the Canadian Pacific Railway have added some 136 miles to their route because they charge exactly the same as the Canadian National Railway which hauls the grain from Edmonton, which is 136 miles further than from Calgary to Vancouver. Continuing to quote:

The rate on grain and flour for domestic use in British Columbia was 41½ cents per 100 pounds as compared with 21 cents for export from Calgary and Edmonton to Vancouver—

That information should be brought up to date. The information that I have received to-day is that the export rate from Calgary is now only 20 cents. He continues:

—with a correspondingly increased rate from more easterly prairie points.

In regard to export grain rates westbound, the situation requires special explanation.

An order of the board was issued on September 2, 1925, as follows:

"That the Canadian Pacific and the Canadian National Railway Companies file tariffs, effective not later than the 15th day of September, 1925, reducing the rates on grain and flour to Pacific ports within Canada for export—

I want it to be noted that the order was dealing entirely with export rates. Domestic rates are not mentioned at all. He continues:

—to the same rates proportioned to distance as such grain and flour would carry if moving eastward for export."

The order was the result of a hearing which had taken place in Vancouver on November 5, 1924, before the chief commissioner and Commissioner Oliver. This sitting was held in pursuance of order in council of date October 2, 1924, which authorized the hearing and "effective action" in regard to export grain rates westbound on an appeal of the provinces of British Columbia and Alberta from a decision of the board dated June 30, 1922.

Immediately following the issue of the equalizing order of September 2, 1925, an appeal was entered by the Canadian Pacific Railway, the Montreal Board of Trade and a number of allied and associated interests.

I would ask you to note, Mr. Speaker, that the board of trade of Montreal intervened; I suppose they did not want to see Vancouver develop as an export port, so they joined with the Canadian Pacific Railway in opposing British Columbia's application in regard to this rate. He continues:

The appeal was heard in Ottawa on September 29, 1925, by the full board. On December 19, 1925, decision refusing the appeal was rendered by Mr. Deputy Chief Commissioner Vien, which was concurred in by the chief commissioner and Commissioner Oliver. Not having secured the approval of a majority of the board, the appeal failed and the order of September 2, 1925, was therefore confirmed.

I would ask you to note further, Mr. Speaker, that the Canadian Pacific Railway refused to obey the order. They appealed, and when the decision went against them they still refused to obey the order of the Board of Railway Commissioners. I ask this house to take serious note of the attitude of that great railway corporation towards the order of the Board of Railway Commissioners. The commissioner continues:

The Canadian National system had given due effect to the order by reducing their westbound rates on grain from the prairies to Vancouver to the same per mile rates as provided on grain traffic over their main line to Fort William.

The Canadian Pacific Railway had made some reduction in their rates, but instead of computing westbound rates on actual mileage from prairie points on their main line to Fort William, they had taken the eastbound mileage basis of the National main line (which was at that time and still is the subject of a special complaint before the board) and had added a computed (non-existent) 130 miles. Calgary is 642 actual miles from Vancouver. Red Jacket on the Canadian Pacific main line is 646 miles from Fort William; it pays an 18-cent rate. Therefore under the board's order of September 2, 1925, Calgary is entitled to an 18-cent rate to Vancouver. But the rate schedule actually charged by the Canadian Pacific from Calgary to Vancouver is 21 cents.

Two crops have moved under these rates. It is estimated that the gain to the railway company by its failure to fully comply with the board's order has been not less than from one-half to three-quarters of a million dollars on the amount of each crop actually moved.

Mr. TURNBULL: Is the hon. member quite sure that the order of September 2 was confirmed? Is it not a fact that the board, being divided, provided that the whole matter should be reviewed and reheard as part of the general inquiry?

Mr. REID: If the hon. member will just let me complete what I am saying he will find that I am about to make a full explanation of the whole case. If the hon. member will be content to listen I will come to his point in a moment.

It is very important that the findings of the chief commissioner be given in regard to this matter, and I believe what I am about to read will state the whole case, so far as the province of British Columbia is concerned. The findings of the chief commissioner are as follows:

That following the approval of the said order in council P.C. 886—

That is where I think the whole appeal has been clouded. There have been so many appeals that one member will be quoting P.C. 886, and the other Board of Railway Commissioners general order P.C. 420, which dealt specifically with only one part of the inquiry. The findings continue:

That following the approval of the said order in council P.C. 886 and the amendment of section 325 of the Railway Act in 1925, the Board of Railway Commissioners issued general order No. 420 on the 9th day of July, and then on appeal being made and heard they issued order No. 36769.

As I say, Mr. Speaker, there have been so many orders that one has difficulty following them and learning the truth from them. The finding continues:

That on the 2nd of September, 1925, the board, following the hearing in the city of

Vancouver in the month of November, 1924, issued general order No. 36769, directing the railways to equalize the rates on grain and flour moving to Vancouver and Fort William for export, but omitted any reference to domestic rates.

Right through, I may say that practically all these appeals have been on export rates. The appeal by British Columbia, which was heard when the commissioner was in that province, was on domestic rates. They found that owing to P.C. 886 which was a general rates inquiry, until a decision was given regarding domestic rates they had no right to hear any evidence, because such a hearing should come under the purview of P.C. 886.

However to continue with the findings of Hon. H. A. McKeown, may I read the following:

(a) That order 36769—

Which was an order authorizing them to equalize rates westward as well as eastward.

—was made after a complete consideration of everything involved.

(b) That the Canadian Pacific Railway Company has not complied with the said order, and its action cannot be justified.

That is, in disobeying the order—

That the application to rescind order 36769 should be dismissed.

They appealed the order after it was given, and the appeal was dismissed.

(d) That the operating cost is not any greater than the cost incurred in Ontario, and not as great as the cost incurred in Quebec and New Brunswick.

(e) That the difference in cost of operation in the province of British Columbia and the prairie provinces is no greater, in fact not as great as the difference in the cost incurred in New Brunswick and Ontario, where no differential in the rates is made, and for that reason the application of a differential in British Columbia to compensate the Canadian Pacific Railway Company for higher operating cost was unjust.

(f) That the tolls charged by the Canadian Pacific Railway Company for the carriage of goods in, to, from or through British Columbia are discriminatory, and that the discrimination was unjust.

(g) That the charging of a higher toll in British Columbia based on so-called mountain operation cost is a violation of the terms of union under which British Columbia entered confederation.

(h) That the Canadian Pacific Railway Company having received large subsidies for the express purpose of overcoming the physical difficulties throughout its system, cannot now in justice be heard to urge these difficulties to uphold a discriminatory scale of rates which such subventions were given to overcome.

(i) That the cost of operation on the Canadian National Railways is no greater in British Columbia than it is in the prairie provinces, and that there is no justification for a higher toll on the latter road for the carriage in, to, from or through British Columbia than it charges for the same or similar service in the prairie provinces.

(k) That the domestic rate of 37½ cents per 100 pounds from Fort William to Montreal, and 55½ cents per 100 pounds from Fort William to St. John, and 57 cents from Fort William to Halifax, is out of line with all rates in the territory east of Fort William, and has never been questioned by the consumer, flour miller and other consignee of eastern Canada,—

And this is the reason:

—for the reason that it is not a rate they are compelled to use, having available the rates of the lake carriers that serve the bulk of the population of Ontario and Quebec and practically all of the milling centres and distributing centres such as Port McNicol, Port Colborne, Windsor, Toronto, Montreal and Quebec city, where the rate of the lake carrier instead of being 37½ cents to Montreal is between 10 and 11 cents. In addition to that western Canadian grain for feeding live stock, dairy stock and poultry is not used to anything like the same extent in Ontario, Quebec, New Brunswick and Nova Scotia that it is in British Columbia. Had the eastern flour miller, the consumer and consignee been dependent upon the all-rail rate for prairie grain and flour, they would have made some effort to secure the reduction of that rate to bring it in line with other rates that exist throughout the territory.

(l) That the all-rail rates covering the movement of domestic grain from Fort William to points in eastern Canada are paper rates, or rates under which nothing moves, and are not comparable with the rates from prairie points to Fort William or to Vancouver that carry all the traffic, and do not indicate anything as to the reasonableness of the rate to British Columbia or to Fort William. The fact that they are the only rates that the consignees and consumers of eastern Canada have not complained about, although they justify more complaint by their obvious high level and comparative unreasonableness than any other rates in eastern Canada, establishes beyond question that they are not rates under which any appreciable amount of traffic moves.

(n) That the cost per ton from Fort William to Montreal on grain moving by the lake carriers for domestic consumption is 11 cents per 100 pounds, or $2 per ton, as compared with the cost from Calgary to Vancouver of $8.30 per ton.

Then, note this Mr. Speaker:

That the consumer of grain and flour in Vancouver, and the dairy farmer, live stock feeder and poultry man in the territory contiguous to Vancouver pays 372 per cent more than the consumer of grain and flour in Montreal, or the dairy farmer, live stock feeder or poultry man contiguous to Montreal has to pay in transportation for grain and flour produced in western Canada, although the distance from Fort William to Montreal is 997 miles, or 353 miles further than the distance from Calgary to Vancouver, which is 642 miles.

The whole matter of appeal is under a sort of cloud, and is not clear to most hon. members. Probably I should repeat the history Appeals were made by the provinces of British

Columbia and Alberta against the decision made in the year 1922, a decision made on the export rate. The Board of Railway Commissioners heard the appeal on November 5, 1924, and when the appeal was made three commissioners were present. May I repeat that the appeal was upon the export rate, only. On September 2, 1925, the board issued an order reducing the rate on export grain. Appeal was made against this order by the Canadian Pacific Railway Company with whom was joined the Board of Trade of the city of Montreal. The first order which was issued on September 2, 1925, was confirmed, because when appeal was heard three commissioners agreed, and three disagreed. The three commissioners who agreed were those three who had heard the appeal; the three who disagreed were those who had only read the evidence, and were not present in person when the appeal by the province of British Columbia and others was placed before them and the information thereby made available. An order in council was passed on June 5, 1925—and it is in connection with this order in council that confusion has arisen. While one order had been given in the year 1924 and carried on to the end of the year 1925, another order had been given instructing the Board of Railway Commissioners to go into the whole question generally of rates throughout the whole of Canada. Chief Commissioner McKeown has said that no directions were issued, when that order was given, to hear the appeal by the province of British Columbia. The chief commissioner is reported as follows:

> In some quarters it has been suggested that the various applications made to the board under this investigation—
>
> P.C. 886, under date of June 5, 1925—
>
> —have given it the character of being simply an effort to reduce rates in different localities. Such applications are numerous and insistent, but we are acting under an order in council which has in view the establishment of a rate structure fair and reasonable and equal in its application throughout the country.

The chief commissioner adds that the order in council does not pertain to the establishment of a rate structure in any one locality. This decision was rendered on August 26, 1927, and I find that order number 448, a copy of which I have under my hand, took the whole rate structure throughout Canada into consideration and reviewed the export rate at that time, but gave no decision whatsoever on the domestic rate. I claim that the appeal of the British Columbia government now before the governor in council is hardly sufficient in itself. I think the government should have taken into consideration general order 448 which was issued in August, 1927. This did not specifically deal with British Columbia's case with respect to domestic freight rates. It is with a view to expediting this mater and to clarify it that I have gone into it at some length. I hope the government will see the difficulty as I see it, because if action on the appeal is delayed much longer I fear the poultry and dairymen will be faced with complete disaster.

Another serious aspect of the case is that at the present time we in British Columbia are debarred from appealing to the Board of Railway Commissioners. Last year the management of the British Columbia Egg Pool appealed to the railway commission. I have before me a copy of their case, and also a copy of the findings by the board. Of course, the pool asked that the domestic freight rate be just the same as the export freight rate. The commissioners were in doubt whether they could hear the appeal and delayed giving their decision until their return to Ottawa, when they notified the pool that as the matter was already before the board the appeal could not be heard. So not only are the poultrymen suffering from the high freight rates they have to pay for an inferior quality of feed, but they cannot even appeal to the railway commission on this point as long as this matter is before the governor in council. Some action is necessary, and I am in great hopes that the necessary steps will be taken. As I say, last session when I introduced the question action was promised by the Prime Minister. Personally I am disappointed that no decision along those lines has been given. If the governor in council cannot deal directly with the question I urge that the government refer it to the Board of Railway Commissioners again with specific instructions to hear the appeal of the British Columbia government and the poultrymen in the matter of the domestic freight rates.

Again I urge on the government the necessity of doing something before disaster overtakes the poultrymen and dairymen of British Columbia. If the government are not prepared to grant the required reduction at once, let them refer the matter back to the Board of Railway Commissioners. In 1930 the government of British Columbia engaged counsel, and that counsel is awaiting along with counsel for the poultry pool of British Columbia and other associations to go before a tribunal with their appeal. We feel we have justice on our side, and that we have every right to ask for and obtain the same treatment in this respect as has been accorded the other provinces. Across the line our competitors can ship their eggs from Seattle east cheaper than we can, and they can ship their wheat from points in

Montana and elsewhere much cheaper than we can. Our competitors in Japan enjoy a similar advantage over us. They can buy our good grain and get it landed in Shanghai at $7 a ton, while we have to pay $8.30 a ton from Edmonton and other points. What chance shall we have to compete with these people so long as this discrimination against us continues?

I am glad to join with the hon. member for Qu'Appelle (Mr. Perley) and I am hopeful that as the motion has been introduced by one of the government supporters it will meet with more serious attention at the hands of the government than the appeal I made last session.

Mr. A. W. NEILL (Comox-Alberni): I certainly must support the resolution proposed by the hon. member for Qu'Appelle (Mr. Perley), Mr. Speaker, but as this is, I think, the eighth time that I have brought the matter up myself, or supported somebody else in doing it, I lend my support rather with that hope deferred which maketh the heart sick. The hon. member who preceded me (Mr. Reid) said he had great hopes of action being taken at this session. Well, all I can say is that while I admire his optimism I do not share it. He buttresses his argument by the statement, "We have justice on our side." Yes, but it needs more than justice to get action in parliament. It is needless for me to rehash or repeat the arguments in favour of the adoption of the principle we ask for as they have been so often stated, and as the facts have never been contradicted. While the resolution is drawn on general lines, what we in British Columbia want is a reduction of the local domestic freight rates to the point where they will be equal to the export freight rates.

There is one point that none of the previous speakers has touched on. There has been a continual fight over rates westward for, I suppose, fifteen years, and the Hon. John Oliver when premier of British Columbia was very prominent in the matter. On two occasions—the member for New Westminster (Mr. Reid) alluded to one of them—he was successful in getting a reduction on the export rate. In neither case, however, was there any corresponding or similar reduction made in the domestic rate. Twelve years ago there was a differential, but it was not nearly as large as it is now. Let us say that it was considered fair and reasonable at that time; since then the export rate has been substantially reduced twice, but the domestic rate has not been proportionately reduced, and my argument is that if the differential between the export and domestic rates was right twelve years ago it cannot possibly be right now because it has been twice increased since that time.

The hon. member for New Westminster told the house that the poultrymen would go bankrupt if something were not done. He might have gone further and said they are bankrupt now; they are selling out their stocks day by day and week by week. Possibly to-day the government will say what they said last year, that the Liberal government also neglected this matter. That is true, but the "et tu Brute" argument is not very strong; at least the Liberal government did hear the case even if they did not give a decision, though I agree they were far too long hearing it. At any rate, the present government fell heir to this question in August or September of 1930. The matter was brought up in this house last May, and the government pointed out that it had not been in office very long, and compared the short period in which they had not dealt with the matter with the several years that had lapsed before the Liberal government considered it. That was quite true, but it is not a good argument now, a year later. In dealing with this matter last year the Prime Minister called attention to the fact that many years ago parliament established a court known as the Board of Railway Commissioners, and he pointed out that it was just as much a court as the exchequer court or the supreme court of Canada, with all the rights, powers and opportunities to examine into these things. Of course he was right in that. Then he said:

> That tribunal having been created, we have endeavoured to the best of our ability to ensure it from interference by parliament. Why? Because parliament is composed of partisans.

He went on to say that the court gave judgment in the matter of British Columbia freight rates, and that the judgment did not support the views put forward by those interested. Then he said:

> There is a right of appeal to the governor in council—that is to say, a right of appeal to the partisans. There are those who think that this right of appeal should not exist.

His reference to partisans, of course, has to do with the fact that the privy council, meaning the government, is not composed of men skilled in the intricacies of railway rates, and they are partisans in the sense that they are members of one political party. With that I quite agree, and I might just quote a sentence I spoke in reply:

> I fully agree with the remarks of the Prime Minister concerning the difficulty of a political partisan body—because that is what the Privy Council of Canada is—dealing with a matter of this kind. However that is at present the

only means of redress we have. I suggest that the matter should be referred not to the privy council but to the supreme court, which is not a partisan body and which has more time, opportunity, facilities and experience in weighing evidence properly in a matter of that kind than has the privy council. The supreme court could not be accused of being partisan in its views.

Those were the views I expressed then, and that suggestion would entirely meet the objection raised by the Prime Minister, that taking an appeal to the privy council was really taking an appeal from a court to a partisan body. I quite agree with that view of the Prime Minister, and I do think the appeal should lie to the supreme court.

Then the question came up as to when some action might be expected on the appeal and last year the Prime Minister said:

> It is the intention of the government, however, to hear that appeal just as early as it is possible to do so, consistently with the duties of the administration while parliament is in session.

That was an indication that it could not be heard while parliament was in session. On February 11 of this year I asked when this appeal might be expected to be heard, and the Prime Minister said:

> That appeal has not been heard by the present government and it is impossible to say when a date will be fixed for the hearing.

This does not look very hopeful for a hearing in the near future. The matter has dragged for a long time, and I am afraid there is little hope of a satisfactory result when it is heard. Referring to the same volume of Hansard, for May 20, 1931, I find the right hon. Prime Minister using these words:

> I may say to the house that this government will not—

and this is very significant.

> —unless it is a case in which a palpable error has been made that requires only an insignificant exercise of power—undertake to deal with these highly technical matters. I do not regard the privy council, either as at present constituted or as it has been in the past, as fitted by training to determine these questions.

He goes on later to say:

> If it is clear or reasonable from the appeal —one cannot anticipate the judgment—that the matter should be reconsidered that, of course, will be done.

So the Prime Minister said very clearly that he did not think the privy council was the body to deal with the matter, and that the most that might be expected would be to have the matter sent back for a rehearing. Possibly if we can get nothing better we will have to be satisfied with this; at least something will be accomplished. It may be that the railway board will have a better light on the matter, and recent events may have helped them change their mind. For instance, we have been importing wheat from Australia. I prophesied that a couple of years ago and was laughed at, but it has happened. We are also importing corn from South Africa, and I do not think we have any reason to be proud of either of those things. If we so manage our railway rates that it pays to import wheat from Australia and corn from South Africa it would seem that we are negligent in our duties to the producer on the prairies and to the consumer in British Columbia.

The argument always put forth before the board of railway commissioners by the railways is that the export rate is not profitable, and therefore they cannot agree to make the domestic rate the same. That is a very poor argument; if it applies to the one case it should apply to the other also, but we find the railways always anxious to get export business, though they claim it is not profitable. It must be remembered that the cost of hauling wheat from the prairies to British Columbia is exactly the same whether the wheat is for export or for domestic use. It goes on the same train; it is only a matter of switching the cars. If the railways take that attitude they should wish for no traffic at all, but we do not find that; they are reaching out for all the export business they can get, but they should be careful lest they kill the goose that lays the golden egg. What will it profit them to keep up this high rate on domestic traffic if the consumer is driven to Australia or South Africa for his commodities? In one regard I am not sorry this has happened, because it may give the railway companies and also the board of railway commissioners the idea that it is not always profitable to try to squeeze more than the traffic will bear—and that is what it amounts to in this case.

The government have three choices in the matter, and I would join with other hon. members in asking them to follow at least one, because total inaction is not to be defended from any point of view. The government could change the act so that the appeal would not lie to the privy council but to the Supreme Court of Canada; that would release the government from an invidious position and would put the matter in the hands of those best qualified to deal with it. Another course they might follow would be to hear the appeal and give a decision one way or the other, or finally they might refer it back to the board of railway commissioners. So far

as I am concerned I should like to see the matter referred to the supreme court. Then there would be no undue delay and the question would be dealt with on its merits, with no suggestion of political influence or anything of that kind. I think this would be the most satisfactory position for the government or any government in the future to take. I join with those members on both sides of the house who have pressed this as being a very urgent matter in British Columbia. People who continually cry out about a certain question of injustice are apt to get looked upon as men with a perpetual grievance. But a matter is never settled until it is settled right and to my knowledge this has been going on not for five but for possibly eight years, and I think the time has come and, indeed, has long since passed when the matter should be brought to a decisive end. I hope the government will take action along one of the three lines I have indicated, but for any sake let us get some action of some kind.

Mr. W. G. WEIR (Macdonald): Mr. Speaker, the question of domestic freight rates has come very closely home to us, particularly in the southern part of Manitoba, because this year we have found it necessary for various reasons to bring in from other points different kinds of feeds, coarse grains and roughage. We have found that freight rates for shipment even for short distances have been almost staggering. It is for that reason in particular that I should like to avail myself of the opportunity of taking part in this debate.

One matter that was mentioned by some of the other speakers should be further emphasized owing to its effect on the whole dominion. Efforts have been made by our farmers' organizations to establish a systematic live stock marketing scheme for Canada. Western cattle have been taken to eastern feed lots and there kept coming along as export requirements needed them. When one looks over the cost of domestic freight rates, one realizes how difficult it is for eastern feeders to secure at anything like reasonable prices, western feed grain with which to finish the cattle. To my mind there is an opportunity to develop quite an industry for the live stock men of this country. In eastern Canada, if I understand the situation, there is usually an abundance of high class rough feed, which at times has to be supplemented by coarse grains from other parts of Canada. If we had a freight rate structure whereby these people could secure those coarse grains at a reasonable figure, one could imagine how a very satisfactory industry could be built up in feeding western cattle near the seaboard on some of our eastern feed lots, thus making a profit for the men who are feeding them.

Looking back at the situation as it exists with us particularly in Manitoba and observing what was going on last fall in districts where feed was scarce, I may point out that the matter of truck service was quite a problem. I know of several men who purchased grain fifty, sixty or seventy-five miles away, and instead of bringing it in by train, they were hiring trucks to draw it in, simply because the domestic freight rate was prohibitive and they found it much more economical to bring the grain in by truck than to have it shipped in the ordinary way by rail. This is a graphic example of lost revenue for the railway companies. Had those rates been reasonable, the railways would undoubtedly have had the business. We in Manitoba will require a good deal of grain during the coming season. Most of it will be shipped in from northern Saskatchewan and northern Alberta, but some of it will come from northern Manitoba where there is a surplus of feed grain. The strange thing is that in buying grain for feeding purposes, we ordinarily have it shipped to Winnipeg on the Fort William basis, pay the full Fort William freight on it to Winnipeg and then have it shipped out on local freight from Winnipeg to points in southern Manitoba. This seems a most ridiculous situation and one which should be remedied in the very near future.

Reference was made this afternoon to an effort to do something for the growers of coarse grain in western Canada by placing a duty on corn coming into this country. I think I said last year that in my judgment a reasonable domestic freight rate on barley would have been more effective and a much more reasonable proposition than placing a duty on corn. For the life of me I cannot see why we build up all these facilities for handling commodities in this country and then handicap them so that they cannot be used. A reasonable domestic rate on grain shipped from point to point within Manitoba would be more effective in this connection than placing a duty on corn.

I should like to take just a moment to point out to the house some of the extreme differences that present themselves in comparing the domestic with the export freight rate. The extreme is so great that it looks almost as if some error had been made in making up the freight rate structure.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

The ACTING SPEAKER (Mr. MacDonald, Cape Breton South): His Honour the Speaker will be absent for a short time and has asked me to take the chair. I ask the indulgence of the house.

Mr. WEIR (Macdonald): Mr. Speaker, when the house rose at six o'clock I was about to discuss the differences between the export and domestic freight rates as applied to certain grain movements. On shipments from North Battleford to Vancouver the export rate on wheat is 14·4 cents per bushel while the domestic rate is 30 cents; in other words, the export rate is 15·6 cents per bushel less than the domestic. On oats from the same point the export rate is 8·1 cents per bushel and the domestic rate, 17 cents per bushel, a difference of 8·9 cents per bushel. Following this shipment through to Shanghai and allowing for all intervening charges such as handling and ocean freight, it works out that the poultry feeder in Shanghai can secure our feed wheat for 4·85 cents per bushel less than the poultry feeder in British Columbia, and he can secure our oats for nearly 2 cents per bushel less. On shipments of barley from Arcola the export rate is 13·92 cents per bushel and the domestic rate, 25·68 cents, a difference in favour of the export rate of 11·76 cents per bushel. Carrying this shipment of barley through to Shanghai it will be found that the Chinese feeder can secure barley for 2·8 cents per bushel less than the feeder in British Columbia.

Going the other way and taking shipments of grain from the bay ports, it will be found that the export rate is 7·7 cents per bushel on barley and the domestic rate 19·9 cents, an advantage in favour of the export shipper of 12·2 cents. After allowing for all charges such as elevator charges and ocean freight, this barley can be delivered to feeders of live stock in Liverpool at 6.85 cents per bushel cheaper than it can be delivered to feeders in St. John. That seems to be too much of a discrepancy.

Looking at the question from another angle we find that at to-day's price No. 4 C.W. barley is worth 38 cents per bushel at Fort William. The freight rate from Souris, Manitoba, to Fort William is 8·16 cents. The local price at Souris less the elevator charges is 31·84 cents per bushel, and it costs 34·5 cents per bushel in freight and other handling charges to place the grain in the hands of the feeder in the maritimes. The feeder in the maritimes has to pay 31 cents per bushel plus 34·5 cents per bushel in handling charges, making a total of 65 cents per bushel for the barley for which the farmer at Souris receives only 31 cents per bushel.

Let us now consider feed wheat shipped from Arcola, Saskatchewan. At to-day's prices this wheat is worth 45 cents per bushel; the freight to Fort William is 11 cents per bushel, making a value of the grain at Arcola, less elevator and handling charges, 33 cents per bushel. The domestic rate to Vancouver is 25·6 cents per bushel, and the Vancouver poultry feeder has to pay 33·5 cents per bushel plus 25·6 cents for freight, a total of 59·1 cents per bushel for feed wheat for which the farmer at Arcola receives 33 cents. We are trying to establish live stock and poultry industries in Canada and yet we oblige the producers to pay these excessive freight rates. For the life of me I cannot understand a policy which gives a greater advantage to the feeder of bacon hogs in Denmark than is given to the feeder in eastern Canada. Likewise, I cannot understand why an advantage should be given to the poultry raiser in China over and above that given to the poultry raiser in British Columbia.

A few days ago the hon. member for South-east Grey (Miss Macphail), speaking on the resolution in connection with the bonus on wheat, said in effect that she would support the principle of paying a bonus to the western farmer if it would keep him out of mixed farming. I should think it would be much more reasonable to adapt our freight rate structure so that an advantage could be given both ways. At the present time if the eastern farmer wants to buy our western feed grain he is obliged to pay more because of the domestic freight rate. If this rate was reduced by, say, five cents per bushel, it would mean that we could produce and deliver that barley at five cents per bushel less, and the advantage would work both ways.

Manitoba, which is one of the older grain producing provinces, is particularly interested in the domestic freight rate structure. On account of the invasion of weeds and the running out of land the farmer in Manitoba has been forced into the growing of coarse grains, and as time goes on he will be compelled to grow a still larger percentage of this class of feed. I think it is only fair to state that Manitoba did not secure the same proportion of the five cent bonus on wheat as did the other western provinces, and consequently we are more interested directly in the reduction of domestic freight rates. More live stock should be fattened in eastern Canada with western grain and the poultry producer of British Columbia should be given an op-

portunity to produce more of the country's requirements. The climatic conditions alone are sufficient to justify that contention. If these men were given the opportunity of securing our western feed grains at a reasonable rate, I think it would work out to the advantage of all concerned, the railways included.

I cannot understand why we should have a domestic freight rate structure which leaves us in our present position. The poultry raiser in British Columbia has to pay 4.85 cents per bushel more for wheat than does the poultry producer in China; he has to pay 2.8 cents per bushel more for barley and 1.99 cent per bushel more for oats. On an average the European feeder can secure his grains from Canada at 6.85 cents per bushel less than the eastern Canada feeder. Surely this works an injustice and is something that should be rectified in the very near future.

I am very glad that this subject has again been brought to the attention of the house, and I hope that this time some definite action will be taken in respect to it. We are particularly interested in the matter at this time because of the very severe crop conditions which we have had in practically all the western provinces; consequently we do feel that we have an added right to ask for some sort of adjustment in this regard. I therefore have very much pleasure in supporting the resolution.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, I have listened most of the afternoon to the debate which has taken place on this question, and it has been a most interesting debate from every standpoint, a debate which I think showed moderation and fairness to a large extent, if not completely. Perhaps in a sense, though I do this with no controversial desire, I might except my hon. friend from Comox-Alberni (Mr. Neill), because he seemed to think it very fair that the late government had done nothing for three years after the decision had been given in this case by the Board of Railway Commissioners, either to change that decision or to refer it back to the board, yet he seemed to think it most unfair that this government in less than one year and a half in power should not have settled the whole question. I think that this government has had very much more difficult and serious questions on its hands than had the late government during at least the last three years of its regime, and I think that the government of to-day has had a good deal of reason for being hesitant in undertaking more heavy responsibilities. I should like generally though to compliment all the speakers, particularly the hon. member for Qu'Appelle (Mr. Perley) who introduced the resolution, and members on both sides of the house by and large, because generally speaking they spoke in a very moderate tone and I believe from their own standpoint were speaking as fairly as any of us would desire them to do.

It seems to me that there were two questions involved in the discussion which followed the resolution. The resolution reads as follows:

> That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in Manitoba, Saskatchewan, Alberta, and British Columbia, to a point in any of the said provinces, or from one point to another point in any one of the said provinces, be substantially reduced.

I think the word "should" ought to have been placed in the resolution. At any rate it is a very general resolution, but my hon. friend from Comox-Alberni and the other members from British Columbia on both sides of the house who addressed themselves to the question were speaking largely from the British Columbia standpoint, and so I say that there were two distinct questions involved in the discussion. There was first the question as to the domestic and export rate on grain to British Columbia, and secondly there was the question of freight rates on grain in general throughout the four western provinces. They are two questions quite distinct, and it was not on the latter question that there was an appeal to the late government from the decision of the Board of Railway Commissioners. The appeal was on the first question, that of domestic and export rates on grain to British Columbia.

May I say at the outset that I sympathize very sincerely with my hon. friends from all parts of the western provinces who were speaking on behalf of the grain growers of those sections, because no one realizes more keenly than the government the serious plight in which the grain growers of the west find themselves. We all realize that they have been very badly hit. The prices of their commodities have gone down to perhaps one-third of what they were a few years ago, and consequently a reduction of one cent a bushel in freight rates is of very great importance to them. On the other hand, the two great railways of this country, the Canadian National and the Canadian Pacific, as everybody in this house knows, have also been very hard hit, and while I do not wish to be construed as opposing the resolution—because I do not feel that I am capable any more than this house in general is capable of passing

judicially on the merits of the case—at the same time I feel it my duty as Minister of Railways to point out to the house some of the difficulties of the question. After all, as Minister of Railways I am speaking for the government, but on the other hand, the railways themselves have no representation in the house to express their side of the question, and I feel that in fairness to them I ought to give a few of the arguments, whether I agree with them or not, which the railways put forward on their side. In other words, I am pointing out that there are two sides to this question, and that probably the truth lies in between the two, as it usually does with most questions. Fairness demands, however, that I offer a few of the reasons given by the railways why they do not agree at once to what looks on the face of it to be a very fair demand.

Export rates not only on grain but on all commodities are usually lower in all countries than domestic rates. They are lower because of the advantage which they give to producers and traders in a country to compete with traders in other countries on what somebody has expressed as a free trade basis. They give them an opportunity to compete in outside markets. Our export rates on grain are lower than our domestic rates, but so are our export rates on practically all other commodities. I do not wish to take up time by quoting rates on too many commodities, but I have a statement under my hand of the export rates on very many commodities and in practically every case they are very much lower than the domestic rates. For example, the domestic rate on apples per 100 pounds in carload lots to Halifax is 58 cents, and the export rate is 39½ cents; on automobiles the domestic rate is 119 as opposed to 74; copper, 77½ as opposed to 55; iron and steel, 35 as opposed to 22; newsprint paper, 19½ as opposed to 15; packing house products, 114 as opposed to 93. I pick those out at random merely to illustrate the point which the railways make, that the export rates are lower not only on grain but also on all commodities for the reasons I have just given.

Yet at the same time one feels a good deal of sympathy with the arguments that have been put forward by various speakers in the house this afternoon, because it does not on the face of it seem fair that the export rate on grain, for instance, from Edmonton to Vancouver is 20 cents and the rate from Vancouver to the orient 18½ cents, making a total from Edmonton to the orient of 38½ cents, whereas the domestic rate from Edmonton to Vancouver is 41½ cents, or a difference of 3 cents in favour of the orient. I agree that that does not seem reasonable. On the other hand, some speakers have pointed out that they could ship grain more cheaply, so far as rates are concerned, to Denmark and Great Britain than, for example, to Vancouver.

Mr. CANTLEY: Or to Nova Scotia.

Mr. MANION: I do not wish to deal with Halifax, because I have not the figures at hand, but according to the figures that I have been given I would say Denmark certainly has not any advantage. The export rate from Edmonton to Vancouver is 20 cents, and from Vancouver to Liverpool 22½ cents, making a total of 42½ cents, while the domestic rate is 41½ cents. The difference is slight, but the export rate to England, and I presume to Denmark, although I have not the Denmark rate, is only very little higher than the rate to Vancouver.

Mr. REID: Are the rates which the minister has been quoting for one hundred pounds?

Mr. MANION: Yes, in all the rates I have quoted. While I sympathize with the view of many of the speakers here this afternoon, and while, on the face of it, it does seem foolish that one should be able to ship grain from Edmonton to the orient more cheaply than from Edmonton to Vancouver, at the same time the whole freight rate structure of our country is such a strange, complicated and confusing, patch-work quilt, if one may put it that way, that I do not like to put up myself as a judge. I say frankly that I do not think I, or any other hon. member of the house, after hearing the debate which has taken place, is capable of putting himself up as a judge without at least having the fairness to hear the other side of the question. Therefore I find it difficult to concede that the resolution should be accepted by the house, although I am not dealing at the moment with the disposition hon. members may make of it. At any rate the railways should have a right to present their side of the question.

I think various speakers to-day have given the history of freight rates. So far as British Columbia freight rates are concerned—and I am referring not to the larger issue, but to the domestic freight rates as opposed to export—as has been stated this afternoon the matter has been before the Board of Railway Commissioners, evidence was taken in the years 1926 and 1927, and on August 26, 1927, their decision was handed out. With the exception of Mr. Oliver, who gave a dissenting judgment, the judgment of the railway commissioners was that "no justification could be

found for the reduction." I think six or seven commissioners listened to the discussion, and gave a decision with which only Mr. Oliver did not agree.

The same order which gave that decision imposed the Crowsnest rates to Vancouver. Previous to that time the export rates to Vancouver were from 23 cents in 1915 to 35 cents in 1920; by this order they were lowered to 20 cents. After the Board of Railway Commissioners gave their decision an appeal was made to the late government, and hearings were held before that government on October 15, 16 and 17 of 1929. While the election did not take place until July of 1930, the late government gave no decision—

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

Mr. MANION: If I am wrong I should like to be corrected.

Mr. MACKENZIE (Vancouver): The hearing was adjourned from September, 1929, at the request of the province, and was resumed in January, 1930. The House of Commons met on February 20 of that year.

Mr. MANION: At any rate, the late government did hear the case on October 15, 16 and 17. I have no record before me to the effect that the hearing was adjourned, but I do not question the remarks of my hon. friend. However if the government heard the case finally in January, 1930, they had six or seven months in which to give their decision, and yet they gave none. I merely point that out as an historical fact showing that no doubt the late government were in the same position as we are—simply somewhat confused about the merits of the case.

Since we came into power I have on many occasions had this case before me. I sympathize with the statements made by hon. gentlemen on both sides of the house concerning what would appear to be an unfair condition whereby domestic rates are higher than export rates. I have discussed that question with the heads of the two great transcontinental railway companies in Canada, and have been in conference with men in their traffic departments. I remember on one occasion having an interview with Mr. Stephens of the Canadian Pacific Railway Traffic Department and Mr. Burnap of the Canadian National Railways Traffic Department. Those two gentlemen were in my office regarding this question for an hour or longer on one occasion, and at that time I took the attitude which has been taken by many hon. members to-day to the effect that they might well throw off something from the domestic rate, thereby bringing it into closer alignment with the export rate. I argued that they might build up traffic which does not to-day exist and thereby add business to the railway companies. That was my feeling at that time, and speaking personally I cannot say that I have changed my views. Their reply however was that the export rate is not a fair one. They said, "We did not agree to the export rate; it was imposed upon us by the Board of Railway Commissioners." They claimed that it was a losing rate, and that in any event they could make no money from it. Further they said, "If you wish to approximate these rates the fair thing to do would be to raise the export rate, thereby bringing it closer to the domestic rate, rather than to lower the domestic rate." That is their argument and their side of the question.

They viewed the matter from another angle which I shall now outline. They said, "Suppose we agree to your suggestion"—may I add that the discussion was informal—"Suppose we agree to your suggestion, the next move would be that all the prairie provinces would demand the same lowering of rates we might give to British Columbia. Then would come the maritime provinces who in turn would demand a lowering of their rates. The result would be that a change in the freight rates in one section would promote applications to the railways from the whole country to bring rates into alignment with the lowered scale permitted in one section." There is a great deal of truth in that contention, and I think the discussion I have outlined shows that the railway companies have some grounds for the stand they have taken.

At this time I shall endeavour to give you some of the arguments they put before me, not necessarily in discussion but also by letter and on various occasions when the matter was under consideration. They claimed, first, that any change would affect the whole freight rates structure. Secondly, they said that if we applied the export rate on grain to British Columbia in connection with the domestic grain shipped to that province, and applied the same rate to grain shipped throughout the western provinces, the railways would suffer to the extent of nearly $2,000,000. They said the actual cost to them in 1930 would have been $1,680,000. They take the position that as the Canadian National Railways and the Canadian Pacific Railway are not in a good financial condition at the present time they should not be asked to carry any greater load. We who have been following the railroad situation know that their statement of conditions is the correct one.

Further, they say that on the 20 cent export rate from Edmonton or Calgary, for instance, they are actually subsidizing export trade. They have figures to show that the railway companies are now subsidizing exports because they say on the 20 cent rate they are losing money. They pointed out to me that the Seattle export rate is from 31½ cents to 37½ cents as compared with the Canadian rate of 20 cents, the compared rates covering equal distances. In fact, they used those figures as an argument to show that they were giving much lower export rates than were given at Seattle, and that therefore they should be permitted to raise that rate.

They took the further stand—and I am attempting to give their arguments justly and fairly, not necessarily supporting them, because the house has a right to hear both sides of the question—that the Canadian rates on grain are the lowest in the world. They positively and absolutely make that statement, and have stated over and over again, and have presented evidence to prove—some of which I have in my hand—that in the United States the rates are higher for like distances.

For the information of hon. members I should like to review a few of the figures given to me to illustrate their point. From Brandon, Manitoba, to Fort William, a distance of 552 miles the export rate per 100 pounds is 16 cents. From Boyle, North Dakota to Duluth, a distance of 553 miles, the rate is 27 cents. Hon. members will take note that the second rate I have given is nearly twice the amount of the first. From Oklahoma city to Galveston, a distance of 552 miles, the rate is 33 cents. Hon. members will note that the 33 cent rate is more than twice as much as the rate from Brandon to Fort William. Then from Routledge, Manitoba, to Fort William, a distance of 592 miles, the rate is 18 cents; from Elmdale, Kansas, to Chicago, a distance of 589 miles the rate is 33 cents. I ask hon. members to compare that with the 18 cents rate from Routledge to Fort William.

Mr. STEWART (Edmonton): Is the hon. member quoting domestic rates?

Mr. MANION: No, these are export rates which have been given to me.

Mr. STEWART (Edmonton): The minister has been quoting export rates so far as Canada is concerned, but I should like to know if he is not quoting American domestic rates?

Mr. MANION: If the information before me is not correct I have been misinformed and deceived. I can see no reason why they should make their comparison on different bases. I have enough confidence in the people who supplied me with this information to know they would not misinform me, when I am giving their arguments. The heading which appears on the sheet I have before me is as follows:

Statement in letter of January 9 attached; corrected in accordance with letter from Board of Railway Commissioners T. D. 14157, dated February 1, 1932.

I have had the information contained on this sheet checked by some of the officials in my department, and am informed by them that the comparisons are correct. I have no desire whatever to misinform the house. I should very much resent being supplied with information prepared on different bases.

Mr. VALLANCE: I know the minister wishes to be fair; I should like to ask him a question. Has the minister a comparison of domestic and export freight rates in the United States and Canada?

Mr. MANION: I do not know that I have that exact information. The broad general statement is made however that the export rates in the United States are higher than they are in Canada. The exception is made that the export rates on the Atlantic coast are exactly in the same position as the export rates in Canada in that particular area. But on the west coast they claim the export rates from Seattle are much higher than the export rates from Vancouver. A moment ago I gave the rates from Seattle as compared with those from Vancouver. On the Atlantic coast they claim—and I think rightly so; I remember the rates very well because I had occasion to study them when dealing with the Halifax question—the rates from the American Atlantic ports are on exactly the same basis as from St. John and Halifax. These are the comparisons for like distances on the same basis.

Mr. STEWART (Edmonton): Those are internal rates. My hon. friend is quite correct about the Seattle rate.

Mr. MANION: They are both on exactly the same basis, whether internal or export.

Mr. STEWART (Edmonton): No, the hon. minister is quoting export rates to Fort William.

Mr. MANION: No, the matter would be deceptive from their standpoint if I quoted the rates on two bases. From Billings, Montana, to Duluth, 899 miles, the rate is 39½ cents per hundred pounds; from Herbert, Saskatchewan to Fort William, 899.8 miles, practically the

same distance, the rate is 22 cents per hundred pounds, while from the same point to Vancouver, 993.4 miles, the rate is 24 cents per hundred pounds. From Billings, Montana, to Seattle, 1,012 miles, the rate is 33½ cents per hundred pounds; from Uren, Saskatchewan, to Vancouver, 1,016.8 miles, the rate is 25 cents per hundred pounds. From Poplar, Montana, to Seattle, 1,094 miles the rate is 46 cents per hundred pounds; from Belle Plaine, Saskatchewan, to Vancouver, 1,093 miles, the rate is 26 cents per hundred pounds—hardly more than half. From Coutts, Alberta, to Fort William, 1,253.3 miles, the rate is 26 cents per hundred pounds. Those are the rates given to me, and I am putting them on record in justice to the railways, because I believe they have a right to show their side of the question.

Some time ago Sir Henry Thornton handed me another statement in relation to freight rates in general—it was prepared for him by the Bureau of Economics—in which he claims that from 1923 to 1930 inclusive if the freight rates in Canada were as high as the freight rates in the United States their earnings would have been greater by from fourteen and a half million dollars in 1926 to twenty-six and a half million dollars in the peak year, 1928.

Mr. STEWART (Edmonton): Is that on grain alone?

Mr. MANION: Yes, on grain and grain products.

Mr. DONNELLY: Have you any domestic rates on grain in the states of Montana and Dakota which you can compare with the domestic rates in Saskatchewan and Alberta?

Mr. MANION: No, I have not.

Mr. DONNELLY: That is what this question is.

Mr. MANION: No, it deals with two distinct questions—with the export rates from Vancouver, versus the domestic rates to Vancouver, and with rates in the western provinces on grain.

Mr. BROWN: We can only have a fair comparison of freight rates in general if we know the domestic rates in the United States as well as the export rates.

Mr. MANION: I do not carry the whole rate structure in my pocket. I am not trying to make out a case against this resolution; I am simply stating the railways' side. I have no personal interest in the matter any more than have my hon. friends opposite.

Mr. STEWART (Edmonton): The domestic rate is higher in the United States.

[Mr. Manion.]

Mr. MANION: My hon. friend from West Edmonton (Mr. Stewart) agrees that the domestic rate is higher in the United States than in Canada. That is what the railways claim in a general way, that all the domestic rates in the United States are higher than those in Canada. The figures I have given are the export rates on grain and grain products.

Mr. REID: I have the domestic freight rates from points in Montana to the Pacific coast states and they are much higher than from points in Alberta to British Columbia.

Mr. MANION: That agrees exactly with what I said.

Mr. REID: They are lower in the United States, I mean.

Mr. MANION: No, my hon. friend said higher a moment ago, and the railways take the stand that they are higher. My hon. friend had an opportunity to deal with the matter before six o'clock, and I do not wish to argue on something with respect to which I have not the statistics. My hon. friend may have an opportunity of putting his figures before the house later. I simply wish to state on behalf of the railways that at least before coming to a decision the house should have both sides of the question presented to it. The railways give the comparative per ton mile rate for grain and other commodities, and they show that the rates on grain are less than half the rates on other commodities. Of course, that takes in package freight and all that sort of thing. Perhaps it is not a point of any great importance.

Now, Mr. Speaker, the railways claim that the rates are much lower in Canada than in the United States, and they feel that in view of their financial condition—and everybody here knows it to be somewhat serious—they should not be asked to absorb any greater loss than they are absorbing at the present time. May I point out, for example, that the Canadian National Railways for January and February have not been making their operating expenses. As they express it, they are "in the red," which is a very serious situation for any railway to be in. The other railway may not be in that condition, but it is also losing revenue heavily. The revenues of both roads have been going down very markedly this year even compared with last year. They claim, with some justification I think, that they should not be asked to take a further cut in freight rates without good cause. They point out that freight rates in the United States have not been lowered, but that on

the contrary, recently the Interstate Commerce Commission granted increased rates on a number of commodities in an effort to put the railways of the United States in a better financial position.

There is one other point. An hon. member speaking to-day compared the export rate via British Columbia with the export rate from Fort William to Montreal and pointed out the differential was greater in the former case. I do not question that at all. It must not be forgotten that the rate from Fort William to Montreal is kept down by water competition, and consequently is bound to be lower than the rate in a section where there is no water competition.

It does not seem to me, Mr. Speaker, nor do I think it does to my hon. friends who have argued this question, that either the government or the parliament of Canada is a rate making body. We have not the facilities to deal with such a complicated question. Surely the House of Commons has fewer facilities than has the government, because one side of the question has been presented here to-day, and unless I had chosen to give some of the arguments of the railways which they have passed on to me—and I have given them without necessarily claiming that they should be accepted—there would have been only one side of the question before the house. The House of Commons is not a rate making body, neither do I think the government of Canada is a rate making body. I remember reading a speech by my right hon. friend the Prime Minister (Mr. Bennett), in which he pointed out that it was doubtful if there should be an appeal to the governor in council from judgments of the railway commission with respect to freight rates. I think there is sound justification for that position. The Board of Railway Commissioners is a judicial body created for the purpose of dealing with freight rates. On the whole I think the railway commission is an excellent body. It gives its full time to questions of freight rates, and, generally speaking, it should be able to give reasonable satisfaction to the various sections of the country with respect to the general rate structure.

In view of this, Mr. Speaker, it seems to me that my hon. friend from Qu'Appelle, who so eloquently presented his motion to the house, and those on both sides who have so ably supported him, should realize that they have explained their case very thoroughly to the government and that the government is seized of its importance. I think I can say to the house that within a reasonable time the appeal will be disposed of by the government in some way that at least will be fair with regard to the merits of the case. I can assure not only the hon. member for Qu'Appelle, but also the other hon. gentlemen on both sides of the house, who have taken a strong attitude on this question, that the government will give deep consideration to the matter, and I believe that as far as the government is concerned the question will be disposed of in the near future.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I think all members of the house, without regard to where they sit, will commend the statement just made by the Minister of Railways (Mr. Manion). Apart from the somewhat remarkable and indelicate subtlety with which the resolution of my hon. friend from New Westminster (Mr. Reid) was supplanted on the order paper by the resolution now under consideration, I think this debate has been carried on quite free from political considerations. I wish to congratulate the hon. member for Qu'Appelle (Mr. Perley) and also my good friend from Fraser Valley (Mr. Barber) upon the way in which they conducted this debate; with regard to the contribution of my hon. friend from Fraser Valley this afternoon, it was in very marked and I might even say remarkable contrast to his contribution last year during a somewhat similar debate in this house.

I wish to correct just one observation made by the Minister of Railways, in regard to the progress of negotiations under the late administration. The hon. member for Fraser Valley very properly said this afternoon that this or a similar resolution has been debated for five or six years in this house, and my hon. friend from Comox-Alberni (Mr. Neill) has made some very comprehensive contributions to the discussion. I think, sir, all members of this house should congratulate my hon. friend from New Westminster upon the remarkably exhaustive and comprehensive contribution he made, not only this afternoon but a year ago as well; he made a complete analysis of the situation.

As my hon. friend the Minister of Railways said quite properly, there are two considerations which should be analysed in discussing this matter. In the first place there is a marked and a proper grievance on the part of the dairymen and the poultry raisers, speaking particularly of British Columbia, because of the differential between the export and the domestic rates. I think the Minister of Railways is quite correct in stating that in the main domestic rates are higher in the United States than they are in the Dominion of Canada, but

I believe my hon. friend will find that the differential between the domestic rate and the export rate is not as great in the United States. That is the specific complaint in British Columbia, that the differential between 20 cents and 41½ cents is far too great. A government such as we have to-day, with its Canada first policy—I am not taiking politically, but rather in regard to the foundations of a tariff structure—surely should condemn a policy which makes it possible to export Canadian grain to China and Japan, permitting them to enter the $50,000,000 British market and sell their eggs at lower prices than the Canadian poultrymen. It seems to me there is something wrong.

I quite agree that there are two sides to this question; there is the larger, national side to it, and I am not unmindful of the fact that to-day in this country there is a large body of opinion holding the view that it is necessary, in order to maintain the vitality and the permanence of our railways, that there should be a general increase in freight rates all over the country. I am somewhat affrighted lest the deliberations now under way in Canada in regard to our railway structure and our railway financial condition may imperil even the Crowsnest pass agreement, which has given great relief and opened up many avenues of progress to western Canada. In the main, sir, considering the present financial stringency and economic depression in every province of Canada, I think we may be exceedingly fortunate if we are able to maintain the freight rate structure on its present basis, remembering the tremendous railway problem confronting us as a nation. At the same time, if there is to be a general increase in freight rates in order to keep our railways in existence, I do not know that the Canadian people would object so very much, but I do think that every intelligent opinion is properly directed against inequality as between one section and another with regard to the freight rate structure. For a number of years our people in British Columbia, have felt this differential very keenly; as I said last year, it is a matter of life and death to the poultry raisers and the dairymen of the Fraser valley, so we on this side appreciate the very fair and conciliatory attitude of the Minister of Railways this evening.

May I further point out to my hon. friend that the decision given in August, 1927, by the Board of Railway Commissioners, on the application made in 1926, was not submitted to the previous administration until September, 1929. In that appeal were joined together the provinces of British Columbia, Alberta and Saskatchewan, and at the request of the provinces the appeal was postponed until January of 1930. The session of that year, as those who were here will recall, opened on February 7, so the very consideration adduced by my right hon. friend the Prime Minister during the debate a year ago, that the government could not be expected to hear the appeal while parliament was in session, applied with equal force during the session of 1930. Immediately after that we had an appeal to the country, with all the tumult and turmoil of a general election. So I do not think, sir, any undue blame can be attached to the old administration for being dilatory in hearing this appeal.

Last year, Mr. Speaker, I addressed a request to the Prime Minister, which was referred to this afternoon by the hon. member for New Westminster. My request was for an assurance that after the session was terminated this appeal would be heard without undue delay. That assurance was given and will be found at page 1795 of Hansard for last year. To-night my hon. friend the Minister of Railways has repeated that assurance, and with that assurance I suppose the house must rest content. I think hon. gentlemen opposite will find us on this side fair minded in supporting action along this line. There are two great issues to be considered; there is the question of assisting a wonderful body of people, some of the finest citizens in Canada, and there is also the larger national issue which is now under review by a great quasi-judicial tribunal, so while we are awaiting their decision perhaps this particular question is not possible of immediate solution.

Right Hon. R. B. BENNETT (Prime Minister): I should like to make clear to the hon. gentleman that discussions did take place with the representatives of the provinces having in view the fixing of a date for the hearing of the appeal, but a combination of circumstances, all of which I have never been able fully to understand, made it impossible to fix a date satisfactory to all. Recently we again instituted some inquiries, but I cannot explain it further than that. I do not know just what discussion did take place with the representatives of the various provinces, but at any rate the action we took did not result in a hearing being held.

Mr. THOMAS CANTLEY (Pictou): Mr. Speaker, it was not my intention to take part in this debate, until I had the pleasure of listening to the remarks of the Minister of Railways (Mr. Manion). When I occupied a seat on the other side of the house two or

three years ago I directed the attention of the house to this question, and my attitude has not been altered in the slightest degree by the fact that I now occupy a seat on this side.

What I want to point out to the house is how the unfairness of the freight rate structure as regards the movement of flour and meal from the western provinces to the maritimes affects us in the maritime provinces. The minister was good enough to say that the domestic rate to Halifax on flour and meal was 57 cents per hundred pounds while the export rate was 35½ cents per hundred pounds. That is equivalent to a difference of practically 43 cents a barrel as against the maritime provinces and in favour of the export trade. In fact, we are bonusing our competitors in Europe at the rate of about 43 cents a barrel on flour and meal. In the maritime provinces we consume annually over a million barrels of flour and meal, so that we are overtaxed annually on freight rates nearly $450,000. That has been going on for some considerable time. The railways say that unless they meet that rate the business will go to New York. I should like to point out that the whole Atlantic freight structure is a matter of negotiation between the several shipping companies engaged in the transatlantic trade, and if our friends who are putting boats on from Halifax wished to make an arrangement so far as the Atlantic traffic is concerned, they could do so. Why they have not done so, I do not know, but they are not likely to do so as long as the railways of this country are prepared to give them the export freight rates they have been giving them in the past.

That is a condition of affairs which I think the whole house will admit is grossly unfair so far as the maritime provinces are concerned, and while I am a member of the house, I shall not remain silent in regard to the matter. In effect we are bonusing our competitors in Germany and other parts of the continent engaged in the production of iron and steel to the extent of over 40 cents a barrel on an essential article of food for our own work people, our coal miners and steel workers. Surely there is some way in which this matter can be rectified, and until that is done, while I am sympathetic, so far as our two railways are concerned, I shall tell the minister that the existing rate structure constitutes a grievance against which we must protest. It is unfair, unnecessary and uncalled for, and I hope the minister will take the matter into serious consideration and see that it is rectified within a reasonable time. I know that he is sympathetic, and I rely on his giving as soon as possible his best consideration to the grievance we complain of.

Mr. HARRY BUTCHER (Last Mountain): Mr. Speaker, I too feel compelled to support the resolution so ably presented to the house by the hon. member for Qu'Appelle (Mr. Perley) and supported by hon. members on both sides. The debate has very clearly demonstrated three facts: first, that the farmers are very anxious to sell their grain to the poultry raisers and dairymen of British Columbia; second, that the dairymen and poultry raisers of that province are very anxious to buy that grain, and, third, that the cost of transportation from the prairie provinces to British Columbia is altogether too high, the domestic rate being exorbitant as compared with the rate for export.

It seems as though it must be hard indeed to justify a rate of $8 a ton from the prairie provinces to Vancouver when the rate to Japan is only $7 per ton. I shall say only a few words; I rise simply to support the resolution and at the same time to supplement information given by the Minister of Railways (Mr. Manion) with regard to the domestic rate across the border on grain going west.

I have before me the British Columbia Cooperator for the month of November, 1931, and I notice it gives the rates from points in the United States to the west coast and from comparable points on our side of the line also to the Pacific coast. These rates are as follows:

	Miles	Domestic Cents
From Radnor, Alberta, to Vancouver	608	41
From Kalispell, Montana, to Seattle	607	30
From Indus, Alberta, to Vancouver	659	41½
From Missoula, Montana, to Seattle	656	27
From Ernfolk, Saskatchewan, to Vancouver	1,000	50
From Laurel, Montana, to Seattle	996	37½
From Chaplin, Saskatchewan, to Vancouver	1,012	50
From Billings, Montana, to Seattle	1,012	38
From Pasqua, Saskatchewan, to Vancouver	1,074	50½
From Judith Gap, Montana, to Seattle	1,088	37½

From these figures it will be noted that the rate on the other side of the line is about three-quarters of the rate on this side. I have an idea that if the rates were reduced on this side so as to make the domestic rate comparable with the export rate, a great benefit would ensue not only to the poultry raisers and dairymen of British Columbia, and the farmers of the prairie provinces, but also, because of increased haulage, to the railways themselves.

Mr. F. W. TURNBULL (Regina): Mr. Speaker, I am inclined to agree to a very large extent with the Minister of Railways (Mr. Manion) when he says that in general rate making is a question for the Board of Railway Commissioners. Whether we get the best results from them or not, the fact is that in the main parliament has entrusted to their hands the question of rate making. On August 26, 1927, they came to a conclusion with regard to a portion if not all of this particular resolution, from which decision the three western provinces and the United Farmers of British Columbia, whose headquarters are in the Fraser river valley, have appealed. That appeal has not been brought on for hearing since the present government took office, and if the hon. member for New Westminster (Mr. Reid) will dig into the facts with regard to the delay in the hearing, I think he will find that the federal government is not very much to blame with regard to the matter. The hearing before the previous government took place in part in the fall of 1929. The final argument before the previous government was not in the latter part of January, as the hon. member for Vancouver Centre (Mr. Mackenzie) stated. Of course he wanted to get fairly close to the time when the session met. To be exact, the final argument took place on the 16th and 17th of January, 1930. No decision, however, was reached.

While I say I am in agreement to quite an extent with the contention that rate making should be in the hands of the Board of Railway Commissioners, nevertheless parliament has two functions. It has a legislative function whereby it can, if it so desires pass legislation which ties the hands of the Board of Railway Commissioners. That was done in the session of 1925 with respect to the question of the Crowsnest rates on grain and flour moving eastward, and by order in council P.C. 886 it was directed that freight rates eastward and westward should be equalized. That was why the export rate to Vancouver was reduced to 20 cents. But while parliament has a legislative function, it has also an educative function. Surely parliament should at least lead public opinion. Public opinion is to some extent moulded by the debates which take place in this house, and public opinion has an effect upon railways.

I listened with much interest to the figures given this afternoon by the Minister of Railways and Canals, but I confess that I have not as much confidence in figures supplied by the railway companies as I once had. At one time it was stated on no less an authority than Sir Henry Thornton that wheat could be shipped by barge from the Canadian National Railways terminal on the western coast to Victoria for not more than $8 per carload. Application was made to the Board of Railway Commissioners that the Canadian Pacific Railway be ordered to provide a rate from Victoria to Vancouver, and this company, through the use of the amazing experts it has to figure out costs, succeeded in proving to the commission that it could not be done for less than $30 per car. I think something like that must have occurred when they figured out the domestic rate from Edmonton to the coast at 41 cents, and claimed that that was the lowest possible rate which could be maintained.

The poultry and cattle industries on the lower Vancouver mainland and on Vancouver island are very important. The poultryman in British Columbia must compete with the poultryman in the Montreal district. During a hearing before the Board of Railway Commissioners on various points, one of the railway commissioners stated that the consumer of grain and flour in Vancouver, and the dairy farmer, the live stock feeder and the poultryman in the territory contiguous to Vancouver, pay 372 per cent more than the consumer of grain and flour in Montreal, or the dairy farmer, the live stock feeder and the poultryman in the territory contiguous to Montreal, in transportation costs on grain and flour produced in western Canada. The distance from Fort William to Montreal is 997 miles while the distance from Calgary to Vancouver is only 642. The western poultryman is therefore under a considerable handicap as compared with his Montreal competitor, and possibly something should be done. However, if the reduction of this rate is going to cause a tremendous loss to the railroads; if it means that either the railroad companies or the poultrymen on the lower Vancouver mainland will have to go under, I would prefer to save the railroads.

The arguments now being used against this reduction were used in 1927, 1928 and 1929 when the railroads were able to obtain plenty

of freight. To-day transportation conditions are not as good, but if they improved the railroads would still use the same arguments. It is worthy of note that when the railroads chose to reduce their passenger rate between Ottawa and Montreal they increased vastly the traffic between those two cities. The traffic was there but it was not moving because the transportation cost was too high, but when the fare was reduced to a very marked extent the railroads were able to obtain many passengers and make more money than they had made at the higher rate. The consumer in British Columbia is obtaining his wheat and flour from Australia rather than from Alberta, in my opinion because the freight rates between Alberta and British Columbia are prohibitive. If the railroads could see their way clear to lower these rates to some extent they would induce traffic to move which would be much more advantageous than no traffic at all. The railroads might begin to make a little money instead of not making any. They have idle rolling stock, they have idle engines, they have idle men; the overhead still goes on but there is no traffic in grain and flour because the rate is prohibitive. If their costs are figured on the same basis as when the rolling stock was busy, they might have an argument, but I submit they would be much better off to be using their rolling stock than to allow it to stand idle and rust on the tracks. Other businesses find that it pays to keep their plants moving even if they make little or no profit.

If grain could move from the prairies to Vancouver and to Vancouver island there is no question that the live stock and poultry industries would be built up much more rapidly than is now the case. By giving these industries a chance to live the railroads would increase their traffic and as they increased their traffic they would increase their profits.

There is another point to be considered in connection with this reduction. This resolution asks that the domestic rate be substantially reduced while, if I remember aright, the resolution moved by the hon. member for New Westminster (Mr. Reid) was of a different nature. This resolution covers more ground and is different in character. The hon. member's resolution suggested that the export and domestic rates on grain moving from the prairies to the coast should be the same, but that request is contrary to the desire of the three western provinces and the United Farmers of British Columbia. There is a reason for that. The export rate on wheat does not apply to wheat exported through Vancouver or Victoria to the United States; any wheat travelling through these points to Seattle has to pay the domestic rate. If the domestic rate is made to equal the export rate it is feared that our hard wheat would then move to Seattle to be milled, exactly as it is moving to Buffalo. The result would be that the by-products from such milling would be available for American stock and not for the feeding of stock on Vancouver island and on the Vancouver lower mainland. We would then be assisting in building up competition in the United States against our own producers. Without our hard wheat the United States could not make a flour to compete with Canadian flour, yet we supply them at Buffalo with our wheat to enable them to make flour to undersell our flour on the markets of the world. We do not want a repetition of that on the Pacific coast, and for that reason the provinces of British Columbia, Alberta and Saskatchewan and the United Farmers of British Columbia, in the case they have laid before the governor in council, have asked that the domestic and export rates be not necessarily the same but be brought closer together, taking into consideration the desirability of maintaining the advantage of milling in Canada as against milling in the United States. There is a difference of opinion as to what the differential should be, but I do not think it is more than ten cents in any case. It is felt that if the domestic rate was reduced to 30 cents that differential would be ample to ensure the milling of our flour either at the coast or on the prairie provinces.

My hon. friend from New Westminster (Mr. Reid) was a little astray with regard to what happened as to the first decision on domestic freight rates. That decision was afterwards rescinded. On September 2, 1925, there was a general order—in the middle of the election, one of my colleagues suggests—made by either two or three of the members of the Board of Railway Commissioners, equalizing freight rates east and west and equalizing, to some extent, the domestic and export rates; but in the meantime, after this had been referred to the board, only a part of whom had heard the application, another general order had been made by the government, this famous P.C. 886 in which a general inquiry into freight rates was ordered. Now as soon as the decision of September 2, 1925, was arrived at after a hearing by a part of the board, the Canadian Pacific Railway Company applied to the complete board to rescind the order, and on the application to rescind, as my hon. friend from New Westminster said, three members of the board were in favour of rescinding and three in favour of the order. But the application to rescind did not fail, as my hon. friend said, and the order of Septem-

ber 2, 1925, was not confirmed, as my hon. friend said, but the six commissioners agreed that the matter would be reviewed again as a part of the general freight rate inquiry. That is what happened at that particular time.

When the general freight rate inquiry came on the decision was arrived at in the autumn of 1927. The united board dismissed the application to make the domestic rate the same as the export rate and left it at 41 cents per one hundred. It was from that decision that the present appeal was taken and is before the government at the present time.

There is one particular in which a lower rate would be of very great advantage to the northern parts of Alberta and Saskatchewan in particular—probably to southern Alberta more than to southern Saskatchewan and not so much to southern Alberta as to the northern part—and that is with regard to the movement westward of low grade grains, below contract grades. Owing to weather conditions the north is likely to have a greater share of off-grade grains than the south, and the market for these grades, especially since mixing with the higher grades has been abolished, has become a difficult proposition. If there was some way of providing a special rate so that the low grade grains could be carried back and forth through the provinces and from northern Alberta to Vancouver and Vancouver island, it would be a great relief to the farmers of northern Alberta in particular, and to the feeders of grain in the southern part of British Columbia.

In connection with the rates on grain there is this to be observed. The present so-called Crowsnest rates on grain and flour are now statutory. They were statutory for many years as a matter of agreement between the railway and the crown, confirmed by statute, and maintained until suspended in 1919. That suspension was lifted in 1925, but instead of restoring the Crowsnest rates in toto the act, being chapter 52 of the statutes of 1925, gave the board the power to fix rates and enforce a reasonable rate structure. That abrogated the Crowsnest pass agreement and the Crowsnest pass rates. The Crowsnest pass agreement covered some twelve different articles, and by that act of 1925, while we did succeed in getting the Crowsnest pass rates on grain and flour established as maximum rates on those two commodities, we lost the benefit of the Crowsnest pass agreement on every one of the ten other commodities covered in the agreement. If my hon. friends opposite would examine the effect of that on the price of farm machinery and the price of lumber in western Canada, they would be doing a much better service to their constituents than by trying to make out that reductions in the tariff in farm machinery have reduced the price, because the price of farm machinery was never reduced by the Liberal government during all the years between 1921 and 1930. In fact the price of farm machinery was higher in Canada the day they went out of office than the day they came in, in spite of the fact that the tariff was reduced and in spite of the fact that the whole sales tax was taken off —and maybe because of that fact rather than in spite of it.

I might remind the members of the house, Mr. Speaker, that the west has not entirely forgotten that they have lost the benefit of the Crowsnest pass agreement on everything but grain and flour, and some day when times are a little better and the railways, under the direction and guidance of my hon. friend the Minister of Railways, become more prosperous than they are at the present moment, we are coming back to the board to see what we can do in that regard.

Mr. RALSTON: While on the Crowsnest pass agreement, will my hon. friend permit me to remind him that while the Crowsnest pass rate was lost on some commodities, at the same time it was made to apply to all stations on all lines, whereas previously it applied to only a very few stations?

Mr. BROWN: Every Conservative in the house opposed the restoration of the Crowsnest pass agreement.

Mr. HANSON (York-Sunbury): That was part of the bargain with the Progressives in 1925. That is why you are over there.

Mr. TURNBULL: If my hon. friends will not take the debate out of my hands, I will agree with my hon. friend from Shelburne-Yarmouth (Mr. Ralston) that the maximum rates were applied to all the railways while the railways had contended that they applied only to the railways in existence at the time of the agreement.

Mr. RALSTON: And applied at all points.

Mr. TURNBULL: And at all points. Between 1903 and 1919, not one bushel of grain travelled on Crowsnest pass rates but at three cents a hundred less than Crowsnest pass rates. My hon. friend from Qu'Appelle (Mr. Perley) said two cents. Perhaps he will allow me to say that the rate to-day from Winnipeg to Fort William is 14 cents per hundred, and from 1903 to 1919, the rate was 11 cents.

Mr. RALSTON: All the harder on the maritimes.

Mr. TURNBULL: That may be all the harder on the maritimes. That was by reason of the legislation passed by my hon. friends in 1925. Some day we are coming back for that three cents per hundred as well.

The west is under particular difficulties in regard to freight rates, particularly my own part of the country. I have watched the freight rate structure for some years, and rightly or wrongly I have come to the conclusion that there is an underlying principle with regard to the fixing of freight rates. The principle I saw established in regard to freight rates was the principle first established by the railways themselves, and confirmed more or less by the Board of Railway Commissioners as applied to the rates in force when the board was appointed. As I see it, the idea of the railways was to move the farm products of western Canada into eastern markets at as low a rate as they reasonably could, and as a result the freight rates on farm products travelling eastward were lower than the freight rates on farm products travelling westward. I do not know how that affected the maritime provinces. On the other hand, the rates westward on manufactured goods and building materials were lower than the rates eastward, and to-day manufactured goods can still be shipped westward more cheaply than eastward, which is a great handicap to the development of the manufacturing industry in western Canada. On those principles the railway rates were established. Then when my hon. friend the present Minister of Trade and Commerce (Mr. Stevens) attempted to establish a port at Vancouver and have an elevator built at Vancouver harbour, which my hon. friends for many years called "Stevens' folly," the fight began to get a freight rate which would make it possible to move the grain westward to Vancouver. That is where the fight for an equalization of freight rates westward began. That fight has continued down to the present day with some success, but perhaps not with success as complete as it might have been. We have still the mountain differential to fight with; there is the difference of 15 per cent. I think the Board of Railway Commissioners have found that freight can be moved west as cheaply as it can be moved east. There are still more than 120 miles to pay for which do not exist between Calgary and Vancouver owing to the longer haul between Edmonton and Vancouver. All these years, since there has been a harbour at Vancouver, the battle has been on to secure an equalization of freight rates westward. It has been conducted mostly in the interests of the elevator companies and the farmers who sold wheat to elevator companies for export. The result of the battle has been that export rates from time to time have been reduced by the railway commissioners, either under direction of parliament, or without direction of that body. However, the domestic movement was comparatively small, and while the export movement was reduced the domestic remained stationary at the old high level which was established before the Board of Railway Commissioners came into being. That to my mind is the reason—and I am speaking more in argument than from figures—why there is such a spread between export and domestic rates from Alberta to the Pacific coast. While that may be a matter for the Board of Railway Commissioners to decide, the fact is that that body has made a decision, and has decided against any reduction in domestic freight rates west. So that if the governor in council, when this matter comes before them, decide to refer it back to the Board of Railway Commissioners, they will be faced with the necessity of sending it back with some direction, because since the board has already decided against the western provinces there is very little use sending it back to them to make a further decision unless some direction is given that they decide more favourably than they did the last time.

There seems to be evidence to show that it is in the interests of the country that such action be taken. After all there have been occasions in days gone by when parliament exercised that right, when they found it in the interests of the people generally to lay down a policy for the Board of Railway Commissioners to follow; because after all parliament is supreme. It could direct by statute that the Board of Railway Commissioners follow certain principles. If parliament chose to say to the Board of Railway Commissioners that in the opinion of hon. members assembled, domestic freight rates are too high, and that in the interests of the Dominion of Canada and of the railways that rate could be reduced, although I am not an experienced parliamentarian, my own poor opinion would be that parliament would be justified in laying down such legislation. I am not saying such a right is one which should be exercised on all occasions; it should be exercised only with the greatest hesitation and the greatest care, because after all, the striking of freight rates is a very intricate problem. It is a matter to be settled not by a court of 245 persons, but rather, as the Minister of Railways has said, by a very much smaller court which could have the advantage of hearing both sides of the question.

For the life of me I cannot understand why the domestic freight rate cannot be lowered to the advantage of both the railway companies and the industries in the Fraser valley to which my hon. friend from New Westminster (Mr. Reid) is so partial. In addition the industries on Vancouver island, to which he has not made reference, would benefit, as would the farmers in the prairie provinces. I am told that every week about 300 empty railroad cars are carried from the mainland to Vancouver island, and that in those cars products of Vancouver island are brought back to the mainland. I cannot see why the railroads would be under any great expense if they were to put wheat in those cars; it could be taken to Vancouver island with very little added cost. If such traffic were encouraged it would become extensive enough so that the cars might be taken over full instead of empty. It seems to me that if the matter is properly put before the railway companies—as I hope it will be—in the course of time, with public opinion behind us, we may reach a solution satisfactory to all concerned.

Mr. JOHN VALLANCE (South Battleford): Mr. Speaker, I had not intended to take part in this discussion, until I heard the remarks of the Minister of Railways and Canals (Mr. Manion) and the hon. member for Regina (Mr. Turnbull). First of all may I deal with the statements made by the hon. member for Regina to the effect that the resolution now under discussion proposed by the hon. member for Qu'Appelle (Mr. Perley) is entirely different from that proposed by my good friend from New Westminster (Mr. Reid). May I be permitted to read the resolution as presented by the hon. member for New Westminster:

That, in the opinion of this house, it is expedient that the freight rates on grain and grain products destined to points in British Columbia from the prairie provinces of Canada be carried by the railways at the same rate as grain and grain products for export to other countries.

May I say to the hon. member for Qu'Appelle, however, that I am really more pleased to support his motion. What does it say?

That, in the opinion of this house, the domestic freight rate on grain and grain products moving from any point in Manitoba, Saskatchewan, Alberta and British Columbia, to a point in any of the said provinces, or from one point to another point in any one of the said provinces, be substantially reduced.

I think those of us who are farming in any of the four western provinces will receive greater benefit from the resolution presented by the hon. member for Qu'Appelle than from the one presented by the hon. member for New Westminster. Under that resolution it would be possible for a farmer in the northern part of Saskatchewan to ship low grade wheat, or any wheat for that matter, to the southern part of the province, and receive the export rate thereon. I am all for it.

The Minister of Railways made comparisons of the rates on other commodities moving in Canada, both for domestic and export purposes. I took down the figures, and although I did not manage to get his facts concerning all commodities, I did get the information concerning the transportation of apples both for domestic and export use. He said that apples for domestic purposes carried a freight rate of 58 cents, and for export 39 cents. I should like to point out to the minister that there is only about 19 cents difference between the export and domestic rates. However, in a distance of 1,015.3 miles from North Battleford to Vancouver the rate for export is 24 cents per 100 pounds, or 14.40 cents per bushel on wheat. For domestic purposes the rate is 50 cents per 100 pounds or over 100 per cent more for domestic than for export.

Mr. MANION: What is the export rate?

Mr. VALLANCE: Twenty-four cents per 100 pounds, and the domestic is 50 cents, a difference of more than 100 per cent. Therefore the figures placed on Hansard to-night by the minister will make the farmers in the three prairie provinces, if I know them at all, just that much more anxious to put up a barrage to see if this wrong cannot be righted.

Mr. MANION: I gave the figures only to show that there was a difference in the export rates on other goods as well as on wheat. I was not defending the situation.

Mr. VALLANCE: Yes, I understand that. I am merely showing the difference between the export and the domestic rates. The other day we had a spectacle—and I use the word advisedly—of a cargo of wheat, 250 tons, coming from Australia to Vancouver which was not permitted to land because of disease. If it is possible for Australia to ship wheat to Vancouver and sell it to the poultrymen of that province cheaper than it can be secured from Alberta or Saskatchewan, I think it is time something was done. It was good feed wheat, outside of the disease which prevented it from entering.

Might we not look forward to a discussion of interimperial and preferential trade at the forthcoming Imperial economic conference? Would it not be possible for Australia, India or any other portion of the empire to ship

wheat into Vancouver harbour cheaper than it can be secured from the prairie provinces, until these rates are rectified?

I have risen, Mr. Speaker, merely to point out these facts. I have before me a statement of the differences between the export and domestic rates on many commodities, but I think if you go through the schedules you will find that nowhere is there such a disparity as that which exists on the rate on feeds that we export to Vancouver.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, the subject matter of this resolution has been presented in such detail and with such a wealth of argument by the mover and those who have spoken in his support as to render it unnecessary for me to deal with it other than briefly. It is, however, I think extremely desirable that someone from the province of Alberta should at least express an opinion, and a very decided opinion, as representing the sentiments of that province.

As has been stated by other speakers, this matter in its present or a somewhat similar form has been before the house for some eight or ten years. During all that time this grievance, as we term it, has existed, not always in the same proportions as now, but still it has existed, and I believe that almost every session during that period although it has been very fully discussed nothing has been done. In a word, the situation has remained unchanged.

As I have intimated, it is not my purpose to go into the subject fully, but it does appear to me that we are in a very anomalous position at the present time. Under our national policies as a parliament and as a government we are doing what we can to encourage not international and foreign trade only, but to develop domestic and interprovincial trade to the greatest possible degree. I am fully in favour of developing to the maximum trade between the component parts of Canada. There are no two parts of the Dominion that offer greater opportunities for an interchange that will be mutually beneficial than do the province of British Columbia on the one hand and the prairie provinces on the other. I have always felt that my own province in particular, Alberta, and the province of British Columbia are complementary and supplementary one to the other to a very marked degree, and that they should to a far greater extent than has been the case during the past years go forward side by side working together in their mutual interest. In this case it is a very great pleasure to me, as it has been to many others in the house, to find a subject upon which we may agree so fully and an end towards which we can work in such complete harmony.

The situation has been laid before the house, a situation under which thousands of farmers within the British Columbia valleys, where the climate and soil are admirably adapted to the most intensive forms of poultry raising, dairy farming and other kindred forms of agriculture, find themselves completely handicapped through the fact that although grown only a few hundred miles away the products of the great grain fields of the prairie provinces are almost inaccessible to them, that they are shut out from the use of those products by a wall greater far as barrier than distance, by a wall more exclusive than oceans and continents, by a wall erected in a wholly arbitrary fashion—a wall of excessive freight rates. On the other hand, the farmers of the prairie provinces, looking westward as their shortest and cheapest route to the markets of Europe and to the great and developing trade in the orient which they visualize as their most hopeful market in the future, are also looking closer home across those mountain barriers beyond which they see thousands of potential and wouldbe customers—customers anxious to purchase their grain products and to exchange their own in return.

This is a situation which I think should not be beyond the intelligence and ability of this house and this government to rectify. It has been stated by the Minister of Railways (Mr. Manion)—and in a general way I am in agreement with him—that by reason of the characteristics of their make-up neither the house nor the government is the best possible court for deciding a question so technical in its nature as that of freight rates. But on the other hand I conceive that this parliament must be responsible at least for one thing—for the laying down of national policies, and that within the lines of those policies all commissions of a technical character must function. I submit that parliament itself cannot delegate to any other body, especially a body that is not responsible directly to the people, the right to determine what policies shall be followed—policies for which parliament itself must be responsible. As I see it, we confer upon the railway commission power, not to lay down policies for this country, but within the limits set by parliament to look after the details of which the minister spoke. And when we deal with matters of internal trade, matters which must affect intimately the well-being and livelihood of the people of two or more provinces, then we enter a field which is too large to be left wholly to the railway commission or to any other body which we may constitute.

Possibly it is true that the right of appeal to the privy council from decisions of the railway commission should not continue, that such appeals should be heard by the supreme court, the exchequer court or some other tribunal. But so long as the present law continues in force that responsibility rests on the government, and until the law is abrogated that responsibility cannot be evaded by the government. I am not going into the question now as to whether undue delay has taken place on the part of this government or its predecessors. I do suggest, however, that sufficient time has elapsed and that now we may well look to the government for action of one kind or another. Whether it be in the form of a reference back to the railway commission with instructions as to the lines within which they should work and the goal towards which they should strive, or in the direction of designating some other and perhaps more suitable body to do this work, in any case let us put an end to this period of suspense and indicate to the farmers and the other citizens of the provinces interested that within a reasonable time this disability shall as far as possible be removed, and those necessary goods shall go on backward and forward at the least possible cost.

It has been argued, and perhaps with some truth, that the Canadian Pacific Railway faces certain definite geographical handicaps, that it has a heavy mountain grade and that it cannot be reasonably expected to haul tonnage over the mountains at anything like a prairie rate. It might also be said, and has been said, it would be totally unfair to use the comparatively low and easy grade of the Canadian National railways as a weapon with which to coerce the other system. But, Mr. Speaker, let us go back a few years, comparatively speaking, and what do we find? We find that the Canadian Pacific Railway, being first in the field, had ample opportunity and a perfect right to have chosen that low grade had it so desired, but at that time those directing the Canadian Pacific Railway did not see, nor could very many men foretell, the tremendous movement of freight westward which might develop. So, not foreseeing that great movement, their actions would indicate that they naturally expected the factor to which they must look for their greatest profit to be the passenger traffic and, by providing a scenic route over and through our beautiful mountains, they exepected to attract a great tourist traffic and provide themselves with ample profit. Possibly they were quite justified in figuring it in that way, but is it right that the citizens of these provinces should be compelled forever to pay scenic freight rates because, forsooth, thirty or forty years ago the Canadian Pacific built a scenic railway in order to attract tourist traffic? Is it right that we should be forever debarred from the advantages which would naturally accrue from the easy grades which the Canadian National railway now follows? It has been proved and demonstrated, so amply and so frequently as to require no repetition, that following the line of the Canadian National railway westward we find grades that compare favourably with those found in the movement eastward, so the mountain differential is a fantasy, a mere dream, a figment of the imagination, with no actuality in fact. There is no such thing as a mountain grade or a mountain range when going through the Yellowhead pass. Most of us have travelled over that road and we have seen for ourselves. We have seen the number of freight cars a locomotive will haul both east and west, and perhaps it is not necessary to assure you, Mr. Speaker, or to indicate to any hon. member of the house, that the power used to haul a train of cars from the prairies to Fort William is sufficient to haul at least an equal tonnage through the mountain passes.

Under those circumstances, and in view of the fact that our present policies encourage the development of domestic and interprovincial rather than international trade, to a greater degree than ever before it is imperative that we should take action in this matter and make it possible for that interprovincial trade to proceed. It does seem to me that a curious paradox exists. By means of subsidies and tariffs and every possible policy within the grasp of the government of this country we have done our best to encourage this trade as between provinces, and the paradox is that we should longer tolerate a freight rate structure which is indefensible under any circumstances—indeed which no one has endeavoured to defend, except to say that it is necessary to find from some source profits which are not obtained elsewhere. So it is that we compel those who wish to ship their grain within the country to pay for a loss which has been sustained on another part of the system. That is the only argument I have heard, and that argument cannot be sustained morally or logically.

In view of these facts I repeat that this house should indicate its desire to have something done. I was glad to hear the sympathetic expressions which emanated from the Minister of Railways, and I think we should indicate to the railway commission that, leav-

ing to them the settlement of those matters of detail which are within their province, public policy and public necessity alike demand that this matter should be reconsidered in the light of the greatest good to the greatest number, in the light of justice and common sense, and that this curious, archaic anomaly of freight rates should not longer exist. The Minister of Railways said he could discover no specific basis upon which our freight rate structure was built; to a layman like myself, and I may be pardoned for saying in some degree like himself, it is a confused patchwork of rates apparently based on some factor with which we are not acquainted; thrown together, complicated and so complex in its nature that we cannot properly comprehend it. That may be true, Mr. Speaker, but we can comprehend this particular item; we can see here something which should not exist, and therefore I repeat that parliament and the government should indicate very clearly to those charged with the immediate responsibility that this state of affairs must not continue, that they must so arrange our rates that they shall no longer act as an effective barrier against natural interprovincial trade and the proper future development of the western provinces.

Mr. J. L. BROWN (Lisgar): I had not intended to take part in this debate, Mr. Speaker; I felt that my colleague from Macdonald (Mr. Weir) had well presented the case for Manitoba. I felt also that the discussion had been carried on at a very high level, with no indication of any party bias, and it was not until the hon. member for Regina (Mr. Turnbull) made his speech and showed that he could not forego the opportunity, as he thought, to make a little cheap political capital, that I thought I should have a word to say.

The hon. member for Regina sought to make a point by urging that those on this side of the house should have remembered that certain things were omitted from the Crowsnest pass agreement when it was restored, instead of giving our attention to reductions in tariff. Perhaps I might briefly review the facts in that regard, and I think I will state those facts in such a way that no person will dispute them.

As the hon. member pointed out, that agreement was suspended in 1919, and the suspension lapsed on July 8, 1922. For the three years following that, the whole matter was in a somewhat unsettled condition, being discussed by the Board of Railway Commissioners and the courts. I need not go into that. But in the session of 1925 the government of the day brought in a resolution restoring in part the Crowsnest pass agreement. If that were the whole story, we might even claim that half a loaf was better than no bread. If the Conservatives of that day had had their way, we would not have had even half a loaf, for during all the discussion from 1921 onward the whole force of the Conservative party in this parliament was arrayed against the restoration of the Crowsnest pass rates. No person will dispute that statement, for Hansard will show it. But I say, when we make that statement we have not told the whole story. The agreement was only partly restored. The contention had been raised that the agreement applied only to that part of the Canadian Pacific railway which was in existence when the original agreement was made. So, when this bill was brought down in 1925 by the government of the day, it is true it abrogated the rates on goods moving west, but it made it clear that the rates on grain and grain products applied not only to that portion of the Canadian Pacific railway which was in existence when the agreement was originally made, but to the whole Canadian Pacific system and to the Canadian National system as well. I can understand now the kind of argument that the hon. member for Regina gives to his electors when he goes through his constituency.

Mr. W. A. BEYNON (Moose Jaw): Mr. Speaker, I had not intended to take part in this debate, but I cannot allow to go unchallenged the statement made by the hon. member for Lisgar (Mr. Brown).

Mr. BROWN: I can prove every word of it.

Mr. BEYNON: Well, the Votes and Proceedings will bear out something very different. If the hon. member will take the trouble to refer to the Votes and Proceedings of that date, he will find there a different story entirely. He says that the government of that day brought in a measure restoring in part the Crowsnest pass agreement. It was not necessary for the then government to bring in a bill to restore that agreement; all the government had to do was to sit still and let the agreement go back into force. The hon. member for Lisgar knows that. He ought to know, if he does not, that a committee was appointed, at the instance of the government, to consider the matter. That committee consisted of Conservatives, Liberals and Progressives, the Liberals having more on it than either of the other parties in the house, and the Progressives being the next largest group. In that committee a resolution was proposed to allow the Crowsnest pass agreement to go back into force in its entirety. The committee was equally divided on the resolution

and the Liberal chairman gave his casting vote that the agreement should not go back into effect in its entirety. That is borne out by the Votes and Proceedings and everyone in the house is aware of the fact. Yet the Liberals will go throughout the country telling the people: We restored the Crowsnest pass agreement. It did not need any restoration at all; all the then government had to do was to sit still and let it go back into force.

The matter of freight rates is very intricate, and when a layman who has no knowledge of railroading attempts to deal with it, he is naturally going to be met with the statement that "Fools rush in where angels fear to tread." There is a good deal of justification for that statement as regards the question of dealing with freight rates. Therefore I do not propose to deal with the scientific side of freight rates or to question the arguments put forward by the railway companies, as I do not feel I am in a position to do so. But in connection with freight rates I wish to point out some things that I think might be considered.

We are told in this world to accept things as facts when in reality they are only theories. To illustrate what I mean, when the steam engine was first proposed as a motive power for transportation, the people of England appointed a commission to inquire into the feasibility of using steam on railways for transportation purposes. That commission consisted of very able men, and hon. members might be astonished to know that its report read something like this: that steam as a motive power in transportation might be of some value particularly in the matter of transporting freight, but for anyone to suggest that the travelling public would trust themselves in a railway carriage drawn by a steam locomotive at the ridiculous rate of fifteen miles an hour, was absurd; such a thing would never take place. How far astray that theory was, time has amply proven.

There is another illustration that is perhaps even a little more in point. There was a time when it was believed that penny postage was the most absurd thing in the world. Why, the idea of carrying a letter for two cents was unthinkable! But when penny postage was introduced the volume of mail handled increased at such a rate that after all the post office returns were better at the two cent rate than they had been at the ridiculously high rates formerly charged. When you start to apply that principle to the question of freight rates, in order to be fair to the railways and to everybody else you must acknowledge that another factor enters into the question: that is, that we are living in a country some four thousand miles in extent and a great deal of it very sparsely populated. The question naturally arises: Even if those rates were reduced very materially, is it possible to develop sufficient business? Is sufficient business there, or can it be brought there to make those rates pay? The railways tell us that they have investigated this matter and that their experts tell them it is impossible to make those rates pay; that the business is not there, nor can it be developed. But again I say to the railways: that is, after all, a matter of theory, because it has never been tried. The only way to demonstrate whether, on a reduction of freight rates, sufficient business will develop to make the railways pay on those reduced rates, is to make the experiment. Until that is done we are acting entirely on a basis of theory. I am not prepared even to say that my opinion is that the railways could be made to pay better on that very much reduced rate, but it would be a very useful experiment, and if it should work out, it would be like the penny postage, a great blessing to humanity. We must not presume simply because this theory has stood for so many years that it is a fact. After all it is only a theory.

The question arises as to why the government is not dealing with this. The hon. member for Red Deer (Mr. Speakman), who is always very clear and moderate in his statements, has suggested that it is time the government did something. This appeal, however, was brought by the provinces and I do not think they are at the present time very anxious to have it heard. That perhaps is the reason why the government has been unable to get them together. They may not have stated frankly the reason, but I think they do not consider this an opportune time to have the appeal heard. How the government is going to bring the appeal on unless the provinces come forward with their case is something I do not know. The Prime Minister (Mr Bennett) stated that a date was set, but that the provinces stated they were not ready to go on; consequently the appeal was not heard. As the hon. member for Regina has said, unless the government is prepared to give some direction or offer some suggestion there is little advantage to be gained simply by hearing the appeal and sending it back to the railway commission to be retried. That body decided on the evidence placed before it and without a specific direction no doubt would decide again in the same manner.

I think everyone agrees that the railways are in a very difficult position, and it is well

known that the people of this country are carrying a great burden in that connection. Any government which attempts to deal with this situation as far as the western provinces are concerned is faced with a very serious problem. I doubt very much if there are many people who, after having this question explained, would be prepared to suggest to the government that it adopt a definite course one way or another. It will be said, of course, that the people are looking to the government for a lead, but I think they can rest assured that the government will take definite steps in this respect. That the rates are entirely out of line would seem evident from the fact that goods can be shipped from Calgary to the orient at a lower rate than they can be shipped to Vancouver.

If I had any objection to the resolution it would be that it does not go far enough. The people in British Columbia grow some splendid fruit which is needed badly in the western provinces. There are occasions when we in the western provinces are hungry for fruit which is rotting in the orchards of British Columbia. Perhaps the railroads will take it into their heads to try the experiment which they have made in the passenger rates between Montreal and Ottawa. However, there is this difficulty: you cannot develop freight over night; it would take some little time and the railroads might get weary of well doing before the results of the reduction in rates would be felt. That the railroads are facing a serious problem I think is apparent to every hon. member in this house. The one encouraging feature of this debate is the fact that hon. members on both sides have recognized the necessity of protecting the railroads to the extent of allowing them to charge a fair rate in order that they may keep going and serve the people of this great country.

I am heartily in favour of the resolution, but I would like to see it go a little further so that we could get the products of British Columbia into the prairie provinces. I am not an expert in freight rates and I am not prepared to say what should be done, but I certainly would like to see an experiment made to test the old theory that a reduction in rates will not produce a sufficient increase in business to justify its being put into effect.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, I have listened with considerable interest to the suggestions offered by various hon. members this afternoon and evening with respect to the differential which should apply in the freight rates through the mountains. May I express some regret that the hon. member for Qu'Appelle (Mr. Perley) has extended his resolution to take in the movement of freight within the prairie provinces themselves. One of the difficulties which we experienced as a government was in having an inquiry which had been submitted to the railway commission enlarged in scope when it appeared before us for consideration or on appeal. I think to take one step at a time would be to make progress in the right direction Let us first get settled the question of the differential between the export and domestic rates on grain to British Columbia.

I sympathize somewhat with the hon. member for Pictou (Mr. Cantley). His is an old grievance one which is comparable with the trouble we are having in Alberta with respect to the rates to British Columbia. I do not see the necessity—nor has this ever been asked, except by resolution—for making the domestic and the export rates comparable, but there should be some paring down of the domestic rates on grain to bring them more in line with the export rates.

I do not intend to traverse the whole field, but may I say that in my opinion parliament is totally unfitted to deal with a matter of this kind. We may express an opinion, but we have not the time or the opportunity to obtain full information with respect to all aspects of the question. May I carry that point a little further and say that despite the fact that it has had an opportunity of hearing both sides of the question discussed, despite the fact that new matter has been interjected into the discussion, the government must find itself in a very difficult position in coming to a decision upon a question as involved as this. I have had the privilege of listening to two or three appeals from the Board of Railway Commissioners, and I am firmly convinced that the government should not be a court of appeal. A question of this kind should be submitted either to the supreme court or to the exchequer court. Coming to a conclusion in connection with freight rates is most difficult; both sides of the question are advanced so strongly, precedents have to be considered, and then there is a possibility of that happening which has happened to-day—a continued extension and widening out of the circle of the application until you finally reach the stage where you do not feel like taking the responsibility of a decision. There must be considered the possibility of jeopardizing the interests of the railroads, one of which is a national undertaking, and of necessity entitled to some protection from the government.

It is very difficult, therefore, for a government to come to a decision upon a question so involved as that of freight rates. I think I am safe in stating that during the time the Liberal party was in office we followed the practice of returning these questions to the railway commission for consideration. Something of that kind could be done with this matter. The commissioners could be instructed to give consideration to the question of the differential between the export and domestic rates on grain going to British Columbia, and I am not unmindful of the fact that perhaps something might be done to solve the problem facing the maritime provinces.

These two questions are similar in every particular. Products are going to the ports of export and in no way do they interfere with the internal rates either in the maritimes, in Quebec and Ontario or the prairie provinces. If these two questions were out of the way and some readjustment made, I think it would go a long way towards the settling of this vexed question which has been agitating the mind of parliament and particularly of the people of Alberta and British Columbia. May I say here and now that I think the government would be wise, if appeals are to be allowed to have the act amended, to have at the earliest possible date those appeals go to the supreme court or the exchequer court.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I rise to support the suggestions made by the hon. member for Regina (Mr. Turnbull) and the hon. member for Red Deer (Mr. Speakman) with regard to the responsibility or jurisdiction of parliament in a matter of this character. For parliament as a body to attempt to adjust freight rates or to go into all the details in connection with freight rates is entirely out of the question. My opinion is that for the government itself to act as a court of appeal to hear cases coming from the railway commission and to go into the details of freight rates is also out of the question. But freight rates being what they are, applying as they do to all commodities in Canada that must be transported, often considerable distances, and being so intimately linked up with our export trade, being in a word one of the most important factors affecting the Canadian people, I believe it would be well for parliament to lay down a principle that should apply in determining the differential between the export and domestic rates in all parts of Canada. I might stand here and cite case after case, not so exaggerated perhaps as those that have been cited as between the prairie provinces and Vancouver, but nevertheless showing a very wide spread between the domestic and export rates which it is difficult to understand. It is indeed difficult to understand sometimes why domestic business is penalized as it is, but the problem that must be dealt with is this: the railways must have revenue, and we must treat all classes of industry fairly. We cannot select a particular commodity or a particular locality and apply a principle with respect to it that should not be applied to every other commodity and in every other part of Canada. Having given the matter such consideration as it can give in a debate of this character, and having ascertained the general view of the country in regard to the subject, parliament might well appoint a committee to study the question and hear interested parties in all parts of Canada, with a view to laying down the principle that should be followed in determining the extent of the differential between the export and domestic rates and between the short-haul and long-haul rates. In that way something might be accomplished; but simply to throw the question back to the railway commission without instructions is to invite a decision similar to the one already given.

I do not agree with my hon. friend the ex-Minister of the Interior (Mr. Stewart), who has just spoken, that these questions should be settled one at a time, because when you deal with one particular commodity or one particular locality, you cannot help but discriminate against some other commodity or some other locality. If the railways are to get sufficient revenue to make it possible for them to continue to operate, when the freight rate is reduced on one commodity moving from one particular point to another, it must perhaps be raised on some other commodity, and you are simply taking the burden from one industry and placing it on another. The problem is so vast, the details are so innumerable, the range of country is so wide, the number of commodities that have to be transported is so large, that the question can be adequately dealt with only after an intensive study of all industries and after hearing all interested parties. But the subject might be referred to a committee of this house to report back the principle it thinks should be followed in determining what the differential, if any, should be.

It must also be borne in mind that one of our tremendous problems is to get our export products, particularly of the west, into the world markets on a basis that will enable them to compete. There are many commodities—lumber, for instance, newsprint, pulp, coal in the east and the west—vital to different

parts of this country, and in my opinion the only way in which the sense of parliament and of the people can be ascertained is by having the whole subject carefully inquired into by some body which will hear evidence from all parts of Canada and from all classes of people interested. It can then be determined whether it is the general desire to have the differential narrowed, and a principle can be laid down which will guide the commission in working out the details and reaching its decisions.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, I cannot very well let this resolution pass without saying a few words on behalf of those whom I have the honour to represent in this house. It is all very well for the people of the west to talk about the disparity in freight rates and ask for substantial reductions on grain and grain products, but I wonder if some of our friends have ever thought of the conditions that now prevail in the province of Quebec, the people of which are suffering at the present time to a greater extent perhaps than those of some of the western provinces. Inequality of freight rates is not justifiable in relation to goods of the same class shipped a similar distance, but this condition does exist in the province of Quebec and is creating a most undesirable situation in various parts of our province. Perhaps it is not known to all the members of this house, but it can be shown that there is charged the sum of $12 to $13 for shipping a cord of fuel wood from the colonization districts to the central markets in our province. That is out of all proportion. It is also out of proportion to charge a rate of $1.08 per one hundred pounds for goods of the first class shipped from Montreal to Montmagny, a distance of 307 miles, when the same class of goods is transported at a rate of 83 cents per one hundred pounds from Galt to Sudbury in the province of Ontario, also a distance of 307 miles. As a result of this disparity in freight rates the traders and shippers of the province of Quebec are called upon to pay in a year over $100,000 more than are the people of the province of Ontario for the movement of goods of the same class over the same distance.

The maritime provinces have special freight rates for their coal. The prairies have special freight rates for their grain, their cattle, and coal from the province of Alberta. Last year parliament voted a bonus to help the distressed farmers of the west in the shipment of their grain to the export market. Ontario has the advantages of its lakes and a rail tariff lower than prevails in the province of Quebec. It is true that the province of Quebec is served by the great and mighty St. Lawrence, but this river does not serve the outlying and remoter parts of the province. It can be affirmed with safety that the province of Quebec has not the same advantages from the point of view of railway rates that are enjoyed by the other provinces in this dominion. The difference in the cost of transportation is particularly high as regards goods shipped from remote districts, such as the Abitibi district and from part of the county which I have the honour to represent in this house. Transportation costs as they affect these two districts, and no doubt other districts in the province of Quebec, are of such a nature as to impose a real hardship on the traders and shippers in those districts, placing them in a very inferior position from the point of view of agriculture, trade and industry, as compared with the other provinces. This is also a serious obstacle to colonization, working against the policy which every government nowadays has in mind, that of keeping our people on the land.

I should not like to see the present proposal adopted unless the same opportunities were given to the province of Quebec as would appear to be offered to other parts of the country by the resolution now before us. Therefore I move, seconded by Mr. Brasset, that the following words be added to the motion:

> and the domestic freight rates in general, now prevailing in the province of Quebec are prohibitive and of a nature to injure agriculture, colonization and industry in general, and should also be substantially reduced.

Mr. BENNETT: Are those words to be added at the end?

Mr. CASGRAIN: Yes, I have moved that these words be added to the resolution.

Mr. I. D. MACDOUGALL (Inverness): Mr. Speaker, before the question is submitted I should like to say a few words, because I believe I have given somewhat more study to the matter than has the hon. member (Mr. Casgrain) who has just resumed his seat. I should like to ask him in what way the maritime provinces secured a special freight rate from the Dominion government or from the Canadian National Railways?

Mr. CASGRAIN: A few years ago there was a readjustment of freight rates, at which time special rates were given and the Canadian National Railways assumed a certain part of the cost of transportation. That additional sum was added to the cost of operation of the railways.

Mr. MACDOUGALL: But for what reason? It would be well for any hon. member standing in his place in the House of Commons to know what he is talking about. What was the reason?

Mr. CASGRAIN: I know the maritime provinces got more than the province of Quebec ever got.

Mr. MACDOUGALL: The reason was that there had been imposed on the maritime provinces a 90 per cent increase in freight rates, and for years those provinces laboured under that handicap. I would suggest to my hon. friend that he confer with his colleague to his right, from whom he might receive substantiation for my statement.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, as the discussion on the original motion has been quite exhaustive there is very little left for one to say. The justice of the proposal is so apparent that no further comment is necessary. Two carloads of grain may be shipped from a given point in the prairies to the city of Vancouver. The ultimate destination of one carload may be China, while the other is to be used locally, either in the Fraser valley or in some other part of British Columbia. Although the two cars are coupled to the same train and arrive together in the city of Vancouver, one carries double the freight rate of the other, and really pays a bonus on export. The question whether or not the railway companies can afford to handle the grain at a given rate does not, in my view, enter into the discussion. If they can afford to handle grain at the export rate, then they are charging an exorbitant domestic rate. If they are receiving only a proper domestic rate, then they must be losing on their export trade, and the country, from the public treasury, is bonusing exports. Surely something is wrong one way or another, and the matter ought to be adjusted. We are faced with a condition under which the farmers in Ontario, Quebec and British Columbia are consuming the coarse grain produce of the prairies, and are paying more to feed their stock than the farmers in Europe or China. Such conditions should not obtain. We have done a good deal of talking about securing the British market for our bacon, and competing with Denmark. As a matter of fact, we are bonusing the Danish product in the British market by selling grain to the Danish producer cheaper than it is sold to the eastern farmers. Surely such a condition ought to be rectified.

There can be no question that parliament is supreme over all the courts. The railway commission and the courts of law have their respective jurisdictions, but in the last analysis the responsibility rests upon parliament. If the railway commission fails to act, parliament is responsible. A little more than a year ago the Prime Minister (Mr. Bennett) when visiting the western provinces announced that we would be given the Crowsnest rates on grain to Churchill. There was no question of referring the matter to the railway commission or to a court; the decision was made arbitrarily in the interests of the people and as a matter of plain justice. Moreover, the proposal was approved by the great majority of the Canadian people. Here is another case equally as if not more important, a matter of tremendous interest not only to the producer of coarse grains in the prairie provinces but to the consumers in Ontario, Quebec and British Columbia.

I am not sure what the exact procedure should be. Perhaps the whole question should be referred to a special committee; I do not know. But I believe if such a reference were made, and if a conference were held with the heads of the railway systems, something could be done. At any rate there is no use evading the responsibility resting upon parliament to wipe out a discrimination which is a disgrace to Canada and to the whole freight rate schedule.

Mr. H. A MULLINS (Marquette): Mr. Speaker, although I am in favour of the proposed resolution of the hon. member for Qu'Appelle (Mr. Perley), advocating lower freight rates, I believe it does not go far enough. The live stock industry is not mentioned. I should like to see a reduced rate on live stock, and the old rates of the year 1900 restored. I am sorry the hon. member for Lisgar (Mr. Brown) is not in his seat, because I think he was in the province of Manitoba when the Conservative government brought in a rate much lower than the Crowsnest rate. From 1900 until 1917 the Crowsnest rate was forgotten, and then as a war measure it was taken away from the people of Manitoba. At one time we enjoyed a ten cent rate on wheat. To-day from Brandon to Fort William there is a sixteen cent rate. In those years we had a 60½ cent rate on live stock from Winnipeg to Montreal; to-day we are charged 85 cents.

Wheat can be milled in transit. Suppose, for instance, we stop a carload of wheat at Portage la Prairie, and it is there milled. The miller receives the benefit of the through rate. But if you bring a trainload of live stock from western Canada and want to feed the stock in transit no such privilege is available. The old Manitoba rate applied on all commodities, and the Crowsnest pass rate was not

to be compared with it. That old rate was secured by the Conservative party when they were in power in Manitoba. I think the hon. member for Lisgar will remember the occasion and will probably be good enough to give the Conservative party some credit for obtaining that rate. It saved millions for the province.

Now, if feeding-in-transit privilege could be secured for live stock shipments it would greatly help the live stock industry. During the past nineteen years the railways have earned a profit of $520,000,000 in the west, and $241,000,000 in the east. The capital investment in the west is half that in the east. In other words, the railways have earned twice as much in the west on half the capital investment that they have in the east. A statement to this effect appeared in the Manitoba Free Press of November 14, 1927. Anyone who has travelled on the branch lines in Manitoba is familiar with the old rattletrap cars that have been transferred to western Canada after having been withdrawn from service on the eastern lines.

The farmer pays the freight rate on screenings to Fort William. I should like to see something done to secure a lower rate on screenings from Fort William back to Manitoba and Saskatchewan, for it is very suitable feed for live stock. Under the old Manitoba rate Saskatchewan got the benefit through to the lakehead on every commodity coming in and going out. The Crowsnest pass rates that my friends talk so much about all over the country apply only on grain and flour.

All through the years I have been a champion of lower freight rates. No man can exist on the farms of western Canada to-day while the present freight rates continue in force. When you complain to the railway companies they say the rates are due to the labour costs. I take issue with that statement. In the early days fourteen cars of cattle constituted a train, the crew numbered five, and the rate was 60½ cents a hundred pounds. What do you see to-day leaving Winnipeg? You see a seventy-car train in charge of the same number of men as formerly, five of a crew. True, the men are paid a little more money; true, there is a little more upkeep on their locomotives and track, but they are pulling a much greater tonnage, and it is not labour that is responsible for the present freight rates at all.

I am in favour of this resolution, Mr. Speaker, but I should like to see it go further and apply to live stock as well as to grain.

Mr. J. A. FRASER (Cariboo): Mr Speaker, there is no doubt that the poultry raisers and the dairymen in the lower part of British Columbia are suffering from the excessive freight rates charged on grain and other products used in those industries and moved from the prairie provinces. I know as a matter of fact that on a carload of wheat from Calgary to Vancouver for export you pay 20 cents per hundred pounds, while on a similar carload moved into Vancouver for domestic consumption the rate is 41½ cents per hundred pounds. I think that differential is entirely too great. It is paid for by the people all over British Columbia, not only by those engaged in the poultry and dairy industries, but as well by all the consumers of flour and grain products throughout the province. Were it not for that excessive differential the price of those products would be very much reduced throughout the province.

But there is another angle of the question which I have not heard discussed to-day. While the differential is too great and while the freight rate is too high, we must also remember that we have a certain number of grain growers in British Columbia, and that although the rate is excessive so far as the consumer of grain products is concerned, it also acts as a protection to the grain growers; that is, the grain grower in British Columbia gets a certain advantage because the freight rate is higher. It will be noticed that the difference between the two rates is 21½ cents per hundred pounds. That amounts to $4.30 a ton which the grain grower in British Columbia gets over and above the price he would get if that rate were not in effect. So there are two angles of the question so far as my province is concerned. But at the same time, looking at the question in a reasonable way, I should say that the differential is entirely too great.

I was very much struck by the argument advanced by the member for Red Deer (Mr. Speakman) as to British Columbia and Alberta being complementary one to the other. They are to a very large extent, and I think very much more so than any other two provinces. We have many things in British Columbia which they require in Alberta, and likewise there are many products of Alberta besides grain which are used very largely in British Columbia. The opportunities for the development of business between Alberta and British Columbia are very promising, and in that respect it would be much in the interest of both provinces to have the Pacific Great Eastern connected up with the Canadian National Railways at Prince George, because

if that connection were made Alberta would have the opportunity of sending to British Columbia down through the great central valley, the Fraser river valley, her products which are required all through that country by the live stock industry. I believe in British Columbia we have nearly 250,000 head of cattle, of which about 110,000 are in the Cariboo district, that great central valley of British Columbia. This is one of the largest natural areas for the development of the live stock industry in Canada; it is capable of immense development, and I believe if the Pacific Great Eastern were connected up with the Canadian National at Prince George there would be a large amount of traffic in order to provide the live stock industry with coarse grains and other products of the prairies. I point that out as one of the things that seem to make Alberta and British Columbia fit in so well. It is a matter well worth the consideration of the house, and I hope it will be taken into consideration when the question of freight rates as between those two provinces is under discussion.

I did not intend to say very much, Mr. Speaker; I sympathize sincerely with the poultrymen and the dairymen of the Fraser valley, who use a large amount of the grain products grown in Alberta. They are paying entirely too much of a differential; the differential should be more like that existing in the rates between Winnipeg and Montreal. If we had something approaching that figure I do not think there would be many complaints, but at present in my opinion it is entirely out of line.

Mr. J. ARTHUR DENIS (St. Denis) (Translation): Mr. Speaker, I have closely followed the remarks made by the hon. member for Qu'Appelle (Mr. Perley) in connection with the resolution before the house, it strikes me, however, that there are, in this dominion, other provinces besides the western provinces. There is, for instance, the province of Quebec and that of Ontario, both of which are equally entitled to government favours. If the sponsor of this resolution had wished to be fair to all, he should have included, in his request for lower freight rates, the province of Quebec whose products are shipped to the western provinces, this would have helped to promote between the provinces an exchange of products and thereby put into practice the policy so strongly advocated of "Canada First."

For a number of years past, and even to-day, Quebec is called upon to stand the racket. The government, at the last session, thought first to grant the western provinces a rebate of five cents on each bushel of wheat exported. We requested a rebate for Quebec butter but we failed to obtain it, the government positively refusing to entertain such a request.

When a request is made to parliament care should be taken to avoid causing any prejudice to other provinces interested, but rather see that fair play to which they are entitled is observed and that they are not called upon to bear the extravagances of the others. Since the western people have but few products to dispose of on the Canadian market, it strikes me that the government should not bleed us to death to foster the sale of these products to the detriment of other provinces. Canada is at present in a very critical state, our railways are almost bankrupt, it is inexpedient to ask the government a rebate on freight rates. We should rather encourage them to practise economy and try to find work for the people of this country. The government instead of thanking employees for their services should, on the contrary, keep them at work, and make sacrifices in order that all may be given an opportunity to earn a living, it should moreover find them work, help in reestablishing the "bonne entente" which must exist between the provinces, and avoid all discrimination.

Mr. F. H. PICKEL (Brome-Missisquoi): I should like to say just a word or two on this subject, Mr. Speaker. This matter has a great many angles. Probably the differential between export and domestic rates is necessary in order that our wheat may be exported in competition with the other countries of the world, but the people in my riding suffer from that differential. In the town of Richford, Vermont, twenty miles south on the Canadian Pacific railway, Canadian mill feed, shorts, bran and middlings, can be bought for less than they can be bought in my own home town. I am told that is so because the people in that city are able to buy full carloads or trainloads of mill feed while we have to rate a local car and pay a special domestic rate from Montreal. That is one of the disabilities under which the dairy farmers of the eastern townships are suffering to-day. It is hard for us to buy mill feed at these high prices and compete with the people across the line. If that price could be reduced; if we could get a domestic or a through rate from the west right to my town, we could buy mill feed for a great deal less. As it is the trains come to Montreal from the west; they are broken up and distributed to different parts of the province, and we have to pay the

domestic rate. That is something which I should like the government to take into consideration.

I am very much in favour of having the question submitted to a competent body of men who will deal with the matter intelligently. I think the suggestion of the Minister of Railways (Mr. Manion) was a good one, namely, that the House of Commons is not in a position, has not the expert knowledge, to deal with the question in the manner in which it should be handled, and so far as the Board of Railway Commissioners is concerned, I am not in a position to say whether it is a competent board to deal with the matter or not. Certainly the rates should be adjusted in the best interests of the majority of the people.

Mr. J. T. SPROULE (East Lambton): Mr. Speaker, I believe the house would welcome a reduction in rates all the way around. I notice hon. gentlemen opposite have stated that they would be very much in favour of rates being reduced. It seems to me freight rates at present are so high that many commodities cannot be moved. For instance, it is impossible to-day to move straw and hay and some other commodities of that nature. If therefore, the rates could be reduced, much benefit would ensue. One of the previous speakers pointed out that the statement has been made that the rates cannot be reduced because the railways are losing money now. On some of the branch lines there are trains going out drawing four, five or six cars although they could haul ten or twelve cars at the same cost. If the rates could be reduced, there are many commodities that could be moved, thereby giving occasion for the employment of a great deal of labour.

For instance, take potatoes. What can be done with them at their present price? You can take almost any form of produce you like and you will find the freight rates are almost as high as the price of the commodity itself. Does it not sound reasonable that if those freight rates were reduced, a great deal of labour would be involved right along the line? An hon. member on this side of the house pointed out how the introduction of the penny postage had brought about an increase in revenue. I have noticed that since the reduction in the week-end passenger rates most of the railway coaches are crowded and the railway is deriving a great deal of revenue in that way. I have heard many people say that at those rates they would rather take the train than drive their cars. Similarly, there is moving by truck to-day a great deal of freight that would go by rail if the freight rates were within reason. Would the railways not be justified in making the experiment? It has been said that the railway men have figured the matter out, but at the present time there is a good opportunity to make the experiment in order to try, by reducing the rates, to move some of these commodities to the places where they are required.

Let me go a little further. A great deal of live stock to-day is being moved by truck. In our locality they have trucks that will hold almost as much as a cattle car. I have seen a truck that contained seventy hogs and ten sheep. If any more than that were put in a cattle car, the chances are that some inspector would come along, and if there happened to be a dead animal in the car, the man who made the shipment would be fined. But that truck carried those animals 175 miles without one dying; it landed them at their destination about eight or ten hours sooner than by train, and with that much less shrinkage. What does that mean? It means that the railroad must develop a very fast service and reduce the rates if it is going to compete with the trucks.

Take the case of a man who raises hay and is prepared to sell it for $5 or $6 a ton. The freight rate from around my district to Toronto is $4.50 a ton. Do you mean to tell me the man who owns the land, raises the hay, cuts it, presses it, draws it to the station and puts it into the car, is not doing more labour than the man who hauls it from that station to Toronto? Is there any comparison? Yet I can mention different localities where hundreds of tons of hay that were lying in the stack a year ago are still there to-day. Why? Simply because the farmers cannot afford to sell it and pay the freight on it. These are the conditions.

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

Tuesday, March 8, 1932

The house met at three o'clock.

RADIO BROADCASTING

SPECIAL COMMITTEE TO STUDY PROBLEM OF CANADIAN SYSTEM

Hon. R. D. MORAND (East Essex) presented the first report of the special committee on radio broadcasting.

Mr. MORAND moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PRECEDENCE OF GOVERNMENT BUSINESS ON WEDNESDAYS

Right Hon. R. B. BENNETT (Prime Minister) moved:

That on and after Wednesday the 9th instant to the end of the session government notices of motions and government orders shall have precedence on Wednesday over all business except questions by members and notices of motions for the production of papers.

Motion agreed to.

IMMIGRATION OF BRITISH BOYS

On the orders of the day:

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, I desire to ask a question of the Minister of Immigration and Colonization (Mr. Gordon); in his absence however I am content to direct my question to the Prime Minister. My inquiry is based on an item which appeared in last night's issue of the Ottawa Citizen under the heading of "Protests Bringing Boys Into Canada." The article is as follows:

A protest against the proposed bringing of 500 boys into Canada during the present year from Great Britain has been made by Rt. Rev. John C. Farthing, bishop of Montreal. The bishop sent his protest to the Dominion government and the government of Ontario.

"The boys," the bishop said, "are to be offered as sacrifices to keep together immigration organizations of various kinds. Surely it would be better to disband every organization rather than keep them together at the expense of 500 old country lads."

I wish to ask if these boys are being brought to Canada with the approval of the government, if the movement is government assisted, and what guarantee the government will have that the boys sooner or later will not become part of the ranks of the unemployed, and public charges requiring deportment?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think hon. members will agree that such a question requires notice, because obviously papers and documents must be referred to. I have heard of the matter, but an answer will be given to-morrow.

UNEMPLOYMENT RELIEF

REPORTED STATEMENT OF MINISTER OF PUBLIC WORKS OF BRITISH COLUMBIA

Mr. A. E. MUNN (Vancouver North): Mr. Speaker, I should like to call the attention of the Minister of Labour (Mr. Gordon) to a statement made in the city of Victoria a few days ago by the Minister of Public Works of the province of British Columbia to the effect that money which had been promised under agreement by the federal government had not been supplied, and that as a result thousands of men during the last four or five months have been unemployed and still remain so. I should like to ask if that statement is true?

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I have not had notice of the question of my hon. friend, but I may say that so far as this government is concerned moneys have been sent amounting to about $3,025,000 to be devoted towards unemployment relief in the province of British Columbia. So soon as the legislation, of which notice has been given, has passed this house—if it does pass—I anticipate further moneys will be sent to that province. I have been handed a telegram dated Victoria, March 4, 1932, as follows:

Hon. H. H. Stevens,
Minister of Trade and Commerce,
Ottawa, Ont.

Press report on my evidence before commission on unemployment not correct. Have laid no blame for any difficulties in connection with the unemployment relief on federal government, nor have I any intention or reason for doing so.

R. W. Bruhn.

THREATENED DEPORTATION OF UNEMPLOYED AT THE PAS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, according to press despatches a considerable number of unemployed men who are now at The Pas are threatened with deportation. Is it the policy of the Department of Labour to deport these men whose crime seems to be that they are unable to find work?

Hon. W. A. GORDON (Minister of Labour): I can answer the question merely by saying no, but if occasion demanded the answer could be amplified.

IMPERIAL ECONOMIC CONFERENCE

RECIPROCAL TRADE PREFERENCES

On the orders of the day:

Mr. THOMAS McMILLAN (South Huron): Mr. Speaker, I should like to ask the Prime Minister a question based on the following press report from Sarnia, dated March 4:

Great things were expected of the economic conference, declared Colonel Sutherland. But it should be understood at the outset that Canada must give as well as receive. If Great Britain gave Canada preferences; she in turn would expect to receive preferences enabling her business men to transact business with this country.

I should like to ask the Prime Minister if the Minister of National Defence (Mr. Sutherland) will be rid out of the party for uttering such heretical political doctrines, or will the Prime Minister himself be compelled to eat leeks—

Some hon. MEMBERS: Order.

Mr. McMILLAN (South Huron): —as a paregoric to enable him to make such a complete somersault in fiscal viewpoint as will allow him to face the approaching Imperial economic conference on sound economic lines?

Mr. SPEAKER: The hon. member has read a document which does not constitute a question.

Mr. McMILLAN (South Huron): Certainly, it is a question addressed to the Prime Minister.

Some hon. MEMBERS: Order.

SEED AND FEED RELIEF

DISTRIBUTION THROUGHOUT MUNICIPALITIES IN MANITOBA

On the orders of the day:

Mr. W. G. WEIR (Macdonald): Mr. Speaker, before the orders of the day are called I should like to direct a question to the government based on a telegram I have in my hand:

> Distribution of seed grain through municipalities in Manitoba will burden financial resources of said municipalities far beyond their ability to undertake. Strongly urge that you use your best endeavours to have Dominion government undertake finance one-third of freight charges and assume one-third of any losses by municipalities resulting through distribution of seed grain. Provincial government has already undertaken to assume one-third in both instances.
>
> John Bracken.

Is the government prepared to advise the house as to what action, if any, has been taken in this regard; and if no action has been taken, is the government in a position to state what its policy will be in this respect?

Right Hon. R. B. BENNETT (Prime Minister): There will be a statement made this afternoon, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS

NORTH BATTLEFORD—ST. WALBURG-BONNYVILLE BRANCH LINE RAILWAY

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Regarding the North Battleford-St. Walburg-Bonnyville branch line railway, Mr. Speaker—

An hon. MEMBER: Another railway line to Timbuctoo?

Mr. McINTOSH: No, nor to Honolulu—may I ask the Minister of Railways and Canals (Mr. Manion) if he is aware of the existing railway situation in northwestern Saskatchewan:

1. That orders have been issued to the contractors instructing them to stop work.

2. That cancellation of grading contract has taken place.

3. That there are at least 100,000 bushels of wheat in the districts affected that will have to be hauled over often impossible roads to the nearest railway point, fifty and sixty miles distant.

4. That hundreds of settlers for the last two years trekked into these districts from the dried-out and near dried-out areas southward on the understanding that railway construction would be undertaken forthwith.

5. That a great deal of hardship will be endured and increased direct relief required this year if the government decides the cancellation order must stand.

6. That by withdrawing the large amount of equipment from the district at heavy cost the expenditure involved would go a long way to grading the remaining thirty-five miles of road and completing the sixty-nine miles ready for the steel at slight cost?

And if he is, in view of all the circumstances submitted, will the minister seriously reconsider the whole question with a view to giving these far northern settlers the railway accommodation which is their just due?

Hon. R. J. MANION (Minister of Railways and Canals): According to my information, Mr. Speaker, there has been no change in the situation on that branch line this year as compared with last year. Last year the railway company notified the contractors that they were not going on with the work beyond a certain expenditure. The attitude this year is exactly the same as it was last year; there has been no further cancellation according to the information given me. This branch line is in exactly the same position as other branch lines throughout the western provinces; due to decreased earnings the management feel they can allow construction to stand in abeyance until financial conditions become better. I shall look at the question to-morrow, and if a further reply is required I will give it to my hon. friend.

Mr. McINTOSH: May I remind the hon. minister that last year he did reconsider the problem and very kindly brought forward an

appropriation for more work. The settlers, I have no doubt, would be pleased if he would do the same thing this year.

CRIMINAL CODE AMENDMENT

CHEQUES WITHOUT FUNDS—GRAND JURY SYSTEM IN BRITISH COLUMBIA

Hon. HUGH GUTHRIE (Minister of Justice) moved the third reading of Bill No. 22, to amend the criminal code (cheques without funds and grand juries).

Motion agreed to and bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET EXPENDITURES AND INDEBTEDNESS INCURRED IN 1931

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go into committee on Bill No. 21, respecting the Canadian National Railways, and to authorize additional provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1931.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

On section 1—short title.

Mr. MACKENZIE KING: May I ask, has this bill been approved by the committee on railways and shipping?

Mr. MANION: Yes, it has.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On the preamble.

Mr. POULIOT: Is it the intention of the Canadian National Railways to reduce the number of employees, or will they leave things undisturbed as far as possible?

Mr. MANION: Mr. Chairman, the intention of the Canadian National Railways management in regard to the number of their employees is not made known to me at any time. The management have entire control of the number of men they will employ and they neither ask my permission nor discuss the matter with me in any way. I am informed that they keep on the payroll as many men as they require to carry on the operations of the road, and lay off those whom they feel they can dispense with.

Mr. POULIOT: Have orders or instructions been given to the management to reduce their staff?

[Mr. McIntosh.]

Mr. MANION: The government never gives any orders to the railway management in regard to the administration of the road in any way, shape or form.

Preamble agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT AND FARM RELIEF

CONTINUANCE ACT, 1932—CONSIDERATION OF RESOLUTION

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

He said: Mr. Speaker, it is obvious of course from the language of the motion that it was placed upon the order paper prior to the first day of March. It will be necessary, when the house is in committee, to give effect to the principle of extending the time for the operation of the statute to May 1, by amending the words that are used.

Last year it will be recalled that this parliament enacted a statute whereby certain powers were conferred upon the governor in council to deal with unemployment and farm relief. It is well to keep in mind the provisions of the preamble of that measure, for they indicate clearly the constitutional division between the rights of parliament and the rights of provincial legislatures. The duties and obligations that fall upon provincial legislatures, under our constitution, are largely though not wholly defined by section 92 of the British North America Act. The balance, or remainder or residue of powers, including those specifically named in section 91, rest in this parliament, and it will be observed that words used in the preamble of the statute passed last year are:

. . . . and whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and other bodies in such ways as the governor in council may deem expedient, and for that purpose should vest in the governor in council the powers necessary to insure the speedy and unhampered prosecution of all relief measures and the maintenance of peace, order and good government in Canada . . . .

That is a very concise and clear statement of the constitutional position of this parliament. It was so stated, of course, in 1930, and was agreed upon, I think, by all parties in the house in statements made from time to time during the course of the debate. The

primary obligations rest with the municipalities and the provinces; the duty of parliament, in a national crisis or in a great emergency, is to assist and supplement the efforts of the provincial authorities.

I mention that because there seems to have been, judging from some of the questions asked within the past few days, a very distinct misunderstanding with respect to this phase of the question. I observed, for instance, that questions were asked as to why the Dominion government did not deal with the problem of seed and fodder. Obviously that obligation does not rest upon the Dominion government; it rests, of course, on the provincial authorities, acting either directly or through the city, town or municipal authorities which have been set up.

In this regard I think it perhaps desirable, although I did not so intend until yesterday, to read to the house a statement of the law as defined by the late Lord Chancellor Haldane in two cases that went to the privy council from this dominion. One was the case in which this parliament set up the court of commerce, which was to regulate prices of commodities and deal with the rights of traders; the other was the case in which, after the war, the Dominion government conferred upon an official power to fix the price of newsprint, and it was contended by the Winnipeg Free Press that no such power rested with the parliament of Canada but that the power to regulate prices, arising out of property and civil rights, must of necessity, be a matter solely within the jurisdiction of the provincial authorities. I think it well, therefore, in order that there may be a clear statement of the position placed upon Hansard, to read a few words from the judgment of Viscount Haldane in the court of commerce case, supplemented by a brief reference to his judgment in the Free Press paper control case.

Mr. MACKENZIE (Vancouver): Would the right hon. gentleman give us the citations for those cases?

Mr. BENNETT: I have not the citations before me, but I think one was in 1922, while the other was in 1919. They are both reported in the appeal reports of Great Britain. This is what Viscount Haldane said:

As their lordships have already indicated, the jurisdiction attempted to be conferred on the new board of commerce appears to them to be ultra vires for the reasons now discussed. It implies a claim of title, in the cases of non-traders as well as of traders, to make orders prohibiting the accumulation of certain articles required for every-day life, and the withholding of such articles from sale at prices to be defined by the board, whenever they exceed the amount of the material which appears to the board to be required for domestic purposes or for the ordinary purposes of business. The board is also given jurisdiction to regulate profits and dealings which may give rise to profit. The power sought to be given to the board applies to articles produced for his own use by the householder himself, as well as to articles accumulated, not for the market but for the purposes of their own processes of manufacture by manufacturers. The board is empowered to inquire into individual cases and to deal with them individually, and not merely as the result of applying principles to be laid down as of general application. This would cover such instances as those of coal mines and of local provincial undertakings for meeting provincial requirements of social life.

Legislation setting up a board of commerce with such powers appears to their lordships to be beyond the powers conferred by sec. 91. They find confirmation of this view in sec. 41 of the Board of Commerce Act, which enables the Dominion executive to review and alter the decisions of the board. It has already been observed that circumstances are conceivable, such as those of war or famine, when the peace, order and good government of the dominion might be imperilled under conditions so exceptional that they require legislation of a character in reality beyond anything provided for by the enumerated heads in either sec. 92 or sec. 91 itself. Such a case, if it were to arise would have to be considered closely before the conclusion could properly be reached that it was one which could not be treated as falling under any of the heads enumerated. Still it is a conceivable case, and although great caution is required in referring to it, even in general terms, it ought not, in the view their lordships take of the British North America Act, read as a whole, to be excluded from what is possible. For throughout the provisions of that act there is apparent the recognition that subjects which would normally belong exclusively to a specifically assigned class of subject may, under different circumstances and in another aspect, assume a further significance. Such an aspect may conceivably become of paramount importance, and of dimensions that give rise to other aspects.

That is a quotation from the judgment of the committee in the court of commerce case. Later the paper control case came before the judicial committee and Viscount Haldane again delivered judgment, using these words:

It is clear that in normal circumstances the Dominion parliament could not have so legislated as to set up the machinery of control over the paper manufacturers which is now in question. The recent decision of the judicial committee in the board of commerce case (1), as well as earlier decisions, show that as the Dominion parliament cannot ordinarily legislate so as to interfere with property and civil rights in the provinces, it could not have done what the two statutes under consideration purport to do had the situation been normal. But it does not follow that in a very different case, such as that of sudden danger to social order arising from the outbreak of a great war, the parliament of the dominion cannot act under other powers which may well be implied in the con-

stitution. The reasons given in the board of commerce case (1) recognize exceptional cases where such a power may be implied.

In the event of war, when the national life may require for its preservation the employment of very exceptional means, the provision of peace, order and good government for the country as a whole may involve effort on behalf of the whole nation, in which the interests of individuals may have to be subordinated to that of the community in a fashion which requires s. 91 to be interpreted as providing for such an emergency. The general control of property and civil rights for normal purposes remains with the provincial legislatures. But questions may arise by reason of the special circumstances of the national emergency which concern nothing short of the peace, order and good government of Canada as a whole.

The overriding powers enumerated in s. 91, as well as the general words at the commencement of the section, may then become applicable to new and special aspects which they cover of subjects assigned otherwise exclusively to the provinces. It may be, for example, impossible to deal adequately with the new questions which arise without the imposition of special regulations on trade and commerce of a kind that only the situation created by the emergency places within the competency of the Dominion parliament. It is proprietary and civil rights in new relations, which they do not present in normal times, that have to be dealt with; and these relations, which affect Canada as an entirety, fall within s. 91, because in their fullness they extend beyond what s. 92 can really cover. The kind of power adequate for dealing with them is only to be found in that part of the constitution which establishes power in the state as a whole. For it is not one than can be reliably provided for by depending on collective action of the legislatures of the individual provinces agreeing for the purpose. That the basic instrument on which the character of the entire constitution depends should be construed as providing for such centralized power in an emergency situation follows from the manifestation in the language of the act of the principle that the instrument has among its purposes to provide for the state regarded as a whole, and for the expression and influence of its public opinion as such. This principle of a power so implied has received effect also in countries with a written and apparently rigid constitution such as the United States, where the strictly federal character of the national basic agreement has retained the residuary powers not expressly conferred on the federal government for the component states. The operation of the scheme of interpretation is all the more to be looked for in a constitution such as that established by the British North America Act, where the residuary powers are given to the Dominion central government, and the preamble of the statute declares the intention to be that the Dominion should have a constitution similar in principle to that of the United Kingdom.

Their lordships, therefore, entertain no doubt that however the wording of ss. 91 and 92 may have laid down a framework under which, as a general principle, the Dominion parliament is to be excluded from trenching on property and civil rights in the provinces of Canada, yet in a sufficiently great emergency such as that arising out of war, there is implied the power to deal adequately with that emergency for the safety of the Dominion as a whole. The enumeration in s. 92 is not in any way repealed in the event of such an occurrence, but a new aspect of the business of government is recognized as emerging, an aspect which is not covered or precluded by the general words in which powers are assigned to the legislatures of the provinces as individual units. Where an exact line of demarcation will lie in such cases it may not be easy to lay down a priori, nor is it necessary. For in the solution of the problem regard must be had to the broadened field covered, in case of exceptional necessity, by the language of s. 91, in which the interests of the dominion generally are protected. As to these interests the Dominion government, which in its parliament represents the people as a whole, must be deemed to be left with considerable freedom to judge.

I have made these extended references and read these extracts from the judgments, not because they are new to many hon. members, but because some of the lay members of the chamber may not, perhaps, be fully aware of the clear line of demarcation between powers that are vested by our constitution in the provincial legislatures on the one hand and in the federal parliament on the other.

Now we endeavoured in 1930 and again in 1931, to keep that clear line of demarcation before us and to point out that there was not such a national emergency, in the sense in which that term is used in the judgments of the privy council, as to warrant the exercise by this parliament of the powers conferred upon the provinces. There is no power, for instance, as I read the judgments or as I understand present conditions in Canada, to enable this parliament to seize upon or take from the provinces the powers that are conferred upon them. They must still function as provinces; they must still discharge their constitutional obligations and duties; they must still meet the situation as it arises. But in view of the national character of the unemployment problem, national in the sense that it extended from one end of the dominion to the other; in view of the acute difficulties that were occurring in one province of the confederation by reason of three successive crop failures, it became apparent that this dominion, through the federal parliament, should intervene; and the method by which that assistance could be given was to supplement and assist the provinces in the discharge of their constitutional obligations.

That, I think, is a fair statement of the situation. Upon that we proceeded; and having regard to what was said a few days ago with respect to another question by the right hon. leader of the opposition (Mr. Mackenzie King), I desire to point out that we followed exactly the same course, by some strange circumstance, that had been suggested

by him. In other provinces, as I said, we endeavoured a year ago to induce the provincial authorities to create, if necessary, such bodies as, in their opinion, not ours, would best discharge the duties which rested upon the provincial and not the dominion authorities. For instance, in the province of Prince Edward Island, which has a small population of less than 90,000 people, they dealt with their problem very simply. They determined, in view of existing conditions, to what extent in their judgment the dominion could best assist and supplement them in their work by pointing out that national undertakings, public works, bridges in connection with railways and wharves, might be undertaken as federal works. And certain appropriations out of the fund voted last year—the blank cheque, so-called—were made in the form of orders in council which I had hoped would be laid upon the table to-day but which unfortunately the printer has not completed to enable their being tabled at the moment. That was the position in that province. In Nova Scotia, again, where a great storm, one of the greatest within the knowledge of living men, had destroyed many small breakwaters and wharves in the harbours an opportunity was afforded for the federal power to exercise its jurisdiction with respect to these matters, to rebuild and repair wharves and breakwaters and facilities that have been provided for the fishermen in the ports along the coast of Nova Scotia. In New Brunswick, where the coastal line is not so long, and where conditions are somewhat different, opportunities were afforded for the federal government to proceed with certain undertakings, not large in extent of the expenditures of money, but very considerable, because in that province work was being carried on in large measure by reason of the destruction by fire of harbour facilities in St. John. In the province of Quebec the federal undertakings were determined; and it will be recalled that a communication was sent by the Minister of Labour to every federal member of the House of Commons, asking for a report as to what in his judgment might be useful undertakings to aid unemployment.

Mr. CASGRAIN: They were not acted upon.

Mr. BENNETT: Suggestions were asked for, and in some instances they were acted upon, and in others not. But may I say to the house that if all the suggestions that were made had been acted upon the exchequer would not have been equal to the demands.

Mr. MACKENZIE (Vancouver): Were they more extensive than the promises that were made in 1930?

Mr. BENNETT: Much; they were so extensive that no government could contemplate carrying them into effect. The ex-Postmaster General (Mr. Veniot) is saying something. May I ask him to speak up; it does not disturb me. I shall be glad to hear what he says.

Mr. VENIOT: Especially when recommended by a Liberal.

Mr. BENNETT: There is no warrant for that statement, none whatever. Unfortunately there are gentlemen who cannot see it otherwise. For instance, the other day I was talking to a gentleman who was present at a meeting in the county of Gloucester where the ex-Postmaster General was addressing a gathering, and he held up a letter received from the Minister of Labour and said, "The provincial authorities have nothing to say about this; it rests with the federal members, and I am the man to determine it here, not they." I merely mention that—

Mr. VENIOT: Mr. Speaker, since the Prime Minister has made that statement he will give me the privilege of dealing with it.

Mr. BENNETT: Not now; you will have an opportunity.

Mr. VENIOT: I want the statement taken back because it is not true.

Mr. BENNETT: If the hon. gentleman says it is not true—

Mr. VENIOT: It is not true in the way the Prime Minister puts it.

Mr. BENNETT: In the way in which the hon. gentleman made it, it is true; let us put it that way.

Mr. VENIOT: I want the right to reply to the Prime Minister.

Some hon. MEMBERS: Order.

Mr. BENNETT: If the hon. gentleman—

Mr. SPEAKER: Does the hon. member wish to ask a question of the Prime Minister? If not, he is out of order.

Mr. VENIOT: It is not correct in the way he has stated.

Mr. BENNETT: I trust the hon. member will not say it is incorrect even in the way in which he said it.

Mr. VENIOT: It is incorrect in the way you state it.

Mr. BENNETT: Then let us say it is correct in the way in which the hon. gentleman said it at the meeting in question. Now, it has been contended that the suggestions thus sought were not acted upon. Well, it was idle to expect that all the suggestions offered could be acted upon. But I believe it will be found that, regardless of political considerations in any way, shape or form, employment was given to those who needed employment to the fullest possible extent, having regard to the fact that the government determined that it would not embark upon a wholesale expenditure of public moneys merely because suggestions were made that would involve that being done. That is fundamentally clear. If all the suggestions which were made were placed before this house they would give to the country a composite picture of a desire to enter upon unbridled extravagance to an extent wholly out of keeping with our present economic condition.

Then we went to the next phase. We approached the provinces of Ontario and Quebec, and the western provinces and dealt with them in the same manner. There then came up the question of determining how we could best supplement and assist the provinces in the discharge of their constitutional obligations. We sought to assist the provinces regardless entirely of the political affiliations of those who directed the administrations. Much comment has been made in this house in connection with conditions in British Columbia. That government was Conservative and the contention has been made that we did not fall in with all the suggestions made by the province. That is not untrue; it is correct because we were unable to do so. At least some commendation has come from quarters usually lacking in praise of the action taken in that regard. The province of Quebec, a Liberal government, formulated an extensive program which it sought to have carried out by the joint operation of the provincial and federal authorities and in some instances with the aid of the municipalities. These representations were canvassed and in the end an agreement was arrived at, which agreement will be laid upon the table of this house. The same applies to the province of Ontario, to the western provinces and to the Pacific province of British Columbia.

That is a method by which we endeavoured to give effect to our constitutional duties, to supplement, under the conditions which existed, the legislative power which this parliament had conferred upon it. Complaints were received from time to time. In some instances it was contended that only Liberals were being employed; in other instances it was contended that only the supporters of former governments were being employed, and in others, that only Conservatives were being employed. In the end, to meet this situation as best we could—it being a difficult situation at best—we asked reasonably responsible men to observe and report upon the work being done, to see that the effort was commensurate with the money being expended and to see that the work stipulated for was being performed according to the terms of the contract.

I submit to this house that in the main we have had remarkable success in dealing with this problem. I will go a step further. We have expended moneys which were appropriated directly for that purpose under the control financially of the Auditor General and of all the departmental engineers responsible for such expenditure—Public Works here, Railways there and Department of Interior works here. These departments and their officials along with the Auditor General's check upon expenditures have been responsible for the work being carried on. As to the work done by the provinces, we had no power to say that it should be done at the least possible initial expense so far as the appropriation was concerned. We told them that we would not pay any part of the administration cost; we told them that the cities and towns would have to pay that. We told them that as they had shovels, picks and other facilities which could be utilized for giving effect to their undertakings, they should be used. We told the Department of National Defence that it should lend its tents and other facilities of that kind to enable the work to be carried on in the national parks. That was done. With the minimum of new material and the maximum utilization of facilities which we had, the work was carried out expeditiously. I shall not read from the report which I have because it would not be fair to those who may follow me and who have not this document before them. I had hoped that this document would have been available to all before I made this statement.

While there always has been and always will be difficulties in connection with public expenditures by reason of the fact that there are men and women who will always think it desirable to get something for no effort from government, and that to impose upon government is a virtue and not a vice, I contend that in the main millions of dollars of public money have been expended fairly since this parliament adjourned in August last until to-day. As nearly one hundred cents for the

dollar as it is possible to get in public expenditure has been obtained, and much employment has been given to those who needed it. If at times there have been causes for complaint, as there have been, we have endeavoured to rectify whatever difficulties or whatever wrongs existed as expeditiously as possible. At the end of this period we face this parliament with some sense of pride in the fact that these vast undertakings have given employment to over 300,000 men working over 6,000,000 hours. While that does not mean that each man has had long work, while it does not mean that each had many hours of work, it means that by the judicious rotation of the work and by the giving of employment for a half day or a longer period, we have been able to accord that which we started out to accord, namely, relief to a large number of those who demanded and required it. That is what we endeavoured to do and that is what we did do. Our duty and our obligation were to provide relief, and that is what we endeavoured to do through the medium of the provinces.

We did not come in direct contact with the municipalities; our contact was through the provinces because the municipalities are the creation of the provinces. A still greater difficulty became apparent in September, that is, that the municipalities and the provinces could not undertake to provide the necessary finances to enable them to defray the expenses they had incurred. Not being able so to do, what was to happen? There was only one thing, that we should lend them the money which they could not otherwise borrow. This government in the exercise of the powers conferred upon it under the statute made loans to the provinces for the purpose of enabling them to discharge their obligations under their agreements and for the purpose of enabling the municipalities to discharge their contractual obligations. This money was loaned at the rate of interest which it had cost us. In response to a question asked a few days ago there has been laid upon the table of this house a statement indicating the sums of money which have been loaned. For instance, at the end of February the province of Saskatchewan had been advanced over $16,800,000; the loans to Alberta amounted to more than $4,600,000; the loans to Ontario were in the form of advances which have been offset by accounts for which we are liable with the exception of $190,000; the loans to British Columbia amounted to $5,600,000 and to Manitoba, $3,775,000.

Those represent moneys that were advanced by the dominion for the purpose of enabling the provinces to meet their constitutional obligations, except with respect to the province of Saskatchewan about which I shall presently speak and the province of Ontario where an advance was made which was paid by credits which they were entitled to receive under their agreement, and which credits have entirely wiped out the advance that was made.

The obligation which was not one we ourselves assumed but which was one we had to assume if the work was to be carried on, was an obligation that came upon us by reason of the economic conditions that prevailed in consequence of the disruption of the financial structures of the world after Great Britain went off the gold standard. Now I ask the chamber and particularly hon. members opposite if they have any complaint to make with regard to the manner in which we have met those responsibilities. We found every one of the four western provinces, for reasons which I shall not discuss, unable to secure money with which to discharge their obligations in New York. Were we to let those provinces default, or were we to lend them the necessary money with which to meet their obligations? Is there any hon. member who will stand up in his place and say: You should have let them default. That is the problem which confronted us—default or a loan. Is there any hon. member present who would suggest that we should have chosen the former alternative and not the latter? While some hon. members may suggest that it is undesirable to make advances to the provinces under the conditions that prevail, there is no member sitting either to the left or to the right of the Speaker who does not realize the fact that if any province, however small, wherever located, defaulted, this would injuriously affect the credit of Canada as a whole, and what is more, adversely affect beyond any words that I might use, the future of the people of this country.

Mr. EULER: Were the sums that were advanced to the provinces taken from the proceeds of the service loan?

Mr. BENNETT: Yes.

Mr. STEWART (Edmonton): That includes the amounts mentioned by my hon. friend as lent to the provinces?

Mr. BENNETT: Yes, prior to the end of February. I fancy an illustration will serve the purpose of my hon. friend who has just asked me the question, as we both come from Alberta. In January, for instance, we provided $320,000 to meet the interest on the maturing New York obligation of Alberta and on the thirteenth of the same month we provided $2,822,000 for a loan also due in that city.

The province of Manitoba had an obligation amounting to $2,000,000 maturing in New York and we renewed the obligation for $1,000,000 and paid $1,000,000 on account. We also incurred at that very time the responsibility for paying that renewal at the date of maturity.

I now come to the second branch of our activities which arose out of the situation existing in Saskatchewan. It will be within the memory of most members of the house that on Dominion day of last year I referred to the condition which prevailed in that province. Saskatchewan is largely an agricultural province; it has a population of slightly over 900,000 souls. Seventy-six municipalities with a population numbering several hundred thousand have, for three successive seasons, been without a crop, and the soil, alluvial in character, fertile beyond words, has become so disintegrated by reason of the fibres being broken, that it is blown about by every wind that passes over the area in question. The soil that once was bright with verdure is now dark and as barren of vegetation as the floor. This, may I say to the chamber, has brought about the largest problem that the Canadian people have ever had to face. I wonder how many people at the maximum does this house think were actually fed during this winter in Saskatchewan?

Mr. McINTOSH: About 300,000.

Mr. BENNETT: The hon. member is quite right—something over 300,000. I put it to my fellow Canadians if they know of any major task Canadians ever discharged with greater efficiency and less noise? It was effectually, efficiently done, and what is more, with medical services, with plain but ample food, with fuel, over 300,000 people at the maximum, or nearly one-third of the population of Saskatchewan, were taken care of in that province this winter.

Mr. DUFF: By the provincial or the federal government?

Mr. BENNETT: I am coming to that. In that instance we did just what I said a moment ago: we asked the provincial authorities to set up a commission, which they did, presided over by a gentleman of means who is giving his services voluntarily, assisted, I am proud to say, by a member of the profession to which I belong, who, day after day and week after week, abandoning his own business, has been giving of his great abilities to the solution of the problems that have arisen. We also had representatives there for the purpose of assisting them. If Canadians have cause to be proud of anything, it is of the fact that through various organizations, such as the Red Cross and other associations of that character, by the free and voluntary gifts of men and women in eastern Canada to their less fortunate fellow citizens in the west, there have been sent not less than ninety-nine carloads of vegetables, clothing, other commodities of various kinds for free distribution amongst the people in that area and other parts of Saskatchewan. The churches offered to undertake part of that work; they did it and they did it well. The other day I heard of a case where a man of some means obtained some jars of jam which were being distributed, to which it was thought he had no claim, and indeed he had none. I do not dispute the soundness of the criticism; I mention it merely as indicating that is only a small matter when one considers the large, broad question of a commisison functioning with the aid and assistance of your government, whereby upwards of 300,000 men, women and children in peace time, were provided with the necessities of life, cared for during the winter and now, at the beginning of March find themselves at least in health and strength and, I am bound to say, with an optimism and courage with respect to the future that would shame some of us who live under different conditions. I shall not go further into the details of this effort, but I have no doubt that it is one in which hon. gentlemen opposite will feel, as we all do, a sense of pride, that a condition so strange in the life of a country, that privation and suffering that might have been so dreadful, have been met as they have.

Mr. DUFF: Did the money go directly from the federal treasury to the relief commission or to the province?

Mr. BENNETT: By arrangement made with the province and with the banks we deposited the money in the banks to the credit of the relief commission, the credits being made in this fashion:

Date—1931	Amount
September 19	$ 500,000
October 23	250,000
December 9	500,000
December 17	1,000,000
1932	**Amount**
January 4	$ 750,000
January 21	750,000
February 5	500,000
February 18	500,000
February 29	500,000
Total	$5,250,000

All of which we have paid. Believing that we were but giving voice and effect to the wishes of this parliament the government

undertook the payment of 100 per cent of the relief thus afforded in those communities where there had been no crop for three successive years, because the municipalities and provinces were in such financial conditions that, I need hardly mention to this house, they could make no contribution at all.

In that regard reference has been made to the fact that promissory notes were signed by which they undertook to repay the sums so advanced. Well, sir, I will tell this house exactly what was done, because that is one of the instances in connection with which I remained long enough in Regina to take some personal interest in the procedure, and to lay down what I conceived to be the proper rules which should govern in determining how relief should be granted. First, a survey was made of every municipality; it was not guess work, but made by men employed for that purpose who visited every settler, taking from each one a statement of what he had, of his financial position, and asking him to sign a declaration as to the truthfulness of the statements thus made. That was No. 1.

No. 2: An estimate was made by the settler himself as to what he would require, not as money, but for the purpose of meeting the demands made upon him and his family for food, fuel, clothing and matters of that kind and, sir, it was my privilege at the beginning of the year to visit one of the depots from which clothing was being distributed. When I saw the character of the requests being made, and the care with which apparently those who asked for assistance indicated their requirements, I realized that here was a people who were not taking an opportunity to provide themselves with things they did not require, but were asking those things necessary to meet only their most urgent requirements, having regard to the conditions under which they were living.

Then the question arose as to whether or not they should sign promises to repay what had been expended. That is debatable; there are those who hold the view that they should not be required to do so. I have no complaint to make, whatever view is held. However, the settlers affected were most insistent, the ones with whom we came most in contact, that they should be permitted to sign an undertaking to repay.

Mr. McINTOSH: Do many of them not deny that?

Mr. BENNETT: I have no doubt some deny it, but I am speaking only from what I myself was told by settlers I met in Regina. Whether or not that feeling was general, I am not in a position to say; naturally I have to take the reports which come to me. I must say, however, I never witnessed a finer spirit on the part of men and women who had homes, mark you—good homes—who had homes which had been in their possession for ten years, fifteen years or twenty years, who had barns, sheds, fences, wells and equipment but who for three years had had no crops, whose resources were gone. They had, however, a natural pride which belongs to the race and breed from which they sprang to desire not to accept charity but to accept a loan from the people which one day they might repay. For my part I have no objection to offer to criticism and I suspect from what I heard in Regina that the relation between the loan and the promise to pay is not greatly different from that of cause and effect. I still think it was not an improper thing to do, because let me say that since August, 1930, it has been my unfortunate experience sitting at the treasury board to have placed before me at almost every meeting, anywhere from ten to one hundred cases in regard to which the commission, as the hon. ex-Minister of the Interior (Mr. Stewart) will remember, was set up to deal with seed grain, feed and relief expenditures made in the northwest territories and the provinces of Manitoba, Saskatchewan and Alberta during periods of time which are now long past. Some of them go back to the years 1901, 1902, 1903, 1904 and 1905, and all along the years, because as I told the house last year there have been very few years since 1870, when relief on some scale has not been granted in western Canada, when that part of Canada was still territories. For, as territories, it will be recalled they were, in a sense, wards of this dominion, and we took the responsibility which under the constitution now rests with the provinces.

We are now confronted with the next problem, that of providing the seed for the cropping or sowing of those vast areas. Of course ever since last fall we have been endeavouring to ascertain just what the future would likely be. We have received from those most vitally affected a statement as to what they believed—having regard to their knowledge of conditions and the history of the past as to moisture and the general turn of events whereby we have cycles of crops, and so on—the future might reasonably be, so far as crops in a particular area were concerned. We have asked the premiers of the three prairie provinces for their views. We have asked them what assistance they will require to enable them to provide seed and feed, and

the supplies with which to put in a crop. Then as to fuel—whether it be used for mechanical appliances, traction engines, or oats and hay for horses—whatever it may be—we have asked them to give us estimates of the cost. The province of Alberta has taken great care to endeavour to spread out their resources to the limit of their power, and their estimate is that if they are provided with $140,000 it will be sufficient for the areas which under normal conditions they would take care of but which at the present time they cannot do without some assistance. In the province of Manitoba we were advised that something less than $700,000 would take care of requirements. When we come to the province of Saskatchewan however we must consider that there are upwards of 4,000,000 acres of land upon which we have to determine as best we can, with the aid and assistance of the best experts available, what to do.

As no doubt hon. members are aware, in the United States there has been placed a limitation upon the acreage which will be seeded. That limitation is based upon what has been done in previous years. A sum was recently voted by congress for the purpose of extending credits, and hon. members will recall that something like $50,000,000 is to be made available for purposes I am now discussing. A limitation however has been placed upon the amount which may be advanced in any specific case either for food, seed, fuel or fodder.

The federal authorities feel that they are not in as good a position as the provinical authorities to arrive at a proper judgment. Therefore we have concluded that instead of doing what has been done in days gone by, merely undertaking the responsibility for seed and feed as a national or dominion obligation, we will advance the necessary moneys by way of loans to the three provinces on their treasury bills, to enable them to provide seed and feed to fulfil the requirements of their agrarian populations. It may interest this house to know that we took steps last year to acquire through the aid of Mr. McFarland—who has so generously and freely without salary or compensation given of his time in the management of the wheat pools—sufficient quantities of wheat to take care of that situation at a price which I should say is at least ten cents lower than the rate to-day prevailing. That will be of some assistance to those who have to place their crops in the soil. It will require approximately for all purposes, for seed and feed, whether you use it to purchase hay or oats, or fuel oil or gasoline to put in the crop, approximately six million dollars to care for the requirements of Saskatchewan.

This, then, is the situation that confronts us. I have endeavoured to indicate to the house as clearly as I could in broad and general terms, without trespassing too much upon its time, the sweep of our undertakings and the general principles that have governed us in the administration of the statute that was passed last session. But this government have had a greater sense of their responsibilities because of the fact that we were vested with larger powers. In practice, I may say, we realize now that the statute that conferred these powers upon the government without naming the amount available was vastly to the advantage of this dominion, and had it been otherwise we could not have accomplished the purposes that we did accomplish without the expenditure of much more money. That is our profound conviction, and it is the opinion of the business men with whom we come in contact.

Mr. LAPOINTE: Are the sums which my right hon. friend has said have been placed to the credit of the relief commission in Saskatchewan for the purpose of relief a part of the moneys advanced to the province, or are they contributions from the federal government?

Mr. BENNETT: I thought, Mr. Speaker, I had made myself clear when I said that the grand total of the sum advanced to Saskatchewan was $16,800,000, but of that sum $5,250,000 represented advances—all expended at this time—to the relief commission, which will not be repaid to us, and which, as I said last session speaking in this house, was a contribution made by Canada to a national emergency on a scale—may I say?—which we Canadians have never heard of before.

Mr. YOUNG: Does that mean when those notes are repaid the money will not come back to this government?

Mr. BENNETT: No, I say so far as we are concerned, we have not received any treasury bills from the province of Saskatchewan for the repayment of these amounts, neither have we sought them.

Mr. RALSTON: Five million dollars?

Mr. BENNETT: Exactly. That is a matter for future consideration and adjustment. It was discussed at some length the other day by hon. gentlemen.

Mr. BROWN: Is that amount represented by the notes taken from the farmers?

Mr. BENNETT: Whether or not notes have been given for the full five million

dollars I cannot say. My own opinion would be that there are not notes for any such sum as that. But as far as we are concerned, we have advanced that money to the province for the purpose I have indicated, and, as I have said, to the extent to meet the whole one hundred per cent of cost because the province is not in a condition at the moment to make any contribution to it.

An hon. MEMBER: To whom are those notes payable?

Mr. BENNETT: As I understand it, to the commission. I was indebted the other day to the hon. member for Weyburn (Mr. Young) for seeing one of those notes for the first time. I think it read: To His Majesty's government in right of the dominion.

Mr. YOUNG: Yes.

Mr. BENNETT: That is a matter, however, that will have to be dealt with and adjusted in the future. I merely mention it in passing because at the moment the expenditure for seed and feed advances is to be covered by the treasury notes of all the three provinces in order that we may be able to meet the situation that exists.

Mr. STEWART (Edmonton): In this case it is expected that all the advances for seed and relief to carry the people through the summer will be repaid by the provinces?

Mr. BENNETT: So far as the immediate advances are concerned, we are at the moment taking the treasury notes of the provinces and treating them all on the same basis; but, as I ventured to say the other day, and I now repeat, all this must necessarily be a matter for adjustment, but left in such shape that there can be at least no cause for complaint on the part of any person however careful he may be in regard to the expenditure of the nation's money. That is the position up to that point.

Mr. DUFF: I think the right hon. gentleman stated that altogether the federal government had advanced something like $16,000,000 to the province of Saskatchewan, and that out of the $16,000,000 some $5,250,000 was advanced to the relief commission. Am I right in saying that the province of Saskatchewan, treating it as a corporate body, would owe the federal government $11,000,000, because the other $5,250,000 was advanced to the relief commission as a separate amount and the province therefore is not responsible with respect to it?

Mr. BENNETT: There are some limitations, but in a broad and general way that is a correct statement of it in figures.

Mr. MARCIL: What relief has been accorded to the eastern provinces?

Mr. BENNETT: The relief which in the judgment of the provinces and municipalities was necessary to meet the situation. In the province of Saskatchewan a relief commission was set up, but broadly no relief commissions have been set up in any other province, although there has been a cooperative effort on the part of voluntary organizations with the municipalities and the provinces. The amount and extent of the relief are not matters over which the dominion exercises control, except, I trust, by way of kindly suggestion; the provinces determine what they should do.

Mr. POWER: Is the $6,000,000 included in the $11,000,000?

Mr. BENNETT: No.

Mr. POWER: That is a straight loan to Saskatchewan?

Mr. BENNETT: That is a straight loan for the present, but, as I said to the hon. member for Weyburn, all these matters must in the very necessity of things be matters for discussion and adjustment when the crisis is passed. When we were confronted with the situation the question we had to consider was how we would meet it, whether, as was suggested by the right hon. leader of the opposition (Mr. Mackenzie King) yesterday, by a supply bill, or in the same manner that I have indicated, namely, by extending the provisions of the Unemployment and Farm Relief Act of 1931 for a further period of two months up until the first of May. Now, so far as a supply bill is concerned, I think it is fairly obvious to those who have followed me that to ask for any particular sum of money at this time in the form of a supply bill with the usual limitations that are imposed upon such measures would not meet the situation. In our judgment at any rate, having regard to our experience, it would not. Parliament is in session, parliament has the fullest opportunity to consider and criticize and deal with every step the administration takes. I am not lacking either in sympathy or respect for the views that were so strongly urged last session, and doubtless will be again urged, against our taking the course which I am asking the house to permit us to take, namely, to declare that the provisions of the Unemployment and Farm Relief Act of 1931 shall continue for a further period of two months. I do that, you may say, with some reluctance, but I do it because I believe it is the only method having regard to the neces-

sity for elastic provisions to deal with complex problems promptly. But I do sympathize with the views expressed in a few words yesterday by the right hon. leader of the opposition, and so I suggest to this house that we frame and add to the single section of the bill which makes the provisions of the statute of 1931 applicable for another two months, a provision whereby every order in council that is approved by the Governor General shall be laid upon the table of this house at the next sitting following its passing. That, of course, would be the next day, if the house were in session. I cannot but think, having regard to the gravity of the situation and the difficulty of dealing with it by any hard and fast rule, that this chamber will confer these powers upon this government. I would not deprive this parliament of its right to criticize freely and, if it thought desirable, destroy this administration for the improper discharge of its obligations, but I can conceive of no way in which this house can have larger powers conferred upon it than by the method I have suggested, so that in every instance it might have the fullest opportunity of dealing with these matters.

The answer is, of course, that it is done before the opportunity is afforded to criticize.

Mr. LAPOINTE: Hear, hear.

Mr. BENNETT: Well, sir, I can only record my own experience since August last in dealing with this matter, and I do say frankly to this chamber that I know of no way by which you can deal with this difficult problem unless you have the widest discretion in an administrative sense. After all, it is a problem of administration, and I know of no method by which you could deal with these problems as problems of administration unless you have the powers I have indicated. I will give an illustration. Last year we took power to deal with peace, order and good government. In the fall it became apparent that it was vitally important that we should make our practice uniform with that of the United States with respect to the valuation of securities held by insurance companies. Many of the United States companies were doing business in Canada and many of our Canadian companies were doing business in that country. Forty-eight superintendents of insurance got together, and forty-seven of them agreed that for the purposes of valuation, the conditions being so exceptional, the average value for the last five quarters should be the governing valuation for certain classes of securities. Unless that power had been conferred upon us by this statute we could not have enacted the order in council, which was published in the Gazette and which all hon. members of this house no doubt have seen.

Mr. STEWART (Edmonton): Are you sure you are right in that?

Mr. BENNETT: I am perfectly certain that no one will question the fact that when you begin to deal with hundreds of millions of dollars, and when you remember that it is not the values of to-day that concern the policyholders but the values in future, based upon what money will earn and what it is necessary to set aside for the purpose of meeting liabilities in the future, to place a value based upon the average value for the last five quarters, as they did, with our companies doing business in the United States and their companies doing business here, was but to say that there should be some measure of certainty and uniformity in fixing values in the most important matter with which we as a government had to deal at the moment. We must remember the magnitude of the sums involved, and the fact that the happiness of the people may be in some sense disturbed by any condition arising that would bring about a disturbance of the stable foundations on which these institutions have been built Unless we had possessed that power we could not have passed that order in council.

Now I put it to the house whether or not there is an element of grave risk if such a power is not vested in the executive at a time of great flux and change in the economic conditions of a country. The possibilities of abuse are always present in the minds of a parliament—

Mr. LAPOINTE: Just one question. Apart from this order in council respecting the Insurance Act, which virtually amended that statute, were there any orders in council passed under that peace, order and good government provision of the statute of last year, amending other acts of parliament?

Mr. BENNETT: As far as orders in council amending acts of parliament are concerned, I have nothing in mind at the moment. There may be something of which I cannot think just now, but all the orders in council will be laid on the table at an early date, and an opportunity will be afforded for the discussion of them. The reasons, of course, for the particular order in council to which I referred, which was published in the Gazette and which no doubt the hon. gentleman has read, were not only the conditions to which I have referred but also a judgment of the

privy council which was delivered in October, and also the necessity for providing uniformity.

Let me put it this way: If an insurance company has a mortgage, it is still regarded as an asset at its face value, as a mortgage. However, with shares and bonds, the value fixed is the average value for the last five quarters, which was considered fair by the insurance superintendents to whom I have referred. There are other matters that arise from time to time. What we seek by this resolution is authority from this house to continue until the first day of May the provisions of the statute which was enacted last session. It confers a wide discretion upon the executive; I said so last year, and I repeat it now. I am not one of those who do not understand and appreciate the attitude of mind taken by the opposition with respect to this question, but I do say with some degree of pride and satisfaction that although that statute came into force in August and we have administered it ever since, you will have great difficulty and indeed I think you will find it impossible, sir, to point to any case in which there has been an abuse of authority under it or where there has not been an honest administration of its provisions. That I believe I can safely say.

Mr. DONNELLY: The right hon. gentleman referred to the $6,000,000 for feed and seed in Saskatchewan. Has he made any estimate of the money which will be required to provide relief for the unemployed and the distressed in this dried out area until they get a crop, which will be about September 1 next? If so, could the Prime Minister give us the amount of the estimate, and tell us whether provisions have been made to look after these people?

Mr. BENNETT: That is a most difficult thing to do; it depends so much upon the season, the production of vegetables and so many other things which my hon. friend, living in a part of that area, knows as well as I know. The government and the commission are unable to express, in terms of dollars, their view at the moment of what may be required, although they believe that with the opening of spring they will be able to do so, and I trust that between now and May I may be able to give this house a fairly reasonable and intelligent estimate of the position. I think the hon. gentleman knows quite as well as I do, if not better, how difficult it would be at this time to give that estimate in dollars and cents.

Mr. MACKENZIE (Vancouver): What is to be the policy of the government with regard to provinces other than Saskatchewan after May 1?

Mr. BENNETT: That is not a question which at this time I can answer; that must be dealt with later. There was one other matter which I am reminded was dealt with by order in council; that was the question of the export of gold. I thought perhaps that was well known to all hon. members of the house, but that is another case. It was mentioned the other day in answer to a question. The passing of an order in council prohibiting the export of gold except under licence was done under the provisions of the statute. That occurs to me as I pass on, and that became very essential for reasons I think I made quite clear to the house the other evening.

I cannot, Mr. Speaker, usefully add more to the explanation which I felt it incumbent upon me to make to this house in asking that you do now leave the chair that the committee may consider this resolution. I am reluctant, in the constitutional sense, to ask for the continuance of these powers; I am not reluctant on any other ground. And if I knew of any other method which I believed would accomplish the end we have in view, of assisting in the fair discharge of our obligations, I would not ask this. But after the most careful thought that I have been able to give to the subject—and I will welcome any suggestions that others may offer towards the solution of the problem—I know of no way, except by this method, whereby we can assist the provinces and supplement the work they have to undertake, and at the same time have ready at all times the executive power which would enable us, if the occasion arose, to deal with the situation on a competent basis. It is for that reason that I commend this resolution to the favourable consideration of the house, realizing that I have taken much longer time presenting these various matters to the chamber than I had expected, but realizing also that the house required of us some account of our stewardship in the discharge of the great responsibilities that rested upon us in view of the wide discretion and the great powers which were committed into our hands.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I am sure the house and the country will appreciate the lucid and comprehensive statement which the Prime Minister (Mr. Bennett) has just made of what he very rightly terms the stewardship of the government in its administration of the

statute of this parliament respecting unemployment and farm relief. I could not help feeling, as my right hon. friend spoke, that the responsibilities of office are having a wholesome and chastening effect upon him, and that he is beginning to realize that, in many courses of action which have been taken in the past, he would have been wiser had he then entertained and espoused with the zeal he has done to-day the views he has expressed to the house this afternoon. May I say that, with most of what my right hon. friend has said by way of exposition I have no exception whatever to take. I can only regret that when he occupied the position of leader of the opposition and the government of the day was seeking to defend the treasury, as he to-day is seeking to defend it, he did not then join with us in expressing agreement in the view we then put forward as to the respective responsibilities of the municipalities, the provinces and the Dominion, for those views were precisely the same as the views which to-day he says the present government entertains.

May I also express regret that during the period of the general election, when my right hon. friend was appealing to the electorate, and particularly when he was dealing with this all important question of unemployment relief, he did not then put forward, as the government of the day put forward, the view of the respective relationships and obligations of the dominion, the provinces and the municipalities, in the way in which he has stated them this afternoon. I might go further, and say that I regret that at the special session of parliament, and at the last session as well, when we were presenting some of the points of view which he has presented with such force and eloquence to-day, my right hon. friend did not at that time accept the view we were urging upon the government. Had he done so, the country to-day would be in a very different position, and the federal treasury would have to its credit an amount very considerably more than it has at the present time.

My right hon. friend opened his address by enlarging upon the jurisdiction of the dominion and the provinces respectively in the matter of unemployment relief. He cited from decisions of the privy council as rendered by the late Lord Haldane in the board of commerce case, and in the case of newsprint prices, each of which judgments was mentioned in order to emphasize the point which the right hon. gentleman was seeking to drive home, namely, that with respect to matters of unemployment relief the obligation in the first instance was a provincial obligation, and that, so far as the federal government was concerned, its part in the matter was that of supplementing the provinces and coming to their aid, only when the provinces themselves were unable to cope with the situation. May I remind the house that this was the position which we, as a Liberal party, when in office, took from the outset. It was the position we took during the period of the campaign. And it is the position we have taken since we have been on this side of the house. If there has been a different position taken, if my right hon. friend has stressed the point that the emergency has been of a national character, so great as to necessitate the exercise of powers by the federal government much wider than would otherwise have been the case, he himself has been the one to put forward that point of view and to press it to the extreme he has. I want to make quite clear that at last, after dealing with this problem of unemployment relief for a year and a half, my right hon. friend now states a position which he asks us to support, in direct opposition to the view as stated by him when he was on this side of the house, during the general elections, and when he first came into power.

Mr. BENNETT: I hope my right hon. friend will not think I am interrupting him, but the language I used a year ago I have in front of me, exactly as I used to-day.

Mr. MACKENZIE KING: Those who have heard my right hon. friend will have no difficulty in seeing the accuracy of what I have said as to his presentations. Indeed, as my right hon. friend was reading the judgment of Lord Haldane, and when, in particular, he emphasized the point that the federal jurisdiction overrode that of the provinces only in a time of emergency in the nature of war, I was somewhat surprised that it did not occur to his mind at that moment that with respect to the statute passed at the last session of parliament, we on this side of the house urged that very reason as one why the enactment should not be adopted. We pointed out that the statute passed at the last session, giving to the government powers to deal by order in council with peace, order and good government, was one which could be justified only in time of war, insurrection, invasion and that as a matter of fact, even in time of actual war, the government of Sir Robert Borden had never sought to obtain from this parliament powers as extreme as those which the right hon. gentleman asks that this parliament should enact. To-day he is asking us to reenact the very statute

to which we took exception in such strong terms at the last session of parliament. I say to my right hon. friend that, when he asks us to-day to reenact the statute passed at the last session, we must confront him with the argument which he himself has presented this afternoon as one against taking that particular course. There does not exist at the present time an emergency equivalent to that of actual or threatened invasion or war. There does not exist the condition which, according to the judgment of Lord Haldane, is the only one which would justify giving to the government the powers which the Prime Minister is asking under this particular act. So much for the first part of my right hon. friend's remarks.

May I say to my right hon. friend that when he was speaking to the public of this country about the cries of little children, about what he termed the smug complacency of the then Prime Minister who he said was deaf to the cries to heal their pain, which were being made to my right hon. friend as a Canadian and as a Christian, he was not stressing, as he has done to-day, the jurisdiction as between the provinces and the dominion in the matter of unemployment relief. Being in power to-day, instead of making his appeal to the human needs and aspects of the situation, he gives as consolation to the hungry and starving two judgments of the late Lord Haldane.

I come now to the next point with which my right hon. friend dealt. He spoke of the loans which this government has made to the provinces since September last. In dealing with that point, he said that the government's action was based on the alternative of either making loans to the provinces or of allowing the provinces to default in their obligations. He asked the house whether the government was not in the right in making the loans, instead of permitting the provinces to default. I say to my right hon. friend that if, before making the commitments which he has made with respect to the expenditure of public moneys, he had accepted the suggestion made from this side of the house at the special session, and again with particular emphasis at the last session of parliament, and had called a conference of the dominion and the provinces to discuss their financial relations, he might not have been obliged to make the loans he has made during the last few months, and he certainly would not have been obliged to make them to the extent to which they have been made.

My right hon. friend must surely recall that when he and his colleagues were introducing measures to provide for the voting of large sums for unemployment relief and for the reenactment of grants in aid to the provinces for technical education; when they were introducing legislation with respect to old age pensions, construction of highways, and other matters, we on this side urged strongly that before making commitments which involved so considerable a drain on the federal treasury, the government call the provinces into conference and discuss with them the whole financial situation of the provinces and the dominion. Hon. gentlemen opposite must remember that, because it was very strongly stressed from this side. If that suggestion had been followed, if that course had been adopted, the situation to-day would be very different from what it is. I think it is an open secret that, in dealing with the provinces, my right hon. friend told the premiers or provincial treasurers that, with respect to expenditures which they were making, he in control of the federal treasury and of the government of Canada would not countenance loans to them beyond a certain point unless they discontinued some of their expenditures and curtailed in many ways the outlays of public money.

Mr. BENNETT: I do not think that is correct; I recall no occasion on which that was so.

Mr. MACKENZIE KING: Will my right hon. friend say that in no case did he put pressure upon the provinces to curtail expenditures which they were making?

Mr. BENNETT: That is a different thing. I never made it a condition with any province that they should curtail any specific expenditure. I understand that their banks told them that they had to balance their budgets; that is as far as I know, but I certainly did not impose any conditions except that we should have vouchers indicating what the expenditures were for.

Mr. MACKENZIE KING: If my right hon. friend did not caution the provinces with respect to expenditures, I think he failed to discharge his duty as he should have discharged it.

Mr. BENNETT: That is a different thing from saying I did.

Mr. MACKENZIE KING: I am somewhat surprised to hear my right hon. friend take exception to a course of action which I think so highly commendatory, and which I for one would approve as being the right course to take.

Mr. BENNETT: The right hon. gentleman said I imposed conditions.

Mr. MACKENZIE KING: I never used the word "conditions."

Mr. BENNETT: Oh, yes.

Mr. MACKENZIE KING: The word "conditions" came out of my right hon. friend's mouth when he was seeking to offset what I had said. I did not use that word at all and my right hon. friend knows I did not.

Mr. BENNETT: I know my right hon. friend did; he said that I had told them that they could not get money unless they did so and so.

Mr. MACKENZIE KING: I did not say anything of the kind.

Mr. BENNETT: Every hon. member in the house heard it.

Mr. MACKENZIE KING: Hansard will show what was said. Hon. gentlemen on this side have as good hearing as hon. gentlemen opposite, and they know that what I said was that it was an open secret that my right hon. friend had put pressure upon the provinces to seek to curtail some of their expenditures. I think that is what he should have done, and I am very sorry to hear him say that he did not do it.

Mr. BENNETT: That is not what was said.

Mr. MACKENZIE KING: If it is to be understood that provinces like British Columbia are to be free to spend public money in any way they please and are, notwithstanding, to get all they want in the way of loans from this parliament, then we are embarking upon an expenditure of public moneys which is wholly indefensible. If the course I suggested has not been taken, it should be taken, and the provinces given to understand that, if their expenditures are unwise or injudicious, they must be curtailed if they expect to have their revenues supplemented by loans from the federal treasury to meet an emergent situation.

My right hon. friend spoke, next, of the province of Saskatchewan, and he dealt with what he described as the admirable manner in which relief had been administered in that province. He stressed the splendid service which had been given by the unemployment relief commission, and he drew the attention of the house to the fact that the federal government made its contribution to the province by means of a cheque payable to the unemployment relief commission. He stated that this commission had carried out the work of unemployment relief in cooperation with the province and the municipalities, and in addition to what was being achieved by voluntary co-

operation, and that it had used all the safeguards it could in the matter of protecting public expenditure.

If an unemployment relief commission has worked so successfully in one province in connection with the expenditure of public moneys for relief, why has not my right hon. friend adopted, before this, the suggestion which has been made over and over again from this side of the house of having an unemployment relief commission deal after the same manner with dominion unemployment relief? Instead of giving to the governor in council the power to spend money at its will without consultation even with parliament, why are we not doing what was done in Saskatchewan, particularly when, as the Prime Minister says it has, the example has so much to commend it? I say to my right hon. friend that even now he should adopt that course, notwithstanding the fact that he has not adopted it up to the present time.

With the example of Saskatchewan before him, instead of coming and asking this parliament to give to the government the power, by order in council, to grant unemployment relief and relief for distress in rural areas, my right hon. friend should establish immediately an unemployment relief commission, composed, as I stated the other day, of representatives of the different economic interests involved. This commission should be given the power to do what may be necessary and this parliament should make its cheque payable, through the executive, to the relief commission, which body would transmit to parliament a full statement of the manner in which the money has been expended. I say that it is no longer defensible to ask parliament to vote further sums to the governor in council when, out of the lips of the Prime Minister himself, we have the declaration that unemployment relief has been better administered under a relief commission in Saskatchewan than has been the case elsewhere.

I stress that again, and in speaking of it, may I point out another feature? It seems to me most unfortunate and indeed lamentable that, after having spent millions of dollars, as the federal government has done, upon unemployment relief, as a result of the legislation of the special session and also that of last session, we have nothing at all in the way of accumulated information which can be put at the disposal of parliament to guide us in regard to this great subject of unemployment relief.

If a commission of the character which I have mentioned had been appointed over a year and a half ago, or when the government

came into office, that commission, if composed of the right personnel, as it might well have been, would to-day have had a fund of information which it could place before a committee of parliament with respect to the whole problem of unemployment relief, information the like of which could not have been obtained in any other way. A commission of that character would have been in a better position than any other body to advise parliament as to the considerations of which account should be taken in the enactment of a compulsory unemployment insurance measure. But, while we have spent our millions of dollars, we have practically nothing to show for them, except the report which will be brought down indicating the total amount of expenditure, the total addition thereby to the public debt, and the way in which it was made. It is not, however, yet too late to do something that will be helpful to parliament and to the country in the way of acquiring that special information and knowledge, which should be gathered for the use of parliament at subsequent sessions, and which at the same time will safeguard further expenditures in a manner which, according to the Prime Minister's own statement this afternoon, is the best of all.

Those, I think, were the main points to which my right hon. friend referred, until he came to the concluding portion of his address. There he indicated the problem with which the government is at the moment confronted. It is the same problem that confronted the government at the special session. It is the same problem which confronted the government at the last session. The only difference is that we have had now an experience of a year and a half which we had not at the outset, and that experience certainly ought to guide us with respect to action which should hereafter be taken. My right hon. friend was quick to recognize that there are very strong reasons why, with parliament in session, there should not be given to the governor in council power which might, with plausible excuse or reason, be asked for in times when parliament is not in session. I wish to speak with particular reference to that aspect for I do not like to witness the gradual elimination of the duties and functions of the Commons, one might almost say, the disappearance of parliament itself through the surrender of its rights and responsibilities to the executive and a parting with their control over expenditures on the part of the people's representatives in this house.

But, before I go into that, the most important phase, may I say a word or two about the measure which is now before the house. The motion is:

That the house go into committee of the whole to consider the following resolution:

Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Chapter 58 of the statutes of 1931 is an act to confer certain powers upon the governor in council in respect to unemployment and farm relief, and the maintenance of peace, order and good government in Canada. The section to be amended is section 8, which reads:

This act shall expire on the first day of March, 1932.

As I pointed out the other day, this act expired on the first day of March, 1932. When I spoke last on this measure, it was the first day of March, and I was prepared to leave it an open question as to whether the act would expire at midnight of that day or whether it had expired at midnight of the previous day. I think the latter view is the correct one, but, at any rate, there can now be no question about the act having expired. Therefore, chapter 58 of the Statutes of Canada, 1931, which we are now being asked to amend, no longer exists. That statute is as dead as a door nail. How can parliament be asked to amend a statute which does not exist? How can we be asked to amend an extinct, a dead, a defunct statute? Parliament can revive a statute; it is possible for the ministry to bring in a bill reenacting an old statute, but, in the form in which it is now before the house, the resolution is asking parliament to do something which it is impossible for any parliament on earth to do.

It is not befitting the dignity of parliament, it is a contempt of parliament that it should be asked to amend a statute which no longer exists, and I wish to state at once that we on this side must take very strong exception to the House of Commons attempting to proceed in any such way. After all, we have responsibilities in the matter of the precedents which we set in this parliament. Surely my right hon. friend is not going to associate his name with a precedent that will mean that, hereafter, any hon. member will be wholly in order if he brings in a bill to amend some statute that is no longer in existence, some enactment that has disappeared into the limbo of forgotten and abandoned things. If we have power to amend this statute, which was passed last session and which expired on the first day of March, any hon. member can, with propriety, introduce into the house a bill to amend any enactment that has been passed by this parliament at any time since it came into being. When the commissioners revise

the statutes and discard old enactments that have ceased to exist, they are at least supposed to be serving a useful public purpose, namely to keep, in a form which will be readily accessible, those enactments which are alive, which still have the force of law. But this statute has no longer the force of law. It is, as I have said, no longer in existence. I protest against the introduction of this resolution, and I hope, Mr. Speaker, you will take the position, as the presiding officer of the house, that in the form in which it is presented it cannot be entertained.

In saying that, let me make this perfectly clear. I am not raising this objection as a merely technical one. I am raising it, as I have said, because I feel that the precedents which are established in this house are all-important, and that members of the House of Commons incur a very grave responsibility in countenancing precedents which should not be set. To make clear that this exception is not being taken on merely technical grounds; that we are not trying to obstruct the voting of any moneys which may be necessary in order to give the provinces the needed loans that my right hon. friend says he now proposes to give them, let me say again as I said yesterday: If my right hon. friend will drop the resolution which is now before us and ask his Minister of Finance (Mr. Rhodes) to come to the house this evening with a supply bill indicating the amount of money which the administration feels it will be necessary to have in order to meet the situation between now and the first of May, or the period during which parliament may be in session, if he will take that course, and move that the rules be suspended so that such a supply bill can be speedily passed through the house and sent over to the Senate, we of the opposition will cordially join with the government in agreeing to the suspension of the rules, and will seek to expedite the passage of such a measure through the house to-day. I make an urgent appeal to my right hon. friend,—who as Prime Minister surely has an appreciation of the responsibility involved in the setting of a precedent, who surely venerates British parliamentary institutions and would like to have them upheld—I appeal to him at this time not to be responsible for a controversy in this house over the method of doing something which all of us, regardless of the parties to which we belong, are prepared to assist the government in doing and say should be done, particularly when that controversy relates only to the taking of a right course, and the avoidance of a course which hitherto has not been taken in this parliament, and cannot be countenanced under constitutional practice and procedure, as we have sought to uphold them.

I know my right hon. friend has power through parliament to revive a dead statute; he can bring in a bill to provide that a certain enactment, known as chapter 58 of the statutes of Canada, 1931, be reenacted. I say that that course will have to be taken before he can obtain the relief he seeks. Relief cannot be obtained under the terms of the resolution before us. Again I urge the ministry not to create a controversy, particularly when delay might only serve to cause added suffering to many people throughout the west and in other parts of Canada. There need be no delay whatever. As I have said we can expedite a supply bill to the extent of having it pass this House of Commons to-day, if the ministry wishes to proceed with it in the regular manner in which all supply is granted by parliament.

Moneys required for purposes of unemployment and farm relief should be voted in a manner similar to the regular votes of supply in the House of Commons. May I compare the resolution now before us with the resolutions of the two previous years which have preceded bills for the purpose of securing from parliament relief for the unemployed. The first measure of the government opposite with respect to unemployment relief, and which had to do with the granting of public moneys, was preceded by the following resolution introduced in this house on September 10, 1930, during the special session:

> That it is expedient to provide that a sum not exceeding twenty million dollars be appropriated and paid out of the consolidated revenue fund for the relief of unemployment in constructing, extending or improving public works and undertakings, railways, highways, etc., that will assist in providing useful and suitable work for the unemployed, all as set forth in a bill founded on this resolution.

At that time hon. members on this side of the house took exception to the government proceeding by way of a special bill rather than by the customary way of bringing in a supply bill. We drew attention to the fact that the House of Commons should exercise control over expenditures, and, if a supply bill were brought in, a certain amount of money would be voted for use until the beginning of the new fiscal year. Had a supply bill been introduced, the government would have been in a position to meet all its obligations. At that time we urged the government, in the expenditure of large sums of public money, not to depart from the long established practice of proceeding in the regular way through a supply bill. We also

drew attention to the fact that, according to the practices of parliament, not only should the expenditure of the amount named be confined to the fiscal year, but the specific purposes for which the moneys were required should be set out. Had the government voted a sum necessary or sufficient for the period of time for which it was required, pending the regular session of parliament the amount named at the outset would never have been permitted to assume the proportions set forth in the bill. There never would have been a suggestion of $20,000,000, but, as I said the other day, the amount required would have been about $4,000,000.

Having secured this vast sum of $20,000,000, the government when it came to parliament again found it very difficult to name any sum which would be required, and for that reason they went further than they had previously gone and asked us to vote a blank cheque. The first resolution was a departure from the practice of parliament, in that the amount required was not voted as supply is ordinarily voted, for the period only of the fiscal year or part of a fiscal year. Having obtained the $20,000,000 the government made commitments with respect to the greater proportion of that money for expenditures, not in the last part of the fiscal year 1930-1931, but for the next fiscal year. Those commitments led to the expenditure of millions of dollars which otherwise would never have been spent. My right hon. friend takes pride in these actions of his government. I say, that they wasted public moneys through the manner in which they made commitments for its expenditure during the spring, summer and fall months. Those expenditures would never have been what they were had the government followed the customary procedure of asking parliament, the people's representatives assembled, for the amount required for the fiscal year, and for that period alone. Having made that mistake twice, do not let us repeat it a third time.

At the time the government took that course, we pointed out that, if parliament once departed from constitutional procedure, one could never tell to what lengths such departures might lead. Our representations at that time proved to be true with respect to the measure brought in at the following session. At this point, I shall read the resolution introduced at that time, and ask hon. members to contrast it with the one to which I referred a few moments ago. The first one named a specific sum of money, specific objects or works upon which this money was to be spent At least it had that virtue. The next year, however, what there was of virtue in that regard in the first resolution was entirely lacking in the second and in the bill based upon it.

The resolution introduced on July 27, 1931, was as follows:

> That it is expedient to bring in a measure to confer certain powers upon the governor in council in respect to employment and farm relief; and for the maintenance and peace, order and good government in all parts of Canada; and to authorize the governor in council to expend for the said purposes out of the consolidated revenue fund such sums as may from time to time be necessary.

Here was a resolution which went very much farther than the original resolution. The first unemployment legislation enabled the government to make commitments beyond the fiscal year; in that particular it was bad enough. The measure I have just read, however, gave the government power to spend any sum it pleased, and, to all intents and purposes, it substituted the executive for parliament during the period of time to which it applied. It took out of the hands of parliament altogether the control of the public moneys that were being spent. Now, that is a very serious thing. Let me repeat: the second measure took from parliament altogether, from the time that parliament ceased to be in session to the time of its reassembling this year, all control of public expenditures with respect to anything that might be said to have to do with unemployment relief and with the relief of distress. That was an extreme step, a step, I think, the like of which has never been taken in this or any other parliament.

But what is now being proposed? That step was defended a year ago on the score that parliament was then about to prorogue, that the unemployment situation would exist throughout the winter, that the government must be given a free hand to deal with it. Parliament was not in the mood, nor, had it the time when the measure was introduced, to consider as carefully as it should have the consequences of a step of the kind. But parliament is in session now, and we are being asked to do, for the period of time that parliament itself is in session, something to which we took exception with respect to the period during which parliament would not be in session at all. I say, Mr. Speaker, there can be no excuse for any action of that kind. We might as well abandon parliament altogether. Why are we assembled here if while the people's representatives are in session the ministry is to get power to do, by order in council, anything it pleases?

Stop for a moment, and look at the bill more closely. It asks that this power be given for the months of March and April;

that is, up until the first of May. I assume this parliament is going to continue in session at any rate until the first of May. I have my suspicions whether the government has not in mind the adjournment of parliament on the first of May, if we are not in a position to prorogue at that time. I repeat, parliament is now in session. Why should any power be given to the government to do by order in council what can be done in the regular way by parliamentary enactment? We cannot permit a step of that kind to be taken, if it is at all possible to prevent it. We do not wish to obstruct the government in any legislation they may have in mind. We do not wish to add an hour's delay to their obtaining any sum of money that they may consider necessary to meet existing needs; but we cannot countenance a step which means giving the government power to do by order in council, while parliament is in session, the thing which parliament itself alone should do. It is an indignity to parliament itself that any such power should be asked for.

Mr. LAPOINTE: Contempt.

Mr. MACKENZIE KING: Why should members of parliament assemble here at all, unless it be amongst other things to exercise some control over the expenditure of public moneys? That is the fundamental basis of everything we hold dear in the way of responsible government. We cannot jettison the whole institution of responsible government just because the Prime Minister says it is going to be difficult for him to make up his mind what amount of money is needed.

My right hon. friend says there never was a problem as great as the problem with which Canada was faced last year. As I have pointed out, my right hon. friend has a way of saying, as well as doing, the extreme thing. Surely the problems with which this country was confronted during the period of the war—

Mr. BENNETT: We never had 100,000 people hungry.

Mr. MACKENZIE KING: My right hon. friend still holds the view that the problems confronting his government are greater than the problems which Sir Robert Borden had to contend with during the period of war. I can never entertain that view, nor do I think any hon. members on the other side will ever agree with their leader in that respect. But Sir Robert Borden never asked parliament to do what the Prime Minister at the present moment is asking parliament to do. Sir Robert Borden asked parliament to vote, year by year, what was needed to maintain the armies at the front and to meet all the expenditures that were essential in connection with the war. He called a special session of parliament in order to obtain in a regular way the money that he required. He did not at that session ask that the House of Commons should give his cabinet power to pay out of the treasury what moneys they might consider necessary during the next few months or during the period of the war. He named the required amount. He was perfectly frank in saying: This amount may not be sufficient. It may be too large or it may not be large enough; but, if it is not large enough, I will bring parliament back, and I will obtain authority for further expenditures. Now, my right hon. friend has parliament in session. He does not need to summon parliament again to get an additional sum for the purposes for which he now requires this money. He has indicated this afternoon that something like, I think, $7,000,000 will be required for the purpose of loans. Well, let him ask for $7,000,000 for the purpose mentioned and we will vote it. If, between now and the first of May, he finds $7,000,000 will not be sufficient, let him come back and tell us it is not sufficient and say what additional sum he requires. But I submit he has no right, while we are assembled here, to ask for a blank cheque to do as he pleases by order in council.

But the act he desires us to reenact goes very much further than the voting of public money. Look for a moment at the act, the provisions of which we are being asked to renew at the present time. There are really three distinct measures in one in this enactment. I pointed that out last session when the government was asking us to pass it. There is a measure for unemployment relief. There is also a measure for farm relief, and a measure to confer on the government certain powers with respect to the "peace, order and good government of Canada." At the time, we took exception to these three distinct measures being passed as one. However, they were passed. But now, while parliament is in session, we are again being asked to give to the government three separate enactments in one for this period of time. I think my right hon. friend can hardly have considered the real significance of the action he is asking parliament at the moment to take.

With respect to the "peace, order and good government" clauses of this enactment, last session, I drew attention to the fact that the language was taken from legislation passed during the period of the war, that it was the language of the War Measures Act, which conferred very wide powers upon the government. But I drew attention to the further fact that the enactment, which originally conferred those wide powers on the government

of the day, made it very clear that those powers could only be exercised in case of actual war or invasion, or insurrection, real or apprehended, and that they could not be exercised at any other time or for any other reason. Last session my right hon. friend secured from parliament the right to exercise at will, during the time parliament was not in session, those powers which heretofore had never been exercised except during a period of war, insurrection and invasion. Now he comes to ask us to allow him to exercise them while parliament itself is in session. I say, Mr. Speaker, that we, as members of the House of Commons, responsible to the people of this country, cannot surrender every obligation that is imposed upon us to protect their rights. My right hon. friend read from Lord Haldane's judgment paragraph after paragraph which asserted that, even with respect to such a comparatively small matter as that of overriding the jurisdiction of a province in certain particulars, it could not be done by the government except at a time of actual war or of an emergent situation that was so grave as to make it appear that war was already upon us. At the time I took down the words quoted by my right hon. friend from the judgment of Lord Haldane, and they were "a sufficiently great emergency such as that arising out of war." That was the only occasion mentioned.

Mr. BENNETT: Or famine.

Mr. MACKENZIE KING: Famine connected with war.

Mr. BENNETT: Famine need not necessarily be connected with war.

Mr. MACKENZIE KING: The words were "a sufficiently great emergency arising out of war."

Mr. BENNETT: Or famine; the word famine is there.

Mr. MACKENZIE KING: My right hon. friend read two judgments; at any rate whether it was war or war-famine; both have to do with war or with situations arising out of war. I do submit, Mr. Speaker, even if it might be necessary for any reason to give the government of the day power to deal with certain matters by order in council when parliament is not in session and when it might necessitate a delay of a month or more before action could be taken by parliament, there can be no excuse whatever for conferring that power upon the government while the representatives of the people surround the ministers of the crown in parliament assembled. So I say to my right hon. friend that we must strenuously oppose the legislation in the form in which he is seeking to introduce it.

May I briefly summarize our position, as I have endeavoured to state it. With the object which the government has in view, namely supplying public moneys for purposes of relief, we are in complete accord and agreement. We are ready to leave to the judgment of the ministry itself the amount it may need for the purpose of dealing with unemployment relief, the supplying of seed or the meeting of any other need which would come within the provisions of the legislation proposed. All that we ask is that the ministry bring in a supply bill indicating the amount they wish to have for the general purposes, and allow us to vote the required amounts in that form. We take exception to the course the ministry seeks to follow, first of all because it asks us to do something which is impossible. I am going to appeal to you if need be, Mr. Speaker, to give your ruling on that point: to decide whether or not the resolution which is before the house is one which this house can entertain, asking us as it does to amend a dead enactment. I say we cannot do it; we should not be asked to do it; and it is an indignity to be asked to do it. But, assuming that the government should get around that difficulty by introducing some other resolution which will revive this dead enactment, assuming they do so and then ask us to amend it, we will have to take exception to doing so for the reason I have mentioned—that it overrides the customary procedure and that there is no necessity therefor, since parliament is here assembled and at a moment's notice can, if what is suggested is right and proper, do anything the ministry wishes it to do.

My right hon. friend says he will lay on the table of the house the orders in council that are passed the day after they are passed. We want to know the contents of an order in council, not the day after it has been passed, but the day before it is passed, and the representatives of the people have a right to such knowledge. If my right hon. friend thinks it is necessary to have money for some particular purpose, let him come to this house and ask for supply for the required purpose and give us a chance to discuss the matter. If we approve of the measure proposed we will pass it, but we cannot surrender the right to control public expenditure, and we cannot pass over all the powers, the dignities, the rights, and the responsibilities of the House of Commons to an executive which wishes to place itself wholly beyond the control of this legislative body.

The ACTING SPEAKER (Mr. Geary): Is the house ready for the question?

Mr. MACKENZIE KING: I ask for a ruling on the point I have raised, as to whether this House of Commons can entertain a resolution which asks for the amendment of a statute which does not exist.

Mr. BENNETT: Mr. Speaker, it will be within your memory that when I began my observations this afternoon I directed attention to the fact that the resolution bears the date of February 26. At that time it was a proper motion; the statute did not expire until March 1, but as an amendment is not competent until after you, sir, have left the chair, the motion being that you do now leave the chair, the amendment could not be made until the house went into committee on the resolution. That is the position.

Mr. GARLAND (Bow River): Even if Mr. Speaker did leave the chair would an amendment then proposed to a defunct statute have any force?

Mr. BENNETT: I did not say that. I said it would be necessary to amend the resolution to make it conform to what is the principle, namely, to extend the provisions of the statute until May 1. Inasmuch as the statute has now expired, different words will have to be employed than would have been used prior to the first of March.

Mr. BOURASSA: You will revive the statute?

Mr. BENNETT: Exactly.

Mr. LAPOINTE: May I direct attention to the fact that a resolution such as this has to be submitted to His Excellency the Governor General for his approval. I do not see how it can be amended after that, unless there is a new resolution submitted to His Excellency.

Mr. BENNETT: The rule is this, that if there is no departure from the principle it does not require resubmission. If, on the other hand, the principle of the measure is different, then it cannot be so amended. Inasmuch as this is subsequent to the date of expiration it follows that the language will be different, but the principle is that the provisions of that statute will continue to be operative until the first day of May.

Mr. LAPOINTE: But the date is the very essence of this resolution.

Mr. RALSTON: I want to make another point in connection with this point of order, and it is this: My right hon. friend suggests that because this resolution was on the order paper on February 26, before the statute actually expired, therefore it would be effective to extend the old statute.

Mr. BENNETT: No, I said just the opposite.

Mr. RALSTON: I thought that for the last two or three days my right hon. friend has been suggesting that he is trying now to extend this statute rather than to revive it. I want to point out to him that after this resolution is passed it will be only the foundation for a statute which will have to be passed subsequently and assented to by His Excellency the Governor General. After it is assented to, it will have effect only from the date of assent.

Mr. BENNETT: Unless it is retroactive.

Mr. RALSTON: That is my point. If it is made retroactive it will cover a greater expenditure than is covered by the resolution now before the house, because the present resolution only covers expenditures from the date of assent to May 1.

Mr. BENNETT: No, no.

Mr. RALSTON: I submit to my right hon. friend that that is the situation. This resolution does not purport to be retroactive; it only purports to clear the way for a bill which will come into effect on a subsequent date, after being assented to by His Excellency, and that bill will provide for expenditures from the date of assent to the first of May. I say if my right hon. friend wants to make the bill retroactive he will require a new resolution, because this resolution is not wide enough to cover it.

Mr. POULIOT: Just putting monkey glands in a corpse.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. MACKENZIE KING: No, Mr. Speaker; a point of order has been raised. Your honour was asked to decide whether or not this House of Commons can entertain the resolution which is before the house at the moment and which states that it is expedient to introduce a bill to amend a certain statute. That statute does not exist. The point which is being respectfully taken by the opposition at the moment is that chapter 58, which this resolution seeks to amend, does not exist, having expired on the first of March; therefore as the matter now stands this House of Commons could not amend it if it wished to, because it cannot amend something that does not exist. My

right hon. friend, speaking a moment ago, said that a notice was put on the order paper a few days ago—February 26, to be exact. That was a notice of motion for leave to introduce a measure; but this House of Commons never gave its consent, during the period of time the act was in existence, for the introduction of such a measure. I am quite prepared to concede that if, before the expiration of the act, this house had given leave to introduce the measure, the mere fact that we had not been able to complete all the stages of the bill before the time named for the expiration of the existing statute had elapsed would not be a reason why the proposed measure should not continue to be considered. But I do submit that when the House of Commons itself did not give any leave to introduce a measure of the kind, and in fact has not yet given leave, because the measure has never been before us, we cannot be asked at the present time to amend something that does not exist. That, in a word, is the position. No leave has been given to introduce the proposed bill; no leave has been requested to introduce it until to-day, which is eight days after the act which it is proposed to amend has expired. In the circumstances, we submit that the ministry cannot or should not be permitted to proceed with the measure.

Mr. RHODES: May I say one word on the point of order. I think we are all agreed upon this point: that when this notice of resolution was placed on the order paper, and was in order, if it had been moved at any time prior to the first of March it would have been perfectly competent for us to proceed with it and the objection which my right hon. friend and those who agree with him have raised could not have been raised. But, I submit, the point is this: that the principle underlying this resolution was that there should be made available after the first of March the provisions of the Unemployment and Farm Relief Act; and when this notice was given it was a question of continuing the act. I am at one with my hon. friend when he says that you cannot amend an act now out of existence, but that is a mere question of verbiage, for an amendment could properly be made to this resolution in committee, confirming the principle underlying the resolution when originally placed on the order paper. I submit that the message of His Excellency covers that very point, and it seems to me it brings the question of order down to a very narrow compass. It is as to whether it is competent for us now in committee to amend the resolution to give effect to the principle which was contained in the resolution when it was originally placed on the order paper, a change in verbiage being necessary by reason of the fact that we have passed the first of March when the old act expired. I submit under the circumstances, Mr. Speaker, that it is quite competent that the motion that you do now leave the chair be put, and that an amendment in accordance with the suggestion made by the Prime Minister can properly be made in committee of the whole, where alone it can be made.

Mr. LAPOINTE: My hon. friend the Minister of Finance (Mr. Rhodes) obviously concedes that the resolution as it is is out of order—

Mr. RHODES: No.

Mr. LAPOINTE: —because he suggests that it should be amended and be drawn up in proper form when it goes to the committee. The Prime Minister also said that. May I submit to you, Mr. Speaker, that if the resolution is out of order it cannot go to committee; it must be ruled out of order. Moreover—I repeat this because your honour was not in the chair at the time—a resolution such as this has to be submitted to the Governor General and approved by him, and it cannot be changed unless it is submitted to His Excellency and a new resolution is brought to the house. The Prime Minister says, "Yes, if it is another principle." But it is another principle under the circumstances, because the very essence of this resolution itself is the date mentioned therein. I submit that if it is out of order at the present time it cannot go to the committee.

Mr. RHODES: On the point of order I must take exception to the statement made by my hon. friend from Quebec East (Mr. Lapointe), who says that I made the statement that this resolution was out of order. I did nothing of the kind.

Mr. MACKENZIE (Vancouver): Inferentially.

Mr. RHODES: I argued that it was quite in order. That was my whole argument, and unless I fail to understand the English language I thought I had made that abundantly clear, from my point of view at least. The whole point of the resolution is as to whether the principle is being preserved. It is a question of verbiage and nothing else, involving an amendment which could be called for in committee arising out of circumstances which did not exist at the time when the notice of the resolution was placed on the order paper.

Mr. RALSTON: I want to take issue with the Minister of Finance (Mr. Rhodes) with regard to what he suggests is the principle of the resolution. This resolution is presented to the house on the recommendation of His Excellency the Governor General, from whom, on the advice of the ministry, all recommendations for money bills come; and a request has come from the crown that we should amend an act which was passed last session by striking out the word "March" and substituting therefor the word "May." Obviously that amendment will be effective only from the date His Excellency approves of the bill which is passed, founded on that resolution, and therefore the principle of the resolution which is now before the house is that His Excellency desires and recommends, through his ministry, that this house shall vote such moneys as the government may see fit to authorize by order in council after the date of the passage of the bill founded on the resolution. I am pointing out to you, Mr. Speaker, and to my hon. friend, that if it is suggested, as the Prime Minister does suggest, that as soon as this bill is in committee we are going to make it retroactive and have it cover sums of money from the first of March up to the date of the passage of the bill, then that is a different principle from the one which has already been recommended and submitted to the house on the recommendation of His Excellency. In other words, as a consequence of the bill being made retroactive, a very much larger sum may be voted. When you are speaking of the principle of a money bill you are speaking of the extent of the money to be voted as well as of the purpose which it is to be applied. I submit, therefore, that the resolution is out of order if, as both the Prime Minister and the Minister of Finance suggest, it contemplates being made retroactive from the first of March.

Mr. RHODES: With your permission, Mr. Speaker, may I point out, in answer to my hon. friend from Shelburne-Yarmouth (Mr. Ralston), who asserts that in the message from His Excellency all that was asked was that the word "May" should be substituted for the word "March," my hon. friend has misapprehended the entire purport and reason for a message at all. It is that His Excellency approves of the expenditure provided under a money bill. The question of May or March is a mere question of verbiage and detail.

Mr. RALSTON: It has an effect on the amount of money.

[Mr. Rhodes.]

Mr. RHODES: My hon. friend is trying to argue that you cannot spend as much money in seven weeks as in eight. I may say to him that I could spend as much in one day as in two months. There is no force whatever in that argument. My hon. friend is trying to turn his argument in two directions. In the first place, he says that His Excellency agreed to the word "May" being substituted for the word "March," and that the act shall be extended for a period of two months. In the second place, he takes the ground that if this resolution is amended it will mean that there will be a week with respect to which the measure will have to be made retroactive, thus covering the very ground agreed to by His Excellency in the first instance. My hon. friend argues that a further message will have to be sent to His Excellency to ask that he agree to the first week in March being covered. I submit my hon. friend is arguing against himself; he should withdraw either the first or the second portion of his argument, because taken together they are not tenable. The sole question before the house at the moment is whether your honour shall or shall not leave the chair—

Some hon. MEMBERS: No.

Mr. RHODES: —for the purpose of the house going into committee to consider a certain resolution.

Mr. LAPOINTE: That is out of order.

Mr. RHODES: The question of the legality of the resolution can be determined in committee.

Mr. MACKENZIE (Vancouver): Mr. Speaker, I assume that when this resolution was submitted to His Excellency there was then in existence chapter 58 of the statutes of last year, and I assume that on the advice of either the Minister of Finance (Mr. Rhodes) or the Prime Minister (Mr. Bennett) His Excellency was apprised of the exact section of this resolution which was to amend an existing statute of Canada involving the expenditure of money. I think the house is entitled to know whether or not His Excellency has been apprised that this House of Commons is to be asked to approve a resolution to amend a statute which has expired since the approval of His Excellency was first obtained.

Mr. RALSTON: I do not think the Minister of Finance is as dull as he would have us believe. I did not suggest in any way,

shape or form that His Excellency had ever approved or recommended to this house a resolution which would be the basis of a bill to support the spending of money from March 1 to May 1. What I did say—and I repeat it—was that all His Excellency has agreed to is a resolution to cover the expenditure of money only after a bill founded on the resolution becomes law and has received the approval of His Excellency.

Mr. SPEAKER: The Minister of Finance (Mr. Rhodes) has anticipated my ruling, the only ruling possible in the matter, as I see it. The motion now before the house is that the Speaker do now leave the chair—

Mr. MACKENZIE KING: For a specific purpose.

Mr. SPEAKER: —for a specific purpose. When the house has gone into committee and undertakes that specific purpose is the proper time to raise the question as to whether or not this resolution is in order. I refer the house to standing order 60 which reads:

If any motion be made in the house for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned till such further day as the house thinks fit to appoint;—

That has been done.

—and then it shall be referred to a committee of the whole house, before any resolution or vote do pass thereupon.

It is not in order to now pass upon the terms of the resolution which it is proposed to discuss in committee. All that can be done by the house is to go into committee of the whole to consider the resolution as read, at which time it may do anything it pleases. In my opinion the time has not arisen to decide whether or not the proposed resolution is in order; the only motion before the house is that the Speaker do leave the chair, and that motion is in order.

Mr. MACKENZIE KING: If your honour's view is that the motion that the Speaker do leave the chair for the house to consider something which is not within the jurisdiction of parliament is in order, then I must take exception to your honour's ruling and appeal therefrom. I regret to have to do this.

Mr. SPEAKER: Mr. Bennett, seconded by Mr. Rhodes, having moved that the Speaker do now leave the chair for the house to resolve itself into committee of the whole to consider the following resolution:

Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

A point of order has been raised by Mr. Mackenzie King that the resolution is out of order. The Speaker having decided that the only motion before the house is that the Speaker do now leave the chair, which is in order, and Mr. Mackenzie King having appealed from said decision, the question now is: Shall the ruling of the chair be sustained?

The house divided on the question: Shall the ruling of the chair be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Anderson (Toronto-High-Park),
Arthurs,
Baker,
Barber,
Baribeau,
Beaubier,
Belec,
Bennett,
Beynon,
Bourgeois,
Bowen,
Bowman,
Burns,
Bury,
Cantley,
Carmichael,
Casselman,
Charters,
Cormier,
Cotnam,
Cowan (Port Arthur-Thunder Bay),
Cowan (Long Lake),
Dickie,
Duguay,
Edwards,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Geary,
Gobeil,
Gordon,
Guthrie,
Hackett,
Johnstone,
Kennedy (Winnipeg South Centre),
Laflèche,
Larue,
Loucks,
Lucas,
Luchkovich,
MacDonald (Cape Breton South),
Macdonald (Kings),
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Mullins,
Myers,
Nicholson,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rhodes,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Senn,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Cumberland),
Spankie,
Speakman,
Spotton,
Sproule,
Stanley,
Stevens,
Stewart (Leeds),
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),

Sullivan,
Sutherland,
Swanston,
Tétrault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
Weir (Melfort),
White (Mount Royal),
Willis,
Wilson,
Wright.—101.

NAYS

Messrs:

Ahearn,
Beaubien,
Bertrand,
Blair,
Bouchard,
Boucher,
Boulanger,
Bourassa,
Bradette,
Brasset,
Brown,
Butcher,
Cardin,
Casgrain,
Chevrier,
Coote,
Denis,
Deslauriers,
Desrochers,
Donnelly,
Duff,
Dumaine,
Elliott,
Euler,
Fafard,
Fiset, Sir Eugène,
Fournier,
Gardiner,
Garland (Bow River),
Girouard,
Hanson (Skeena),
Heaps,
Hepburn,
Howard,
Howden,
Hurtubise,
Ilsley,
King, Mackenzie,
Lacroix,
Lapointe,
MacInnis,
Mackenzie (Vancouver Centre),
Macphail (Miss),
McIntosh,
McKenzie (Assiniboia),
McMillan (Huron South),
McPhee,
Mercier (Laurier-Outremont),
Mitchell,
Motherwell,
Munn,
Parent,
Perras,
Ralston,
Reid,
Roberge,
St-Père,
Sanderson,
Spencer,
Totzke,
Urquhart,
Vallance,
Weir (Macdonald),
Woodsworth,
Young.—65.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Arsenault,
Barrette,
Bell (Hamilton),
Bell (St. Antoine),
Bell (St. John-Albert),
Black (Halifax),
Cahan,
Chaplin,
Dorion,
Dupré,
Duranleau,
Embury,
Garland,
Gott,
Hanson (York-Sunbury),
Harris,
Jones,
Laurin,
Lawson,
Lennox,
McDade,
McGibbon,
Factor,
Thauvette,
Rhéaume,
Mercier (St. Henri),
Raymond,
Dubois,
Dubuc,
Rinfret,
Hanbury,
Verville,
Ferland,
Malcolm,
Bothwell,
Goulet,
Rutherford,
Veniot,
Jacobs,
MacLean,
Fontaine,
Gray,
Pouliot,
Dupuis,
Power,
Matthews,
Murphy,
Perley, Sir George,
Ryerson,
Sauvé,
Short,
Smoke,
Spence,
Stinson,
White (London),
Moore (Ontario),
Stewart (Edmonton),
Marcil,
Taylor,
Séguin,
Heenan,
Cayley,
Fraser,
Hall,
Gershaw.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted, I would have voted that the Speaker's ruling be sustained.

Mr. STINSON: I was paired with the hon. member for South Bruce (Mr. Hall). Had I voted I would have voted that the Speaker's ruling be sustained.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted that the Speaker's ruling be sustained.

Mr. VENIOT: I was paired with the hon. member for York-Sunbury (Mr. Hanson). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. MacLEAN: I was paired with the hon. member for Royal (Mr. Jones). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. MATTHEWS: I was paired with the hon. member for Ontario (Mr. Moore). Had I voted I would have voted that the Speaker's ruling be sustained.

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. DUPUIS: I was paired with the hon. member for Northumberland (Mr. McDade). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. DUBOIS (Translation): I was paired with the hon. member for St. John-Albert (Mr. Bell). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. FERLAND (Translation): I was paired with the hon. member for Quebec West (Mr. Dupré). Had I voted I would have voted that the Speaker's ruling be not sustained.

Mr. RHEAUME (Translation): I was paired with the hon. member for Berthier-Maskinongé (Mr. Barrette). Had I voted I would have voted that the Speaker's ruling be not sustained.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, in the debate on this resolution I submit to hon. members that everything in connection with the whole history of unemployment and farm relief is open for discussion. I think hon. members will find in the resolution now before us, innocent looking though it is, more objectionable features than were to be found in the monstrosity of last session which passed under the caption of the Unemployment and Farm Relief Act.

In effect, the suggestion now is made that we should reenact the Unemployment and Farm Relief Act as from the date the bill to be founded on the proposed resolution becomes law, namely when it receives the assent of His Excellency the Governor General. Hon. members will have to consider whether, after the experience they have had in the last year, they are content in effect to put upon the statute books of the session of 1932 an act in the terms of the unemployment and farm relief act of last year but expiring on the first of May next.

In the year 1930 the need, as it was represented throughout the country, was for relief and adequate measures to deal with and to remedy unemployment. Everywhere on the hustings and at various meetings addressed by the present Prime Minister (Mr. Bennett) promises were made that unemployment would be ended. No suggestion was given at that time that there could be any doubt about it; no qualifications were attached in any way. The statement was made that unemployment would cease and that work would be available for all who were willing to work.

When at the special session of 1930, however we came to consider the medium through which this relief was to be accomplished, we were met with a proposal, not carefully considered and capable of meeting the situation having regard to the various avocations to be considered, but comprised in a bare, bald provision to the effect that there should be contributed out of the consolidated revenue of Canada the sum of $20,000,000 for unemployment relief. Owing to the fact that the present Prime Minister wanted to go immediately to attend meetings of the Imperial economic conference, parliament passed the measure. At the same time amendments were made to the tariff changing not only the schedules but giving to the governor in council many of the powers of parliament with regard to the valuation of goods for duty purposes.

Winter passed; unemployment was not relieved, but became greater than before; so that in the session of 1931 we were met with a proposal that measures for unemployment relief should be given a new lease of life, and that the bill which the government is now attempting to resurrect, and which was to enable the Prime Minister to carry out his pledges, should be passed. That bill was passed—a bill giving to hon. members occupying the treasury benches all the powers of parliament, so far as the exercise of legislative and administrative jurisdiction was concerned, and containing no limit as to the amount which might be spent. In other words, the powers of parliament and the unlimited resources of the treasury of Canada were taken into the hands and keeping of the cabinet. During the past year that act has been in operation. One might have expected that during that time the government would have gained sufficient experience to enable it at this time to come before the country and make a proposal which would deal in a businesslike way, with our unemployment situation. Instead of that however we have before us what at first sight would appear to be an innocent resolution, an innocent amendment, reminding one of the old game we used to play at school, but instead of rubbing out "x" and putting in "o" we are now rubbing out "March" and putting in "May". The purpose of the bill is to vest in the members of the government of Canada until the first of May those wide powers to which I have referred. One might have imagined the government would have realized that a large number of people in Canada have only the commodity of labour for sale, and that in some way or other, with its vast powers and the ability it is supposed to possess, the government would have made it possible for those labouring men to dispose of that commodity in exchange for wages.

When the right hon. gentleman was sitting on this side of the house I have heard him make statements constituting not a suggestion of policy, nothing definite as to what he would do, but consisting for the most part of this phrase repeated over and over again: "Statemanship is not so barren but what a solution can be found for any problem which presents itself." At other times when my right hon. friend was asked what his policy was he has quoted those words of Gladstone of which he seems to be so fond: "When I am called in I will prescribe." He has been called in. An opportunity has been given to him to prepare the prescription. In this year of grace 1932, after sixteen months trial of makeshift legislation, at a time when the life of a bill is about to expire, there is put on the order paper of this house a suggestion

that such bill be renewed for a period of two months. What does it mean? The meaning is that my hon. friends opposite have not been able to work out a solution for the problem; it is a confession of defeat and an admission that they do not know what to do. Like Micawber they hoped that something would turn up, that times would get better and that unemployment might decrease. But conditions did not inprove; from day to day they became worse, and finally one day in council meeting someone said: "The Unemployment and Farm Relief Act is running out; what will we do about unemployment?"—and the casual answer was "Oh, well, let us extend the old act for a couple of months." That is the policy which my right hon. friend the Prime Minister and his cabinet bring before the country at this time. After the promises which have been made, after the undertakings which have been given, after the support which has been received, after having had a comfortable majority on that side of the house in order to work their will and do whatever they wish, yes, and with the whole power of parliament in their hands, they have to confess: The best we can do is to renew the note for a couple of months in the hope that something will turn up.

Mr. MOTHERWELL: And they are late at that.

Mr. RALSTON: And as my hon. friend remarks, before the renewal comes the note is overdue. One would have thought that when this session was called early in February, and the figures showed that unemployment was even worse than it had been—I am sorry to say—when that situation appeared one would have thought that the very first piece of legislation to be put on the order paper by the government would be something in connection with unemployment. What do we find? The Juvenile Delinquents Act has to be amended and that is trotted out, the Destructive Insect and Pest Act has to be passed through all its stages, and investigations have to be launched about this, that and the other thing because somebody happened to make faces at somebody else; all these things are dealt with, but no action is taken with respect to the vital question of unemployment until February 26, three days before the act ran out—at that they had to count on leap year, and then this resolution is put on the order paper. Its purpose, as I said before, is simply to scratch out "March" and put in "May." Possibly by that time parliament may be prorogued. But that is the way the unemployment problem has been dealt with by the government. Some member of the government woke up to the fact that they were pretty nearly at the end of the month and made the bright and original suggestion: We will run the act along until the first of May.

Now, Mr. Speaker, I want to deal with the act itself, because having had this experience the government knows what that legislation has enabled them to accomplish. Judged by the test of experience I submit that the legislation has proved to be pitiably inadequate and futile as a practical measure to relieve unemployment. I submit further that the cost has been extravagant and the expenditure wasteful. I submit, thirdly, that, due to lack of proper supervision, in many cases the relief has not reached those for whom it was intended.

Let me deal first with the results accomplished in the way of providing practical employment. The only statement we have is that which was made by the Minister of Labour (Mr. Gordon) on February 23rd in connection with the debate on the amendment by the ex-Minister of Labour (Mr. Heenan) to a motion that your honour leave the chair for the house to resolve itself into committee of supply. This afternoon the Prime Minister in proposing the resolution gave us a comprehensive and lucid statement, as it was quite properly characterized by my right hon. leader (Mr. Mackenzie King), with regard to the operation of the act. But after all this was only a general outline, and even yet we have not been advised what the government knows with regard to the actual experience and the details of its administration. The only information given to us is to be found in the figures which were furnished by the Minister of Labour a couple of weeks ago in which he told the house that there was spent in 1930 $70,472,832, of which the federal government's share was $17,372,848; and that in 1931 the aggregate expenditure was $76,426,387, of which the federal authorities spent $32,822,847.

Mr. BENNETT: I should like to correct the hon. gentleman—not spent; authorized.

Mr. RALSTON: I thank my right hon. friend for the correction. The country, then, has been committed to an expenditure of $146,899,219; that is the total of federal, provincial and municipal expenditures, as I understand it, less $50,195,695, which has been spent or undertaken to be spent by the federal government, leaving a balance of $96,703,524 for expenditures undertaken by the provinces. So that in round figures the federal government has spent, or committed itself to an ex-

penditure of $50,000,000; the provincial and municipal authorities, $100,000,000. Here is where my difficulty comes in. My right hon. friend the Prime Minister says that there are commitments for some of this; some has not been spent—how much I do not know. Can my right hon. friend give me any information with respect to the amount expended?

Mr. BENNETT: Not half has yet been expended; if that is what the hon. gentleman means.

Mr. RALSTON: Not half of the federal commitment—

Mr. BENNETT: Has been spent.

Mr. RALSTON: Has the labour been performed?

Mr. BENNETT: Not entirely. The position is this: at the end of the year the provinces took an inventory of the situation with the municipalities to see what works might not be continued; and in the light of the knowledge which is now before the government one half probably of the $32,000,000 has not yet been expended.

Mr. RALSTON: I find it very difficult to deal with the matter, Mr. Speaker. I shall have to deal with it on the figures furnished by the Minister of Labour and as they appear in the Labour Gazette; then my right hon. friend and his colleagues can point out any inaccuracies in my calculations. I think the Minister of Labour did say the amount had been spent, and I take it the labour had been performed, but possibly cheques had not been issued. The difficulty is to find what was spent and what employment was provided. If you look at the Labour Gazette of September 31, you will find that up to August 31, 1931, there had been 327,990 men employed doing 7,228,744 so-called man-days' work. According to the statement made by the Minister of Labour the other day from August 31, 1931, up to January 31, 1932, there were 334,301 men employed for 7,415,973 man-days. That means that for that first period every man worked an average of 22 1/20 days —dividing the number of men into the number of man-days; and for the latter period, up to January 31, 1932, there were provided 22¼ days for each man, or a little over 44 days' work per man during the combined periods. Therefore as a result of this unemployment relief measure, during the period from October 1, 1930, to January 31, 1931, roughly four hundred working days, there has been supplied only three days' work out of a month to the men who have been given employment. Am I not correct in saying that the act has proved to be pitiably inadequate to provide employment for the great number of men who are out of work? I think any measure which could not provide more than three days' work a month for the number of men who apparently are idle is a measure which has not succeeded to a very great degree in satisfying the undertakings which were made by the Prime Minister at the time of the election.

That is the result as far as the provision of employment is concerned. It means that work was provided for ten per cent of the time for six per cent of the population of Canada by this measure which was to provide work for all who were willing to work—work and not doles—and which was to end unemployment. Now let us look at the cost, and here is where I find some difficulty, because my right hon. friend the Prime Minister says it is not all expended as yet. However, taking the amounts as given by the Minister of Labour the other day, I find that there was spent or committed for some $146,899,219 by federal, provincial and municipal governments.

Mr. STEVENS: And railways.

Mr. RALSTON: Did the Minister of Labour say anything about railways?

Mr. MANION: I did not speak at all.

Mr. RALSTON: No; my friend the Minister of Labour was the one who gave the figures, and I did not hear him say anything about railways. As I say, there was spent some $146,899,219. To employ all those men at $3 per day for the 14,000,000 odd man-days—that is, combining the two groups of man-days of about 7,000,000 each, you would have spent something like $44,000,000 instead of $146,000,000. Someone may say the difference is made up by the cost of materials. It is a pretty large percentage for materials—that is, if you assume that $100,000,000 out of the $146,000,000 was spent on materials. Possibly it may not have been spent, as my right hon. friend says; we only have the statement made by the Minister of Labour, but this fact remains, that to pay those men $3 a day for every day they worked would have cost $44,000,000; and the next fact is that according to the Minister of Labour we have committed ourselves to spend, or have spent, some $146,000,000, or three times the amount spent for labour. Possibly much of that went for materials, but does anyone say that those who produced the materials are necessarily those for whom employment should be provided? This money was a special vote for the purpose of providing employment for

those specially in need, and I submit, Mr. Speaker, that it has got a long way beyond that when we have spent $100,000,000 more than would actually be necessary to pay the men for every day worked under this scheme.

Now, with regard to the effect, the other day my right hon. leader quoted figures to show that there is a decreasing line of index figures of employment in practically every vocation; that we are without rejuvenation of industry, notwithstanding the tariff; that we are far from being back to the days of 1927 or 1928, or even 1926 as far as employment is concerned. I could give, Mr. Speaker, many figures which are published in the statement of the Bureau of Statistics, but I will content myself with placing on Hansard just one series of figures which appear in the February statement, just issued. I refer to the index numbers of employment by economic areas, and I will give the figures for five dates, January 1, 1930, January 1, 1931, February 1, 1931, January 1, 1932, and February 1, 1932. For the whole of Canada the employment figure on January 1, 1930, was 111·2; on January 1, 1931, it had gone down 10 points, and was 101·7; on February 1, 1931, it had gone down another point and was 100·7; on January 1, 1932, it was 91·6, and on February 1, 1932, it was 89·7, which does not show much success in providing employment as far as industry is concerned. Someone may ask what figures I can give with regard to employment generally, with regard to the labouring classes. I have inquired, but I am unable to find any survey made by this government since last September which would give us any idea of how many unemployed there are in this country at this time. There was an estimate made of something like 330,000, I think, in September last, but from that time on we have had no information whatever and no one can tell. But I ask you, Mr. Speaker, if anyone needs to have statistics quoted to show that there is unemployment in this country at the present time. All you have to do is ask the federated charities; ask the Red Cross; ask the relief societies; ask the citizens' committees; go out on the street, and you will know whether unemployment has been lessened or whether it has been even improved as a result of the legislation we are asked to renew.

Now, Mr. Speaker, the scheme has failed as far as providing work for any great number of men over any sustained period is concerned; it has failed as far as cost is concerned; it has failed because the figures of employment have gone down instead of increasing; it has failed to show any improvement in the unemployment situation, and lastly the scheme has failed also in that in a great many cases it has not reached the people for whom it was intended. To-night I do not propose to go into a number of individual cases, but I want to make a statement with regard to some cases which have come to my notice and which have been brought to my attention, in order to indicate at least in some instances what has happened with regard to this money. Cases have been brought to my attention in which men with bank accounts were given employment; men in good circumstances have been given work in connection with unemployment relief. One case brought to my attention was that of a man so well off that he was able to loan money to the school section. Work has been given single men with no responsibilities whatever. Men of this kind have been taken on in connection with unemployment relief work in the section of the country which I happen to represent, and they have kept out of work sons of widowed mothers who were the only support of the family; returned soldiers in need; men with large families of from five to nine children who had to get help from their neighbours. These have not been allowed to work, while men of the class to which I have referred have been taken on these jobs supposed to have been provided for those most in need.

I am not suggesting that this has been universal; I certainly hope it has not, but I am saying that it has resulted from the lack of supervision which I brought to the attention of the former Minister of Labour myself. I came to Ottawa to see his officers in an endeavour to have these things run in such a way that those who needed work should have it, but I am sorry to say that at least in a number of instances that idea has not been carried out. I think the right hon. Prime Minister perhaps has not grasped the situation when he speaks in generalities and says that by and large the thing has been well done. The individual we have been trying to reach is the man hard up, the man down and out, the man who is destitute, the man whose family is in need. It does not do him any good to say that a large part of the money has been well spent, or something like that. The thing is that he has been left off the job; his family are in want and have to be helped by neighbours, while others in good circumstances are taken on.

That situation could be cured only in one way. It could not be cured with people staying here in Ottawa and issuing orders. It could not be cured by passing orders in council; one such order in council was passed.

The only way to cure it is to evolve a system whereby the work in the community will be dealt out and apportioned by some independent body like the Red Cross, the overseers of the poor, a citizens' committee or something of the kind which knows conditions in that locality and is able to say, "This man is in a more needy position than the other man and we do not care anything about the man's race, colour, politics or religion. Unfortunately that has not been done; all the orders in council that were issued from Ottawa, and all the supervision that was attempted to be carried on from here did not help one little bit to get that man who needed work a position, so long as the actual dealing out of the work, the apportioning of the work, was left to the local patronage committee in the particular neighbourhood where the work was going on.

Now that is what has taken place; that is the complaint I have with regard to even the number of men mentioned here who are supposed to have got work. There were a good many of them who were in a very much better position financially than many of their neighbours who were refused work because of political partisanship on the part of those who actually had charge or took charge of selecting those who were to be taken on. And it could not be otherwise so long as you had, in a great many cases, men who needed work kept standing outside a Conservative government committee room, waiting to hear whether or not their names were going to be put on the pay-roll in connection with the job. So long as that was the situation you could not have a fair distribution of the work. In many cases this was not done, but in many cases it was done; and I say, regardless of the fact that hon. gentlemen who occupy the government benches may have had the best intentions, the result has been that in many instances the work has failed to go to those for whom it was intended.

I brought to the notice of the Minister of Labour some of these very matters and asked him to investigate it; I asked him whether he would not appoint someone altogether outside the realm of political patronage. In connection with an ordinary public work, if the friends of those in power happen to be put on the job, very well; I am not making any complaint. But when money is voted for people who are unemployed and destitute, and an order in council is passed providing that the money shall be given to those who need it, the government cannot go too far in seeing to it that that intention and that spirit is carried out and that those should be given jobs who are in need of work.

What is suggested to be done here is that this act which has not worked out in practice, shall be resuscitated, resurrected and once more put into force. My right hon. leader has shown more clearly than I can why this piece of legislation should be rejected at this time and why the suggestion which he has made should be accepted with regard to assisting those in want. Last year we protested and warned our friends that this was not the sort of legislation to pass in the year 1932. We pointed out that there was no need of taking the powers contained in this act. Well I remember the night the Solicitor General, a member of this government, dared us to vote against the bill. He intimated that if we voted against it it would be said that we were taking the bread out of the mouths of women and children, and he dared us to oppose the bill. We did not vote against the bill but we protested as strongly as we could and told him that notwithstanding the fact that it was against our ideas of responsible government we would vote for it in order to see that the object at which it aimed would be accomplished. That evidently has been taken as a sign of weakness. As my right hon. leader suggested this afternoon, the government should not ask us to do it again. An offer has been made whereby money will be provided without stint to take care of the present situation, and I submit that the Prime Minister and his government should seriously consider that offer. What is the situation? It is proposed now that we shall pass an act vesting all the powers of the federal parliament, as to peace, order and good government in Canada, in hon. gentlemen who occupy the treasury benches, and that, forsooth, while we are sitting in this House of Commons, sent here supposedly by the people to represent them under the constitutional prerogative which is theirs, while we are actually sitting here our friends on the treasury benches may be over in the east block passing an order in council to send an expeditionary force to China under the provisions of that act. While we were actually assembled that might be done. An hon. member suggests that this is preposterous. It may be preposterous; nevertheless that is the exact position. And what is more—

Mr. BENNETT: The hon. gentleman doesn't mean that, of course.

Mr. RALSTON: I do.

Mr. BENNETT: Does he know nothing about the Militia Act and the calling together of parliament?

Mr. RALSTON: I know about the Militia Act.

Mr. BENNETT: Then why make that statement?

Mr. RALSTON: If my hon. friend will read the Militia Act he will see that it provides that parliament shall be called together. But parliament is here already, and the Prime Minister and his government can, if they see fit, send an expeditionary force such as I suggest. They can do more than that. Under the rules as to peace, order and good government they could if they so desired—I know they would not do it, but this serves to indicate how preposterous this legislation is—pass a regulation to the effect that any of us who did not bow and take off our hats as we passed them should be guilty of an offence against the peace, order and good government of Canada and liable to a fine of a thousand dollars or imprisonment for three years. It is done in Italy, as my hon. friend from Quebec East (Mr. Lapointe) says. I suggest this merely to show how preposterous it is to think of our vesting in hon. gentlemen opposite all the powers we are supposed to exercise when we represent here the people of the country. But my right hon. friend will say, "Hold on. What we will do is to bring in the order in council which we have passed in the morning and lay it on the table of the house in the afternoon and tell you we have done it." What good will that do? Suppose they make a treaty; well, it has already been done, and they are merely locking the stable after the horse is stolen. My right hon. friend knows that in England they have passed the Abnormal Imports Bill, giving the government power to make certain regulations with regard to certain imports; and they have been so careful about it that the government is required to lay the order in council on the table of the house and if it is not ratified within twenty-eight days it ceases to be law. The Prime Minister does not even offer us that sop in connection with this legislation. He proposes to be able to pass orders in council and will merely lay it on the table and tell us it has been done. That is not constitutional government, and there is nothing at this time that requires the passage of any such legislation.

A good deal has been said about the blank cheque. In this regard, Mr. Speaker, I only want to refer to a rule with which you are more familiar than the rest of us. We are asked to pass a bill giving to our friends unlimited power to vote unlimited amounts of money. Here is the rule which governs us in matters of this sort—standing order 61:

> All aids and supplies granted to His Majesty by the parliament of Canada, are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the house, as it is the undoubted right of the house to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants, which are not alterable by the Senate.

That is the power we want to exercise, to direct and limit, to prescribe limitations and qualifications of the grant. But my hon. friends opposite propose that we shall give up that right entirely and hand it over to them, even though we may happen to be in session at the time.

The Prime Minister regaled us this afternoon with a few decisions of the privy council with respect to constitutional matters. I am not going to deal with them now, but with all due deference to him I do not think they had a great deal to do with the discussion in connection with this bill. They did indicate that the War Measures Act had been held to be intra vires of this parliament. No one is suggesting that this act is not intra vires in the wide terms in which it is framed. My right hon. friend read a passage to the effect that the government had some discretion in deciding whether the time of emergency had actually come. But let me read to him a decision with regard to the rights of the House of Commons and the limitations upon the executive with respect both to the taxation of the people and the expenditure of the people's money. This was a case that occurred in England during the war, and it came under the Defence of the Realm Act. A regulation had been made whereby the food controller could regulate the sale and distribution of milk. The food controller had imposed upon one particular individual a tax of two pence per gallon in connection with the distribution of milk in a certain area, and the individual had agreed to pay. Upon being advised afterwards that it was unconstitutional and ultra vires the individual refused to live up to his agreement and the result, in short, was that the crown failed to recover. Why? Because if an act does not in the most express terms give away to the executive the powers of parliament, those powers shall be held not to have been surrendered. The following is a passage from the judgment of Lord Atkin:

> No power to make a charge upon the subject for the use of the crown could arise except by

virtue of the prerogative or by statute, and the alleged right under the prerogative was disposed of finally by the Bill of Rights. It may be convenient at this stage to remind ourselves of this statute, an act for declaring the rights and liberties of the subject.

I ask my right hon. friend to listen to this—of course there is no personal implication intended. The judgment continues:

After reciting that the late king, by the assistance of divers evil counsellors, judges, and ministers, employed by him, did endeavour to subvert and extirpate . . . the laws and liberties of this kingdom . . . by levying money for and to the use of the crown by pretence of prerogative for other time and in other manner than the same was granted by parliament . . . all of which are utterly and directly contrary to the known laws and statutes and freedom of this realm, the lords and commons declare that levying money for or to the use of the crown is illegal; and pray that it may be declared and enacted that all and singular the rights and liberties asserted and claimed in the above declaration are the true ancient and indubitable rights and liberties of the people of this kingdom and shall be strictly holden and observed . . . and all officers and ministers whatsoever shall serve their Majesties and their successors according to the same in all times to come, all of which their Majesties are contented and pleased shall be declared and enacted and established by authority of this present parliament and shall stand, remain and be the law of this realm for ever, and the same are by their said Majesties by and with the advice and consent, &c., declared, enacted and established accordingly. Though the attention of our ancestors was directed especially to abuses of the prerogative, there can be no doubt that this statute declares the law that no money shall be levied for or to the use of the crown except by grant of parliament. We know how strictly parliament has maintained this right—and, in particular, how jealously the House of Commons has asserted its predominance in the power of raising money. An elaborate custom of parliament has prevailed by which money for the service of the crown is only granted at the request of the crown made by a responsible minister and assented to by a resolution of the house in committee. By constitutional usage no money proposal can be altered by the second chamber, whose powers are confined to acceptance or rejection.

and note this Mr. Speaker,

"Similar elaborate checks exist in respect to authority for expenditure of the public revenue, both in respect to obtaining the statutory authority to expend money and to obtain the executive acts necessary to place the money at the disposal of the spending authority."

And there he goes on to speak of "the historic struggle of the legislature to secure for itself the sole power to levy money on the subject, its complete success in that struggle" and "the elaborate means adopted by the representative house to control the amount and the conditions and purposes of the levy." That is the principle which I invoke here. I submit that this decision goes the full length of intimating how far parliament may insist on its ancient rights to regulate, to limit and to qualify grants of money. I say that the bill proposed to be introduced will be in direct contravention of the principles laid down in this case and which have governed our responsible institutions for hundreds of years.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, in rising to take part to-night in this debate may I say that I do not think there has been a question before this house for years which included in its make-up so many angles which any Liberal would like to discuss. In discussing this question of the administration during the past year of unemployment and farm relief, may I touch upon a point or two raised this afternoon by the Prime Minister (Mr. Bennett). He made the statement that there must be a clear line of demarcation between dominion and provincial jurisdiction, and went on to argue that apart from the promises made in 1930 the policy of the government since coming into office has been to deal with this unemployment problem and this relief question largely in a municipal and provincial manner. It is true the federal government has taken action but that action has been anything but purely national action and, therefore, the promises and pledges given to the people in the elections have not been adhered to. I am at a loss to know just where the Prime Minister stands on the question of jurisdiction, provincially or nationally, because he has made more than one pronouncement in this house which has left considerable doubt. Sometimes he stands for the supremacy of the provinces, sometimes he stands for the supremacy of the dominion, and at other times he throws the one into the other and tells us that the both combined can do practically anything as far as the public funds of the country are concerned.

Apart from the constitutional question, there is a moral obligation devolving upon the Prime Minister and his government, but that fact was by no means emphasized this afternoon strongly enough. The Prime Minister dealt with the taking of notes from those granted relief; he argued that these notes were taken so that the relief need not be considered as charity. The danger is that these notes will constitute a political hold upon the individual during elections, and this is a danger to democracy and to the wise expenditure of public funds. I am opposed to that principle and I do not believe the government will gain one cent by the taking of these notes from the destitute farmers in western Canada.

These men, once they understand the situation, will do their best to repay the government if they ever should have money, and I believe that they would pay the government more willingly without a note than they will with one. Much of this money will never be repaid, so why have notes signed? That is a question which will have to be explained so that destitute western farmers from whom these notes have been peremptorily demanded will know exactly the reason why they have had to give them.

This afternoon the Prime Minister admitted that in asking for approval of this resolution upon which a bill will be based he was asking for authority outside of the ordinary authority constituted in any Canadian parliament. That is an important admission. It is so important that it brings before us the whole development of responsible government in this country. I am one of those who say that apart from the development of constitutional government in this dominion, there is not much else nationally worth while. If we throw to the winds the results of the fight our forefathers made to win the rights of responsible and representative government in Canada, we have not much left. In 1840, when we were handed a constitution, and when the right of responsible government was won in this country, we thought we had passed forever any days like those through which we are now passing; we thought the question of responsible government was settled for good, although in 1843 it was taken away and then restored in 1849. But from 1849 on we did not think the head of any government, Liberal or Conservative, or whatever the party in power might be, would ever, at least in our national legislature, dare infringe upon parliamentary usages and powers as was done last year and as is being done now.

Therefore I say that it devolves upon us on this side of the house to oppose any move for any authority that we do not think is necessary, any move to take away from parliament any sovereign authority it possesses, any move to take away from the members who are here their rights under the constitution, because those rights have been guaranteed and have been handed down to us from generation to generation. Consequently, although we on this side of the house are prepared to vote without any delay or procrastination, any amount of money that is absolutely required for seed and feed, yet, if the Prime Minister of the day will not so arrange his legislation that the idea of giving the executive too much authority is eliminated, nothing is left for us to do but to oppose such unwarranted autocracy and to oppose it to the bitter end.

[Mr. McIntosh.]

In speaking on the question of unemployment, I think it might be well to get a historic perspective of unemployment conditions in Canada during the last few decades. Prior to 1896, after the Conservatives had been in power, almost eighteen years from 1878, what were the conditions in this country? We know commerce was at a low ebb; we know that industry was practically strangled; we know that deficit after deficit was shown by the government of the day every time the house would meet, and we know that the great west was not even opened up under the high tariff of the past. We know Canada was discouraged and by 1896 the business of the country was almost at a standstill. Then the people of Canada took it into their hands to deal with the question of unemployment, to deal with a tariff machine the working of which had baffled the Conservatives, and questions that the powers of the day could not successfully face themselves. At that time the people of Canada defeated the government that was then in power and put a Liberal government in its place. What was the result? For the next number of years unemployment disappeared; there was no unemployment from 1896 to 1911. There was progress all along the line, industrially and commercially, and Canada developed and progressed as never before.

Then in 1913, under a Conservative government again, we find unemployment coming to the fore. We find another depression which lapsed when the great war began. But in 1920 and 1921, after Conservative rule for ten years, unemployment conditions again developed in Canada, and before the people could acquire control of the situation we had deficits as in days gone by. In 1920 there was a deficit of $92,000,000; in 1921 there was a deficit of $81,000,000, so that you have in two years a deficit of almost $200,000,000. Along with these deficits there was unemployment. Commerce was at a standstill as previously; industry was not developing, and consequently the country was not progressing nor was it as prosperous as it should be. Again the people of Canada took things into their hands, and in the election of 1921 the government of the day was defeated and the Liberals were returned to power.

The Liberals remained in power from 1921 until 1930. What were the conditions during those nine years? It did not take long for deficits to disappear. From 1924 on there were no more deficits. Trade grew as it had never grown before. There was prosperity abroad in the land. Unemployment disappeared and was an unknown quantity for nine years. The reason was that there was

in power a party that had a Liberal policy, a policy that tapped the resources of the world and linked Canada up with them, that tapped the resources of the empire and linked Canada up with them, a policy that encouraged trade within the confines of the dominion.

It might be well to point out that prior to 1930, even though times were prosperous and conditions were good, a very important world situation was developing and that world situation, so far as strangling trade is concerned, was caused by the erection of tariff walls practically all around the world. The erection of those tariff walls produced such a situation in the markets of the world that every nation was out for himself, out for the principle of economic nationalism, out for the principle of self-sufficiency, which in the last analysis always proves wrong. In this case it proved wrong too, helping to develop an international situation that was dangerous. What did our opponents say? They said: Here we have a party in power and a situation developing and we are going to hold them responsible for the whole thing. In 1928 and 1929 they went across Canada from ocean to ocean, and what did they say? They blamed the condition that was developing upon the Liberal prime minister of the day, upon the Liberal party, upon the policy of the Liberal party. They said: Unless you remove this party from power; unless you have a change of policy; unless you have Conservative high tariffs rather than Liberal trade treaties and Liberal low tariffs, you are going to have national destruction follow in the train of the party in power—follow in the wake of Liberalism. So they went from one part of Canada to the other, and by their talk and exhortation and declamations they practically undermined trade, commerce and industry in the dominion, with the result that by the time the election took place in 1930 a situation had developed that was somewhat dangerous. What did they assert? They asserted: This is not a world situation; this is a national condition, and it has been brought about by the policies of the Liberal party, by the Liberal party as a governing force in Canada, and therefore that party ought to be defeated. They went out in the election; they carried that fight into the election, and there is no question that they made a political football of unemployment.

In May, 1930, the unemployment index in Canada was practically 9 per cent, whereas in the United States it was 20 per cent, and in Great Britain 14 per cent. For the next two or three months that unemployment index remained practically stationary. After the promises and pledges of hon. gentlemen opposite were broadcast throughout Canada and reached the minds of all the Canadian people, after the promises were held out to thousands and thousands of people with the argument that they would be given jobs and that about a billion dollars would be spent to give them jobs, unemployment grew apace. Never before in the history of Canada did it grow with such rapidity. The result was that conditions became worse and worse until the time of the special session of parliament when there were 200,000 unemployed.

What policy do we find hon. gentlemen opposite evolving to meet the unemployment situation? We know they did only one thing, they had only one policy, a policy sixty years old, the national policy of Sir John A. Macdonald involving high tariffs, restricted markets, exploitation of individuals, and so on. They said, "If this cannot cure unemployment, nothing will." So they went to work and raised the tariff wall sky high around Canada, they did exactly what the other nations of the world had been foolishly doing; they played the high tariff game to the limit and it is no wonder to-night that we find they have sown to the wind and reaped the whirlwind. Moreover, their action taken during the special session of parliament in 1930 was repeated in the regular session of last year. Last year they deliberately raised the tariff, schedule after schedule, where lower tariffs had been in effect for years.

So to-day we have a situation in Canada whereby unemployment is gradually becoming worse; thousands upon thousands find themselves out of work. On August 1, 1930, the employment index was 118; that was a time immediately after the election. On December 1, 1931, the employment index was 99·1; on January 1, one month later and in the year 1932, employment had dropped down to 91·6. On February 1, only a few days ago, the employment index was only 89·7. So the pendulum, so far as employment is concerned, has been swinging down dangerously from 118 to 89·7.

What about unemployment? When the Conservatives assumed power on July 31, 1930, unemployment was rated at 9·2. On December 1, 1931, it was 18·6—double the amount it had been a year before. On May 1, 1930, the figure was 9; thus unemployment had increased only ·2 per cent in two or three months. Let us, however, note the increase since that time. From about 9 per cent the index has gone to over 18 per cent—actually to over 21 per cent on January 1, 1932—in

other words unemployment in Canada has more than doubled. This question arises: What policy has the government to meet the unemployment problem?

Mr. SPENCE: Let us hear your policy.

Mr. McINTOSH: I am asking for yours.

Mr. SPENCE: Give us yours.

Mr. McINTOSH: You are on the government side of the house, and are responsible. It is about time your government came forward and told the country what is its unemployment policy. If they do not they are bound to "perish in the attempt" to effect a cure for national conditions.

Now, what were we told during the election campaign of 1930? At Victoria the Prime Minister said, "It is not doles you want, it is work." But their policy to-day is one of doles. The people do not want doles, they want work. The reason there is not sufficient work is that the policy of the government has been futile. Once more I ask hon. members in the cabinet what their unemployment policy is. Is it one of doles? Is it one of high tariffs? Is it one of restricted markets? Is it one of trying to get something from world and empire nations without a reciprocal trade arrangement? It is about time the country knew the policy the government is endeavouring to formulate.

I said that at Victoria the Prime Minister had said, "It is not doles you want, it is work." At Calgary he said, "The question has got beyond a municipal question, it is beyond a provincial question; it is a national problem." At Edmonton he said, "You return us to power and we will give work to all who can or will work." At Moncton, New Brunswick he said, "If you return us to power we will solve the unemployment problem or perish in the attempt. We will bring employment and prosperity to Canada as a whole. We are going to take hold of the problem and solve it." At another point in New Brunswick the Prime Minister said he was out to give equality of opportunity and fair trading privileges to the Canadian nation among the other nations of the world. More than that, in the province of Quebec he said, "It is not conferences you want; you want work." At Montreal he said, "It is a national problem." At Sarnia what did he say? He said, "Some person is to blame for unemployment; who is it?" The inference was that the Prime Minister of the day was to blame, that the Liberal party was to blame and that if the present Prime Minister were placed in power he would solve the unemployment difficulties and receive credit for its solution. There is the situation—clear and plain.

What is the result? To-day after eighteen or twenty months of Conservative rule in Canada unemployment is worse than it ever has been in the history of the country. Not only has unemployment grown, but the government has no policy but one of autocracy—none whatsoever. As a consequence we may expect as in the past a waste of much public money and no progress made until eternal nature will rejuvenate not only unemployment but the party which arrogantly promised to solve it.

Further, Mr. Speaker, I was interested in some of the remarks made by the Minister of Labour (Mr. Gordon). I want to congratulate the Minister of Labour upon the high position he holds in his party and in Canada. He comes from my native county and I am only too pleased to see him occupying his present important position. I know whatever he tries to do he will do sincerely. In congratulating him however may I say that in some of his explanations before the house a few days ago he touched upon the fact that times are not as prosperous as they had been in previous years. At that time I believe the minister was comparing the year 1930 with the years 1928, 1929 and those preceding. If at that time he was comparing the year 1929 and preceding years with years which have followed he was quite right in stating that conditions are not as prosperous. May I point out that in the year 1929 the total trade of Canada ran to $2,654,000,000; in 1930 it dropped to $2,300,000,000; in 1931 it dropped to $1,700,000,000. Gradually since 1930, or since the Conservative party has been in power trade has been disappearing, growing less and less, until to-day instead of trade valued at $2,654,000,000, we have a trade of only about $1,000,000,000. No wonder unemployment has increased, no wonder many people are discouraged, no wonder it is high time to increase purchasing power to put the people on their feet, no wonder Canadians are asking: What is this government doing by way of hammering out a real all-Canadian policy?

The hon. Minister of Labour in discussing unemployment spoke about the railway situation and said that Canada was over-railroaded. That may be true with respect to certain parts of the dominion—we have miles and miles of railway duplication in certain parts of western Canada; these sections, have certainly been railroaded in a wrong way. But there are other parts in northern Alberta, in northern Saskatchewan and northern Manitoba that are

not over-railroaded. It is these very parts that are going to suffer now by reason of the policy that hon. gentlemen opposite are putting forward not only with respect to unemployment, but with respect to every other problem confronting the country. Only this afternoon I asked a question on the orders of the day about a belt of territory in northern Saskatchewan that requires a railway over one hundred miles in length. That territory is between North Battleford and Edmonton and extends northwestward towards the Pacific ocean. There is not a foot of that country but would pay for the grading and steeling of a railway. Into that part of Saskatchewan for the last two years settlers have trekked from the dried-out and near dried-out areas. People have also come in from all parts of the dominion. Apparently that section is not to be given the railway facilities that are due it, if we do not get the government to reconsider the railway problem in the upper end of northwestern Saskatchewan. Those people are miles and miles from a railway, they are raising hundreds of thousands of bushels of wheat, to say nothing of coarse grains and live stock but they have to haul these products for forty, fifty and sixty miles to the nearest railroad point over nearly impassable roads.

Mr. GORDON: How can they haul their products over impassable roads?

Mr. McINTOSH: They try to do it. I ask if that is a fair and equitable policy? Those settlers are doing pioneer work, they are driving back settlement miles and miles into the north country, and the productiveness of its soil will furnish traffic sufficient to pay every cent of the capital expenditure for railways. I claim the time has arrived when those settlers ought to be given their just dues in a railway sense—they should be given the railway facilities that will enable them to develop that northern part of Saskatchewan and make it the garden of prosperity, which it will certainly become if the settlers there are given a fair deal. Thousands of settlers have gone into that northern area until to-day it is the hope of Saskatchewan. If railways are not built through that fine section of country, will you tell me how the people are going to carry on? It cannot be done, that is all.

There is another aspect of the problem that I might bring to the attention of the Minister of Labour (Mr. Gordon). Relief camps have been established in that northern area. If last fall before the cold weather came on the Dominion government had seen fit to put those men to work on the sixty-nine miles remaining to be steeled and the thirty-five miles remaining to be graded, that railway would have been completed. But time was wasted, the situation was dilly-dallied with, nothing was done, and now we are told that no more railways are to be built—that the Canadian National Railways are hard up; but meanwhile the Canadian Pacific may go on with their branch lines.

Mr. MANION: Are the Canadian Pacific building any branch lines?

Mr. McINTOSH: Yes.

Mr. MANION: What are they building at the present time?

Mr. McINTOSH: They have built the line from Debden to Meadow Lake.

Mr. MANION: What are they building now?

Mr. McINTOSH: They are building a line from North Battleford to Shellbrooke, and no intimation has been given that they are going to stop work.

Now, I am going to touch on the question of unemployment, for the reason that in 1928 the report of the committee on industrial and international relations on insurance against unemployment, sickness and invalidity was accepted unanimously by this house. Many hon. gentlemen opposite were then sitting on this side, and having allowed the report to go through unchallenged they accepted the principle of unemployment insurance. The subject was further dealt with in 1930, when the committee brought in a report which after a spirited debate was endorsed by the house. One part of the report recommended that the principle of insurance against unemployment be endorsed, and also the principle of financing, namely, contributions by the state, by the employer and by the employee. The committee stated that it was no use to inaugurate a system of unemployment insurance unless a number of the provinces cooperated. The committee stated further that they felt the need of statistical data on unemployment and employment and recommended that at the next census provision should be made to secure such data.

When that report was before the house the then Prime Minister (Mr. Mackenzie King) and the Liberal party endorsed it, but only after a long debate on an amendment that was defeated did the opposition allow the main motion to be accepted on division. That meant they were opposed to the report—to

the principle of unemployment insurance they supported the year previous. But what is their position to-day on the question? At the present time we find the right hon. gentleman and his party asserting they are on absolutely different ground. Now, they say they are in favour of unemployment insurance. Last session, on April 29, the right hon. Prime Minister gave a statement to the house and to the country on unemployment insurance. And what did he say? Here is the position that he and his party took on that occasion:

I repeat that we have the power to appropriate the money we collect to any useful purpose this parliament may determine. The parliament of Canada may determine what shall be done with the moneys collected from the taxpayers.

All right, if they can do that without regard to the question of respective jurisdiction so far as unemployment insurance is concerned they can do it just as well with regard to the relief of unemployment. There is no need for the provinces and the municipalities to have got hopelessly muddled up in the matter. Further, he said:

This government is anxious and willing to promote in every possible way the advancement of social legislation along the lines suggested.

What a different position from that taken by him in 1929. Then he opposed the resolution, he would not let it pass except on division. In 1931, two years later, he favours it, and not only so, but says he favours the advancement of social legislation along the lines suggested. In conclusion he said:

I say to him—

That is, to the hon. member for North Winnipeg (Mr. Heaps), who brought in a resolution which was debated and later withdrawn after the Prime Minister made his statement.

—on behalf of the administration that at the earliest possible moment consistent with obtaining information that is essential to make any measure of insurance worth while, we will use that information for the purpose of preparing and submitting to this house a measure embodying the views I have expressed.

There you are; the Prime Minister is here on record as being in favour of unemployment insurance; he is on record as saying that all he was waiting for was information which was to be obtained through the census taken last year. If that is the position of the government and of the Prime Minister in connection with this great problem, why has not something concrete in the way of unemployment insurance been submitted to this house? Why have we not heard a word about this question since last year? The Prime Minister said he was in favour of it; presumably he spoke for the government also, but there has not been a move made, not a step taken, not a thing done for months, with the result that conditions are getting worse. My own opinion is that something constructive must be done at once or conditions will get worse than at present, and they are serious now.

What are they doing in the United States in connection with this problem? They are in a worse mess industrially than that in which we find ourselves, because of their high tariffs and because of their false policy of restricting markets, all of which they have carried on and daringly gloated over for the last eight or ten years. Are they sitting down, doing nothing? Are they exhibiting a smug complacency towards the problem? Are they satisfied to continue to vote money for the payment of doles? Are they content to follow the practice of the past, or are they out to evolve a definite policy in order to solve the problem, not only industrially but socially as well, and having in mind the benefit to the economic structure of the nation? They are not resting on their oars at all; they are taking some action. I should like to see the government of the day in Canada do the same thing or, if the policy adopted or about to be adopted by some of the states is not suited to this country, let the government dig up something that will be satisfactory, something to mark progress, to show that the government is in earnest in attacking this problem by some other method than the payment of demoralizing and pauperizing doles.

In six of the eastern states of the union, Massachusetts, New York, Connecticut, Pennsylvania, New Jersey and Ohio, they are attacking this unemployment problem in earnest. The governors of these states appointed an interstate commission to investigate unemployment and make a report. That investigation has been held; that report has been presented to at least one of the governors, the governor of New York state, who has sent the report to the state legislature asking that it take action. There is one important point in that report—namely, that of compelling each industrialist to build up a reserve, holding him responsible for stabilizing employment within his own industry—to which I should like to refer, as showing the way they are attacking this problem of unemployment in the republic to the south of us. Great Britain and the nations on the continent of Europe have approached it in a slightly different way by pooling the contributions of the

state, employer and employee, but they have made progress. Canada has done nothing in either direction. Canada has made no move. Although the government said they would do something, they have done nothing, aimed at nothing and apparently hit it.

Mr. SPEAKER: The hon. gentleman has spoken for forty minutes.

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, I wish to take exception in the strongest possible manner to the resolution now before the house. I do so for several reasons, the first of which is that it leaves entirely unsettled and undetermined the principle of the unemployment and farm relief policy of the government of Canada. This government has been in power since the middle of 1930. They started out with a more or less well defined policy for the relief of unemployment through the construction of public works, but of course that policy was not new. I can remember hearing it advocated in this house during the last parliament, when the country was enjoying a very considerable measure of prosperity. There were a few members who said that in days of great surpluses we should not construct public works on an extensive scale but should lay up our money against the day when we would have adversity, and then we could spend it for the relief of the unemployed for whom we might have to provide.

When the government came into power they adopted that as their policy; at the emergency session of 1930 we were asked to vote and did vote $20,000,000 for the relief of unemployment. From that time until the end of the fiscal year on March 31, 1931, something more than $17,000,000 was either expended or appropriated for the relief of unemployment, and almost that entire sum was devoted to the construction of public works. The policy of constructing public works in order to relieve unemployment has certain apparent advantages. In the first place it gives wages to the unemployed and provides purchasing power which otherwise they would not have; in the second place it provides a market for materials, and in the third place it gives a stimulus to business in the localities where the works are carried on. At present in the United States of America there are many prominent public men who advocate the adoption of a similar policy, but the federal government of that country has not seen fit to do so on any large scale.

During the last few months there has been a considerable amount of discussion in the papers and before the public as to the advisability of continuing the policy of spending money on public works for the relief of unemployment. It is urged that this is a most expensive policy; it has been pointed out that since last August for every man-day of work that has been supplied the unemployed of this country, something like $10 has been spent by our various governments. If we consider the statement of the Minister of Labour (Mr. Gordon) we find that it works out to about this figure. Speaking in the house during a debate a few days ago the minister gave the total amount spent from August 1, 1931, to the end of February of this year, and he also gave the number of man-days of work during that time. The result of those two figures, as I have indicated, shows that not this government alone but all governments in Canada, federal, provincial and municipal, have paid about $10 for every man-day of work that has been supplied.

The financial papers particularly have taken exception to that policy. A fair example of the criticism one finds in those newspapers is found in the Financial Post of November 14, 1931, under the heading The Nation's Business. This is what the Post says:

> There is an idea that all this huge expenditure of government funds is creating prosperity. It is doing nothing of the sort; it is creating a worse crisis than the one it is designed to relieve. One may question that the expenditure of public money is even adding to the total of jobs that are available. We are given extensive figures to show how many men have been put to work on relief programs. But we will never know how many of these men are being denied the privilege of working at their regular jobs or on new private projects because the threat of high taxation and the freezing up of bond markets is holding back normal business development. Many institutions in Canada have large buildings planned and will go ahead with them as soon as they can see light; but they will not be able to see light so long as our governments endanger the credit basis of the country by their unchecked spending schemes. It may indeed be that every government job created now causes a private job to disappear.

Hence agitation has arisen, more or less extensive, for an alteration in the policy of the government. A policy is now being urged upon the government of confining our assistance to direct relief alone, a policy of curtailment of public expenditures, thrift, economy, reduction of the civil service, reduction in the salaries of the civil service and a decrease in expenditures on public works to the irreducible minimum. My criticism of the government, and it seems to me that it is an unanswerable criticism, is that the government, from the very time it assumed office, has never pursued

consistently either the one policy or the other. It seems to be in a muddle and has no clearcut conception of what the policy of this country should be, whether it should be a policy of expenditures or a policy of retrenchment. I suggest, therefore, that before the Prime Minister comes before this house, as he does to-day, and asks for a renewal of the dictatorship mandate, so-called, he should lay before the house the fundamental principle—I do not mean the details—upon which he proposes to proceed during the coming months.

I said that the government has not been consistent. Let me illustrate what I mean by that. We appropriated something over $17,000,000 between the emergency session of 1930 and the end of the fiscal year March 31, 1931; but when the public works estimates were brought down in the following spring we found that in the estimates for 1932 there was a decrease in the appropriations for public works as compared with the preceding year of $17,694,166.31. That is to say, while with the one hand the government was spending about $17,000,000 on the expenditure theory for the relief of unemployment and the relief of depression, it was curtailing expenditures in the Public Works department alone to the extent of a little over $17,000,000 on the thrift, economy and retrenchment theory. In other words, what the Department of Public Works was doing the Department of Labour was undoing; or, if you like to put it the other way, what the Department of Labour was doing the Department of Public Works was undoing. There has been no consistency in the government's policy.

The Prime Minister reaffirmed the expenditure policy at the end of the session of 1931. At the end of July or August 1, 1931, he came before the house and, in asking for the very bill which we are asked to extend to-day, he said that the government would continue its policy of constructing public works for the relief of unemployment. And he told us in this debate this afternoon that a great many expenditures on public works had been made in various parts of Canada. Moreover, when the Public Works estimates were up not long ago the Minister of Public Works justified certain isolated projects in various constituencies of the dominion on the ground that they were necessary for the relief of unemployment. I do not want to go into that particularly, but one that will occur to us is the Haileybury breakwater expenditure of $45,000 which was justified on the ground that it was necessary for the relief of unemployment. But at the same time, in the public works estimates for the year 1933, we find a reduction in public works appropriations as compared with the previous year of $10,120,000 odd. So that we see that the policy of the government has not only been inconsistent from the time hon. gentlemen opposite took office, but it has not been uniform in various parts of Canada. It varies from place to place and from time to time and at the same time. It is impossible for the government to make any progress if they concurrently pursue two entirely incompatible, inconsistent and contrary policies. Moreover, before the Prime Minister asks the house to give him another blank cheque and to give to his government power to legislate for the Dominion of Canada, he should say by what principle he is going to be guided. What is the principle that is to guide him with reference to these expenditures in the future?

I have another objection to the resolution, and that is that it does not take into account certain emergent situations which are arising in various parts of Canada. We know that there is an emergent situation in the west; there has been since the very serious weather conditions of the year 1931; and the government has taken hold of that situation and has been careful to meet it to the best of its ability. But situations are arising elsewhere which should be brought before the House of Commons—not before the members of the government, the cabinet council, but before this House of Commons. Very little has been said by members from the maritime provinces about conditions in that part of the country. I gather the impression, from persons with whom I have talked, that they think that the maritime provinces are in a comparatively prosperous condition. I was pleased to hear to-day that Quebec and the maritime provinces did not require any direct assistance to their governments from the federal government, while this fact was not true of any other province in Canada. But let me say to the Prime Minister, to the government and to this house—

Mr. BENNETT: The hon. gentleman is wrong with respect to Ontario. Ontario did not either; the two and a half millions was advanced merely for work that had been done.

Mr. ILSLEY: The Prime Minister made an explanation this afternoon regarding Ontario, the significance of which I hardly caught. I understood that there was a small sum advanced to Ontario, but the right hon. gentleman's explanation is, of course, accepted, although it has very little to do with my argument. What I want to say is something about conditions in the maritime provinces. In those provinces, apparently condi-

tions are getting worse. I wish to refer particularly to the situation which has arisen recently in the coal industry. In the month of January or December the government of Nova Scotia appointed a commission to investigate conditions in the coal industry in that province, and that commission brought in their report on February 19. The report revealed an exceedingly serious state of affairs, and when I say exceedingly serious I mean just that. The recommendation of the commission was that 2,000 men must go out of employment permanently. It means that something must be done for these men and their families, representing a population of 10,000. To give an idea of the seriousness of the situation, let me read a statement issued by Premier Harrington of Nova Scotia on February 19, 1932:

> The royal commission examining into the coal industry of the province has filed its report, and in view of the importance and urgency of the matter I am giving it publicity at once so that all our people may realize that we are faced with one of the most serious situations that has ever confronted Nova Scotia.
>
> The report of these capable and independent commissioners makes it clear that it is not a choice as between a wage reduction or not for the miners, or whether some miners shall be laid off by certain pits being closed,--it is the vital single question of whether coal mining in Nova Scotia can be continued as a major industry at all.

Towards the end of the statement the following appears:

> It is the purpose of the government immediately to cooperate with the federal government in an effort to work out a plan through which the least possible hardships will result to heads of families and their dependents affected by the reallocation proposals now recommended.

My submission is that a matter of such importance as the reorganization of the coal industry of Nova Scotia should de dealt with by this parliament and not by order in council, which is the power that the government is asking for by the resolution presented to-day. I am more familiar with the conditions existing in the agricultural industry in my province—I come from an agricultural constituency—than I am with those affecting other industries. The condition of agriculture is becoming gradually worse, and in all probability a situation will arise necessitating relief for agricultural distress in the maritime provinces. This matter is one of sufficient importance to call for the united consideration of this house rather than for action by order in council. I object to delegating to the government my responsibilities as a representative from the maritime provinces; I prefer to attempt to exercise to the best of my ability those responsibilities, having been elected for that purpose and having that duty vested in me under our constitution.

I submit that the most serious objection to be taken to this resolution is that a violation of the constitutional rights of the members of this house is being sought by the government of the day. It is hard to find words strong enough to characterize the action of the government in attempting to put through this resolution. It was bad enough in the emergency session of 1930 to ask for a vote of $20,000,000 for works which were not specified; it was worse in the session of 1931 to get from this parliament a blank cheque and legislation which set up a dictatorship between sessions, but it is infinitely worse for the government to have the temerity to come before this house and seek to perpetuate that dictatorship while parliament is in session.

This matter was up for discussion during the latter part of July and the first part of August, 1931. At that time we objected to certain features of certain sections of the act. The first objectionable feature with which we dealt was that no limitation was placed upon the powers of the government. Section 4 of the act reads as follows:

> The governor in council shall have full power to make all such orders and regulations as may be deemed necessary or desirable for relieving distress, providing employment and, within the competence of parliament, maintaining peace, order and good government throughout Canada.

In other words, the government was granted all the powers of parliament itself. It means that a bill passed by this house and the other chamber and assented to by His Excellency may be repealed the next day by the government sitting over in the east block or wherever it functions. They are permitted to go fair in the face of the wishes of this House of Commons; they can pass an order in council repealing legislation which the house has adopted. There has never been anything so outrageous in the history of this country. It may be said that they would not do that, but we can point to many instances where something almost as bad has been done between sessions, and to this I will refer a little later.

The second objectionable feature in the act was that there was no limitation either of the amount which could be expended or of the purpose for which it should be used. Section 2 reads as follows:

> There may be paid out of the consolidated revenue fund such moneys as the governor in council in his discretion may deem expedient to expend for relieving distress, providing employment and maintaining within the competence of parliament, peace, order and good government throughout Canada.

The third objectionable feature was that power was being granted to create new crimes, to set up extraordinary courts and to prescribe new and unusual modes of procedure. Section 5 reads:

All orders and regulations of the governor in council shall have the force of law and shall be enforced in such manner and by such court officers and authorities as the governor in council may prescribe, and may be varied, extended or revoked by any subsequent order or regulation;

That is, the right of trial by jury might be taken away, or might be granted where it was not applicable. The section continues:

—but if any order or regulation is varied, extended or revoked, neither the previous operation thereof nor anything duly done thereunder shall be affected thereby, nor shall any right, privilege, obligation or liability acquired, accrued, accruing or incurred thereunder be affected by any such variation, extension or revocation.

The fourth feature in the act to which we objected was that by implication it granted power to repeal existing legislation. Section 3 reads:

Without restricting the generality of the terms of the next preceding section hereof, and notwithstanding the provisions of any statute or law, the governor in council may,—

The section goes on to outline the powers granted notwithstanding the provisions of any other statute. It is clear that under this section the government has power to repeal by order in council the legislation of this parliament.

These were the main objectionable features which were pointed out when the act was passed. If there was any justification for such sweeping legislation it was because of the nearness of prorogation, but certainly there is no justification to-day, when we are practically beginning a new session, for the extension of that legislation. At that time we said that the act attempted to take away from parliament matters which should be under its exclusive control, that it established a virtual dictatorship, that it violated the basic principles of the control of parliament over national expenditure, that it was more sweeping than the war measures of the government of Sir Robert Borden, that it was a piece of despotism without parallel in the history of Canada, and that it was the worst piece of autocratic power which a Prime Minister or government of this country had ever attempted to assume. All that was true, and it is doubly true to-day when similar legislation is being sought while we, the duly constituted and elected representatives of the people, are assembled here and ready to discharge our duties.

I do not know upon what grounds this legislation can be justified. I understood from the Prime Minister yesterday that to-day he would give us some reasons why he would prefer to take this course rather than to proceed in the regular way by means of a supply bill. I listened to his address this afternoon but the reasons were not forthcoming. He said nothing in his speech to indicate where the advantage would be in proceeding by this method rather than by a supply bill. The only measures which he forecast were measures of expenditure, the only amount which he mentioned was one not exceeding six or seven millions of dollars. If the right hon. gentleman desires merely to spend a few million dollars, why does he not name a sum abundantly sufficient to cover his requirements? If he did, we in opposition would be willing to vote that amount. What reason is there for taking to himself and his colleagues the power to legislate? What reason is there for taking from us the power to do that which by constitution we are elected to do? None whatever has been suggested. Why should the government have power to amend and repeal this and the other act and then come to parliament and say: it is a fait accompli; there is the order in council; the thing is done and you can like it or lump it; criticize if you will, but it is all over. No reason was given by the Prime Minister this afternoon and I suggest no reason can be given. Last summer certain reasons were advanced. First, he said that between sessions he did not know how much money he would require. The answer made to him then is the answer we give him to-day: Make the sum large enough and we will vote it. To that very reasonable proposal he turns a deaf ear; for reasons that have not been given, he rejects it.

Last summer another reason advanced for the passage of this legislation was that all sorts of things might happen before the next session. The Prime Minister did not know exactly what might happen. He thought there might be some agitation in the country; he hinted at some disaffection among the labouring people, and that it might be necessary to take these extraordinary powers in order to deal with that situation.

Mr. BENNETT: I did not say any such thing as that—not in those words.

Mr. ILSLEY: Of course not in those words, but the Prime Minister said it.

Mr. BENNETT: Read what I said.

Mr. ILSLEY: One never quotes a person's words precisely. I gave exactly the meaning of what the Prime Minister said, and I was exceedingly careful in so doing.

Mr. BENNETT: Read it.

Mr. ILSLEY: These are the words of the Prime Minister:

> In that regard the measure provides for the maintenance of peace, order and good government in Canada. It is not for a moment to be thought that an insignificant number of strongly vocal persons shall be able so to affect the populace of this country as to make it impossible for us, in cooperation together as Canadians, to work out our destiny. I say that class, happily, is few in number. But in this present situation they now see an opportunity propitious to the prosecution of their pernicious political doctrines. This is a land of freedom where men may think what they will and say what they will, so long as they do not attack the foundations upon which our civilization has been built. But as we have freedom, so have we justice, and it is not just nor right that now or at any other time we should permit such action by words or deeds as may tend to unsettle confidence in the institutions and customs under which we live. Most of our legislation is framed upon that assumption.

And so on. That, in effect, is what I stated in the house a few minutes ago.

Mr. BENNETT: Now, will the hon. gentleman say that there is anything in that quotation where the word "labour" is used? Will he say it is there?

Mr. ILSLEY: Certainly it is not there.

Mr. BENNETT: Well, he made a statement which is untrue. That is all.

Mr. ILSLEY: The Prime Minister is continually talking about the danger of communistic outbreaks. Does he deny that?

Mr. BENNETT: What has that to do with labour?

Mr. ILSLEY: Well, if the right hon. gentleman cannot see what it has to do with labour, I cannot take time out of my forty minutes to explain the matter to him.

Let me continue. That was suggested. The point I want to make is that whatever justification there may have been last summer for that reason, there is no justification for it to-day. We have in the criminal code the celebrated section 98. It probably goes too far; I believe I would have voted for an amendment to it; but it is in the code, and so long as we have a government that will not permit a member even to introduce or to receive first reading of a bill providing for any change of a letter or a word in section 98, what is the sense of their taking power to legislate for the purpose of dealing with the communist menace? If legislation is necessary in connection with present conditions we are here to legislate. Therefore there need be no delay about the matter; consequently the reasons which were urged last summer cannot be urged to-day.

Last summer the Minister of Justice (Mr. Guthrie) suggested that we had to take these great powers to legislate for the peace, order and good government of Canada, because the use of these words brought the power to pass this measure within our jurisdiction. I do not want to speak disrespectfully, but there certainly was nothing in that contention, and I do not think the Minister of Justice seriously urged it. It was completely exploded, as anybody who refers to the debates of that day will discover, by the speakers who followed him. But the minister clearly intimated that, while that was a reason for the government's taking those enormous powers, it was not anticipated the administration would act under them.

That brings me to the question of what was done under those powers. I do not know all that was done because I have not any return of the orders in council that have been passed under this extraordinary legislation. But I know two things that were done. First, we prohibited the exportation of gold except under licence and by chartered banks. We did that under the Unemployment and Farm Relief Act of 1931, on the nineteenth day of October last. On New Year's eve, the thirty-first day of December, the government in a great rush put through another order in council, one that the Prime Minister referred to this afternoon, enabling the life insurance companies of Canada to place a false valuation upon their investments so that there would be no danger of two or three of our insurance companies being declared insolvent. That is an accurate statement of the situation. The Insurance Act requires that life insurance companies value their securities at the market valuation at the time, in this instance as of the thirty-first day of December. That might have led to disaster to certain life insurance companies, so the government on the thirty-first day of December put through an order in council, a copy of which I have under my hand, enabling those companies to take the valuation as of June 30, 1931 instead of December 31, 1931. That the government did under the Unemployment and Farm Relief Act of 1931, I have no doubt, at the instance of two or

three insurance companies including the largest life insurance company in Canada. That order in council was passed under a measure enacted by parliament for the relief of unemployment and farm distress, by virtue of the legislative powers delegated to the government by parliament.

So far as the exportation of gold is concerned this act has expired. So far as I can learn, it is now legal to export gold—if I am wrong about that, the Prime Minister will correct me. The time limit is stated in the order in council to be March 1, 1932, and it cannot be extended under the Unemployment and Farm Relief Act. If it is important that there should be legislation prohibiting the exportation of gold, the matter should be dealt with by parliament, and if it is important to deal with it now, it should not be dealt with by order in council. The other day the hon. member for Bow River (Mr. Garland) brought up a question in connection with this matter. He asked: Why should the producers of gold in this country be paid a premium? The people should have an opportunity to express their views on this subject through their representatives in parliament. Yet the government, if they get this legislation through, are likely to go over to the east block and pass, over the heads of members of parliament, some sort of order in council affecting the gold standard. Last fall a man in my constituency said to me: "Do you know what this government have done? They have gone off the gold standard under the Unemployment and Farm Relief Act." The people are not so foolish as the Prime Minister thinks; they follow these things; they have a sense of humour when dealing with these matters. They think it is incongruous, under an unemployment and farm relief act, to prohibit the exportation of gold. I repeat, when it is desired to deal with such matters as the gold standard and the exportation of gold, we are the people to deal with them and not the governor in council under such dictatorship legislation as is embodied in this act for the relief of unemployment and farm distress.

Let me come to the other legislation about the insurance companies. At the present time there is before the Senate a measure dealing with this matter and in due course it will come before the House of Commons. The bill is very sweeping in its character; I should say the order in council and probably the bill fly in the face of recent decisions of the privy council. That is disputed; there are different ideas in regard to it, but we do not know what the government are going to do if they get this bill through. As I have already pointed out, on New Year's eve they repealed by order in council certain sections of the Insurance Act. How do we know, if they get this bill through, they will not do something equally outrageous while we are sitting here?

Mr. POWER: Abolish the privy council.

Mr. ILSLEY: Yes, as my hon. friend has said, they may abolish the privy council. How do we know if the government gets this legislation through they will not permit the Sun Life Assurance Company or some other insurance companies to place another valuation upon these securities? The people who have paid their money into these insurance companies are very much interested. By way of indicating a ground for interest in the matter may I quote from the Montreal Gazette of March 7, 1932 as follows:

> Sun Life Assurance Company of Canada,
> Head Office, Montreal
> Stock Transfer Department
>
> Notice is hereby given that the stock transfer books of the company will be closed from the 17th to the 31st of March, both days inclusive, for the preparation of the dividend to become due and payable on the 1st day of April, 1932, to shareholders of record at the close of business on March 16, 1932.
>
> By order of the board.
>
> H. W. K. Hale,
> Secretary.

This company intends to declare and pay a dividend on its $2,000,000 capitalization; whether it will be to the extent of 25, 50 or 75 per cent I do not know. They have been paying pretty heavy dividends lately. However, the money that I as a policyholder have been paying in, and that policyholders from all parts of Canada have been paying in, has been invested by this company in watered stocks, in a long assortment of securities which have gone down disastrously in value, and certainly if this question were brought before parliament and the country instead of before that secret body known as the governor in council or the cabinet there are hon. members in this house who would insist upon seeing that these companies cease to pay such dividends.

Mr. BENNETT: May I correct the hon. gentleman? I know he does not desire to do injury to anybody. The truth is that every investment made by the Sun Life Assurance Company was an investment authorized by law, the statute having been passed by this parliament under the aegis of a Liberal administration.

Mr. ILSLEY: I am not concerned with picking up a little point of party politics.

Mr. BENNETT: Oh, no; knowing the hon. member as we do, we are sure he would not do that.

Mr. ILSLEY: I said nothing to the contrary. I think the Insurance Act should be amended. I am saying however that the Sun Life Assurance Company certainly pursued a policy with regard to speculative investments which was not pursued by any other company in the Dominion of Canada, with possibly one exception. The Prime Minister knows that, and that is all I said. I did not say they made illegal investments, but I said they made speculative investments, which turned out disastrously. With that statement I think the Prime Minister will agree.

I do not wish to go further into that question because undoubtedly it will come before the house when the matter of insurance is under consideration. The point I am making is that we should not delegate to the Dominion government our responsibility to deal with these matters. Under our constitution we are the persons to deal with them. As I said at the outset, the principle underlying the government's policy should be laid down and not evaded or left in the air. Hon. members should pass upon that principle, and then upon the details as well. The duty of a member of parliament is not simply to make himself felt by writing to the Prime Minister, making a speech on a motion to go into supply, or airing his views on the orders of the day. He has an even greater duty—that of focussing his mind upon each bill, clause by clause, and assisting in the framing of legislation. If we are going to scrap our constitution, let us go ahead and scrap it, but for the time being I am not prepared to scrap it. I say that so far as I know, nothing as outrageous as what this government is now attempting to do was ever heard of in the history of this country, or any other part of the British Empire.

I know the Prime Minister does not like to submit his measures to the house. I suppose he thinks he receives only factious opposition. I suppose he thinks he receives no cooperation. He certainly will not receive cooperation if he seeks to divest us of our responsibilities. If he permits us to exercise our responsibilities he may expect some measure of cooperation, but if he seeks to reduce this body to the level of a debating society rather than recognize its great functions, traditions and responsibilities, then he must expect quite a bit of talk. And there will be quite a bit of talk before he gets this outrageous bill through the house.

Hon. P. J. VENIOT (Gloucester): Mr. Speaker, when the Unemployment and Farm Relief bill was before the house in the session of 1931, I registered my bitter opposition. I felt that no such powers as outlined in that measure should be given to the governor in council. I felt the measures were too drastic as regards both the relief of the unemployed and the provision for contemplated action to preserve the peace, order and good government of the country. After witnessing the operation of the act I am more opposed to it than I was a year ago. We have seen how unsuccessfully the measure has worked out in certain sections of the Dominion of Canada. This afternoon the Prime Minister (Mr. Bennett) —he will correct me if I am wrong—admitted that one-half the commitments under the relief act of last year have not been carried out, and the work has not been accomplished. If that is so, why should we have an extension of that measure to May 1?

I ask the question for this reason: It was distinctly understood last session by all hon. members that any commitments entered into before March 1, 1932, were not to be affected by the lapse of the Unemployment and Farm Relief Act. That being so, why are we now asked for an extension of two months? Commitments made by the government under that act have not been fifty per cent expended. There is no need of an extension to meet unemployment conditions. There can be no need of an extension to meet the relief the government desires to give to the western provinces, because this afternoon the Prime Minister said that relief for the western farmers in the matter of the purchase of seed is the responsibility of the provincial government, and that the federal government would come to the assistance of the provinces only when the amounts of their commitments were made known. In one province the commitments are estimated at $6,000,000. Then, what is the reason for an extension of this measure? If the government have been working on the assumption that commitments made prior to March 1, 1932, would be affected, they should have made provision accordingly at an early date after the opening of parliament. If they did not make provision and were acting on the basis that the commitments would be affected, then they were negligent in carrying out their duty to those requiring assistance.

Now, sir, in rising I stated that I was opposed to this measure more strongly than ever on account of the personal experience I had had in carrying out the objects contemplated by it. Some of those who have

spoken to-night have referred to the way in which unemployment relief was administered in certain of the provinces. I do not intend to refer to any other province than my own—New Brunswick, where I have positive knowledge of the methods adopted. The other evening when I spoke on the question of unemployment relief I complained that certain work had been carried on in a partisan manner, and that large numbers of men in my county had received work who were not entitled to it, for they did not require any relief. I did not then enter into any particulars; now in order to show how this work was carried on allow me to particularize. I am prepared to stand behind these particulars. I have before me a record of persons employed on unemployment relief work in the county of Gloucester. Let me say to the Minister of Labour (Mr. Gordon) that notwithstanding the fact that one of his officials has reported that the work complained of by me the other evening was not dealt with under the Unemployment and Farm Relief Act, I say to the minister that $47,000 was expended in the county of Gloucester under the Unemployment and Farm Relief Act, and that the gentleman who was sent by the Department of Labour to investigate the matter has the evidence of witness after witness to prove that not only those who did not need relief were given work and the poor men who needed it thrown aside, but that political influence was exercised in awarding the work. Under the regulations issued by the Department of Labour to the provincial government of New Brunswick—

Mr. GORDON: That was provincial work.

Mr. VENIOT: I say it was not.

Mr. GORDON: I know it was.

Mr. VENIOT: Where was the $47,000 spent?

Mr. GORDON: I know the work to which the hon. member refers was provincial work.

Mr. VENIOT: Will the Minister of Labour tell the house where the $47,000 was expended? He will not do so simply because he does not know. The $47,000 to be spent under the Unemployment and Farm Relief Act was spent in the county of Gloucester. The minister has not the information in his possession, he cannot produce it. I challenge him to produce it.

Mr. PRICE: Neither can the hon. member for Gloucester county prove it.

Mr. VENIOT: I am not addressing myself to the hon. member for Westmorland (Mr. Price); when I do it will be time enough for him to reply. I challenge the Minister of Labour to produce details of the expenditure of the $47,000 granted the county of Gloucester under the Unemployment and Farm Relief Act, and if he does I will show him where and how the work was done. I reiterate, the work I am going to refer to was done under the Unemployment and Farm Relief Act, and there can be no doubt about it. The other night I gave the Minister of Public Works (Mr. Stewart) credit for the way in which he acted in the matter. He put a stop to irregularities, but the Minister of Labour never undertook to do anything. The work on the Grande Anse breakwater was unemployment relief work done under the direction of the federal department of Public Works. Why did I complain there? This is one of the reasons. I found that on that work the foreman named Theriault had his two sons employed.

Mr. PRICE: What of that?

The ACTING SPEAKER (Mr. Morand): Order.

Mr. VENIOT: That was in direct violation of the orders issued by the Department of Public Works. When it was reported to the minister of that department he looked into it and had the irregularity stopped. We have another case of a father and his son sixteen years of age at work, while another man with a family of seven children was denied work.

Mr. PRICE: Will the hon. gentleman allow a question?

Mr. VENIOT: No, I will not. That man was turned down and told distinctly that he was on the wrong political side. The resident engineer in St. John was instructed to look into the matter. He did, and the foreman had to admit that he had used that language. We have numerous similar cases in connection with works carried on in the county of Gloucester.

The other night I said that the government had not displayed sufficient care in approving of the relief project. Let me emphasize that to-night. I hold in my hand a return laid on the table embracing all the projects accepted by the federal government for work for unemployment relief in the county of Gloucester. I have before me a statement of projects accepted by the Department of Labour covering an expenditure of $750,000 for unemployment relief work in New Brunswick. The date of approval is November 26, 1931. Three quarters of the money was spent months before the federal

government ever approved of the projects. I have here particulars of $26,500 to be spent in the county of Gloucester, and approved on November 26, 1931. Every cent of that money was spent before that date.

Mr. GORDON: Was it well spent?

Mr. VENIOT: No, it was not. That is what I am complaining about, and if the minister will give me a proper investigation, if he will name a commissioner to come to Gloucester county with a detailed statement of the money spent there under unemployment relief, I will undertake to prove under oath the statements I am making to-night. What more do we find? They lacked sufficient care in approving of these projects. In the list of projects approved on November 26, 1931, we find the town of Sunny Brae, with the amount of $1,750. That money was all spent before the Department of Labour approved of that project.

Mr. PRICE: The hon. gentleman would not dare make that statement in the city of Moncton.

Mr. VENIOT: Yes, I will make it in Sunny Brae. Take the money spent in Gloucester, Northumberland, Restigouche and many of the other counties; you will find that it was expended before approval was given.

Mr. PRICE: You would not dare say that in New Brunswick.

Mr. VENIOT: I would say it anywhere.

Mr. PRICE: No, you would not dare.

Mr. VENIOT: Mr. Speaker, surely I am entitled to speak for forty minutes without interruption by the hon. member for Westmorland. I am sorry he thinks it is his duty to interrupt me; I would rather see him stand up and defend his constituents and plead for their rights, especially the rights of the railway men who elected him.

Mr. PRICE: I will do it, and I will take you to task for attacking Barachois and Aboujagan.

Mr. VENIOT: I never attacked them; I asked for information. Surely as a member of this house I am entitled to that information, and when it comes down my hon. friend may not be so proud of it.

Now, sir, let me point out another injustice that has been done in Gloucester county. The incorporated town of Bathurst, with a population of about five thousand, undertook to pave all the streets in order to relieve unemployment, at an expenditure of $225,000. When this work was almost completed they applied for a share of the federal money under this act, but their request was refused. Work remained to be done to the extent of about $28,000, and when the town applied for assistance in completing that work their request was approved and they received $7,500. While Bathurst was doing work to the extent of $225,000, in order to relieve unemployment, with not a dollar contributed by the federal government, other towns which had completed the work planned before November 26 were paid the full federal share of the cost of those works. So to my mind this act has not been administered in an honest and fair way.

This afternoon the right hon. Prime Minister stated that at a certain public meeting in the county of Gloucester I told the people that I had received letters from the federal Department of Labour asking for recommendations as to the work which should be undertaken in Gloucester county in order to relieve unemployment, and that I flaunted those letters before my audience and said I was the one who should look after that. I then interjected that the Prime Minister had been misinformed. I think that information was given to the right hon. gentleman within the last forty-eight or seventy-two hours, and I wish to tell him that whoever made those statements to him led him astray, because there is not one word of truth in them. It is true that I did read in public the letters sent me by the Department of Labour; I did read in public the regulations under which this money was to be spent, and I explained to the people that there was to be no discrimination, political, racial or religious. There was a by-election going on, and I explained that everyone working on the roads had a perfect right to vote as he saw fit, that this money was not the money of Liberals or Conservatives; it was money voted by the parliament of Canada to help the unemployed in that county. What happened when I was making that explanation? The letter from which I am reading now is on file in the Department of Labour, and it contains this statement with regard to the parish of Beresford:

That all the supervisors of roads in this parish were acting in the same way as did Supervisor Cormier, I may say that on October 18th I was addressing a public meeting in the parish hall at Petit Rocher on behalf of the opposition candidate. I had been asked a question touching the expenditure of unemployment relief money. I was explaining that the instructions issued by the federal Department of Labour set forth very plainly that there was to be no discrimination whatever along political lines in the expenditure of this money, that

this money should be earned by those really in need of it, and that no matter what might be said by the other side, everyone was free to vote as he saw fit notwithstanding that he might be employed under the supervision of the provincial government. I was flatly contradicted by a man in the audience, and when I inquired who the person was he did not hesitate to come forward and inform me that he was a supervisor of roads and would have charge of this expenditure, and added "Pas un seul Liberal aura de l'ouvrage de chômage. C'est Coffyn, et non pas Veniot qui verra à cela." And this supervisor certainly did keep his word.

He said, "Not a single Liberal will have any part of this unemployment work. It is Doctor Coffyn"—who was the provincial government candidate—"that will look after it and not P. J. Veniot."

That partisanship was carried on throughout the length and breadth of the county of Gloucester. There was a by-election in that county; the Premier of New Brunswick addressed a public meeting in the town of Bathurst on the Friday night before the election, and said:

We do not want Doctor Coffyn elected in Gloucester because we need his vote to maintain the government in power. We want him elected so that we will have reason to do something big for Gloucester county along the lines of the unemployment relief aid to be given by the federal government and the province of New Brunswick.

There was a bribe held out to the electors of that county; they were told that unless Doctor Coffyn was elected, unless they returned a man who was favourable to the government, the government would measure the relief to be doled out in Gloucester county by the actions of the electors on polling day.

Mr. PRICE: I don't believe the premier ever made such a statement.

Mr. VENIOT: And I know you would say, if he did make it, that he had no right to make it, wouldn't you?

Mr. PRICE: I would simply say just now that he didn't make it.

Mr. VENIOT: He did make it. The hon. gentleman has no right under the rules of the house to question my veracity.

Mr. PRICE: He didn't make such a statement.

Mr. VENIOT: Let me go a step further. I hold in my hand a letter over the signature of W. H. Coffyn, provincial candidate in the county. This is addressed to Supervisor Max Arseneau. Here is the letter:

Six Roads, October 24, 1931.

Supervisor Max Arseneau:

Please see that Peter Gauvin has work on the road when you do your work next. It will be to our mutual advantage.

(Signed) W. H. Coffyn.

An hon. MEMBER: Is that another provincial employee?

Mr. VENIOT: They are all provincial employees who spent the unemployment relief money in New Brunswick. That is the reason I object to it; that is why I say politics is creeping into the expenditure of the money, and it should not be allowed. But I go further than that. Just to show the opinion that is spreading among the people, that this unemployment relief money is to be expended along political lines, I have an extract from a letter which I am going to read:

I was successful in getting the amount authorized for expenditure in your district, but the patronage is entirely in the hands of the four defeated candidates.

I would advise you to take up the matter direct with them, as I regret that I have nothing whatever to do with provincial matters, and this work is being done entirely through them, although the federal is contributing; unfortunately I have no say whatever as to patronage in the local.

Mr. PRICE: By whom is that signed?

Mr. VENIOT: Without being saucy to the hon. gentleman I may tell him it is none of his business. Now there is an example of how patronage came into the distribution of this unemployment relief money. That is signed by a federal member. Here is a man who is writing for work; he writes to get an order to go to work. He cannot get it without an order and he is told, "If you want an order you will have to go to the four provincial candidates defeated in the provincial election." Do you mean to tell me that under conditions of that kind, I can approve of or support the same system that was in practice last year and which evidently is to be put into practice this year? The unemployment relief money was used as a political fund in Gloucester county.

There was another by-election in the province of New Brunswick, in the county of St. John. There are only about eleven or twelve thousand inhabitants, and for the money that is on this list as having been approved of on November 26, 1931, and in 1930 work was done in the county of St. John to the extent of $52,000.

Mr. HANSON (York-Sunbury): When was that by-election?

Mr. VENIOT: Last year.

Mr. HANSON (York-Sunbury): Before the money was voted by this parliament?

Mr. VENIOT: Yes, quite true.

Mr. HANSON (York-Sunbury): There was not a cent spent in the county of St. John.

Mr. VENIOT: Don't be too quick. I have here proof that work in the county of St. John was done to the extent of practically $52,000.

Mr. HANSON (York-Sunbury): But long after the by-election.

Mr. VENIOT: That was approved November 26, and every cent of the money was spent during the summer time and a lot of it during the election; and that money spent in the county of St. John during that by-election was transferred to the projects submitted to the federal government and approved November 26, 1931. I am sorry to say that the hon. gentleman does not know what he is talking about. I have an absolute statement here from the department. I will go further. As regards this expenditure in St. John as well as the expenditure in the county of Gloucester during these by-elections, I challenge the Minister of Labour to bring down the pay sheets, to bring down the detailed accounts showing the dates on which the money was spent. Then this house will know who is telling the truth and who is not.

Mr. Speaker, I do not wish to take up any more of the time of the house just now, because it is almost eleven o'clock. I have more to say, but if I entered now upon other arguments which I wish to advance, and which I shall advance on some other occasion, there would not be time for me to finish. I see by the clock that it is now five minutes to eleven and therefore I will say no more at the moment.

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

Wednesday, March 9, 1932

The house met at three o'clock.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire, Mr. Speaker, to lay on the table of the house the report under the Unemployment and Farm Relief Act, 1931, together with copies of the orders in council passed under the authority of the statute.

I desire to move, seconded by Mr. Sauvé:

That seven hundred copies in English and three hundred copies in French of this report be printed, and that rule 64 be suspended in relation thereto.

Hon. ERNEST LAPOINTE (Quebec East): Does that include the orders in council which have been adopted under the provisions for "peace, order and good government," or are they documents by themselves?

Mr. GORDON: The orders in council are documents by themselves; they are not included in the printed report.

Mr. LAPOINTE: And will not be printed?

Mr. GORDON: I had not anticipated that there would be any necessity for printing the orders in council.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Can the Minister of Labour (Mr. Gordon) indicate when the report will be printed? I know that in the past it has been arranged sometimes to have the printing done a little in advance of the orders of the house.

Mr. GORDON: I think it will be only a day or two before the report is printed. I have asked the Secretary of State (Mr. Cahan) to speed up the printing. I am sending the right hon. gentleman a copy now.

Mr. CAHAN: The report is probably printed by now.

Motion agreed to.

RAILWAY ACT AMENDMENT

Mr. G. B. NICHOLSON (East Algoma) moved for leave to introduce Bill No. 29, to amend the Railway Act.

He said: Mr. Speaker, section 179 of the Railway Act provides that in the event of a railway company deviating any of its lines or closing a terminal or a station, involving the necessity of its employees leaving their homes and moving to another point, they must first obtain the leave of the Board of Railway Commissioners, and the board may order such compensation to the employees as in their judgment the case warrants. I propose to amend this section by adding after the words "nor create a new divisional point" the following words:

Nor make any change in the routing of traffic, nor run crews through divisional points where their homes are established, nor make any other change.

And at the end of the section to add these words:

No such change shall be made or authorized without thirty days' notice of the intended change to the employees concerned.

Subsections 1 and 2 of section 250 arbitrarily prohibit any superstructure being erected over a line of railway that does not provide a fixed clearance of seven feet between the highest freight car used on the railway and the lowest beam of the structure. Subsection 5 however, grants the railway commission authority to give special permission in certain cases to change this arbitrary clearance. It is proposed to amend subsection 5 by adding the following words:

Provided that no exemption shall be made from the operation of this section nor any change made in the standards fixed by this section until due notice and hearing is first given to all parties interested.

Motion agreed to and bill read the first time.

YUKON QUARTZ MINING ACT

Hon. T. G. MURPHY (Minister of the Interior) moved for leave to introduce Bill No. 30, to amend the Yukon Quartz Mining Act.

He said: The regulations for the disposal of quartz mining claims in the Northwest Territories were established by order in council under the authority of section 35 of the Dominion Lands Act, being chapter 113, of the Revised Statutes of Canada, 1927, while quartz mining claims in the Yukon territory are granted under the Yukon Quartz Mining Act, which does not permit of any amendments except by legislation.

The purposes of this bill are twofold:

1. To make it possible for the governor general in council to extend to holders of mineral claims in the Yukon territory the same measure of consideration as it is possible to extend to holders of mineral claims in the Northwest Territories in the matter of relief from representation work on mineral claims;

2. To provide a penalty clause designed to prevent misrepresentation as to work claimed to have been done on a mineral claim, and to prevent removing or disturbing any legal post or stake marking a claim.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

[Mr. Nicholson.]

FELIX BARTHOLOMEW LEBLANC

Mr. DUFF:

1. Has Felix Bartholomew LeBlanc been appointed to the position of customs officer at Arichat, Nova Scotia?
2. If so, was said appointment made by the Civil Service Commission?
3. Is the said incumbent a returned soldier?
4. Is he a Canadian citizen?

Mr. CAHAN:

1. Yes.
2. Yes.
3. No.
4. Yes.

GOVERNMENT ELEVATOR—PORT PRESCOTT, ONT.

Mr. ROSS:

1. How much: (a) wheat; (b) other grain or cereal has been received at government elevator, Port Prescott, since opening?
2. How much: (a) wheat; (b) other grain or cereal has been received at the elevator at Little Cataraqui bay, since opening?

Mr. STEVENS:

1. (a) Wheat—	Bushels
Canadian	604,553
United States	95,530
Total	700,083
(b) Other grain—	Bushels
Canadian	737,722
Foreign corn	548,135
Total	1,285,857
2. (a) Wheat—	Bushels
Canadian	5,399,162
United States	3,364,301
Total	8,763,463
(b) Other grain—	Bushels
Canadian	2,640,492
United States	—
Total	2,640,492

GEORGE FLETCHER

Mr. BOUCHARD:

1. Has a contract been let to George Fletcher to carry the mail from Bailieboro to Millbrook, Ontario, during the year 1932?
2. Has Mr. Fletcher a wife and children dependent?
3. Was R. J. Porter's tender lower than Mr. Fletcher's for this contract?
4. If so, how much lower?
5. Were any complaints ever received regarding Mr. R. J. Porter as a mail carrier during his twenty-six years of service as such?

Mr. SAUVE:

1. Yes.
2. Department has no official information.

3 and 4. Yes. $11 lower, but owing to special representations made regarding the situation of tenderers, and also the war record of Mr. Fletcher, he was allowed to reduce his tender by this amount to the rate of the lowest.

5. No.

* TEMPORARY EMPLOYEES—PUBLIC WORKS

Mr. FOURNIER:

1. How many letters were sent to temporary employees of the Department of Public Works advising them that their services would be no more required after the last of March, 1932?
2. How many of said employees are native born?
3. How many of said employees are French speaking?

Mr. STEWART (Leeds): Stand as an order for return.

Mr. MACKENZIE KING: I should like to ask the Minister of Public Works just what is the reason for having this question stand as an order for return. It requires simply a word in answer to each of the questions.

Mr. STEWART (Leeds): I think somewhat more detailed information is required than my right hon. friend suggests in order to complete the answer to this question.

Mr. MACKENZIE KING: The first question is:

How many letters were sent to temporary employees of the Department of Public Works advising them that their services would be no more required after the last of March, 1932?

Surely one word would answer that. The next question is:

How many of said employees are native born?

Surely one word would answer that. The next question is:

How many of said employees are French speaking?

Surely one word would answer that also, so why should this question be made an order for return?

Mr. STEWART (Leeds): It will take some time to get this information, and I should think if it comes down as an order for return it will be as satisfactory as an immediate answer.

Mr. MACKENZIE KING: I certainly think these questions that can be answered briefly should not be made orders for returns. It may be different if questions require a great deal of research, but the letters here referred to have been recently issued and it should not take long to secure the information.

Mr. STEWART (Leeds): I want to assure my right hon. friend that there is no desire on the part of the government to escape giving the information.

Mr. BENNETT: Perhaps the question might stand instead of being made an order for return.

Mr. STEWART (Leeds): Very well.

Question stands.

PENSION APPLICATIONS

Mr. MACKENZIE (Vancouver):

1. How many cases were referred for award to the proper authorities under the meritorious clause since the new machinery of pensions tribunals and appeal court was formed?
2. How many such applications were granted?
3. How many such applications are still awaiting decision?

Mr. MacLAREN:

1. Fifty-seven.
2. One.
3. Fifty-six.

QUESTIONS PASSED AS ORDERS FOR RETURNS

AGRICULTURAL EXPORTS

Mr. PORTEOUS:

What were the exports from Canada, and value thereof, of agricultural products, each year from 1929 to 1930, inclusive, of the following: (a) live stock and products thereof; (b) milk, cream and dairy products; (c) wheat; (d) total agricultural products except wheat?

Mr. STEVENS: Stands as an order for return, now tabled.

ROYAL CANADIAN AIR FORCE

Mr. AHEARN:

1. How many officers retained in the Royal Canadian Air Force are married men?
2. How many of these married officers have not seen war service?
3. How many wives and dependent children are affected by the release of married officers of the Royal Canadian Air Force?
4. Is the government considering absorbing married officers of the Royal Canadian Air Force into other branches of the government service?
5. How many non-permanent officers of the Royal Canadian Air Force, who were first advised that their services were no longer required, have since been reengaged?
6. How many of such officers have war service?
7. How many of such officers are married?

PUBLIC WORKS EMPLOYEES

Mr. CHEVRIER:

What are the names, length of service, nature of work and number of dependents of each permanent employee of the maintenance

staff of the Department of Public Works, Ottawa, who have been notified that their services will not be required after the 31st of March?

TOBACCO EXPORTS AND IMPORTS

Mr. GOTT:

1. How much excise tax per pound is collected on domestic raw leaf tobacco when used in licensed factories in Canada, and how and when is the tax collected?
2. What amount was collected for the fiscal years ending March 31, 1930, and 1931?
3. What was the total amount of tobacco consumed in Canada each year from 1908 to 1931, inclusive?
4. How much tobacco was grown in Canada during the years 1908 to 1931, inclusive?
5. How much tobacco was imported into Canada in the above years, and from what source were the said imports?
6. How much tobacco was exported from Canada during the above years, and to what countries?
7. What rebate of import duty is allowed on imported raw leaf when manufactured for export purposes?
8. What bonding privileges are extended to licensed manufacturers when raw leaf tobacco is imported by them?
9. How much imported raw leaf tobacco was used for export purposes during the years 1908 to 1931, inclusive?
10. What were the average prices received by the tobacco growers of Canada: (a) for their 1929 crop; (b) 1930 crop; and (c) 1931 crop?
11. How do the departmental officials arrive at the average price paid for tobacco in the United States?
12. Does the Canadian government classify the different types of tobacco raised in Canada, imported into Canada and exported from Canada?
13. If not, for what reason?

UNOPPOSED MOTIONS FOR PAPERS

L'ISLET, QUEBEC, POST OFFICE

Mr. FAFARD:

For a copy of all correspondence, reports, telegrams, petitions and other documents, in connection with the post office at L'Islet, Quebec, in 1931 and 1932.

BRITON COVE, N.S., POST OFFICE

Mr. VENIOT (for Mr. Duff):

For a copy of all correspondence, letters, telegrams, memorandums, investigations, reports and other documents, regarding the change in the Briton Cove post office in the province of Nova Scotia, and the reasons for the transfer of same from the previous location to the present location, between any member of the government and any official of the Post Office department at Ottawa and any person or persons in the province of Nova Scotia.

BIG BRAS D'OR PUBLIC WHARF

Mr. VENIOT (for Mr. Duff):

For a copy of all correspondence, letters, telegrams, memorandums, reports and other documents, between any member of the government and any official of the Department of Public Works or the Labour department or any person in the province of Nova Scotia in respect to the Big Bras D'Or public wharf repairs during the summer and fall of 1931, with a copy of payrolls and amounts expended thereon; and particulars as to whether this work was performed by contract or days' work, and the present condition of said repairs.

MARGAREE, N.S., BREAKWATER

Mr. VENIOT (for Mr. Duff):

For a copy of all correspondence, letters, telegrams, memorandums, reports and other documents, exchanged between any member of the government and any official of the Department of Public Works or the Labour department or any person in the province of Nova Scotia, with a copy of payrolls and amounts spent on the repair of breakwater and in harbour improvements, during the years 1930 and 1931, at Margaree, in the province of Nova Scotia.

MOTOR CAR BODIES

Mr. McGIBBON:

For a return showing: (1) the amount of lumber; (a) hardwood; (b) softwood, imported into Canada during the past year by the manufacturers of motor cars and trucks; (2) the number of motor car or truck bodies or frames, either wholly or partly made of wood, imported into Canada during the past year, showing the rate of duty, the amount collected, the kind of wood and the prices f.o.b. at the mills.

Mr. McGIBBON: Dropped.

Motion dropped.

QUEBEC PROVINCIAL GOVERNMENT WORKS

Mr. POWER:

For a copy of all correspondence, memoranda, contracts, conventions or agreements entered into during the months of October, November and December, 1931, between the government of the province of Quebec or any of its departments, and the government of the Dominion of Canada, in connection with the apportionment, distribution and administration of moneys contributed by the government of the Dominion of Canada to works carried on by the provincial government other than those under the control of municipalities.

ROMEO MARQUIS

Mr. BOUCHARD:

For a copy of all correspondence, telegrams, reports and other documents relating both to the dismissal of Romeo Marquis, St. Germain, county of Kamouraska, Quebec, as rural mail carrier and the appointment of his successor.

CLEMENT LEVESQUE

Mr. BOUCHARD:

For a copy of all correspondence, reports or other documents relating to the dismissal of Clement Levesque, postmaster at St. Pacome Station, Kamouraska county, Quebec; also copy

of all correspondence, reports or other documents in connection with an inquiry with reference to the charges brought against the said Clement Levesque and the appointment of his successor.

DOUGLAS, ONT.—POSTMASTER

Mr. BLAIR:

For a copy of all correspondence, applications, reports on applicants and all other documents relating to the appointment of a postmaster at Douglas, Ontario.

ALBERT HAMELIN

Mr. BUTCHER:

For a copy of all correspondence, telegrams, letters, recommendations, sworn statements, and all other evidence taken at any inquiry in connection with the dismissal of Albert Hamelin as postmaster at Jasmin, Saskatchewan.

MOTIONS FOR PAPERS

CABINET MINISTERS—AUTOMOBILES

Mr. GEORGE SPOTTON (North Huron) moved:

For a return showing: (a) how many automobiles were purchased for the use of cabinet ministers during each of the fiscal years ending March 31, 1922, 1923, 1924, 1925, 1926, 1927, 1928 and 1929; (b) the make of car used by each minister and the price of each of the said cars; (c) the cost of maintenance of each of the said cars, showing in detail the salary of chauffeur, oil and gasoline, repairs, housing, depreciation and other charges.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): If the house is interested in getting this information, as I have no doubt it is, it will be equally interested in getting like information for the years immediately preceding and immediately following those mentioned. Accordingly I would move that the motion be amended by adding in line 4, after the word "1929" the words "also the fiscal years ending March 31, 1930 and 1931, and the fiscal years ending March 31, 1919, 1920 and 1921."

Mr. BENNETT: I think we might shorten this by accepting the amendment proposed.

Mr. SPEAKER: Perhaps the mover of the original motion will accept the amendment.

Mr. SPOTTON: I think the right hon. gentleman had better ask his own questions.

Amendment agreed to.

Motion as amended agreed to.

COMMONS AND SENATE EMPLOYEES

Mr. THOMAS REID (New Westminster): moved:

For a return showing the number of persons in the employ of the government in connection with the commons chamber, the senate chamber and parliament building generally, with the various salaries paid.

Mr. SPEAKER: When this motion was called previously I pointed out that there was no date mentioned.

Mr. REID: With the consent of the house I will amend the motion by inserting the words "from March 1, 1931, to March 1, 1932."

Mr. SPEAKER: With the amendment, shall the motion carry?

Motion as amended agreed to.

PUBLIC WORKS—QUEBEC

Mr. C. G. POWER (Quebec South) moved:

For a return showing list of all works carried on in the province of Quebec during the calendar year 1931 under the Unemployment Relief Act by the government of the Dominion of Canada out of its own moneys, and to which no contribution has been made either by the municipalities or by the government of the province of Quebec, together with copies of letters and correspondence indicating on whose recommendation said works were undertaken.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the return tabled today covers the major part, if not all, of the information asked for in this motion. There may be letters and correspondence that do not appear in the return as tabled, but undoubtedly the rest of the information will be found in the return.

Mr. MACKENZIE KING: Is it understood that the minister will bring down what is not in the report?

Mr. GORDON: Yes.

Mr. MACKENZIE KING: That is satisfactory.

Motion agreed to.

EASTER ADJOURNMENT

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): I promised the right hon. gentleman (Mr. Mackenzie King) that I would inform him to-day with respect to the Easter recess. If it is acceptable, as I understand it is from what was said yesterday, it will be proposed to adjourn on the Wednesday evening preceding Good Friday and convene again on the succeeding Tuesday. I said Thursday, yesterday, but Thursday will be a holy day. This arrangement will allow us to sit on Wednesday, and, if the house thinks desirable, we might sit until eleven o'clock. At any rate, I will give notice in the ordinary way on the order paper.

Mr. MACKENZIE KING: That would be wholly acceptable to the members on this side

Mr. BENNETT: We spoke to Mr. Gardiner and I understand he is satisfied.

DISARMAMENT CONFERENCE

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): The house will be interested in the information which I have just received that our colleague the Hon. Maurice Dupré, Solicitor General, was to-day unanimously elected vice-president of the Naval Committee of the Disarmament Conference. The proposal was made by the Italian representatives, and in view of the unanimity with which it was received the ordinary rule of secret balloting was dispensed with.

CANADA SHIPPING ACT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver South): I would direct a question to the Minister of Marine (Mr. Duranleau). In the speech from the throne it was announced that there would be amendments to the Canada Shipping Act, and I would ask the minister whether we may expect these amendments shortly.

Hon. ALFRED DURANLEAU (Minister of Marine): I regret to say that I fear it will not be possible to lay before parliament at this session a bill to revise and consolidate the Canada Shipping Act. While the work of the officers of my department in this connection is well in hand, it is not yet sufficiently advanced to permit a bill being brought down. Anyone who has made a study of the present act will realize that the work of revising it is one of great magnitude and of no small importance. The present act contains eighteen separate parts, each dealing with a different subject, the whole comprising 950 sections. It was only last fall that the statute of Westminster was passed by the Imperial parliament, and the British Commonwealth Merchant Shipping Agreement was signed at London only on December 10, 1931. By this agreement the governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, the Irish Free State and Newfoundland undertook to propose any necessary legislation and to take such other steps as may be necessary for the purpose of giving full effect to the agreement. The revision of the Canada Shipping Act, when it is complete, will have to conform to the agreement, and after full and lengthy consideration the officers of my department have proposed that the most desirable way to secure the legislative uniformity contemplated by the agreement is to have model sections of the law set up which would be embodied in the statutes of all those parts of the commonwealth which are signatories to the agreement. This matter is now engaging the attention of my department, but I may add that I intend to bring before the house this session such amendments to our coastal laws as are most urgent at the present time.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Will opportunity be given for all interested parties to present their points of view—shipping masters, the various labour unions, and others who are very keenly interested, such as the marine engineers?

Mr. DURANLEAU: I understand that representations were made some time ago by the different associations interested. At any rate, the bill will be referred to the standing committee on marine and fisheries and any interested party will have an opportunity to present objections or offer suggestions.

Mr. THOMAS REID (New Westminster): Does the minister intend to bring down at this session legislation with respect to the inspection and enforcement of safety appliances on board ship while in dock?

Mr. DURANLEAU: I understand that the chief object of the amendments will be with respect to our coastal laws for the purpose of putting Canadian bottom owners on the same footing as the American. There may be other amendments, but I cannot say offhand whether the amendment suggested by my hon. friend will be embodied in the bill.

TRADE TREATIES

On the orders of the day:

Mr. SAMUEL FACTOR (Toronto West Centre): May I call the attention of the Minister of Trade and Commerce (Mr. Stevens) to the following despatch, dated March 8, and ask a question based upon it:

> New Zealand Treaty Waits on Canada
>
> Wellington, New Zealand, March 8.—"Unforeseen delay at the Canadian end" has temporarily held up progress on the trade treaty between Canada and New Zealand, Downie Stewart, finance minister, said to-night. The proposals negotiated between Mr. Stewart and H. H. Stevens, Canadian Minister of Trade and Commerce, at Honolulu, are ready, however, for submission to the New Zealand parliament. Mr. Stewart added he had been informed by Mr. Stevens that pressing political problems had precluded immediate submission of the proposals to the Canadian cabinet.

Will the minister say whether this despatch is correct, and what these political problems are.

Hon. H. H STEVENS (Minister of Trade and Commerce): The answer to the question is that in the course of a few days a statement will be made to the house regarding the Dominion government's position in connection with the New Zealand treaty.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask the Minister of Trade and Commerce or the Prime Minister whether negotiations are proceeding with the government of France with respect to a treaty between Canada and France on trade matters. I ask this question because I believe despatches have come from France which would indicate that the French government is contemplating banning fresh fruits from Canada and putting a prohibitive duty of $1 a bushel on imports of grain as a consequence of the abrogation of the treaty we had.

Right Hon. R. B. BENNETT (Prime Minister): No such information has reached the government, nor have we received any communications since the last despatch was sent, indicating a willingness to resume discussions looking towards an amended treaty

MONTREAL POSTAL TERMINAL

On the orders of the day:

Hon. Mr. RINFRET (Translation): May I inquire from the Postmaster General whether his department has completed or will soon complete the purchase of the necessary land for the erection of a postal terminal, near the Bonaventure station, in Montreal, and when we may expect to see the work started.

Hon. Mr. SAUVE (Translation): I think that this question comes under the jurisdiction of the Minister of Public Works (Mr. Stewart).

UNEMPLOYMENT AND FARM RELIEF

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, will the Prime Minister (Mr. Bennett) advise the house what members of the council are replacing, in their absence, the minister without portfolio (Sir George Perley) and the Solicitor General (Mr. Dupré) on the subcommittee for the administration of the unemployment relief act.

Right Hon. R. B. BENNETT (Prime Minister): In view of the fact that no further new matters are being considered, no appointments have been made. As occasion necessitates these appointments will be made, but at the moment there is no necessity. The members of council as a whole have considered such matters as require attention since the departure of the ministers referred to.

Mr. LAPOINTE: No Quebec men?

Mr. BENNETT: There are Quebec men on the council as a whole.

UNEMPLOYMENT AND FARM RELIEF

CONTINUANCE ACT, 1932—CONSIDERATION OF RESOLUTION

The house resumed from Tuesday, March 8, consideration of the motion of the Prime Minister that Mr. Speaker do now leave the chair for the house to resolve itself into committe of the whole on the following resolution:

Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, to my mind the resolution which has been introduced by the Prime Minister (Mr. Bennett) is one of the most important pieces of legislation brought before the house this session. It deals with unemployment and farm relief and affects not only tens of thousands of people; when the husbands and wives and children are taken into account it means that probably a million and a half or two million people are affected. The discussion thereon should receive the serious thought of every hon. member.

We have had in this country from time to time what have been known as hard times or depressions, and it must be said of the Canadian people as a whole that they face a crisis or anything which seems to be in the nature of a disaster with courage second to none. We have had depressions before, and in all probability as time goes on we will have others. They will occur when this government has passed on and perhaps when most, if not all, of the hon. members have left the scene. We had a depression which started in 1921 and extended into 1922 and 1923. I do not intend to deal in detail with the period of the great war, but for a moment I should like to go back to those days.

During the years from 1914 to 1918 the people of this country were under terrific stress and strain. They were keyed up from time to time with the news from the front; some of them were waiting anxiously for the cables announcing the causualty lists, and so

on, but their morale was sustained not only by their loyalty but because they were kept busy. There was no unemployment and, after all, the great tonic for idleness or for worry is activity and work. I might say that not only was every man and woman active in connection with the war, but there was also some profiteering, with which I do not intend to deal.

I desire to contrast that trying period from 1914 to 1918 with this depression, which in its magnitude and its ramifications is perhaps the greatest we have experienced. I am not unmindful of the efforts put forth by this government to grapple with the situation which confronted them when they took power in 1930 and which has continued down to the present day. I do not intend to hark back to the election campaign of 1930 other than to say that in the campaign the present Prime Minister, then the leader of the Conservative party, and all his candidates, made of unemployment a federal issue. Nothing was said in regard to the provinces taking part in this work, and very little in connection with the participation of municipalities. The then leader of the opposition made it a federal issue. He told the people of this country, not once but a dozen times, in so many words: If you elect me as Prime Minister and I form a government, with my bow and arrow I will kill and end unemployment in this country. That was the effect of the words he uttered. It is only fair to make a few observations in connection with the methods adopted by this government in regard to unemployment. As I said before, I am not unmindful of the efforts put forth, nor do I think the people of this country are unmindful of them; but I do think the majority of the people are of the opinion that whatever the efforts may have been, the results have fallen far short of expectations.

First of all, I should like to go back to the special session held in September, 1930. That session was called largely for the purpose of devising ways and means and passing legislation to end unemployment. The first method adopted by the government at that special session was the raising of the tariff to a point higher than any other government has ever attempted to raise it, and higher, I hope, than any government in the future will attempt to raise it. But this did not have the effect of curing unemployment; on the contrary, it made the unemployment greater, because people of moderate means had to pay more for the necessities of life. Therefore the increase of the tariff had no effect at all in the way of alleviating unemployment.

Then there was the measure under which an amount of $20,000,000 was voted to relieve or put an end to unemployment. I am not criticizing that in any way, nor did the opposition criticize it at the time it was brought in. They did have something to say as to the way in which the money should be spent, and made certain suggestions which were not taken seriously or acted upon by the government; but the principle of asking for a vote of $20,000,000 was not opposed by hon. members on this side. As a matter of fact, the opposition would not at that time have criticized the granting of a larger sum, but the government thought $20,000,000 was the amount they should have to spend.

I want to speak of the mistakes the government, in my judgment, made at the time they had that amount voted. First of all, the government made a mistake even before the calling of the special session—and in the remarks I make I want it to be clearly understood that I am not in any way critical of the hon. gentleman who held the portfolio of Minister of Labour from the inception of this government until his resignation a few weeks ago. He is a capable man, a man of integrity, and one who, I think, has for many years kept in close touch with labour conditions in Canada. I am sorry, that the gentleman, as the Prime Minister pointed out not long ago, has become a casualty through being overworked and broken in health. But in that appointment to the portfolio of labour the mistake made by the government was this: if there is any place where a minister of labour should not have a seat, it is in the other chamber of this parliament. He was not close to the common people. He could not occupy a seat in this house in the special session of 1930 or in the session of 1931. Many questions were asked of the Department of Labour; sometimes they were answered and sometimes they were not. But in my opinion the results would have been far better for this country and for the people who are out of employment had the office of minister of labour been occupied by a member of the House of Commons.

Mr. MACDOUGALL: When the Hon. Mr. Murdock was Minister of Labour in a Liberal government, had he a seat in the House of Commons?

Mr. SANDERSON: Yes, he had.

Mr. MACDOUGALL: He was defeated and was appointed to the Senate.

Mr. SANDERSON: He was not appointed to the Senate until years after he was minister of labour.

Mr. MACDOUGALL: Not at all.

Mr. SANDERSON: I do not mind interruptions if they are relevant. I shall answer any question I can, but as regards the question of my friend, he is wrong in his facts, because the Hon. Mr. Murdock was never minister of labour while he sat in the Senate.

Another mistake that I think the government made was that they linked themselves up with the provinces and municipalities. If I may revert to some remarks I made a few moments ago, they made the issue that primarily the question of unemployment was a matter for the federal parliament. Then they attempted to make some arrangement first with the provinces and through the provinces with the municipalities. The result is that the whole matter has been confused; there has not been either head or tail to it. There are two principals: the federal government and the provinces, with the municipalities as a side partner. The result is that if a member rises and asks a courteous, intelligent question in regard to the expenditure of federal money on unemployment relief, it is very difficult to secure an intelligent answer. I say that in no spirit of criticism. It would have been far better if the federal government had assumed the whole responsibility for the payment of money in connection with unemployment relief and had in some degree worked in conjunction, if they wished to do so, with the provinces and the provinces with the municipalities, but there should have been some scheme worked out so that the responsibility in regard to the payment of these amounts could at least be put on someone's shoulders.

Mr. McGIBBON: What does the hon. member suggest the federal government could have done instead of what they did do?

Mr. SANDERSON: That is a fair question, and I am prepared to answer it. As a matter of fact, I was coming to it. I would say: follow the advice that the leader of the opposition (Mr. Mackenzie King) gave to the government the other day, namely, that it would have been far better if this relief work had been carried out by a commission rather than through any government. Such a course would have done away with a great deal of the difficulty, unrest and dissatisfaction that prevail to-day in this country in regard to the expenditure of the money.

Mr. McGIBBON: Would the hon. member eliminate the provinces and the municipalities in connection with this expenditure?

Mr. SANDERSON: I do not say that I would do so, but I would suggest a responsible commission composed of responsible men, not politicians, either members of the government or members of the opposition.

Some hon. MEMBERS: Oh, oh!

Mr. SANDERSON: Hon. members can take that as a joke, but I mean it just the same. I would suggest a commission where no politics could creep in. If the hon. member for Muskoka-Ontario (Mr. McGibbon) will wait a moment or two, I shall endeavour to give my reasons for saying why I think the appointment of a commission would have been much better than the way in which the matter has been handled by the government since 1930.

These questions sometimes get me off the beaten path. I want to go back to the $20,000,000 voted at the special session of 1930. We find, according to the statements made from the government side, that out of the fund of $20,000,000 the sum of $17,372,000 was expended. The whole amount apparently was not required, or at least, if it was required, it was not spent. The $17,372,000 formed part of a total expenditure by the provinces and municipalities of approximately $70,000,000. That proves, to my mind at least, that $3,000,000 was not used, so that there was lack of business ability, lack of coordination and lack of cooperation between the federal government, the provincial governments and the municipalities. But I do not blame the municipalities in that regard. I am endeavouring to establish merely that the whole scheme has been worked out in a very unbusiness-like way. I repeat, that the federal government should have been in control of the situation from the first, perhaps having a commission working for or under it to some degree. I do not think any member of this house will get up and say that the efforts put forth by this government in the special session of 1930 did very much to alleviate unemployment. Unfortunately—one does not like to say this, but we must face the facts as we see them—the unemployment situation has gradually been getting worse ever since this government came into power, despite the fact that it has had practically a free hand to grapple with the situation. My hon. friend from Muskoka-Ontario, as a medical man, knows that if he is prescribing for a patient who gradually gets worse under his treatment instead of better, and concludes that his treatment is not the right one for the case, he may consult with some other member of the profession or perhaps call in another doctor to prescribe for the patient.

I am not insinuating at all that the opposition should be called in to deal with the present state of affairs, because they will be called in by the people of this country just as soon as they have an opportunity to speak their minds.

Mr. EMBURY: We shall have to be a whole lot sicker than we are now for that to happen.

Mr. SANDERSON: The whole management or mismanagement of the situation does not stand very much to the credit of the federal government or of some of the provincial governments, as I shall endeavour to explain in a moment or two.

I come to the session of 1931. At that session there was a long discussion of the unemployment question, and very late in the session, two or three days before the close, a measure was brought down by the government asking for what is commonly known now as a blank cheque in dealing with the unemployment situation. That blank cheque was given to them, although hon. members on this side opposed it, pointing out at the same time that if the government in their wisdom wished to ask for fifty or one hundred or one hundred and fifty million dollars, or any other stated amount, it would be voted without question. But no, the government must have a blank cheque and unlimited powers, and they got both. We do not know how much of the blank cheque has been handed over to the provinces, although figures have been given as to the amounts for some of the provinces. I do not think, however, that any hon. member on the other side of the house will say that since the government was granted a blank cheque and unlimited powers in the session of 1931, unemployment has lessened. On the contrary, from 1931 down to the present day, just as from 1930 to 1931, the unemployment situation has been gradually getting worse; there are thousands more unemployed men and women in this country to-day than there were a year ago.

Now I come to at least a partial answer to the question asked by my hon. friend from Muskoka-Ontario about the commission and about the spending of this money. I do not charge the right hon. the Prime Minister, any member of his government, or the government as a whole, with having played politics in the expenditure of money voted for unemployment and farm relief. But I do say this, that either with or without knowledge, consciously or unconsciously, the federal authorities placed in the hands of the provincial governments something that most of the provinces at all events have used for political purposes. I want to speak particularly of the province of Ontario.

Members from Nova Scotia and from Saskatchewan have pointed out in this house that politics did enter into the spending of the money voted for purposes of unemployment and farm relief. Speaking as a citizen of Ontario, and knowing something at least of politics in this province, I say that the fund has been used in Ontario for political purposes. I want to say a word or two about the political machine in the province of Ontario, and when I say the political machine I mean the provincial political machine. Of course, in a federal election the provincial political machine comes out to do duty for the federal party, but primarily it is a provincial political machine. Its chief architect and designer is a gentleman who now occupies a high position in London, England, but that machine is still in existence, and its ramifications are numerous indeed. It is surprising how this political machine is manned. It is manned by officials of the highways department of the province of Ontario; it is manned by the officials of the liquor control board of the province of Ontario, and when I say "officials" I am not referring at all to the commissioners; it is manned by officials who have to do with old age pensions in the province of Ontario; it is manned by officials who have to do with mothers' allowances in the province of Ontario; it is manned by officials of that great public institution, the Ontario Hydro Electric Commission.

Mr. MANION: Might I offer a suggestion to my hon. friend? Does he not think that in fairness, having made a general statement of that kind, he should give more details, rather than leave it in the form of a general statement? Those are pretty serious charges, and it seems to me that my hon. friend has said either too much or too little.

Mr. SANDERSON: In reply to my hon. friend the Minister of Railways and Canals (Mr. Manion), I do not think I have said too much or too little, and if I have the time I may say a good deal more before I sit down.

Mr. MANION: There is plenty of time.

Mr. SANDERSON: In regard to the manning of the political machine by officials of the Ontario Hydro Electric Commission, let me say that part of the machine is not working true to form; for there has been to some extent a backfire from the gun they have been firing in that part of the political

machine. But I repeat, Mr. Speaker, in the province of Ontario the political machine is manned by officials of these different departments and commissions as I have stated here on my responsibility as a member of this house. They have built up that great political machine in the province of Ontario. I will not say that they have taken the money out of the treasury, but the fact that they have the spending of the money through their officials has resulted in their using it, if not directly at least indirectly for political purposes.

My friend the Minister of Railways thought I had said too much or too little. Well, I am going to tell him something more. During the last year and a half there have been several by-elections for the legislature of Ontario, and to my knowledge hundreds and hundreds of unemployed men were stopped outside the polling booths by Conservatives and warned that they had better be careful how they marked their ballots, because if it was found they had voted against the Queens Park candidate they could take it for granted that they would not get any work or relief from the unemployment fund. If that is not playing politics I do not know what is. So I repeat that in Ontario, unfortunately, the money received by the province under the Unemployment and Farm Relief Act has been used to further the purposes of the political machine.

I regret that the Minister of Labour (Mr. Gordon) is not in his seat. He holds a very important portfolio. There is no doubt of his ability, nor of his integrity so far as I know; but I am a little doubtful of him in some other respects. I am told that his sponsor was the distinguished gentleman who now occupies such a prominent position in London, England, and that it was he who tutored the minister in the craft of politics. So we had an excellent combination—an apt pupil and a very clever teacher. On February 23 last the minister took part in the debate on unemployment, arising out of the amendment moved by the member for Kenora-Rainy River (Mr. Heenan) on the motion to go into supply. One would naturally expect that in what was his maiden speech as Minister of Labour he would have at least said something in regard to the policy of the government or what he himself thought should be done to help dispel the dark clouds of unemployment and distress that hang over the country. I have read his speech carefully in Hansard of that date. He was not subject to the forty-minute rule and consequently spoke at length. In all kindness to him I would point out that he took up almost three-quarters of an hour in criticizing the immigration policy of the former administration, and tried to argue that the policy was largely the cause of the present unemployment and distress. Well, the hon. gentleman came into this house after the elections of 1930, and I would refer him to a speech delivered on March 9, 1928, by the then hon. member for Vancouver North, Mr. McRae, who sat on this side as a member of the Conservative party and of the opposition. His fellow Conservatives applauded the scheme that he outlined for colonizing fifty million acres of land in the far west at a cost involving not millions but billions of dollars. If the then government had taken his advice and carried out that policy the country would now be bankrupt.

After attacking the immigration policy of the late administration, the minister launched an attack on the hon. member for Kenora-Rainy River, who held the portfolio of labour in the late Liberal government. I hold no brief for the hon. member for Kenora-Rainy River; he is well able to take care of himself and usually does, but I would say to the minister that if he puts as much energy into his work and gets as close to the labouring people of Canada as did his predecessor, he will have a record to be proud of when he retires from the Department of Labour. On that occasion he regaled the house with a vast amount of correspondence from people up in northern Ontario, from mayors, presidents of boards of trade and others, all throwing boquets at the administration. One would expect an hon. gentleman holding the very high and responsible position of Minister of Labour to maintain debate, especially during this trying period, on the high plane of national politics rather than descend to the low level of ward politics. But a perusal of the correspondence is sufficient to convince one that it could have no place even in the discussion of a village council.

Now, to come to the resolution itself:

That it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

The Prime Minister is a very eminent lawyer, and I do not pretend to follow him in the citations he read to the house yesterday from a judgment delivered by the late Lord Chancellor Haldane, but it appears to me as a layman using ordinary common sense that he is attempting to resurrect something that is dead. He is trying to amend an act that became null and void on March 1 last. This resolution requires an undertaker to bury it, and when that is done the government should bring in some live act in its place.

I should like to say a word or two with regard to farm relief as it pertains to the province of Ontario. We have heard a great deal in regard to the money spent in Saskatchewan and the other provinces of the west for direct farm relief, but if this government does not take some steps to relieve the situation in this great province of Ontario, before long they will be confronted with a situation that will tax all the resources of the country. During the course of a debate the other day the Prime Minister stated, in reply to a question as to farm products and their prices, that the farmers of this country had better read the book written by the Duchess of Atholl. If that is all the relief the government is prepared to give the farmers of Ontario and of the other provinces, then it is a sorry day for the farmers and for the whole Dominion of Canada.

I want to repeat what has been often said in this house that if the basic industry of this country cannot prosper; if the farmers cannot find markets for what they produce, at prices which will at least give them some profit, that industry is doomed. This is the situation facing the farmers of Ontario to-day, as well as those of every province in this great dominion. I hope the house will not permit the Prime Minister to force through this blank cheque again. The right hon. gentleman likes to cite precedents from the mother of parliaments, as he calls it.

Mr. SPEAKER: The hon. gentleman has spoken for forty minutes.

Mr. PETER McGIBBON (Muskoka-Ontario): Mr. Speaker, as one who has had considerable relief work done in his constituency I can hardly let the statements just made by my hon. friend (Mr. Sanderson) go unchallenged. The hon. gentleman said this money was used for political purposes. I agree with the Minister of Railways (Mr. Manion) that if a man stands up in this house and makes a charge as serious as this, at least he should be prepared to give some proof. The only proof suggested by the hon. member who just took his seat was that somewhere, at some time, some persons had been told by somebody that if they did not vote for a certain candidate in a certain by-election—which the hon. gentleman did not name—they would be deprived of relief work. The one outstanding thing that has struck me during this debate has been the lack of real criticism by the opposition. Perhaps they are performing what they think is a party act, but it does not take very much intelligence to understand that really there is no enthusiasm behind what they are doing; their efforts are not well directed, and above all no alternative plan has been suggested. I defy any member of this house to go into the ridings where this money has been spent and successfully criticize the way it has been handled. I do not say there have been no mistakes; there have, but what undertaking of such magnitude ever was carried through without mistakes being made? The opposition have suggested no alternative. What would they have done with these tens of thousands of people, men, women and children, literally starving in this country? When I remember that notable speech of the right hon. leader of the opposition (Mr. Mackenzie King), with the background it had—that speech that acted as one of the most powerful weapons in sweeping hon. gentleman opposite from the government benches to the opposite side of the house—I should think they would have left this subject alone.

We had unemployment then, Mr. Speaker; we still have it and everyone regrets it, but what would hon. gentlemen opposite have done? I asked the hon. member who just took his seat what he would have done, and what was his answer? He said he would have appointed a commission. Was that an alternative policy? I ask him now, as I ask any member opposite, what he would have done that the government did not do. Would they have started a dole?

Mr. MITCHELL: You started it yourselves.

Mr. McGIBBON: The hon. gentleman says we started it ourselves. I will do this; I will go into Hamilton at the next election and defend the labouring people there against him on this question.

Mr. SANDERSON: Did I understand the hon. member to say he will go into Hamilton and speak against the labour candidate?

Mr. McGIBBON: No, I said I would defend this legislation, and I think it can be defended successfully. Through this legislation seven million man-days of work were given the people of this country. Is that nothing to be proud of? Did it have no effect on the prosperity of the country? Perhaps it had not much effect, but I will tell you what it did right in my own riding; it had the effect of keeping body and soul together for a lot of those people who would have starved without it. There is no question about that. When this work started last fall a man came to me and said, "McGibbon, I have a wife and

eight children. I have nothing; I have only earned $63 in the last four months, and my prospects for the future are no better."

Mr. POULIOT: There are 550,000 like that.

Mr. McGIBBON: That is to be regretted, Mr. Speaker, but it only emphasizes the need for legislation of this kind, and the fact that it should not be stopped from the first of this month. Now what should we have done with these people? That is the question before the house and no doubt before the government. These people had nothing to eat and there were, in my opinion, only two things to be done, possibly three. You could hand them out a dole or you could put them to work. The government decided to do the latter, wisely, I think. Others may differ and they have just as good a right to their opinion as I have to mine, but I think it was a wise business, good business both from the man's standpoint and from the country's. It certainly saved the man's self respect when you gave him a job whereby he could earn his own living instead of being put on the dole. It was certainly in the interests of the country even if you got only forty or fifty or sixty per cent of value for the money you spent. And so the government decided, wisely, in my opinion, to go into the policy of road building. The Dominion government could not do otherwise: that goes without saying; and that was what I meant when I asked the last speaker what was his alternative policy. I am not a lawyer, but I do not know of anything they could have done except to hand out money, and they chose to save the self-respect of the people of Canada by endeavouring to get some value for the money that was spent.

Mr. SANDERSON: The hon. gentleman says he would hand out money, and the money has been handed out by the federal government. Is he in favour of, and does he endorse, the action of this government in handing out sums to the provinces without any check, without any audit on the expenditures, without any idea as to where the money is to go or who is to get it?

Mr. McGIBBON: I am not in favour of that, but that has not been done.

Mr. SANDERSON: But it has been done.

Mr. McGIBBON: Not without an audit and check; not at all. I think there is something to be said for the principle which has been announced and which I stated in this house ten or twelve years ago, namely, that the body responsible for raising money through taxation of the people should be responsible for the spending of that money. There is a good deal to be said for that principle. But when you are faced with a national emergency, with humanity in one scale of the balance and legal quibbling and technicalities in the other, then I say that the people of this country will not tolerate the overriding of humanity by technicalities.

How was the money spent? I happen to know a good deal about the way some of it was spent. I do not think we got as much value as we should have, and that is possibly inevitable in any undertaking of such magnitude. But I do know that we got value. The first thing that happened was this. I myself put an advertisement in every paper in my riding, asking all those out of work to register. That was the first thing. Then certain works were laid out to be undertaken and certain quotas of men drawn from every municipality. How was that done? The reeve and council of the municipality were asked to pick the men, and who could know the politics of the reeve in any township or municipality in the riding? That was the way it was done, and the money was spent through the officials of the provincial government. The hon. member says they are political heelers. I want to tell him that the principal official in the district of Muskoka was a Liberal, one of the worst Grits I think you could find in any county in the province of Ontario. He handled all that money and none of us objected.

An hon. MEMBER: Was he a good Grit?

Mr. McGIBBON: You will have to define what that is before I can answer. However, when he wanted men he wrote to the reeve of the municipality and said, "Send me ten, twenty or thirty men," as the case might be. How could politics enter into a scheme of that kind? The men went on and did their work for a week or two and then they were let go and others were taken in their places, and not all from my riding by any means. I believe many came from the riding of the hon. gentleman who has just taken his seat; many came from Oshawa; many came from Galt, and some from Preston. And they were selected in the identical way that those in Muskoka were selected. The reeve or the mayor of the municipality was asked to select those who were in want, and those who presumably were most in want were first sent to work. That was the way the work was carried on throughout the districts of Parry Sound, Muskoka and Haliburton, and from actual knowledge I can say that I do not know how some of these people would ever

have got through the winter had it not been for the work provided by this government and the provincial authorities.

I ask hon. members: Is it not fair, when a man rises in this house and claims that this money was used for political purposes, that he should at least give some proof? I know that in the north country it was not so used; politics never entered into it anywhere. I can say further that it has done a great amount of good for the poor people of these working districts in the north. If hon. gentlemen have any suggestion to offer, why do they not offer it? I am not advocating it, but I think it is a debatable point whether we should not distinguish between wages and relief. We had many complaints from farmers, when they paid $2.40 a day, that the wages were away beyond anything they could afford, and we had some complaints from industry along the same line. Of course there was this to be said, that the men were not given continuous work; they were not expected to have continuous work. They had probably one week out of two or three. But I think it is a debatable point, if this is going to be done again, whether you should not build your camps, put in your cooks, and have every man who is in want go there and keep him and feed him. Let him do what he can but keep him continuously. The money would take care of a far larger number of people than it would under the past scheme. I do not know whether that would appeal to everyone, but what did appeal to me was this: that it was rather a hardship to put a man on for a week and then turn him off for two weeks or so. The demand, however, was so great that it was almost impossible for everyone to be taken on and kept on continuously. I say, therefore, taking into consideration the objections of the farmers, the manufacturers and so on, that it might be debatable whether there was not a better scheme than the one we employed. But the situation was largely similar to war conditions. There was nothing to guide us and we had to act as best we could and obtain the best results possible.

What I rose to say was this. As regards that part of the country with which I am concerned, where I had considerable intimate knowledge of the spending of the money, I can assure the house that politics never played any part in it for five minutes. I do not think politics had any effect at all. Undoubtedly mistakes were made that should not be made again, but I resent people getting up in this house and making accusations of a character so serious as those made this afternoon, without any proof whatever.

[Mr. McGibbon.]

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, there is no question of greater interest to the members in this corner of the house than that of the relief of unemployment, yet I must confess to an almost overbearing sense of futility in attempting once again to try to set forth our position with regard to such matters. While the hon. member for South Perth (Mr. Sanderson) was speaking I looked around the chamber and I noticed that there were only twenty-five members on the government side of the house, including two cabinet ministers, and only twenty-six or twenty-seven members on this side. It does not seem as if this question is of any vital importance to the membership of this house, and, more than that, it seems to be taken for granted that any discussion which takes place on the floor of this house will be of no great importance in modifying the views of the government. Some hon. member said the other day that to a very considerable extent we have degenerated into a debating society. If this is a debating society, I suppose the only thing we can do is to keep up the debate in the hope that some time we may get a break.

In his remarks when introducing this resolution the Prime Minister (Mr. Bennett) took a great deal of trouble to attempt to shift the responsibility from the federal government to the governments of the provinces. As has been pointed out, that was a great contrast to the attitude he took before the last elections. I should like to read two sentences only from the Prime Minister's speech delivered at Calgary on June 12, 1930. He said:

> I say to you, my fellow citizens, my fellow Canadians, speaking to the larger audience, I am convinced this problem has now ceased to be local and provincial and has become national in its importance.

And a little later:

> I propose that parliament shall formulate a definite plan for permanent relief, and that parliament, as representing the people, shall deal with this national problem and provide amelioration for the condition in order that next winter the Canadian people may not be facing the crisis which is upon us without having a remedy at hand.

As I have said, that was back in June, 1930. The next winter came, another winter came and we are well on into the spring and yet no permanent plan has been devised nor does it appear that the Prime Minister is making any effort to carry out his promise that a plan should be brought before parliament. He appears to be proposing to go on in the manner indicated by the hon. member for Muskoka-Ontario (Mr. McGibbon), that is,

drifting along and doing what at the moment seems to be best. It is against that kind of haphazard action that we protest.

I do not think there is any use worrying about whether or not this matter comes under provincial or federal authority. Even the Prime Minister had to admit that the provincial authorities, especially in the west, were almost bankrupt. No provincial government, especially those in the west, is going to protest against the Dominion government dealing with this question of unemployment. Only two days ago I received the following telegram from Premier Bracken:

> Distribution seed grain through municipalities in Manitoba will burden financial resources of said municipalities far beyond their ability to undertake. Strongly urge that you use your best endeavours to have Dominion government undertake finance one-third of freight charges and assume one-third of any losses by municipalities resulting through distribution of seed grain. Provincial government has already undertaken to assume one-third in both instances.

A very serious crisis is facing the farmer in the west. The provincial governments are coming forward and making their proposals but apparently they can obtain no satisfaction whatever from the federal government. What is to be done? Under these circumstances we find the Prime Minister reading elaborate and lengthy extracts from some judicial decision in connection with the exact point at which federal and provincial jurisdiction may be doubtful. I do not think that is in keeping with the promises he made and the attitude he assumed before the elections.

Last evening we listened to a very brilliant speech by the hon. member for Hants-Kings (Mr. Ilsley). I agree with him to a large extent, especially when he states that there is great danger that parliamentary authority may be abrogated by the taking of such action as we are now asked to take. The Prime Minister in attempting to meet this objection the other day, said:

> . . . having regard to the gravity of the situation and the difficulty of dealing with it by any hard and fast rule, that this chamber will confer these powers upon this government. I would not deprive this parliament of its right to criticize freely and, if it thought desirable, destroy this administration for the improper discharge of its obligations, but I can conceive of no way in which this house can have larger powers conferred upon it than by the method I have suggested, so that in every instance it might have the fullest opportunity of dealing with these matters.

That sounds very well, it sounds as if parliament has authority but in actuality we know that the government has a majority of some thirty members and that on any vital question it can count on the solid support of that majority. Even on minor matters the government seems to feel quite safe in relying on the support of its following, which means in effect that this parliament has little authority. It is all very well to say that in form, measures have to be submitted to parliament, but in actual practice it means that what the Prime Minister says goes. When the Prime Minister makes a statement he can count on the loyal support of every last member of his party, and therefore what we say here is of practically no value. I think we have had an almost unseen change in the character of our British institution. When parliament was first organized there was no political machine such as we have to-day and under those circumstances a speech in the house might have some weight and a proposal could be discussed on its merits and there might be some check enforced, but to-day there is very little check.

I would not object quite so strenuously to the dictatorship which is rapidly being developed if that dictatorship were in the interests of the great majority of the people, but I do not believe that is the case. As far as I can judge from the various measures presented to the house, this dictatorship is essentially in the interests of the financial groups of this country. As was pointed out by the hon. member for Hants-Kings, the only two illustrations that the Prime Minister gave of the power which he asked to be conferred upon the government with regard to peace, order and good government, were relative to financial measures. Mention was made, for example, of the export of gold. I was rather interested in a reply which was given by the Minister of Finance (Mr. Rhodes) to a question I asked the other day, to the effect that gold issued in redemption of Dominion of Canada notes from September 21 to October 19, 1931, the day of the passing of order in council P.C. 2617, to public bodies, banks, firms and individuals, amounted to $5,318,461.49. That means that certain individuals and firms were able to secure, in exchange for dominion notes, gold which, I am credibly informed, was then shipped to pay their debts in the United States. That may have been quite legal, but I urge that the ordinary man cannot get gold for that purpose. I know of a number of cases that have been brought to my attention where men have applied for gold and have been refused it. It is a most serious situation where certain preferred groups can secure gold and make their payments in the United States

thus saving what one time was something like 25 per cent of a discount. That is a serious state of affairs.

Mr. MANION: May I point out to my hon. friend that no special groups got the privilege of exchanging Dominion of Canada notes for gold? The matter depended on the circumstances in each case, and each case was dealt with on its merits. I am sure my hon. friend does not wish to be unfair. There were people who were so unpatriotic as to desire to secure gold in order to make the premium on it, and those people had to be refused.

Mr. WOODSWORTH: I should like to know what the difference is between making a premium on gold here and sending it to the United States and saving the discount there.

Mr. MANION: There were reasons for holding the gold in Canada, so far as possible, unless there were better reasons for sending it to the United States.

Mr. WOODSWORTH: I am not disputing the general policy, but friends of mine have gone to the banks and asked for gold, and while I think they were just as patriotic as the people to whom gold was given, they were refused.

Mr. MANION: That may have been for good reasons.

Mr. WOODSWORTH: That is an arbitrary practice on the part of the government in that it depends entirely on them and comes under this relief measure as to whether certain people will be able to secure gold in exchange or not. The Minister of Finance, may I say to the Minister of Railways (Mr. Manion), said that this redemption of Dominion of Canada notes was as provided by law. I should like to ask the Minister of Railways why, if this redemption was as provided by law, some people secured gold whereas others were refused it.

Mr. MANION: Because, as I said, it all depended on the circumstances.

Mr. WOODSWORTH: Then it is not law if it depends on circumstances, because this means in effect that the matter is left to the arbitrary jurisdiction of the government in power. That is my objection.

Further than that, may I point out another matter which comes very close to this. Recently the provincial savings bank of my province had to close its doors, and the accounts were transferred to the chartered banks. We have not yet been told just why that was done. If the Dominion government could come to the rescue of certain individuals and, if necessary, supply gold, I should like to know why the dominion could not come to the rescue of the provincial savings bank of Manitoba.

Mr. MACDOUGALL: Did they not do so?

Mr. WOODSWORTH: No.

Mr. MANION: My hon. friend makes a positive statement. When he says that they did not do so, he does not know the facts.

Mr. WOODSWORTH: I should like to have a full statement on that matter, because even such a paper as the Winnipeg Tribune, which is usually a staunch supporter of the government, charges in its editorials discrimination by the government against Manitoba. When public charges of that nature are made, especially by such a newspaper as that, it is high time for the government to give some sort of explanation of the matter. But my object in raising the question was simply this, that I say a dictatorship such as is developing in this country is particularly dangerous when it is used in the interest of financial groups rather than in that of the great majority of the people.

The Prime Minister has again and again objected to the dole. He has said that as long as he is Prime Minister he will not consent to the adoption of it. In my judgment, he and his government have adopted the worst kind of dole which I know. The so-called dole, or the unemployment insurance scheme in Great Britain, is infinitely preferable to the scheme that we have in this country. I admit there have been some abuses connected with the unemployment insurance scheme in Great Britain; there is no doubt of that, but I know men, irrespective of party in Great Britain, who say that they would not think of getting along there without the unemployment insurance scheme. What have we here? Simply a hand-out. That is all it means. We have no system whatever; we have no way of encouraging people to save; we have no way of stimulating people to work. We simply have the government giving when it has to do so and now apparently proposing to carry on the same practice. There seems to be no arrangement for any change whatever.

I should like to urge upon the members of the house that the present situation shows no sign of improvement. It is barely possible that the enormous amount of credit recently injected into the financial system of the United States may have some influence on the situation in this country. Some people are building their hopes on that. I am not at all sure

that will affect us very materially in Canada. I am inclined to think the international situation is much more serious than most of us imagine, and has a far greater effect even on this continent than most of us are willing to concede. In any case there is no immediate prospect of improvement in the situation, yet in spite of this the government have no plans. Several of the members have said that the government have actually provided relief for many people. That is true, and to that extent the government has to be commended. The hon. member for Muskoka-Ontario (Mr. McGibbon) said that the government had helped many people in that it had helped them to keep body and soul together. I wonder why it is we should be content to keep tens of thousands, yes, hundreds of thousands of people in a condition where the best that can be said is that body and soul are being kept together. Is that anything of which to be proud? During a week-end recently I happened to take a stroll over the mountain in Montreal, and as I passed beautiful residences extending mile after mile—with here and there one boarded up, it may be said, because even in those high circles they are beginning to feel the effects of present conditions—I could not but be impressed by the fact that we still have enormous wealth in Canada. When there are people whose wealth is indicated by beautiful homes in Montreal, Toronto and other cities; by bank accounts, bank balances, investments which can be made in bonds as soon as such issues are put on the market, I cannot see why a large part of our population should be condemned to a condition under which they can do no more than keep body and soul together. There are people throughout the country who are still living in temporary shelters built on dumps and garbage heaps. People by the thousands are going in and out of missions where they are rapidly becoming demoralized by the whole atmosphere of charity which prevails. Men have to go to soup kitchens and take their places in bread queues. Is this the treatment that should be meted out to citizens who have hitherto been regarded as respectable Canadians? In my own city, where I think we are taking as good care of the unemployed as anywhere in Canada, we have some five thousand odd families on relief. I wish hon. members could understand what it means for these families to be in receipt of charity week after week, month after month, and now year after year. Not only does it mean that the man is rapidly becoming incapable of work and that his wife is becoming discouraged, but it means that these people cannot pay their doctors and dentists' bills, that some are having to take their children out of school, and generally speaking that they are losing heart. It is all very well for the Prime Minister to say that the people of the west are optimistic. I know the optimism of the people of the west, but I say that there are large numbers of the people of the west who are not now optimistic and have no right to be optimistic under the conditions that prevail to-day. They are losing heart.

In addition to those five thousand odd families on relief, there are some six thousand single men who are being fed daily in big dining halls. The hon. member for Muskoka-Ontario rather boasted that the government had provided work, but the work actually provided amounts to a very small proportion of the relief given, and the government it is rumoured, is even now proposing that it will give up its scheme of providing public works and fall back on straight relief. It is pointed out that the providing of work is too expensive, and that it would be a great deal cheaper if the government simply handed out straight relief. I hope there is nothing in that rumour, because it is far better to keep the public works going and let men obtain work and maintain their self-respect than to go on with this idea of being indefinitely on the dole, for that is all it is—indefinitely on the dole.

The Prime Minister in a number of his references has, it seems to me, rather suggested that these unemployed people were blameworthy, had to be guarded against, and all that kind of thing. I want to urge very strongly to-day that unemployment under modern conditions is no crime whatever. It is undoubtedly still a crime to steal, but I would like to know whether any hon. member here would say that under no circumstances a man was justified in taking food when he was starving. That is the issue we shall have to face.

Mr. MANION: Would the hon. gentleman kindly tell the house where the Prime Minister ever said that these unemployed were blameworthy?

Mr. WOODSWORTH: According to the press, when he interviewed a delegation of the unemployed the other day, he came very near to saying that.

Mr. MANION: He did nothing of the sort. He merely criticized their method of putting up a demand and the generally offensive method of the spokesman for the party.

Mr. WOODSWORTH: Their methods may have been offensive, but again and again I have read accounts of the reception which the Prime Minister has given to the unemployed, and certainly one would think that he was dealing with a group of near criminals instead of with men in almost desperate straits. Possibly sometimes such men do not know the polite language to use and so do not use it under the desperate circumstances in which they find themselves.

Mr. BELL (Hamilton): You should not read those Grit papers.

Mr. WOODSWORTH: I do not know whether it was in Grit or Conservative newspapers.

Mr. BELL (Hamilton): I do.

Mr. WOODSWORTH: I want to urge this, that the people who own property and wealth do so because of existing social arrangements, not necessarily because of their own virtue or their own abilities. I think of the way in which the natural resources of this country, the mines, the timberlands, the water powers and so on, have been alienated in the past. I do not think the fact that a man owns any of these things to-day is any indication that he has any more ability or is any more moral than those who are without them, and that is putting it very mildly in view of the large number of scandals we have had in this country in which graft has gone on in the securing of the public resources doubtless indicating a still more widespread practice along these lines. Whether the present owners have obtained these resources legally or not, they own them because of the legislation that exists at the present time.

An hon. MEMBER: Beauharnois.

Mr. WOODSWORTH: Yes, Beauharnois is one example, but by no means the only one. I would urge the same thing with regard to the people who own factories, and who to-day in many cases are laying their men off simply because the times are not such as to enable them to make profits. I would say that these people who own factories and who have made money in the past from them have done so simply because of the arrangements of society. Have we not sat here ever since confederation and handed out special privileges to the manufacturers? Of course we have, and they have made their money in that way, and yet some of these people who have made their money in that way would lecture the poor unemployed because they do not use polite language in making their requests of the government. Look at the big bond issues which have been over-subscribed sometimes within a few hours after being put on the market, and which bring to the holders as high a rate of interest as six or seven per cent. Does anyone mean to say that those who are in receipt of a steady income from sources such as these have any more right to enjoy life than the poor people who are going up and down the country seeking in vain for work? I think of the statements of the banks which are paying their usual dividends and in some cases giving premiums to their shareholders. How can they do so? It is because of the Bank Act which we put on the statute books of this country nine years ago. Is not that the reason? We know that the Canadian Bankers' Association spent $100,000 in lobbying here in order to get that Bank Act framed to suit their own convenience. They are able to pay these great dividends because of the arrangements of society. I think, too, of the insurance companies, some of them bolstered up, as was pointed out yesterday by the hon. member for Hants-Kings, at a critical time, in spite of the act. I think of the owners drawing their dividends because of our social arrangements.

Mr. NICHOLSON: What about the policyholders?

Mr. WOODSWORTH: Yes, what about them?

Mr. NICHOLSON: What about their dividends?

Mr. WOODSWORTH: What about them? What does the hon. member mean?

Mr. NICHOLSON: I would like my hon. friend to follow that through.

Mr. WOODSWORTH: I am not following it through. My hon. friend evidently wants to talk about that. I say that the owners of these life insurance companies are drawing their dividends. What about the watered stock that we have in this country, and in connection with which, through the arrangements of high finance, a large number of our people have been bled? I say again that fortunes built up in this fashion are owing to the existing social arrangements and because of the legislation that we have on our statute books. And now these people who have built up their wealth by means of that legislation are telling us that the government must keep their hands off and must not give a few dollars to help the unemployed, that we have no money in this country with which to undertake relief work. I would point out that even papers like Toronto Saturday Night are saying to-day:

Despite all the striving of men after gold, its value in the last analysis is determined by the goods it will buy—the things we eat, wear and use in our everyday life.

And in the same way the real value of bonds is measured. In other words, the worth of a bond to its owner is measured by the goods which its interest and its principal, on repayment, will buy.

Measured by this standard, high-grade bonds now yield more than they have for many years. They present an opportunity for investment that comes only once or twice in a lifetime.

Again:

The income from $100 invested now in the 15-year bonds of the province of Ontario gives a yield of 8·43 per cent, as compared with 6·60 per cent in December, 1920. That is, the real yield of money is 1·83 per cent greater than in 1920.

And every thoughtful buyer is urged to invest in bonds now. Thus, as we have said again and again, owing to the change in the buying power of the dollar, money is simply rolling into the pockets of those who have had a better chance in life, of those who had a head start. Yet we do not seem to be able to get anything worth while for the relief of the unemployed, nothing in the way of setting up such schemes as will permanently bring those now unemployed a decent standard of living. I do not know how much longer the people of Canada will stand what we have been seeing lately, when the millionaire Prime Minister—

Some hon. MEMBERS: Shame!

Mr. WOODSWORTH: Oh, no, there is no shame in that. When the millionaire Prime Minister of this country—

Some hon. MEMBERS: Shame! Order!

Mr. WOODSWORTH: No, there is no shame in that. When the millionaire Prime Minister of this country is surrounded by a heavy guard—

Some hon. MEMBERS: Shame!

Mr. WOODSWORTH: Shame again! Even the Ottawa Journal thought that was a shame —surrounded by a heavy guard will actually undertake to lecture a few poor people because they are dubbed communists—who may be communists for all I know—and who come here almost in desperation, and do not speak to him in the most polite language or do not prefer their requests in a parliamentary fashion. I say I do not much wonder that the people are becoming desperate across this country; I do not much wonder that our jails are beginning to fill with so-called "criminals," I do not much wonder that the Prime Minister and some others are having to be attended by bodyguards; I do not much wonder at this because you cannot expect that hundreds of thousands of people are simply going to lie down and die or continue indefinitely to be mere hewers of wood and drawers of water on a pittance that, as the member for Muskoka-Ontario says, is sufficient merely to keep body and soul together.

I remember some years ago reading a story by Conan Doyle about a whaler. They had had rather hard luck, and in pursuit of whales they had got far to the north, but the captain persisted in maintaining his course. The season was becoming late, ice floes were gradually pressing in, and there were only one or two avenues of escape left. The crew became almost mutinous, and even the officers, who under the ordinary discipline that prevails are supposed to be very loyal to their captain, were getting dubious and urging that he should turn south while it was still possible to do so. Then one night at a late hour the ship's doctor, a young medical student, happened to be on deck, and unexpectedly he came upon the captain performing some mystic rites. All of a sudden the doctor realized that the captain was mad, that here they were in these far northern waters with every avenue of escape rapidly closing up and the ship commanded by a captain utterly irresponsible as a navigator.

An hon. MEMBER: What is your illustration?

Mr. WOODSWORTH: My illustration is that the ship of state to-day is in command of a captain who seems to be so obsessed with his own ideas, so sure, I might say, of his own importance and of the impossibility of his making a mistake in judgment, that we are deliberately sailing on at a time when there might be some avenue of escape, and when, if I am rightly informed, even some of his own crew are beginning to get dubious of the successful outcome of his course.

Let me say, Mr. Speaker, that at the present time not only have we to deal with the ordinary type of unemployed; we have to do with a very large number of mechanics who had accumulated small savings while employed. Those savings are being rapidly depleted, and they will not be able to keep going much longer. Others have been drawing on their insurance, some of them have been mortgaging their homes, and in many instances they are in danger of losing their property. What is going to happen unless we have some policy that will start up public works and employ these men? I think I might speak to-day not merely of the so-called labouring

men but of our business men as well. In my own constituency and in other cities which I visit from time to time scores of businessmen come to me at their wits end what to do next.

There is no doubt, Mr. Speaker, that we are facing a crisis. As I see the matter, we have reached the stage when we cannot at the same time pay the dividends which are demanded and pay wages as well. I think, to put it in a nutshell, that is the situation in which we find ourselves to-day. Enormous indebtedness has been piled up and we are asked to pay interest on those debts and at the same time to provide hospitals and other public services of all kinds. We cannot do it. That is one of the inherent contradictions of the present system which is beginning to manifest itself.

What are we going to do? It would seem as if the government now in power, sensing somewhat the issue at stake, is determined at all costs to maintain the present system, to pay the dividends, to pay the interest on the bonds, no matter what happens to the people outside. I would suggest that before very long a new policy has to be adopted by which we will place the interests of the men, women and children of Canada before the interests of the bondholders and the financiers.

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: "Order," says somebody. Yes, that is supposed to be a very dangerous doctrine. But I would suggest, Mr. Speaker, that a new line-up is coming in this country. The old divisions between Liberals and Conservatives are not going to amount to very much in the near future—they do not amount to a great deal with the ordinary people to-day—and in the new line-up that is coming we shall find on the one hand the private interests of this country—which are linked inextricably with those of the United States—and on the other the great masses of Canadians who have a right to live. We talk about our Canadian citizenship, but for many men to-day Canadian citizenship does not mean anything. All it amounts to at best, as the member for Muskoka-Ontario put it, is the possibility of keeping body and soul together.

Mr. McGIBBON: I rise, Mr. Speaker, to a point of order. I say the hon. member can draw no such conclusion from my remarks.

Mr. WOODSWORTH: The hon. member for Muskoka-Ontario did say that he thought the government ought to receive our commendation because they had provided relief which at least had helped many men and women to keep body and soul together. I give them full commendation for that, but I say that is not the standard we should have in this dominion; we should have a higher standard than that. I should like to go back to the days of our fathers and our grandfathers when they settled in this country. I have come from two or three generations of Canadian stock, and I say that when our forefathers set up their homes in this country they were trying to work out a democracy in which every man would have a chance to live, and live decently.

An hon. MEMBER: They worked.

Mr. WOODSWORTH: Yes, they worked—and that is the point I do not like about hon. members opposite. They imply that people who are not working to-day do not want to work; which is a lie. The vast majority of the people who are out of work to-day would work if they had a chance, and it is that slander on the common people of this country that I do not like and against which I protest. The fact is that most of them want to work, and they are just as anxious to work as those pioneer people about whom I have been speaking.

Mr. McGIBBON: Mr. Speaker, I rise to a point of order. The hon. member who is now speaking has said that hon. members of this house have stated that those who are out of work do not want to work. I demand that he withdraw that statement.

Mr. WOODSWORTH: That was not my statement. I said that interjection of an hon. member opposite implied that a large number of those who were out of work did not want to work. If it did not imply that it did not mean anything.

Mr. McGIBBON: I dispute that; the hon. member did not say anything of the kind.

Mr. SPEAKER: I think the remark of the hon. member for Winnipeg North Centre (Mr. Woodsworth), that the inference to be drawn from the remarks of hon. members is a lie, is not parliamentary and should be withdrawn.

Mr. WOODSWORTH: I said, Mr. Speaker,—

Some hon. MEMBERS: Withdraw.

Mr. WOODSWORTH: No; I want to be clear on this matter.

Mr. SPEAKER: In parliamentary language it would be proper to say that it was

not correct. To say it is a lie is not parliamentary, and I ask the hon. member to withdraw that statement.

Mr. WOODSWORTH: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: Mr. Speaker, I ask leave to make my statement. I said that the implication was that the majority of the people who were out of work did not want to work, and I said that such a statement was a lie.

Mr. SPEAKER: Which is not parliamentary, and I ask the hon. member to withdraw it.

Mr. WOODSWORTH: I refuse to withdraw.

Mr. SPEAKER: I think the hon. member is too experienced a parliamentarian to disregard parliamentary practices.

Mr. WOODSWORTH: Mr. Speaker, I did not accuse any hon. member here of telling a lie. I do not know whether you, sir, can catch what I am saying. I did not accuse any member here of uttering a lie; what I did say was this: The hon. member who interjected that word "work" would seem to imply that the majority of the men out of work did not want to work and would not work. I said that a statement that most of the men unemployed to-day would not work was a lie, but I did not put that statement into the mouth of the minister. I merely said that would seem to be implied.

Mr. SPEAKER: The minister did not make any such statement, and the hon. member has not heard anyone else make any such statement.

Mr. WOODSWORTH: Then I will make it a hypothetical statement, if you like.

Mr. SPEAKER: Then the hon. member's statement is that if such a statement were made it would be a lie?

Mr. WOODSWORTH: Quite so. I say that if that was the implication, or if that statement was made, it would be a lie.

Mr. McGIBBON: Mr. Speaker, I think we will find to-morrow, when we read Hansard, that the statement now made by the hon. gentleman is not correct.

Mr. SPEAKER: The hon. member for Winnipeg North Centre has spoken for over forty minutes.

Mr. WOODSWORTH: Mr. Speaker, I would—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: I would point out—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Except with the unanimous consent of the house the hon. member cannot continue.

Mr. WOODSWORTH: All I would say, Mr. Speaker—

Some hon. MEMBERS: Sit down.

Mr. WOODSWORTH: On a question of privilege, Mr. Speaker—

Mr. SPEAKER: There is no question of privilege.

Mr. WOODSWORTH: I would say—

Mr. SPEAKER: The hon. member has spoken for more than forty minutes; his time is exhausted.

Hon. R. J. MANION (Minister of Railways and Canals): Mr. Speaker, for the last couple of days I have been listening to the debate that has been proceeding in the house. To use the ordinary words that we hear so often, I did not intend to take any part in the discussion this afternoon, but a few statements have been made by two or three speakers with which I should like to deal.

The hon. member for Winnipeg North Centre (Mr. Woodsworth), who has just taken his seat, spent a little over forty minutes—because I noticed the time when he rose—in making a speech full of destructive criticism. I carefully listened to the hon. member in order to see whether, in his whole speech, he would offer one constructive suggestion, and I say without fear of contradiction that no matter how carefully his speech may be read to-morrow, not one word of constructive criticism will be found during the entire course of his remarks. The hon. member spoke at great length in criticism of the present government, and particularly of the Prime Minister; he said that all we were doing in regard to the unemployment situation was giving a hand-out, when as a matter of fact no one knows better than he that for a year and a half now we have been supplying employment, so far as we could and also so far as the financial condition of this country would permit, to those out of work. The figures have been placed on Hansard not once but many times; they have been published many times also, showing that over 300,000 men were given employment for a time at any rate. I do not know exactly the length of time, but I know that some 330,000 men have been given employment. Is that a hand-out? I do not think it is. There is no doubt that

mistakes have been made by the present government in the handling of this very serious problem; no one will question that.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: The hon. member who is the whip of the Liberal party says "hear, hear." If we have made any mistakes to compare with the blunder they made in denying unemployment, or with the blunder made by my hon. friend's leader when he said he would not give a five cent piece to any province for the relief of unemployment if that province had a Conservative government, I do not know what those possible blunders may be. The hon. member for Winnipeg North Centre, as usual, played the demagogue; he referred to the enormous wealth of this country.

Mr. WOODSWORTH: I would ask your opinion, Mr. Speaker, on a point of order, as to whether or not the word "demagogue" is parliamentary?

Mr. SPEAKER: To call another hon. member a demagogue or to accuse him of playing the demagogue is not parliamentary.

Mr. MANION: I do not know another word to take its place, Mr. Speaker, so I will withdraw it. After all "demagogue" is not such an ugly word to use; it simply means playing to the people, and if there is anyone in or out of this house who plays to the people more than the hon. member for Winnipeg North Centre I do not know who he is. The hon. member also talked of bank balances and of the interest on loans. Again and again in this house I have heard him stand up and talk of the dividends that are paid, and ask why we do not take those dividends from the people and give them to the unemployed. The hon. member suggested at least, if he did not absolutely propose it, that we take the bank balances—

Mr. WOODSWORTH: I must rise to a point of order. I made no suggestion like that at all; I made no suggestion of that character whatever.

Mr. MANION: I am very glad the hon. gentleman is not suggesting that, but if he was not doing so I really do not know what he was suggesting when he spoke of bank balances.

Mr. WOODSWORTH: Mr. Speaker, I think I must have that statement withdrawn; I made no such statement.

Mr. MANION: Mr. Speaker, when the hon. gentleman talked of bank balances—

[Mr. Manion.]

Mr. WOODSWORTH: I made no statement, Mr. Speaker, such as that attributed to me by the Minister of Railways (Mr. Manion).

Mr. SPEAKER: The hon. member has denied it; that is sufficient.

Mr. MANION: I do not know to what the hon. gentleman was referring, then, when he spoke of the immense bank balances, the enormous wealth we have in this country, the dividends paid, the interest on loans and all that sort of thing. I should like to point out to him what is an absolute fact. The other day I made an inquiry as to the number of people in this country who have bought dominion bonds to the value of less than $2,000. I found that there were some 218,000 people in this country to-day holding bonds of the government of Canada to the amount of less than $2,000. These are poor people; they are certainly not the millionaires whom the hon. gentleman apparently likes to tilt at. They are ordinary working people who have shown that commendable quality of thrift, the practice of laying aside a part of their earnings to provide for their old age. Yet the hon. gentleman suggests that they have no right to, and should not be permitted to keep, fairly-earned dividends which they receive from the bonds of this government, or from bonds of any other description, though as a matter of fact the figures I gave have reference to federal bonds.

Finally, without wasting much more time on the hon gentleman, may I say that he was most unfair to the Prime Minister (Mr. Bennett) as he usually is. He made a statement which I should say is false, but I cannot say it is false because I should be ruled out of order. But it is false just the same, whether I am ruled out of order or not.

Some hon MEMBERS: Take it back.

Mr. WOODSWORTH: Mr. Speaker, I submit that if the rules of the house are to be disregarded by a minister we may as well go home. The minister has accused me of making a false statement. I submit, Mr. Speaker, that he is not in order in making that statement.

Mr. SPEAKER: I did not understand the minister to accuse the hon. member for Winnipeg North Centre (Mr. Woodsworth) of making a false statement.

An hon. MEMBER: Yes, he did.

Some hon. MEMBERS: Yes.

Mr. WOODSWORTH: If the hon. gentleman will say that he did not I shall be glad to accept his statement; but certainly, as my ears caught it, he accused me of having made a false statement.

Mr. MANION: I will make this statement, that the hon. gentleman made a statement which he knew was not according to the facts.

Mr. WOODSWORTH: Mr. Speaker—

Mr. SPEAKER: That is certainly unparliamentary.

Mr. MANION: All right, I withdraw that too; I will endeavour to save a little of my own time. So far as I can see, the hon. gentleman is much more touchy than we are in regard to many of his own speeches. We have sat here and listened to speeches from him that contained statements that should have been contradicted forthwith, and this is one of them. The statement to which I refer he made with reference to the Prime Minister. He said that the Prime Minister went in surrounded by a heavy guard when he appeared before a group of unemployed. That is absolutely not so. I was present, as were also the ministers sitting around me to-day, when the Prime Minister appeared on the occasion in question and there was no guard whatsoever around him.

Mr. WOODSWORTH: There were heavy guards at the gates.

Mr. MANION: My hon. friend did not say heavy guards at the gates; he made the statement that the Prime Minister was surrounded by a heavy guard. I say that the Prime Minister was not surrounded by any guard whatsoever. He went with the other members of the cabinet and met the group of unemployed, and there was no appearance whatever of any guard except a couple of policemen who ordinarily are stationed in front of the door.

Mr. POWER: What about the cavalry and the tanks all around the building?

Mr. MANION: I am not talking about cavalry and tanks.

Mr. POWER: They surrounded the building, didn't they?

Mr. MANION: They may have surrounded the building but they did not surround the Prime Minister, and the Prime Minister was not heavily guarded.

Mr. POWER: They weren't surrounding us; we don't care.

Mr. CASGRAIN: They were at every gate; we could not get in.

Mr. MANION: Perhaps they should have surrounded the hon. gentlemen. I have listened to the hon. gentleman (Mr. Woodsworth) for ten years, and I know of only one country of which he has ever had a good word to say. He came to this house in 1921 and I had been here some little time before that, and in all that time I have never heard him say a good word for any government in this country. He never had a good word to say for hon. gentlemen opposite when they were in power and he has never had a good word to say for us. He does not believe in the government of this country at all. That is the attitude he takes. The only country for which he has ever had a good word is Russia.

Mr. WOODSWORTH: Mr. Speaker, I deny that and I ask that the hon. gentleman withdraw it.

Mr. MANION: I have the floor. That is a question of fact and the hon. gentleman can deny it if he wishes.

Mr. SPEAKER: The Minister of Railways has the floor and, except on a point of order or on a question of privilege, he may not be interrupted even to be asked a question unless he consents.

Mr. MANION: Now, Mr. Speaker, I admit that a stupendous experiment has been going on in Russia, and I admit that there is probably some good in that experiment. I admit that probably some good will come out of it.

Mr. POWER: Sure; you are imitating it here. The government is imitating it.

Mr. MANION: I also admit that our system, what is known as the capitalistic system, has made rather serious mistakes. That is the system which obtains in all countries outside Russia, and I admit that it is making mistakes; for it does not seem right that some of our warehouses should be full while there are hungry people not only in this land but in other countries where the same system prevails. I admit all that; anyone who has eyes in his head cannot but admit it. But to suggest that the experiment which is going on in Russia is superior to the system which now obtains in that country, and which has obtained for a hundred years or more, the capitalistic system, so-called, is in my opinion a long stretch of the imagina-

tion. It is a suggestion which can come only from one who is biased in the extreme in favour of the Russian experiment.

We must not forget—and this is a point which it is well to keep in mind at all times—that this Russia which is so much praised in the speeches of my hon. friend, is the same Russia that has done so much of which the world cannot but disapprove. I read one speech the hon. gentleman made the other day outside this house. He has spoken since his return from Russia, and his whole attitude towards that country and its form of government is much more friendly than his attitude towards the type of government which we carry on in Canada. I hold in my hand an extract from a speech of the hon. member reported in the Ottawa Citizen of February 25. This speech he delivered before the Gyro club. I do not intend to read it, but I may say that in it he praised the Russian civilization. Perhaps I might quote a sentence:

> The people of Russia, while they have no incentive to work with the idea of saving vast sums of money or obtaining power by that means, are imbued with a lofty patriotism.

And then he goes on to praise it. But do not forget, when you compare Russia with this dominion, as I am comparing the two countries at the moment, that it was this same Russia, of which the hon. gentleman speaks so highly, that murdered the royal family. It is this same Russia that has been endeavouring, ever since the present group in power took charge, to wipe out the intelligentsia, to coerce the workers and in every way to compel them to labour practically as slaves. I have many quotations which I have not had the time to put into any sort of order, but which would show beyond any question the coercion of the workers in prison camps and so forth. It is this same Russia that has abolished religion. All of us, whether we be Catholics or Protestants, or whether we belong to any other religious denomination, have respect for some religion; but in Russia they have attempted to abolish religion. It is this same Russia, again, that has scorned the honour we bestow upon marriage and family life. It is this same Russia that has taken some three million people and not only sent them into exile but to a large extent murdered them, and for what crime? For the crime of seeking to be thrifty. I speak now of the kulaks. These people have met with this fate because they tried to save some money in order that they might take care of themselves in their old age—one of the most creditable qualities in human nature. One of the most commendable characteristics of a man is that he should look after himself and his children, and this is the crime for which these people have suffered. Let me quote for a moment from some articles on the kulaks. I have read many statements by observers in Russia and they agree that three million kulaks were driven into exile or murdered by the present Russian government. Here is a statement from the Toronto Globe, Associated Press cable:

> It is estimated that there are some 3,000,000 kulaks in Russia at present. Recently it was discovered that many of them were pretending not to be kulaks and were reaping rewards usually reserved for Soviet citizens in good standing. Investigators also reported that they were ensconcing themselves in governmental positions and taking every opportunity to commit sabotage.

Further on we read:

> Probably there is no class in Russia more hated by the Soviets than the kulaks, who were prosperous peasant-farmers before the revolution. Most of them suffered confiscation of property and loss of citizenship, and thousands were exiled to the Arctic regions, where they work in lumber camps and on road construction, or do other menial labour. They are considered enemies of communism, and extermination of their class is looked upon by the government as one of its most important policies.

Then again:

> Included with the kulaks among the outclassed in Russia, are the "nepmen," or former merchants and traders, and the "leshenitz," or priests, former czarist officers, ministers of state and others of their class.

I should like to quote from an editorial which appeared some time ago in the Ottawa Journal, dealing with the experiences of Henry Wales, a correspondent of the Chicago Tribune. It states:

> Mr. Wales wrote from Archangel, describes the living conditions of the kulaks who have been exiled to Siberia. (The kulaks were the prosperous peasant farmers who objected to confiscation). In two churches in Archangel they are housed under conditions that Mr. Wales describes as a charnel house. They are kept there, like cattle, until they begin their long tramp over the icy tundras and snow-covered trails to the distant regions to which they have been deported.
>
> Mr. Wales visited one of these churches, saw hungry, starving, vermin-covered, ragged peasants herded in a way that shocked and revolted him. He writes:
>
> "Like wild beasts in the cages of a menagerie, they sit with starving eyes, peering from emaciated faces, gray, brown, almost black from crusts of dirt. Their withered hands and fingers look like claws and talons, and their great masses of matted hair, long, unkempt beards and moustaches have not seen shears or razors for months."

Mr. Wales then goes on to describe the abuse and practically torture meted out to

these kulaks. I have another article, which I shall not quote, which states that the government is still making the same drive on the kulaks. These men were successful peasant farmers and they are considered to be criminals. They are being treated worse than the czarists ever treated those whom they sent to Siberia. In those days when a man was found guilty of treason he was sent to Siberia but he was given some sort of living. In fact, many of the men who are to-day the leaders in Russia are men who had been sent to Siberia. The present government of Russia is not satisfied to treat the kulaks in this way; if they are not murdered they are driven into prison, they are starved and refused the rights of citizenship. This is the country which the hon. member for Winnipeg North Centre praises on every possible occasion.

Mr. FRASER (Northumberland): Will the hon. minister advise the house what all this has to do with the unemployment in Canada?

Mr. MANION: I will come to unemployment in Canada in a few moments. The hon. gentleman has been sitting in this house for some time and I do not remember his offering any suggestive criticism to help unemployment.

This is the same Russia that repudiated its debts to the other countries of the world; this is the Russia that is spreading propaganda throughout the world in an attempt to make all other governments of the same type. This is the autocracy such as my hon. friend describes us as being, but if he used the same forms of speech against the government of Russia they would soon send one of their O.G.P.U. officers to him in the middle of the night and he would not be known any longer in Russia. This is the country which has wiped out absolutely freedom of speech, freedom of the press, and freedom of any kind —all forms of freedom of which the hon. member for Winnipeg North Centre is in favour. The hon. gentleman has stated in this house, not once but many times, that he is no communist; he has stated that and I accept his statement, but I do say that if he were a communist he would talk exactly as he is talking.

I shall say a few words with regard to the remarks of the hon. member for South Perth (Mr. Sanderson). He spoke this afternoon for forty minutes; he made many generalities but offered no constructive criticism. I have listened to many hon. members on the other side who have taken part in this debate but I have heard nothing constructive. They have been absolutely barren so far as anything helpful to us is concerned. The hon. member for South Perth to my mind adopted a most unfair attitude towards the different commissions of the province of Ontario. He mentioned the hydro electric commission, the liquor commission, the mother's allowance commission, the old age pensions commission and practically every provincial commission of Ontario. He stated that the officers of these commissions were playing politics with the people of Ontario, that they were taking part in politics on behalf of the Conservative government of that province. I interrupted the hon. gentleman and invited him to give more details. I pointed out that he had said either too much or too little. I say in all fairness that without giving more details than he gave, and he gave none, the hon. gentleman should not brand the whole group of commissions of the province of Ontario as players of politics without offering some proof. Generalities will not get the hon. member anywhere; they probably do no damage to the province of Ontario, but they belittle the parliamentary life of our country.

Mr. SANDERSON: I want to ask the hon. minister—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member for South Perth (Mr. Sanderson) has spoken already.

Mr. MANION: I have no objection to hearing anything of which the hon. member wishes to remind me.

Mr. SANDERSON: In my remarks this afternoon I did not refer to the members of the commission. I said the officials, and I stand behind that statement.

Mr. MANION: To make a general statement like that without giving any proof whatsoever only belittles the whole parliamentary life of our country.

Hon. members on the other side have criticized us severely because of what they call our lack of fair treatment of the unemployed. The number of unemployed has been given at 350,000 and other such figures, and the hon. gentleman himself I think used the figure of 350,000. He mentioned also the name of a former organizer of the Liberal-Conservative party, General McRae. He criticized that gentleman for advocating the bringing in of people to the Peace river territory. General McRae was speaking for himself, and I will admit quite frankly that many of us spoke

in past years in favour of immigration. My hon. friends criticized General McRae and those others who spoke in favour of immigration, but during their years in office—they were in power from 1921 to 1930—they showed no signs of a wisdom greater than ours in that regard. I have the figures showing the immigration into this country from 1926 to 1930, during the regime of my hon. friends. They are as follows:

1926	136,000
1927	159,000
1928	167,000
1929	165,000
1930	104,000
	730,000

During 1930 this government was in power for five months, but we had no control over the immigration which occurred during that year. Under the regime of the present leader of the opposition (Mr. Mackenzie King) 730,000 immigrants were brought into this country. That is just double the highest figure given for unemployed in the Dominion of Canada to-day, in fact, it is about three times the highest figure given by anyone who is at all dependable. How many immigrants were permitted to come into this country during 1931? The figure is, 27,500, a small number as compared with the vast number brought in during the regime of the previous government.

My hon. friend and his friends have abused us for what they say is our lack of policy in connection with unemployment, but I know of no sound policy carried out by them during the time they were in power. Unemployment was observable to everyone in 1929, but my hon. friend's leader denied at that time that there was any unemployment. In fact, he did not admit it until the elections were half over, and then he had to admit it because he had been nearly howled down by the unemployed in various sections of western Canada. I have no desire to hark back, but at that time the right hon. gentleman took the attitude that he would not give a five-cent piece towards the unemployed in any province governed by a Conservative administration. That was the attitude taken by his leader, and yet my hon. friend stands up in the house and belittles us because we have not solved a condition which is world-wide in extent. Neither he nor those in the cabinet of his leader at that time showed any particular foresight; they had no plan of any kind, and the only thing they did during their five years' regime was to boast of conditions over which they had absolutely no control. My hon. friends opposite have said that they are ready to cooperate with us. Has anybody in the house seen any signs on their part of cooperation at any stage? They find fault with every move we make. The leader of the opposition yesterday, when he was criticizing my right hon. leader stood in his place and asked my right hon. leader: Did you not warn the western provinces they must economize? If my right hon. leader had said yes, the leader of the opposition was ready to berate him for that. But my right hon. leader said that he had not warned them at all. Then my right hon. friend went round three sides of the house and criticized my right hon. leader for not having warned them. That is the kind of cooperation we are receiving from my hon. friends opposite.

Even in regard to the loan that was raised, which was partly for use in connection with unemployment relief, the leader of the opposition, when he spoke in Halifax or some other maritime city, did not cooperate in the raising of that loan. Indeed, in the maritime provinces he spoke against the loan.

Mr. MACKENZIE KING: He did not.

Mr. MANION: I am sorry I have not under my hand the right hon. gentleman's speech, but I remember very distinctly the right hon. gentleman's attitude at that time, and it was certainly not encouraging the people of this country to lend any money to the government.

Mr. MACKENZIE KING: I supported the loan very strongly. I took exception to the particular designation that was given to it.

Mr. MANION: My right hon. friend must have supported it under his breath, because none of us heard him doing so.

As regards the economic conference, when the leader of the opposition was Prime Minister, he and his Minister of Justice (Mr. Lapointe) used to ask in a shocked manner: If the Conservatives were elected, whom could they possibly send to the economic conference? That was one of their stock arguments: "If this Bennett crowd should be elected, who can possibly go to the economic conference?" Not only did we send the present Prime Minister of Canada and his confreres to the conference, but they arranged matters so that another economic conference is to be held in this country, and in bringing that economic conference to Canada they achieved a success which has never before been equalled by anybody at such a conference.

Why, when the wheat bonus was given to the western farmers, not one of my hon.

friends opposite praised us; they have been finding fault with us ever since for giving the five cent bonus on wheat. They have been talking again and again not only about our failing to relieve unemployment, but our failing to do anything that my right hon. leader promised when he went throughout the country.

Mr. BOUCHARD: Hear, hear.

Mr. MANION: My hon. friend says: Hear, hear. That shows about as much intelligence as most of the speeches the hon. member makes. The leader of the present government, as nobody will question, promised many things when he went through the country, but he has carried out a greater proportion of those promises in the time that he has been in power than any other prime minister has done in a similar period. Let me name a few of them. He called a special session, which he had promised. He put through a $20,000,000 vote for unemployment, which he had promised. He attended the economic conference, as he had promised, and he is bringing this conference back to Canada. He started the building of the trans-Canada highway. He imposed the tariffs which he had promised in order to help the industries of this country. His promise in regard to the St. Lawrence waterway, he has carried out in conversations with the United States government. In regard to unemployment relief he has helped 350,000 of the Canadian people to get work which they could not have got under any policy which anyone in the house has heard enunciated by any one of my hon. friends opposite in the last three years. There has been no policy enunciated by them that would bring about work for anybody. Their only policy is one of fault-finding and criticism of what we have done. It is a destructive policy, a destructive criticism, without any suggestion towards relieving conditions. Everybody realizes that we are not to blame for unemployment in Canada to-day and that we have been making a good effort towards relieving it. I admit quite frankly that we have not been wholly successful, but we are making a good effort. We have in Canada to-day a condition of unemployment just as all the other countries of the world have. The United States, in proportion to population, has a worse condition; free trade England, in proportion to population, also has a worse condition; even France, which until recently had a better economic condition than any other country, now, it is estimated, has a million or more unemployed.

In this country we have a condition which is due to a world situation and not to anything we have done, and, I say frankly, not due to anything the leader of the opposition has done; one which is due to the aftermath of the war, to the demands for reparations by various countries, particularly, perhaps, by some of the richer countries; to the pocketing of gold by two great countries, the gold being put in such a position that two of them possess the large proportion of it; to the competition of Russia, which is on a cheaper economic plane than any of the so-called advanced countries of the world, and, finally, to a great extent to the decrease in the selling price of the commodities of this country. There has probably been a decrease in the purchasing power of the western farmers of anything from two to three or four hundred million dollars due to the decrease in the price of commodities. Has that been on account of anything we have done? Everyone knows very well this is also a world condition. The purchasing power of the west has been practically wiped out, and because of that the factories of the east have been closed. I say, without fear of contradiction, that when conditions come back in the world in general, Canada will be one of the first countries to recover.

I have heard no word of praise from my hon. friends opposite in regard to the magnitude of the task successfully carried out by my right hon. leader, in the relief of 300,000 people in Saskatchewan. I have noticed, by the way—and this is rather interesting as I have been watching to see how it would turn out—none of the farmer members opposite for the three prairie provinces has found fault, because they realize full well that this government has done a noble work in trying to help out those three provinces. This work is worthy of praise, and yet the government has received from my hon. friends opposite no praise for anything it has done.

Let me say in closing that the question which we are facing to-day is a world one, one that is bigger than any party, bigger than any government. I believe my hon. friends opposite—and I have heard some of their friends say this in private conversation—would be taking a much bigger attitude if they came forward gladly and willingly and cooperated instead of giving us lip cooperation and active opposition. But the latter is what they have been doing. I say in all sincerity, in this trying time, the greatest ordeal through which the dominion has ever passed in its history—and I do not except anything; I do not except war times, because we were then all buoyed up by patriotism, by the

desire to put down a foe who wanted to rule over the world—the leader of the opposition, the hon. member for Quebec East (Mr. Lapointe), the other members of the late government and their friends behind them would be showing a much bigger attitude, a much truer Canadianism if they came forward gladly and willingly and really cooperated with us in these trying times.

Mr. BRADETTE: The hon. member is calling us disloyal again.

Mr. MANION: Who used the word "disloyal"?

Mr. BRADETTE: The hon. member is mentioning the word now. It is the same old cry as before.

Mr. MANION: Why is my hon. friend bringing in the question of loyalty now?

Mr. BRADETTE: The hon. member mentioned it.

Mr. MANION: I never mentioned loyalty at all. If the question of loyalty were at issue, I could discuss it quite readily with the hon. gentleman. I made no mention of loyalty except in passing, in implying that it would be a loyal attitude to take. I do not question the loyalty of my hon. friends opposite. I presume they are as good Canadians as we are. But I say they would be taking an attitude better for this country and for the world if, instead of this captious criticism in which they are and have been indulging during the whole session, they came forward and helped us during these trying times, leaving their able criticism—because they can give able criticism—to things which should be criticized. I have no doubt the government has performed some acts which are open to criticism, some acts which have nothing to do with the trial through which we are passing. My hon. friends opposite will find chances to criticize us as they always do, but at the present time they should stand shoulder to shoulder with us in an endeavour to help us solve this problem instead of doing everything they can to block us.

Hon. ERNEST LAPOINTE: Mr. Speaker, I am grateful to my hon. friend the Minister of Railways and Canals (Mr. Manion) for his friendly advice as to the attitude that I in common with my friends on this side of the house should take. Let me assure him that in the remarks which I shall make I shall try, first, to speak to the question before the chair, and secondly, to avoid the spirit of bitterness which he has displayed in the few words with which he has favoured us. Indeed the hon. gentleman has done very well for one who said at the beginning of his remarks that he did not intend to address the house. I noticed, however, that he came well prepared with full quotations to give to my hon. friend from Winnipeg North Centre (Mr. Woodsworth).

Mr. MANION: I had them right in my drawer.

Mr. LAPOINTE: Let me say to my hon. friend about Russia, that Russia is attempting a great experiment. They are carrying on a government there in a way that I do not approve. They are doing it by means of a huge bureaucracy. In another part of Europe they are attempting another experiment on strictly opposed lines. There is a country in Europe where they have established a system of absolute autocracy. But in the British commonwealth of nations, and especially in Canada, we believe in representative government and in a democracy, and that is the reason why I am opposed to the resolution and to the policy of this government, which is trying to install autocracy in this Dominion of Canada. My right hon. friend is laughing.

Mr. BENNETT: I am laughing at you.

Mr. LAPOINTE: Thank you very much. May I tell my hon. friend that he sometimes gives us cause to laugh and to smile. Otherwise we have only to pity the poor people who have to suffer on account of the deeds of hon. gentlemen opposite.

At six o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, March 10, 1932

The house met at three o'clock.

BANKING AND COMMERCE

Second report of the select standing committee on banking and commerce.—Mr. Matthews.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

M. WERBENUK

Mr. BEAUBIEN:

1. Has a contract been awarded to M. Werbenuk for carrying mail between Poplarfield post office, Manitoba, and railway station?
2. If so, were public tenders called, if not, for what reason?
3. What was the amount of contract?

Mr. SAUVE:

1. Yes.
2. No. Cost under $200 per annum.
3. $93.90 per annum.

ST. VINCENT DE PAUL PENITENTIARY

Mr. DESLAURIERS:

1. How many persons are at present detained in the St. Vincent de Paul penitentiary?
2. Does the government intend to increase the staff of guards for the public safety during the summer months?
3. Are the penitentiary employees under the eight-day regime?
4. If not, what are the reasons for not adopting the eight-hour day regime in such institutions?

Mr. GUTHRIE:

1. 1,068 as on February 29, 1932.
2. Staff is always increased as the needs of the institution require, and safety to the public demands. A seasonal increase is always necessary for work in summer. Total number of officers as on February 29, 1932:

Permanent	119
Temporary..	55
	174

3. No.
4. This has been discussed on many occasions and it has not been found possible to adopt. Winter hours are shorter than summer hours. Penitentiary Act, Sec. 62 (2) calls for at least ten hours hard labour. The eight-hour system would call for shifts and change of officers during working hours, thus dividing responsibility. Officers are allowed three weeks' holiday per annum, and one rest day in seven, besides sick leave on full pay.

CONVERSION AND NATIONAL SERVICE LOANS

Mr. SPENCER:

1. What was the total amount of money borrowed under the conversion loan of May, 1931?
2. What were the total expenses incurred in securing the conversion loan: (a) commissions to chartered banks and brokers; (b) advertising, travelling and all other expenses?
3. What was the total amount of money borrowed under the national service loan of 1931?
4. What was the total expense incurred in securing national service loan of November, 1931: (a) commissions to chartered banks or brokers; (b) advertising, travelling and all other expenses?

Mr. RHODES:

1. $643,109,300.
2. (a) $2,960,358; (b) $599,425. Commissions and all other expenses represent 55/100 of 1 per cent on the principal amount.
3. $221,198,200.
4. (a) $1,819,106; (b) $266,000 (estimated, accounts not yet complete). Commissions and all other expenses represent 95/100 of 1 per cent on the amount raised.

Note: Under 2 (b) and 4 (b) are included cost of advertising, printing, engraving of bonds, clerical assistance and other expenses.

QUEENS COUNTY, N.S.—INDIANS

Mr. DUFF:

1. What was the name of the medical officer in charge of the Indians of Queens county, Nova Scotia, previous to 1930?
2. What salary did he receive per annum?
3. What is the name of the medical officer now engaged by the government in looking after said Indians?
4. How much does he receive per annum?

Mr. MURPHY:

1. Dr. C. S. Hennigar, Liverpool, Nova Scotia.
2. He was paid on the call or account system and earned $334.50 during the last 12 months of his employment, November 1929 to October 1930, inclusive.
3. Dr. T. R. Ford, Liverpool, Nova Scotia.
4. He is paid on the call or account system and earned $612.75 during the 12 months of the calendar year 1931.

* BICKERDIKE PIER

Mr. MacINNIS:

1. Who are the lessees of the Bickerdike pier from the Montreal harbour commission?
2. What has been paid by any department of the Dominion government to the Canadian Import Company for coal during the years: (a) 1925; (b) 1926; (c) 1927; (d) 1928; (e) 1929; (f) 1930; (g) 1931?
3. Is the Hon. Lorne C. Webster, senator for the Stadacona district in the province of Quebec, president of the Canadian Import Company?
4. Has the Canadian Import Company a lease or concession from the Quebec harbour commissioners in connection with the supply of oil to steamers?
5. If so: (a) how long is the lease for; (b) what rent is paid?

Mr. CAHAN: This is a repetition of a question asked on the orders of the day some time ago, and it is answered in a return which I laid upon the table of the house this afternoon.

* GAZETTE PRINTING COMPANY

Mr. MacINNIS:

1. How much has The Gazette Printing Company, Limited, been paid by the Dominion government during the following years: (a) 1925; (b) 1926; (c) 1927; (d) 1928; (e) 1929; (f) 1930; (g) 1931?

2. Is the Hon. Smeaton White, senator from the Inkerman district of the province of Quebec, president of The Gazette Printing Company, Limited?

Mr. CAHAN: This is a repetition of a question asked some days ago, and it was answered in a return which I laid upon the table of the house yesterday, March 9.

BANKRUPTCY ACT AMENDMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to bring in a measure to amend the Bankruptcy Act, and to provide for the administration of the act by the Minister of Finance, and for the appointment of a superintendent of bankruptcy and the payment of his expenses from a percentage of the gross receipts out of the sale of any property of the debtor; and to provide for such assistants as may be required, and for the licensing of trustees and payment of fees therefor.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

BEAUHARNOIS POWER PROJECT

INQUIRY FOR REPORT OF EVIDENCE BEFORE SENATE COMMITTEE

On the orders of the day:

Mr. PAUL MERCIER (St. Henri): I should like to direct a question to the Prime Minister. An investigation is being held by a committee of the Senate in connection with the Beauharnois matter. In the past we, as members of the House of Commons, always received copies of the proceedings in such investigations, but so far we have not been furnished with any of the reports concerning this inquiry. When we hold an investigation in this house, reports are sent to the members of the Senate, so I should like to know if we may not be furnished with copies of these reports.

Right Hon. R. B. BENNETT (Prime Minister): I will have inquiry made in order to ascertain why copies have not been supplied to members of the House of Commons.

TRANSPORTATION COMMISSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): I should like to ask the Prime Minister, or the Minister of Railways, if there is a possibility of the report of the commission inquiring into railway matters being tabled before the Easter recess.

Right Hon. R. B. BENNETT (Prime Minister): The answer to that question will be no. Lord Ashfield has been detained somewhat longer than he had expected because of urgent matters of public business in connection with the transport bill, and I am not in a position to state exactly when he may be expected to arrive in this country. Therefore I can only say with certainty that there is no likelihood of the report being tabled before the Easter recess, and I am sorry I cannot give the right hon. gentleman any indication as to when it may be delivered to the government.

ST. LAWRENCE WATERWAY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): May I ask my right hon. friend if there is any possibility of the treaty between Canada and the United States with respect to the St. Lawrence waterway being signed before the Easter recess?

Right Hon. R. B. BENNETT (Prime Minister): I should think the probable answer would be no.

SALMON FISHING REGULATIONS

On the orders of the day:

Hon. P. J. VENIOT (Gloucester): About a fortnight ago a delegation waited upon the Acting Minister of Fisheries (Mr. Duranleau) with regard to the salmon regulations in the province of New Brunswick. I should like to ask the minister if he has been able to decide upon an answer to that delegation or, if not, when that answer may be expected.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): We have made up our minds on that question and have decided not to change the present regulations.

Mr. VENIOT: That is, not to grant the request of the delegation?

Mr. DURANLEAU: Exactly.

NEW ZEALAND TREATY

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Trade and Commerce whether the New Zealand treaty will be tabled and presented to parliament before the Easter recess?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I have nothing to add to the answer I gave yesterday.

ALLEGED RUM RUNNING

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): May I ask the Minister of National Revenue whether his attention has been drawn to the following report which appeared in the Star a few days ago:

> Produce and Stock Bartered for Rum
>
> Quebec, March 2.—Produce and live stock are being used by people along the north shore to purchase liquor from rum runners, in cases where no money has been available, and unmolested activity on the part of the same rum runners are responsible to a great extent for the poverty which exists among fishermen and shore people, it is claimed by officials of the Fisheries department of the province, and in view of existing conditions it is probable that the attention of the federal authorities will be drawn to the matter, with a view to having patrols established all along the coast line, so as to halt this traffic.

I would ask the minister whether he has been made aware of the conditions that seem to exist, according to that report, and whether it is the intention of the government to see that some remedy is provided to put an end to such conditions.

Hon. E. B. RYCKMAN (Minister of National Revenue): I had not heard of the conditions mentioned by the hon. member, but now that he has brought the matter to my attention I shall inquire into it and give an answer later.

UNEMPLOYMENT AND FARM RELIEF

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Yesterday the hon. member for Quebec East (Mr. Lapointe) asked a question with reference to the personnel of the subcommittee that has been set up to deal with the administration of the Unemployment and Farm Relief Act, 1931. I find on inquiry that the Minister of Fisheries is a member of that committee. When the Minister of Fisheries became Minister of Finance the Acting Minister of Fisheries (Mr. Duranleau) took his place on the committee, the appointments being made by office and not by names. As Acting Minister of Fisheries the Hon. Mr. Duranleau is therefore a member of and sits upon that committee.

UNEMPLOYMENT AND FARM RELIEF

CONTINUANCE ACT, 1932—CONSIDERATION OF RESOLUTION

The house resumed from Wednesday, March 9, consideration of the motion of the Prime Minister that Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following proposed resolution:

> Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Hon. ERNEST LAPOINTE (Quebec East): Yesterday, at the close of an impassioned speech in which moderation was conspicuous by its absence, the hon. the Minister of Railways (Mr. Manion) exhibited a rather delightful piece of humour when he asked the cooperation of my right hon. leader (Mr. Mackenzie King), myself and others on this side of the house. Cooperation in what? Cooperation with whom? We are ready to cooperate, but can we do so by supporting the measure which is now before the chair? It is a direct refusal of cooperation; it is a challenge to parliamentary institutions. Does not the right hon. the Prime Minister (Mr. Bennett) realize that he is going altogether too far in the direction of personal power and autocracy? He is asking the elected representatives of the people of Canada to abdicate the control and sovereignty of parliament. He is asking full authority to legislate by order in council, to amend statutes, to decide anything while parliament is in session, to enter into any expenditure of public money without previous parliamentary authorization; and he kindly suggests and generously offers to communicate to us the decision after it will have been reached. Sir, is not that an utter disrespect for and contempt of parliament? Is it not adding insult to injury? How can we cooperate upon such a basis?

We have been elected to a legislative body, and the seriousness of the situation and the complexity of the problems which face this country at the present time make it all the more necessary that we should all endeavour to find the solution of these problems. We are willing to work; we are willing to sit on committees; we are willing to consider any proposal, any measure which this government has to offer; we are willing to adopt such measures if they are in the public interest. But we are not ready to vest in the Prime Minister a dictatorship, to transfer to him and his cabinet the rights and authorities of this parliament, and to delegate to him the

mandate which we have received from our constituencies. How can we cooperate when the decision has been reached before being submitted to parliament? How can we cooperate when the policies of the country are devised, decided and executed by order in council, and more particularly when important matters are decided one way and modified, altered, changed or cancelled before we have even had the chance of knowing it? How can we cooperate when this government one day preaches the expenditure of public money for the relief of distress in the country, and the next day preaches strict economy, curtails expenditures, retires civil servants, cuts salaries and so forth. Our rulers, like Penelope, the wife of the great Ulysses, are undoing during the night the work that they have done during the preceding day.

You must admit, Mr. Speaker, that it is rather difficult for reasonable men to cooperate with inconsistency, whim and whimsicality. No executive in the world has achieved the autocratic power of the present Canadian cabinet—I am speaking of countries with representative parliaments. I think the nearest parallel in history is to be found in the Committee of Public Safety during the terror of the French revolution. Like this government, that committee had an all powerful executive, controlling all things; like this government, that committee had the support of a majority in the convention. All the powers were held by that committee and it became such a despotism that it was the strongest and most ruthless which history has ever recorded. Of course, I do not suggest that this will happen in Canada; I do not believe the Prime Minister will go beyond certain limits. But has a free parliament the right to establish such a dictatorship? Has it the right to take a chance? Are we justified in abdicating all control and placing the rights and liberties of the Canadian people in the hands of one man, however distinguished he may be? The right hon. gentleman possesses great qualities but he will pardon me if I say that he possesses also some substantial imperfections. He has some characteristic features which are not unmixed qualities, and history proves that no man is great enough to endure well-nigh absolute power without a certain amount of moral weakening and that uncontrolled despotism always inflicts serious injury to the body politic.

May I quote the words of my right hon. friend uttered while he was in opposition. At that time he was complaining that the then Minister of Labour, Mr. Heenan, was endeavouring to enact legisluation which gave the power to make regulations in order to carry out the provisions of the act, and here is what he said:

> I consider the present Minister of Labour (Mr. Heenan) a fair-minded minister but I do not think that it is in the interests of Canada that powers so great should be conferred upon any one individual under the modern democratic form of government where the temptations for abuse are as great as the powers here conferred.

The first departure by this government from sound constitutional practices occurred at the special session of 1930. At that time my right hon. friend asked this house to vote the sum of twenty million dollars to be used for such purposes and under such terms and conditions as the governor general in council would prescribe. That was a violation of the well known principle that the commons has full and unrestricted control over the destination of public money. Every sum taken from the consolidated revenue fund must be applied to a special purpose; it must be voted by parliament either under a statute, when the expense is a permanent one, or by an annual vote in the estimates, as is generally the case. That is the only possible way for parliament to retain its control over the expenditure of public money. In either case the destination must be described and at no time until this government took office had this principle been denied or violated. As my right hon. leader said, even during the war Sir Robert Borden not only specified the amount of money which he asked parliament to vote for the carrying on of the war but he gave the details as to the destination of that money. He said that so much was needed for expenditures connected with the Niobe or the Rainbow, so much for the purchase of a submarine or so much for the purchase of horses. Parliament always was given the fullest details. Had my right hon. friend then been on this side of the house and the government of the day had attempted to do that which is being attempted to-day we would have heard that which Dicey, Anson and Redlich say in the most eloquent terms.

Mr. BENNETT: Does my hon. friend realize that his government passed a statute by which the government was authorized to guarantee the bonds of the Montreal harbour bridge in an unnamed sum, and that it is costing this country nearly $700,000 per annum? The estimate of the cost was given at $6,000,000 while the guarantee has amounted to over $19,500,000.

Mr. LAPOINTE: I think the last part of my right hon. friend's question answers the

first; he says there was an unnamed sum and then he says that the expenditure was much higher than the sum which had been named.

Mr. BENNETT: The sum is not named in the bill.

Mr. STEVENS: Was that unconstitutional?

Mr. BENNETT: The sum of $6,000,000 was not named in the bill; a question was asked as to the amount.

Mr. LAPOINTE: It was certainly stated to the house in my presence.

Mr. BENNETT: The minister stated $6,000,000, but that amount does not appear in the bill and the cost was $19,500,000.

Mr. STEVENS: A blank cheque.

Mr. LAPOINTE: That is the same thing as Sir Robert Borden did during the war. The sum was not specified in the bills he introduced but he took good care to give all the details.

My right hon. friend threatened us with the calamity of his being unable to attend the Imperial conference, and as we could not afford to suffer his absence we allowed this measure to go through. Last year it became still worse. Chapter 58 of the statutes of 1931 was passed, and it is now proposed to resurrect this measure and extend its provisions for two months. I then stated that the bill gave a blank cheque to the government and the power to expend any amount of money for any purpose whatever. I stated, and my words can be found in Hansard, that the provisions of the act which permitted the taking of any steps to maintain peace, order and good government in Canada gave to the government the powers given to the parliament of Canada under section 91 of the British North America Act. I protested against that legislation but we were told that our misgivings were unfounded, that the things we feared would never happen. The Minister of Justice (Mr. Guthrie) discarded all our statements and said that the words "peace, order and good government" were inserted in the statute to give authority to parliament to vote a blank cheque for the purpose of relieving distress and unemployment. My hon. friend said:

> If the bill is not founded upon the theory that it is necessary to maintain peace, order and good government in Canada, then parliament would have no authority to pass it. Without these words the bill in the form in which it is enacted into law might be set aside when challenged in the courts.

And again:

> We recognize this emergency by the adoption of these words from the British North America Act, and they were placed in the bill as the foundation of our authority to pass such an enactment. They have nothing to do with the question of enforcement; they are merely a declaration to give us the jurisdiction which we know we have under the circumstances but of which we want to be sure. . . . We are guaranteeing relief in order to maintain peace, order and good government. That makes it constitutionally certain that the bill will not be set aside.

The Prime Minister, when he referred to that provision about law and order, spoke only of possible troubles in Canada and said that it was good policy, good statesmanship on the part of the government to provide for any such disturbances. He said:

> It is not for a moment to be thought that an insignificant number of strongly vocal persons shall be able so to affect the populace of this country as to make it impossible for us, in cooperation together as Canadians, to work out our destiny. I say that class, happily, is few in number. But in this present situation they now see an opportunity propitious to the prosecution of their pernicious political doctrines. This is a land of freedom.

And so on. He continues:

> If the government is given reason to believe, as there may be some cause for its so believing, that there is a settled purpose in the minds of a considerable number of people—not large, numerically, but scattered over the various parts of Canada—to take action against the maintenance of law and order, or make attempts to impede the difficult task with which we are charged, then we will take such action as in the judgment of the executive of this country, the cabinet who are the board of directors for the time being administering the affairs of this country, as will free this country from those who have proved themselves unworthy of our Canadian citizenship.

At no place in their argument did either the Prime Minister or the Minister of Justice suggest or represent or intimate that this law would be made use of to amend the statutes of the country generally. What has occurred? The Prime Minister, in the course of his remarks when introducing this resolution, spoke about an order in council concerning the returns to be made by the insurance companies. When I asked him whether there were other orders in council under that clause relating to peace, order and good government, he said that he did not know of any, but the Minister of Justice whispered to him that there was one concerning the prohibition of the export of gold.

Yesterday some orders in council were laid on the table of the house and I have been able to find at least three of four or more of them passed under this provision of peace,

order and good government. The first I find is order in council P.C. 2238, guaranteeing repayment to the chartered banks mentioned in it, of the amounts of money advanced by them to the Canadian Cooperative Wheat Producers, Limited, in connection with the crop of the year 1930. I do not think my right hon. friend has treated parliament properly in that regard. During the session of last year the hon. member for St. Henri (Mr. Mercier) on three different occasions asked a question about this matter. The first two questions were answered by the Prime Minister that they were not strictly according to the rules and therefore could not be answered, but finally, on May 14, 1931, the hon. member for St. Henri, as reported on page 1575 of Hansard, asked the following question:

1. Is the government aware that the Canadian banks have advanced, in loans or guarantees, the sum of $68,000,000 to the Canadian Cooperative Wheat Producers, Limited?
2. Has the government, to date, guaranteed the banks interested in these loans in favour of wheat pools, for said amount of $68,000,000, totally or partially?
3. If partially, up to what amount?

The answer was:

Mr. Bennett: As the question now reads, the answer to the first part would be no. The answer to the second part would depend upon what portion of the first part it has reference to. No guarantee has been given for $68,000,000. An arrangement was made. At the moment I think the responsibility would be $2,000 or $3,000, provided the security upon which the advances by the banks are made is liquidated at reasonable prices. At present market prices there will be practically no liability.

Parliament sat until well into the month of August, but no legislation was submitted to it, yet on the 12th September this order in council was passed, and mark the wording of it:

The committee of the privy council have had before them a report, dated 11th September, 1931, from the Minister of Finance, recommending that, in pursuance of the Unemployment and Farm Relief Act, 1931, and of an undertaking on behalf of the government, made before the session of parliament at which the said act was passed, to implement by legislation the recommendation hereinafter set out, the governor in council guarantee repayment to the chartered banks hereinafter mentioned.

And so forth. I have no time to read it all, but I draw the attention of the house to the fact that the promise, the undertaking, had been given prior to the session of parliament—it is so stated in the order in council—that there would be legislation to implement the guarantee of the government. No legislation was introduced in parliament although the matter was referred to on three different occasions. Then, after the session was over, an order in council is passed as a substitute for the legislation that should have been passed by parliament. There were no communistic activities in connection with this.

Then there are three orders in council, again guaranteeing advances by the banks to the marketing agencies mentioned in those orders. I have not time to refer to them.

The second order in council to which I wish to refer is the one dealing with the prohibition of the export of gold. This was passed on Monday, the nineteenth day of October, 1931. But before I refer to it, I would ask the government at least to submit to parliament legislation to ratify the order in council with regard to the guarantee of the advances by the banks.

Mr. BENNETT: I think there is no liability at the moment.

Mr. LAPOINTE: So much the better, but that does not alter the fact that the government has done by order in council what should have been done by legislation.

As regards the order in council dealing with the prohibition of the export of gold, that again is passed under the provision regarding peace, order and good government. A penalty is fixed of a fine of $1,000 or imprisonment for a term not exceeding three years, or both fine and imprisonment. It is stated in the order that these provisions shall come into force on the 19th day of October, 1931, and shall continue in full force and effect until the first day of March, 1932. If this order is renewed or extended, I hope it will be done by an act of parliament and not by a juggling of the calendar by substituting May for March as is proposed to be done by the resolution now before the house.

Then on the 27th October, 1931, order in council P.C. 2693 was passed, virtually amending the Bank Act, authorizing the banks to make to the government returns with regard to securities in another way than that fixed by the Bank Act. It also has force and effect until the first March, 1932. I ask the government, if this order in council is to be extended, that this should be done by act of parliament. The Bank Act is one of the most important acts. It is sacred legislation. It is different from the others in this, that we have a revision of the Bank Act every ten years, when a committee of this house studies any proposed changes most carefully. Surely the Bank Act should not be amended by order in council without authority of parliament.

Mr. SPENCER: Would the hon. member explain further what changes were made?

Mr. LAPOINTE: I am afraid I have not time to do it.

Mr. STEVENS: No complaint about it.

Mr. MACKENZIE (Vancouver): We are complaining now.

Mr. MANION: You are always complaining over there. We do not mind that.

Mr. STEWART (Edmonton): We are not complaining as much as you would if you were over here.

Mr. LAPOINTE: Then on December 16, 1931, P.C. 3087 was passed on the recommendation of the Minister of Justice (Mr. Guthrie), increasing the strength of the Royal Canadian Mounted Police by three hundred men, with an added expenditure of $274,135. I do not want to comment upon that, but perhaps it is the reason for the fine parades we are witnessing on different occasions around the parliament buildings.

Then there was the order in council virtually amending the Insurance Act. Section 34 of the Insurance Act provides that the stocks held by the insurance companies must be valued at their market value. That was amended by order in council. It is stated in that order in council that the privy council has virtually declared that the Insurance Act is ultra vires and that it is proposed at the next session of parliament to bring in a new law which the law officers of the crown believe will be intra vires. But before this new law is put into force we have this order in council. I have seen the bill which is presently before the Senate and I notice that section 54 of that bill is exactly the same as section 34 of the Insurance Act as it was. There is no change made there at all. Will that order in council be extended for another year? If so, I say again that this parliament has the right to discuss and pass upon such a matter. I ask you, Mr. Speaker, is there one of those five or six orders in council which I have mentioned passed in the interests of the unemployed? This whole legislation was passed presumably for the relief of distress and unemployment and the clause about peace, order and good government was included only to give authority to the government for that purpose. But these orders in council which were passed concerning the insurance business and banking and the mounted police, were they orders in council passed in the interests of the unemployed? They took the place of acts of parliament, which is exactly what we foresaw would happen as the use to which the clause would be put when the legislation was before the house.

But bad as that legislation was, the present proposal is many times worse. This parliament is in session and the government is asking power to amend to-morrow a statute which we may pass to-day in this House of Commons. The suggestion that the rights of parliament will be safeguarded merely by tabling at the next session of parliament any orders in council that may be passed is preposterous. It reduces parliament to a formless debating society, carrying on in a vacuum of futility.

Sir, the legislative function is to formulate what is to be and what should be the law of the country. The function of the executive is to carry out the law as formulated by this parliament. It is parliament that has the power to decide what the law is and what the law should be. It is parliament that has the control of the treasury, of the levying of taxes and of the manner of spending those taxes. It is the only effective agency in any British House of Commons for controlling the departments of government. The goal of democratic government is a satisfactory understanding between those two branches of government. Fundamental laws have defined what are the proper functions of each. The struggle of the House of Commons in England extending over many hundreds of years was carried on to ensure the control of parliament over the executive—not the control of the executive over parliament.

The Prime Minister pleaded that to proceed in this way would give greater convenience to the government in the serious conditions that now face the country. Doubtless absolute and autocratic power is more convenient than a free government. But does Canada want that? Our system is one of check and balance to make it sure that none of the divisions of the government shall become so powerful as to have the others at its mercy.

When in opposition my right hon. friend the Prime Minister referred frequently to that clever book of the present Lord Chief Justice of Great Britain, Lord Hewart, entitled The New Despotism. I might say that the Prime Minister's is a newer and stricter and narrower despotism. I have here a fine quotation of Lord Hewart which I should like to put on Hansard if I had time, but perhaps at some other stage of the bill I shall have the pleasure of doing so. But Lord Hewart was speaking only of regulations which permitted the departments virtually to make the laws of the land. He never even dreamt that

it would come to the mind of any ruler to assume the power of amending the statutes and the laws of the country. No wonder parliament is losing some of its former high position in popular esteem. My right hon. friend is responsible for it. This decline in the moral authority of parliament is due to the assumption by the Prime Minister of powers over the House of Commons which would have been undreamed of fifty years ago, and he is reducing the members of parliament to a condition of almost servile impotence.

Some hon. MEMBERS: Oh, oh.

Mr. LAPOINTE: Yes. Parliamentary government is the form of free government, and I cannot forgive my right hon. friend for undermining—

Some hon. MEMBERS: Oh, oh.

Mr. LAPOINTE: My hon. friends over there remind me of the words of an American reformer, Lincoln Steffens, who said that he could forgive Philadelphia for being corrupt but not for being contented. I could forgive my hon. friends opposite for being made impotent by the actions of the government they support, by losing their parliamentary rights, but I cannot forgive them for being contented and satisfied with that situation. The control by parliament over the executive is no longer even a theory; it has become a fiction. The process is reversed; it is the executive which controls parliament. It is a revolutionary process, but revolutionary in the sense of reaction and contrary to all national traditions.

Had I time I would quote the words of the president of the Canadian Bar Asosciation which held its annual meeting at Murray Bay last year, when he called attention to the danger of such legislation. I am opposed to this government—

Some hon. MEMBERS: Oh, oh.

Mr. LAPOINTE: Yes, and I am glad everybody knows it, and that everybody can see it.

Some hon. MEMBERS: Hear, hear.

Mr. LAPOINTE: I am opposed to this government ridding itself of constitutional restraints. If a majority in parliament has its rights, I claim that the minority also has its rights. We have the right to consider all public business submitted which is going to be the law of the land. We have the right to require full publicity of public business. I have been sent here by my constituents to speak their voice in this parliament and to share in the work of legislation. They trust me; they may be wrong, but they have been trusting me for about thirty years.

Mr. SPEAKER: The hon. member's time has elapsed.

Mr. LAPOINTE: Oh, Mr. Speaker, you have no mercy.

Mr. I. D. MACDOUGALL (Inverness): Mr. Speaker, at the very outset may I convey to my hon. friend who has just taken his seat, the ex-Minister of Justice (Mr. Lapointe), my sincere congratulations upon the eloquence he displayed in his address, the choice of diction he used, the grace with which he presented his material, and especially, upon the high-powered sophistry of his argument. My hon. friend would have us believe that he, and he alone, is the protector of the people's rights in the parliament of Canada. Recently there was introduced in the Quebec legislature an iniquitous bill known as the Dillon Bill, which not only deprived the elected members and those who were not elected of the right to protest against corruption, but was made retroactive, and was supported by the newspaper controlled and partially owned by the hon. gentleman who has just resumed his seat.

It would appear that my hon. friends opposite are possessed of some peculiar mental condition which prompts them to conjure up in their imaginations constitutional questions. We all remember, sir, that in 1926 a constitutional question was conjured up in the mind of my right hon. friend the leader of the opposition (Mr. Mackenzie King). He went to the country at that time and was, I think, returned on that constitutional issue. What was the contention? It was that Canada was being sold out to Downing Street. However when the hon. gentleman who now, with such distinction, occupies the position of Secretary of State (Mr. Cahan) called for a return of the correspondence passing between the right hon. gentleman and the then Governor General, Lord Byng, we found that it was the right hon. gentleman himself who wished Downing Street domination in Canada. That was the constitutional question of 1926. I venture this, Mr. Speaker, that had not Lord Byng been imbued with the splendid traditions which have always characterized governors general in Canada, had he been able to tell the Canadian people what actually happened on that occasion, my right hon. friend's constitutional issue would have fallen to the ground, and he would have returned to parliament repudiated by the Canadian people.

I am at a loss to understand why, when the Conservative party of Canada introduces or attempts to introduce measures to assist men without work and women and children without food, all conceivable constitutional objections are taken by the opposition, and even appeals are taken against Your Honour's rulings. Had the appeal which was taken only a few nights ago been carried, what would have been the result? There was at that time no amendment before the house, and had the appeal from Your Honour's ruling by the right hon. the leader of the opposition been sustained by that vote all unemployment relief would have been precluded.

The control of parliament over taxation is a fundamental principle of British government. So fundamental is it that we did not require the comments of such a great champion of constitutional government as my hon. friend who just preceded me to put us right in the matter. I say that the elected representatives of this or any other parliament have the right, if they desire to exercise it, to delegate to the government the power to control taxation and the expenditure of money. There is not an authority on the constitution of this country or on constitutional practice prevailing in any British country saying that parliament's control over taxation and expenditure must have unanimity of opinion from all elected members. It is quite competent for the majority of elected members to delegate that power to the executive. If my right hon. friend thinks it is a constitutional question, let him ask members of this parliament and they will give him his answer, because the great majority in this house have faith in their right hon. leader and will be prepared to delegate power to the cabinet.

There is no more a constitutional question at the present time than there was in 1926. To state that there is a constitutional issue herein involved is merely subterfuge. It is sheer persiflage,—merely, an effort by the Liberal party to give effect to that policy on unemployment which in the last few years they have pursued with such unenviable distinction to themselves. What was their policy when in power? The right hon. gentleman (Mr. Mackenzie King) had a policy then; he was prepared, with his charitable disposition and from the goodness of his heart, to give a five cent piece to the unemployed if they would vote Grit.

Just before I leave the constitutional question, what is the alternative suggestion of hon. gentlemen opposite? It is that a commission be appointed which would be responsible to no one at all in the spending of the money of this country. Hon. gentlemen opposite would take away from parliament control over taxation; they would take away from the cabinet the right to receive that control from parliament, and they would vest it in an irresponsible, roving commission. That was the alternative announced by the leader of the opposition, which received vociferous applause from the hon. gentleman who just made his constitutional speech. Hon. gentlemen opposite talk glibly of orders in council; after listening to them one would think there was something sinister or reprehensible about the passing of an order in council in order to do the greatest work this parliament and this government can do, that is, protect human life in this country. May I point out, sir, as my right hon. leader pointed out, that the previous government appropriated money for the Montreal harbour commission by order in council; they practically destroyed the dairying industry of this country by order in council, and during the time my right hon. friend and his distinguished deskmate, who just resumed his seat, were in power, their government passed 53,968 orders in council. So let us hear nothing more about the passing of an order in council being something sinister; it is merely a fantasy of the imagination of hon. gentlemen opposite.

As I said before, Mr. Speaker, we have no other measure before parliament through which the unemployed may be assisted. Hon. gentlemen opposite have been able to make no suggestions, and now they ask us to cut off relief entirely from now until May 1. My conscience will not allow me to be sidetracked by constitutional arguments; I want to tell you that I think as much about the poor men and women who are unemployed as I think of the constitution of our country. Hon. gentlemen opposite suggest absolutely nothing; they want to cut off relief entirely, but we want to carry on this relief because, when men through no fault of their own are out of employment; when women and children are suffering, we believe public funds should be made available to protect the welfare and the lives of our citizens.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, I wish to say a few words in connection with the very important question under discussion at the present time. But before dealing with the resolution I wish to refer briefly to the statement made in the house yesterday by the Minister of Railways and Canals (Mr. Manion), who I am sorry is not in his seat.

Mr. SPOTTON: He is not far away.

Mr. MacINNIS: If my hon. friend from North Huron (Mr. Spotton) will keep quiet now, we will give him an opportunity to speak when I am finished. That is the proper procedure in parliament; if he does not know it he should be told, because he is continually interrupting.

Replying to the speech made by the hon. member for Winnipeg North Centre (Mr. Woodsworth), the Minister of Railways and Canals took rather a peculiar line, which showed that if he is not a good cabinet minister at least he is a good politician. Having nothing else with which to reply to the statements which had been made, the minister tried to make a noise about something entirely different; he brought up something not even mentioned by the hon. member for Winnipeg North Centre, the question of Russia. Instead of telling us something of the policy of the government in regard to unemployment he dealt in great detail with the murder of the czar and the royal family, Russia's repudiation of her debts, her irreligion and lack of respect for the female of the species. This may have been good politics, but it did not throw any light on the subject under discussion. However, since the minister did bring up the matter I think it only right that something should be said in reply.

My hon. friend was very much concerned about the attitude of the Soviet government toward the kulaks, the rich peasants of Russia. I should think he would be concerned rather with the condition of the unemployed in this country. He gave extensive quotations and blamed the hon. member for Winnipeg North Centre for praising everything Russian. Just a week ago yesterday, after the hon. member for Winnipeg North Centre had made another speech, the hon. member for Toronto Northwest (Mr. MacNicol) took a good deal of the time of the house to point out the bad things the hon. member for Winnipeg North Centre had said about Russia, so between the two hon. members we may possibly reach the truth. At least one person has gone to Russia who is quite capable of telling about things as he saw them, without fear or favour.

The Minister of Railways and Canals quoted from an article by Henry Wales, correspondent of the Chicago Tribune. I have here another despatch from Mr. Wales which appeared in the New York Times of March 29, 1931, giving an account of an interview with Michael Tzetlin, vice-chairman of the Soviet executive committee at Archangel. This is what he says in connection with the kulaks:

> The state is aiding them to build homes and create new villages, composed of kulaks exclusively, where they can hunt, fish, farm, enter the timber industry or do whatever they please. The government is giving them all the land they want, providing lumber, building materials, food supplies and clothing, and establishing postal, telegraph and transportation services in the newly opened territory.

I wonder whether the government of Canada is doing that much for the unemployed in this country. Are we getting these facilities? Is anything being done to set up the unemployed so that they may become self-supporting? Absolutely nothing. We shall shortly come to what the government is actually doing. This writer goes on to say:

> The kulaks are not guarded. Each village has its militiamen, the GPU (secret police), the same as all other communities. Each settlement chooses its own mayor—tzaritza, we call him—who is responsible to the authorities for law and order in his community.
>
> Records show the death rate among kulaks transported here not above the normal rate among the local populaces.

One more quotation with reference to the kulaks:

> The liquidation of the kulaks is a great reform measure—an emergency similar to mobilization in war time. It is hard on them. So was freeing the slaves hard on southern plantation owners in America. So was the prohibition law, which legislated out of business an entire industry in the United States.

When the Minister of Railways is discussing Russia he should not forget that Russia at the present time is at war; it is making war on poverty, on ignorance and on the superstition that has grown and fattened under the czarist rulers. Nor should he forget that when this country was at war it conscripted Canadians and sent them away, not to some place where they could earn a living but into the front line trenches, to fight the German army, an army with whom personally they had no quarrel. Let me read from a speech made not so very long ago by Sir Arthur Currie, to show that the place to which we sent the Canadians who were conscripted during the war was not at all as good a place as where the kulaks were sent by the Soviet government. And remember that the kulaks were the class in Russia who would not cooperate in the socialization of the machinery of production in the interests of the people as a whole. As an hon. member says, they were like Tories. Sir Arthur Currie, before the National Republican Club of New York, said:

> Let me give you one picture of war, a memory I carry from the battle of Amiens. That battle was a great victory. It was perhaps the greatest triumph we had. Our troops went into it fit and healthy, high-spirited and well-trained. We had plenty of artillery, we had plenty of tanks. The Germans were completely surprised and thoroughly beaten. At

the end of the day I was asked to go back to a casualty clearing station. I was told that something was wrong. I went back. And there I saw the aftermath of victory. Something was indeed wrong. The extraordinary secrecy of the movement had somehow hampered the army medical services. I saw ambulance after ambulance full of wounded men, some shrieking, some groaning, some dying, some dead, some just suffering in patience, waiting to get to the hospital gate. Inside the doors of the building used as a hospital, its windows boarded up tight so that no light would reveal its position to enemy aircraft, the fumes of acetylene gas from the lamps, the terrible smell of gas gangrene from some of the wounds, the sickening odour of ether, the white faces of the worn-out nurses, the blood-stained hands of the doctors, who had to work as fast as butchers—only to save and not to kill—made a scene of horror that I can never forget.

As I said a moment ago, the Soviet government are at this moment at war; they are making war on poverty and on all the other conditions that were left them as a heritage by the rulers who preceded them. More than a decade ago we were at war with a different enemy, and the people of this country thought that was a good and sufficient reason for taking the able-bodied men of Canada, whether they wished to go or not, and placing them in the midst of such conditions as Sir Arthur has outlined in this address to the National Republican Club. Surely if it is right and proper in the one case it is right and proper in the other. I will leave the Minister of Railways there; it is not necessary to say anything further in that connection. The statements he made in regard to Russia were exploded long ago, and apropos of this I would paraphrase slightly a few words of Lord Macaulay's in reference to something similar. These stories are now altogether exploded. They have been abandoned by statesmen to aldermen, by aldermen to clergymen, by clergymen to old women and by old women to the Minister of Railways and Canals.

We are discussing now the act which was passed last year, empowering the governor in council to do certain things during the parliamentary recess. It will be remembered that when that act was introduced the date of its expiry was fixed at March 31, and it was pointed out to the Prime Minister that the house would likely be in session prior to that date and, in order that the act might not be in force during the session of parliament, the date was changed from March 31 to March 1, as parliament, being then in session, could deal with any questions that might arise. Now, with the house in session, hon. gentlemen opposite are asking us to extend the act for another two months, and this without giving us any indication of what they are going to do at the end of that time. I opposed the bill when it came up last year. I told the government, when opposing it, that I should be quite willing to meet any member of the government before any Labour audience in the country and justify my position.

An hon. MEMBER: The hon. member couldn't stand up.

Mr. MacINNIS: Hon. gentlemen opposite could not stand up; that was why they did not accept the challenge. I am still opposed to the bill, but I am prepared to go to this extent, that if the government, in asking for this extension of the act, will undertake before May 1 to place before the house proposals dealing definitely and permanently with unemployment, I shall be willing to grant the extension, much as I object to it. But so far we have had nothing to indicate that they are willing to do anything of the kind. Most likely when May 1 comes the house will prorogue and then they will go on under the same system they had before.

Mr. ARTHURS: They would have to pass another bill.

Mr. MacINNIS: Probably a last-minute extension before the house adjourns. Now, during the discussions in the house we have heard a good deal about promises and particularly preelection promises. Personally, during the election of 1930 I made one promise only—possibly two. I said I was quite willing to support any legislation that might be brought down in this house in the interests of the working class whom I represent and that on the other hand I would oppose any legislation that was not in the interests of that class or which would extend special privileges. We have been accused on many occasions of being always in opposition and never having a good word to say for the government. May I say that the first words I uttered after I came down here to the special session in 1931 were in favour of the government for having made provisions to deal with unemployment. The government was being criticized at that time by the opposition for not furnishing more details of the proposed expenditures in connection with the twenty million dollars. Possibly if I had been in the house a little longer and had not been feeling so timid my remarks might have been more extensive, but on September 12, as appears on page 184 of Hansard, I said:

I find myself very much in agreement with the position taken by the hon. the Prime Minister. Under the circumstances, considering

the short time between the election and the date of calling parliament, I do not think that he could have done more than he has done. Considering the wide field he has to cover and the details the unemployment problem involves it would have been impossible to make detailed estimates of what he intended to do with the appropriation for which he is asking.

I think that showed some appreciation of what the government was doing at that time, and I think it was a reasonable position to take.

Mr. ARTHURS: It would be to-day, too.

Mr. MacINNIS: No, not to-day. The government has had eighteen months in which to investigate the situation and to make definite plans to meet it; it has had an opportunity to know its extent, its scope and its causes. This government could have done this had it been anxious to do so, but that I doubt. Anyone taking the trouble to look at page 166 of the same Hansard will discover that the hon. member for Winnipeg North Centre (Mr. Woodsworth), who spoke yesterday, spoke along the same lines as myself at that time.

When we came down here last year the situation was much worse than it had been in September, 1930. As soon as possible after the house got down to business we took up the question of unemployment, and on various occasions we asked the government what it intended to do. I would like to refer to some of the occasions during the session of 1931 when we raised this question of unemployment. I will refer to the endeavours made not only by the Labour members and the members of the farmer group but also by the independent members. On March 20 the hon. member for North Winnipeg (Mr. Heaps) asked the ministry if special measures were being taken to deal with unemployment. The Prime Minister (Mr. Bennett) declined to answer. On March 31 the hon. member for North Winnipeg moved the adjournment of the house to discuss the question of unemployment. The Speaker ruled him out of order, but later he discussed the question under another order of procedure. On April 24 the hon. member for Bow River (Mr. Garland) asked whether or not the government intended to call a dominion conference on unemployment. On May 25 the hon. member for Comox-Alberni (Mr. Neill) drew the attention of the then acting Minister of Labour (Mr. Gordon) to conditions existing in Nanaimo due to unemployment and urged the government to deal immediately with the situation. The minister replied that the matter was purely a provincial one. On May 26 the hon. member for Comox-Alberni discussed upon the motion to go into supply the urgent necessity of holding an unemployment conference with the provinces. I might just mention that upon that occasion the hon. member for Winnipeg North Centre and myself, as the Labour members in this house, took part in the debate. No member of the government took part, not even the hon. member for North Huron (Mr. Spotton).

Miss MACPHAIL: He does not take part in any debate.

Mr. SPOTTON: He does not get a chance.

Mr. MacINNIS: He has not the intelligence to take part.

On June 8 the hon. member for Comox-Alberni again brought up this question and called upon the ministry to declare its immediate intention, but the Deputy Speaker ruled him out of order. On July 9, the hon. member for Winnipeg North Centre asked when unemployment legislation would be introduced and the Prime Minister replied that it would be introduced when the business of the house had been practically disposed of.

During the session of 1931 the government should have been investigating the unemployment situation, but regardless of our efforts in the house the government did nothing. On June 4, the Minister of Trade and Commerce (Mr. Stevens), speaking during the budget debate, said that that was not time to be making proposals in connection with unemployment which might be anticipated next autumn. I believe it was on June 15, that the then Minister of Labour, Senator Robertson, started on a trip to British Columbia. On his way west there happened to have been a few showers and the prairie provinces looked fresh and green, but when he returned to Winnipeg there had been some hot weather which had burned up what little verdure had come up with the showers and the conditions were so appalling that he wept. Yet a few days before that the Minister of Trade and Commerce had told us that that was no time to be making provisions for unemployment which might be anticipated next autumn.

Mr. STEVENS: Would my hon. friend indicate where he got that statement? I am quite certain he has misunderstood the purport of my remarks.

Mr. MacINNIS: I did not take the trouble to make a note of the page in Hansard, but if the minister will look up the speech he made on that date and can point out to me that I am wrong, I will withdraw my remarks.

Mr. STEVENS: Does the hon. member refer to May 4?

Mr. MacINNIS: No, June 4.

We have been accused by hon. gentlemen opposite of not offering any constructive suggestions with regard to unemployment. I think it is rather difficult to offer to the mid-Victorian minds of the hon. gentlemen opposite any suggestions which would meet their wishes in this matter. The suggestions they want are ones that will deal with the unemployment situation and leave the social relations between the various classes in the country as they were before. We maintain that would be a waste of time, and while there is a great deal of time wasted in the house, I do not propose to waste my time by making any such suggestions.

Mr. SHAVER: Does the hon. gentleman mean by his previous statement that the only suggestion he has to make is a social revolution?

Mr. MacINNIS: My hon. friend can have either a social revolution or a social evolution, whichever he prefers. If he wants a social evolution, he will have to plan it; if he has not a plan, he will have a social revolution.

Let me, however, draw the attention of the house to some suggestions that we made last session. When the debate on the address in reply to the speech from the throne was taking place, we moved the following subamendment:

> This house fully realizes that there exists in Canada an economic situation which constitutes a national emergency, which can only be met by extraordinary measures;
>
> This house is of opinion that the present situation calls for the greatest possible degree of cooperation on the part of all its members, and to that end, and that this cooperation may be given in the most practical and efficient manner, Your Excellency's advisers should give consideration to the appointment of a special committee of parliament, to which committee would be assigned the duty of examining into the causes and extent of the present depression, with the view of suggesting such appropriate action as might best correct the present situation and relieve present suffering, and as might also render less probable the recurrence of such disasters in the future;
>
> This house urges that the need is great and immediate, and that this committee should be appointed without delay, that it be given all necessary powers and authority, and that it be instructed to proceed with all expedition and to report to this house during the present session of parliament.

I well remember when this subamendment was considered by our group. I believe it was the hon. member for Red Deer (Mr. Speakman) who was given the task of drafting it. I remember very well with what sincerity he went about the task in order to frame an amendment that would meet the wishes of the government, in order that we might offer our cooperation in a situation that we felt was so difficult. I felt very doubtful that we would accomplish anything. As a matter of fact I felt I could say and possibly did say, that the subamendment would not be accepted. Indeed, I felt sorry for the hon. member for Red Deer who was so sincere in the matter. I knew what would happen to the subamendment when it came into the house. What happened to it reminded me of my Sunday school days, of a scriptural quotation which refers to pearls and certain animals, a quotation which it might be unparliamentary to use in the house. That is exactly what happened to our subamendment when it appeared before the house, and as an hon. member near me now suggests, they got away with it.

On May 1 or May 6 last, I am not quite sure which, the hon. member for Red Deer moved a resolution for the appointment of a council of social and economic research. That was refused by the government last year. This year it came up again and was accepted in a modified form by the government. If the government had accepted it last year, they would have been at least one year ahead in the matter. When the budget was brought down, we moved an amendment along similar lines to the one moved to the address. That again was turned down.

Then we took up the question of unemployment insurance, and impressed upon the government the necessity of instituting legislation that would in some measure meet the difficult situation. We were, of course, promised that the matter would be dealt with before the government's term came to a close. This would seem to indicate that they were not fully convinced of the efficacy of unemployment insurance in meeting the situation nor of the need for it at this time.

May I say a few words in connection with the situation as it exists in British Columbia? As a matter of fact, this question has been discussed in the house on at least one occasion since the opening of the session. The hon. member for New Westminster (Mr. Reid) took up the case in reference to the municipality of Burnaby. On looking over the Vancouver papers of a few days ago, I find that the Burnaby situation is at least as bad as if not much worse than as stated by the hon. member. In the Vancouver Province of March 1, I find that the Burnaby storekeepers told the municipal council that the

limit of credit on relief orders had been reached. In the past wholesale houses have been accepting relief coupons from retailers in payment of their bills, but they have notified the retailers that those relief coupons will not be accepted in future. The treasurer of the municipality stated that no payments on direct relief had been made since December 19, 1931; that bankers enabled the municipality to carry on to December 31, and that since that time they have found great difficulty in meeting the situation. He states that the two governments, the provincial and the federal, owe the municipality at the present time $187,000 on account of relief work and direct relief.

In British Columbia the provincial parliament is at present sitting, and I understand that a committee of the house is investigating the administration of unemployment relief there. There seems to be considerable difference of opinion between the federal and provincial governments as to what has been done in regard to financing unemployment relief. Mr. Bruhn, Minister of Public Works for the province, states:

> Thousands of men have for four months been out of work in British Columbia relief camps because money promised by the federal government never came to Victoria.

He was examined at the time by General J. A. Clark, counsel for the committee. Mr. Pooley, Attorney General in the provincial parliament, stated that the provincial administration had received certain moneys from the federal government, but it was money that was loaned to the province and municipalities and was part of the relief which was to be borne eventually by the province and municipalities; but of the government's own share they had not received one cent. He said that it was only within the last few days that an arrangement had been reached whereby the men were given board and $7.50 per month in the camps.

On February 20 there were 70,616 registered unemployed persons in the province of British Columbia. That is a most serious situation, Mr. Speaker. I read in the Vancouver Province of March 1, 1932, that the city which I have the honour to represent in part, the city of Vancouver, made a demand upon the provincial secretary, Hon. S. L. Howe, for the sum of $760,028 as the share which the two governments were contributing for unemployment and direct relief as from October, 1931, and it is stated that of the city's share of the $950,000 relief program—incidentally this work is expected to be completed by the end of this month—the provincial government has paid only $198,960 on relief work and $12,000 on direct relief.

Surely there must be something wrong with the administration of relief in the province of British Columbia, and I say, Mr. Speaker, that as the federal government is to some extent financing the province and municipalities in connection with unemployment, as the relief of unemployment is accepted as a joint responsibility of the federal, provincial and municipal authorities, it is high time that this government appointed somebody to look into the situation with a view to clearing it up and giving to the unemployed in the province of British Columbia a fairer deal than they have been getting in the past.

Mr. TURNBULL: May I ask the hon. gentleman a question?

Mr. MacINNIS: Yes.

Mr. TURNBULL: Does he realize that for the last forty minutes he has delayed parliament in making the necessary arrangements to take care of the situation?

Miss MACPHAIL: Make your own speech.

Mr. MacINNIS: If the hon. gentleman has a question to ask I shall try to answer it.

Before I sit down I should like to quote an editorial in this connection from the Vancouver Province. It reads as follows:

> When Alice, in her travels through Wonderland, stumbled upon the Mad Hatter's tea party and took her seat at the table, she was met with cries of "No room! No room!" There was plenty of room, for the table was long and there was no one present save the Mad Hatter and his friends, the March Hare and the Dormouse. But the cry went up all the same.
>
> There is a Mad Hatter's tea party in progress in British Columbia. Six thousand men, who have been idle in the well-equipped road camps of the province since last fall, are trying to sit down at the table where jobs are dispensed, and the cry goes up from the Mad Hatters and the March Hares and the Dormice of our governments: "No work! No work!" There is plenty of work. There are some thousands of miles of highway in the province, and great stretches must be put into repair if they are to be useful for resident and tourist traffic next summer. The men to do the work are eager and waiting. The equipment is ready. The work, if undertaken, could be done at a ridiculously low cost. But it isn't being done. How could it be done at a Mad Hatter's tea party?

Mr. C. N. DORION (Quebec-Montmorency) (Translation): Mr. Speaker, I do not intend in the course of my remarks to broach the subject of the Russian Republic or the Soviet government. However, so much praise has been lavished on that country by members of the Labour party, that I feel some-

what amazed that they have not yet emigrated to parts which appear so congenial to them. I do not intend to put Russia on trial, only we all know that, over there, the state is everything: the state not only embraces the army, the navy, the police, labour, industry, agriculture and trade; it not only owns the lands and the industries but it also owns the family. I would therefore advise those who admire so much that country and wish to bring up a family to emigrate to Russia and offer that Republic their first born child.

I listened a short while ago to the hon. member for Quebec East making an appeal to those who hold in high esteem the Canadian constitution. This reminds me of the 1926 election campaign when, in Quebec, the same appeal was made to our people; it was pointed out that members of the government then, had crossed over to London to obtain advice concerning the management of Canadian political affairs. We are, in Quebec, used to appeals of that kind. However, the hon. member for Quebec East forgot to mention one thing: when he censures the Prime Minister (Mr. Bennett) because the latter introduces measures for the relief of unemployment, when he censures him because he has orders in council passed to rescue and help those in need, the hon. member for Quebec East, I say, forgets one thing, it is that, under the Liberal regime, the government transferred by order in council, to a private company, one of the finest Canadian assets, namely the Beauharnois canal.

Mr. DENIS (Translation): That was not contrary to the constitution.

Mr. DORION (Translation): By order in council, that water-power was handed over to a company of capitalists with the evident design—that has since been proved—of obtaining subscriptions to the electoral fund, so as to maintain the Liberal party in power. Now, the opposition feels somewhat shocked because the Prime Minister takes the necessary steps to help the unemployed and relieve their distress. But they were in no way shocked then, when one of Canada's most valuable assets was transferred, by order in council, to a private company.

Sir EUGENE FISET (Translation): That is why you approved of it.

Mr. DORION (Translation): As the hon. member for Inverness (Mr. Macdougall) stated a short while ago: the members of this house are quite entitled to transfer their powers to the executive, they are perfectly entitled, as representatives of the people, to give to the Prime Minister and his colleagues a power of attorney to pass orders in council when the latter think they are necessary for the best interests of the people.

What would have happened if this power of attorney had not been given to the government? Last year, some time previous to the provincial election, the Quebec Prime Minister (Mr. Taschereau) at the outset of his electoral campaign, in the county of Portneuf, speaking at St. Raymond, stated that he had no need of federal assistance to solve the unemployment question, in Quebec. On June 14, 1931, the date of that meeting, he added:

> If, next autumn, unemployment still persists in its acute stage, we shall not have to call upon municipalities. We shall ourselves carry out the necessary work to relieve our people. By means of improvements which we intend to carry out, we hope to reduce unemployment, next autumn, to its lowest point and the departments which employ labour will receive from the treasury all the necessary funds.

Mr. Taschereau, I repeat, stated in Quebec, at the outset of the provincial election that he had no need of federal assistance, that he was able by himself to solve the unemployment problem in Quebec. We were in session here last year, when Mr. Taschereau made that statement; if we had then said to ourselves: Mr. Tascherau is perhaps right, he has no need of federal assistance to solve the unemployment problem in Quebec; we shall vote a certain amount, but we shall not include Quebec in the estimate, because Mr. Taschereau declines to accept assistance, what would have happened? What would have been the results, if the measure we enacted last year had not been adopted? What would have happened, if the act we propose amending to-day had not existed?

Mr. Taschereau received as his share nearly $5,000,000 to help him in carrying out certain public works; Mr. Taschereau was only too glad to accept dominion aid. If we had followed the advice the hon. member for Quebec East (Mr. Lapointe) gave us this afternoon, if we had voted only a specific amount, the province of Quebec would not have received a cent in the course of the last twelve months.

The constitution is made a subject of debate; well, we also have a high esteem for our constitution, we admire it as much as do our hon. friends on your left, sir, we stand by it, and shall champion its rights if need be. We are as good Canadians as are anywhere to be found; however, there is no transgression of constitutional rights when we give our government a power of attorney to

enact measures and pass orders in council, under special circumstances, when the country has to face one of the most critical periods of our history.

I can well understand the attitude taken by hon. friends on your left, sir; it is the history of the Liberal party in the past which repeats itself; each time that these gentlemen deliver a speech either in the house or elsewhere, it is always with an eye on the forthcoming elections. They are ever ready to resort to all means, such as to move resolutions, introduce motions with the aim of preparing public opinion, in Quebec, for the next general election. This will not work any more and our hon friends know it. There are in the house members who are quite aware of what is happening, who see through the plans of their opponents. Thank heaven, we are no longer deceived by the Liberal party, we can see through their strategy, and at the next general election, we shall be in a position to uphold with success the policy of our Prime Minister.

I heard, the other day, the hon. member for Quebec East call the Prime Minister: "Mussolini." Well, I prefer a Mussolini to those who are quoted as an example by our Liberal friends or the Labour group: the Lenines, Trotskys, Stalines and others of the same stamp. I prefer to all those men, one like Mussolini who, through his energy has saved his country from destruction, and from being the prey of bolshevism as it exists in Russia. I wish that all countries had at the head of their government a Mussolini, especially in the hard times we are passing through. If all countries had as leaders, men as firm, energetic and as patriotic as the one who is at the helm of our government the world would soon become normal again. Mussolini! that does not constitute an insult for the leader of the Conservative party, we accept the title as a compliment paid to our Prime Minister.

Mr. POULIOT (Translation): Then, do not complain.

Mr. LAFLECHE (Translation): Nobody complains.

Mr. DORION (Translation): I had not intended, sir, to take part in this debate, but after listening to the hon. member for Quebec East lecturing us on the constitution and dwelling so much on a subject which we are in the habit of hearing in Quebec, I was wondering if we were going to witness a constitutional battle? There is very little need of making a fuss over the present resolution, there is no constitutional question involved, since, I state again, it is the privilege of hon. members of this house to transfer their powers to the government.

Now, sir, I would request the hon. member for Quebec East to forward a copy of his speech to the Prime Minister of Quebec, the Hon. Mr. Taschereau, because if anyone actually needs a lecture on autocrats, on the one man government, it is certainly the Prime Minister of Quebec. If one wishes to learn what autocracy means, one has but to travel in Quebec, under the present regime. It exists in our province for all those who differ with the Prime Minister and his hon. friend the member for Quebec East.

The hon. member for Inverness mentioned a short while ago the famous Dillon bill enacted in Quebec by the provincial liberal party and we are fully aware that the hon. member for Quebec East is one of the leading spirits of that party. If the hon. member for Quebec East wishes to discuss autocracy or tyranny, let him tell us about the Dillon bill which the Hon. Mr. Taschereau forced through the legislature in order to legalize in Quebec the elections which were stolen last summer!

Mr. DENIS (Translation): A poor plea.

Mr. DORION (Translation): I trust, sir, that when the hon. member for Quebec East has an opportunity of advising the Quebec Prime Minister—seeing that he is reported to be an adviser of Mr. Taschereau—he will hand out the very same kind of advice as he gave to the house this afternoon.

I shall close my remarks by stating once more that, as members of this house, we have the right and authority, constitutionally, to transfer to the government, exceptional powers in order that they may govern in the best interests of Canada, especially when the country is passing through one of the greatest crises known in our history.

Mr. E. R. E. CHEVRIER (Ottawa) (Translation): Mr. Speaker, I followed very closely the speech of the hon. member for Quebec-Montmorency (Mr. Dorion). I would have been pleased had he given me an opportunity to answer his comments, but he restricted his remarks to the field of provincial politics. He made an attempt to refute the speech so well delivered and so concise of the former Minister of Justice (Mr. Lapointe), but he completely failed in his task. I trust that some day he will deliver a speech which will afford me an opportunity of answering.

Mr. Speaker, continuing in English, may I say I am proud to associate myself with the remarks of the ex-Minister of Justice (Mr. Lapointe) wherein he so ably and so well expressed democratic and Liberal principles.

I am quite sure the brief exposition by the hon. member for Inverness (Mr. Macdougall) will not in any way detract from the words of the hon. member for Quebec East. I am sorry I cannot follow the hon. member for Inverness in the multiplicity of subjects he has so ably and briefly touched upon; however after reading his remarks in Hansard, I trust that at another point in this debate I will have the opportunity of saying something in reply.

It is rather singular that when a question of this kind, namely unemployment relief, is discussed in the house hon. members on the government side should make a hasty exit. My complaint is not personal, but I notice that he who of all others ought to be here, the Minister of Labour (Mr. Gordon), abstains from presence in the house, and until this moment we have not been favoured with an explanation of the government's policy in the matter of unemployment relief. I think it is unfortunate that they have not paid more attention to representations made to them. We have listened to complaints on many occasions throughout the session but, outside of the report the Prime Minister gave to the house a few days ago, and outside of the most feeble attempts on the part of the Minister of Labour to explain the policy of the government, we have had no pronouncement from the government. It is rather painful to have to speak on a matter of this kind when one represents, as I do, over 6,000 registered unemployed in this city of Ottawa, a number which is increasing daily owing to the continued dismissals from the public service. I say that we ought to have the attendance in the chamber of at least the Minister of Labour.

Even at the risk of repetition, Mr. Speaker, I think in order fully to present the situation I should place on Hansard a few figures to show that the condition with which we are now confronted is due to the fiscal policies of the present administration, and that the doctrines they enunciated—not the policies they put into practice, because they have not followed any particular policies—have led us deeper into the quagmire, thereby increasing unemployment.

I do not want to quote these figures at great length, but I think it well that they should sink into the minds of the people of Canada. When the Liberal government came into power the national debt had reached a tremendous figure, but each successive year from 1924 the debt was decreased. These decreases were as follows:

1924	$35,993,594
1925	345,589
1926	27,706,587
1927	41,896,729
1928	50,984,137
1929	71,345,528
1930	47,741,705

In 1931, instead of a decrease there was an increase of about $83,000,000. That was not our fault; that was brought about because of the change in policy. Now let me give the figures of our exports and imports:

	Imports	Exports
1922	$ 747,804,332	$ 753,927,009
1923	802,579,244	945,295,837
1924	893,366,867	1,058,763,297
1925	796,932,537	1,081,361,643
1926	927,328,732	1,328,700,137
1927	1,030,892,505	1,267,573,142
1928	1,108,956,466	1,250,598,034
1929	1,265,679,091	1,388,896,075
1930	1,248,273,582	1,144,938,070
1931	906,612,681	816,938,048

These figures are significant; something follows from them. When the Conservative party came into power they proceeded to disturb the whole economic structure of this country by the adoption of a new policy; they raised high tariff walls until we would have thought the amount of duty collected would be far in excess of that collected under the Liberal administration. In 1928 the amount of duty collected was $189,956,582 and in 1929, not under Conservative high protection but under the policy of medium protection and world trade, the duty collected was about $208,000,000, showing the enormous amount of trade that was being carried on. In 1930 the amount dwindled to $164,374,195, but after these high tariff walls were erected in 1931 the amount of duty collected was only $122,542,785.

There was a reason for that change. By putting on these excessive tariffs both imports and exports fell off, because when we would not deal with other countries they would not deal with us, and as a result unemployment increased. Back in 1930 the Liberal administration knew conditions were not what they should be throughout the world; we knew the crisis was spreading over the world and that some day it would strike Canada, so we shaped our course accordingly. The Dunning budget was brought down; our policies were so shaped as to prepare this country for the Imperial conference, so that something might be done to the mutual benefit of all concerned, but when the elections came on someone came along and made lavish promises which at the time he knew never could be fulfilled. The

Canadian people were in a state of excitement; they listened to the doctor who offered them a ready cure for all their ills, instead of taking a more moderate course, which might have taken a little longer but which would have brought results. But the medicine proved to be worse than the ills, and now we are suffering from unemployment to an unprecedented degree. That can only be ascribed to the policies put into force by this administration.

Now we have reached a point where the unemployment problem must be solved, and for some time past the Prime Minister has had on the order paper a resolution which he says is designed for this purpose. In 1930 we voted some $20,000,000 for unemployment relief. I think it was a bad move, but nevertheless we let the measure go through. In 1931 we gave the government power to do as they pleased. That may have been a mistake also, but it was done in order to give the administration a chance to see if they could meet this difficulty. Instead of doing that, however, they have simply complicated matters, and now the Prime Minister comes along with a resolution designed to renew that measure. Why was not that brought down by the Minister of Labour? It concerns unemployment and surely belongs to his department. Let me just trace this resolution from the day of its introduction. On February 26, at page 558 of Hansard, the resolution was introduced, but since then it has had just as much ill luck as the statute has had which it seeks to amend. When it was spoken to by the Prime Minister, Mr. Speaker said the resolution as it appeared on the order paper was not in regulation form. Then it came up again, and at page 747 of Hansard, following an objection by the hon. member for Antigonish-Guysborough (Mr. Duff), Mr. Speaker stated that the resolution was on the order paper by mistake. So it has been having a hard time.

The situation is this: The Prime Minister is now endeavouring to amend a statute that has expired. I have absolutely no quarrel with the idea of expediting the passage of a measure designed to relieve those who are suffering; I have no hesitation in saying that I should be delighted to facilitate the passage of such a measure so far as I might do so personally. But in order that the matter might be placed clearly before the house my right hon. leader indicated his position, as reported at page 914 of Hansard:

> If my right hon. friend will drop the resolution which is now before us and ask his [Mr. Chevrier.] Minister of Finance (Mr. Rhodes) to come to the house this evening with a supply bill indicating the amount of money which the administration feels it will be necessary to have in order to meet the situation between now and the first of May, or the period during which parliament may be in session, if he will take that course, and move that the rules be suspended so that such a supply bill can be speedily passed through the house and sent over to the Senate, we of the opposition will cordially join with the government in agreeing to the suspension of the rules, and will seek to expedite the passage of such a measure through the house to-day.

I am in full accord with that expression. On the other hand, I wish to have it understood by those who have sent me here that I am trying to discharge the duty with which they have entrusted me; for there are certain responsibilities that rest upon members of parliament as custodians of the rights and liberties of the people, and we must see that the proceedings are carried out in accordance with the rules of responsible government and constituted authority. We are now faced with this resolution, and I will give my view of it. The resolution reads:

> Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8 and substituting the word "May" therefor.

We have had substitutions before; this government seems to be omnipotent in the way of making substitutions and changes, and only last year a minister of the crown showed how, by an amendment through order in council, radishes could be changed into potatoes. Personally I believe that this is a very bad method of legislating in matters of such importance. I cannot understand how the Prime Minister, with all his wonderful attainments, can entertain the idea that he may legally change this statute in the way he proposes. I do not see how he can put life into a dead statute. I, for one, object to this house being taken for a morgue. This statute is dead, and this is no school of pathology; it is not a school of anatomy. We are not here to dissect a dead statute, to amend a dead statute by trying to add something new to it. We are not here for that purpose. So far as we on this side of the house are concerned, our doctrines are alive, our principles are full of life, we are full of blood and vigour and youth. We are not dealing with dead issues or dead tissues, but we are dealing with a live question; and it is highly unbecoming of this house even to suggest that there is any possibility of amending a dead statute. I am going to show that it cannot be done. I have searched the authori-

ties far and wide and I must say that in none of the encyclopaedias of law which I have consulted have I been able to find one precedent for the suggestion that one may amend a dead statute. It has never been heard of; there is no precedent for it in English law. I have not looked into Chinese or Russian law, having contented myself with looking into the system of laws under which we live; and as I say, I cannot find a single precedent for the proposal. This is a dead statute, I repeat; and when we try to give effect to it in the way proposed, we might as well go into the outside world and inform the unemployed that this law is a robot. We might as well do that.

What does the preamble say? Let me quote:

Whereas by reason of the continuing world-wide economic depression—

There was a depression then.

—there exists in many parts of Canada a serious state of unemployment and distress. . . .

Then section 2 provides:

There may be paid out of the consolidated revenue fund such moneys as the governor in council in his discretion may deem expedient to expend for relieving distress, providing employment and maintaining within the competence of parliament, peace, order and good government throughout Canada.

It is well that the people of Canada, the unemployed, should know that the governor in council may, in the discretion of his power, spend any money he may deem expedient for these purposes. These are wide powers, and now we are asked to amend a dead statute in order to continue them. But the fatal clause is this:

This act shall expire on the first day of March, 1932.

With all deference to the Prime Minister, I cannot find any proposition of law anywhere that could possibly justify him in amending this dead statute. Once a promissory note is given for any length of time, if that note is not protested the endorser is free. An agreement is made for a day or for a year, and the obligations thereunder are discharged at the end of that time, so that you cannot resuscitate it nor amend it, although you can make another agreement covering the matter. You may revive a dead statute; but as I shall show it is not considered wise. It is regarded as poor policy to revive a dead statute, but you may revive it. You cannot, however, amend a dead statute, and on March 1, this statute died. That was the last day of its existence.

I take my authority from Craies on Statute Law, third edition, page 344. But before I quote any authority, perhaps I may observe that in this matter, as in others, the Minister of Justice and the Prime Minister have no doubt made up their minds, so that whatever we may say will be of no avail. At page 344 of the 1923 edition the following appears:

It is now rare to revive an expired act. The only recent instance is the revival of the Alien Act by the Prevention of Crime (Ireland) Act, 1882.

Now I turn to Halsbury's Laws of England, volume 27, page 158, section 301:

After the expiration of a statute, in the absence of provision to the contrary,—

And there is no provision to the contrary in this statute.

—no proceedings can be taken on it, and proceedings already commenced ipso facto determine.

That is Halsbury's opinion, and I would rather take it than the opinion of the Prime Minister. I know what will be invoked in this argument; we shall be referred to the practice in England. But the practice in England and the practice in Canada are totally different. In England there are two acts; one is the Acts of Parliament Expiration Act of 1808 and the other is the Expiring Laws Continuance Act, which are two different laws passed for two specific purposes, and which do not exist in Canada. And if these laws were passed in England it was because it was recognized that they were necessary for some purpose, some utility. So that if we have not those laws in Canada, the cases covered by them in England are not covered here. Now what is the practice in England? Let me cite again from Craies on Statute Law, at page 344:

It is provided by the Acts of Parliament Expiration Act, 1808, that "Where any bill may have been or shall be introduced into this present or any future session of parliament for the continuance of any act which would expire in such sessions, and such act shall have expired before the bill for continuing the same shall have received the royal assent, such continuing act shall be deemed or taken to have effect from the date of the expiration of the act . . . and such act shall have expired before the bill for continuing the same shall have received the royal assent, such continuing act shall be deemed or taken to have effect from the date of the expiration of the act intended to be continued as fully and effectually."

What is the argument presented to the house. It is said that the resolution was on the order paper before March 1; that is true, but that was not a bill. Even if a bill had been before the house it would have been of no avail, because that bill would not have

been presented in time. We have no act in Canada such as the Acts of Parliament Expiration Act. Even though the notice of motion was on the order paper before the statute expired, the Prime Minister is not out of the difficulty of trying to amend a dead statute. Another law in England is the Expiring Laws Continuance Act, and I quote again from page 343 of Craies as follows:

> It is now the practice to pass an Expiring Laws Continuance Act each session, and to put into a schedule each temporary act which it is intended to continue.

We have not such an act in this country. This statute is dead; as my right hon. leader has said, it is as dead as the dodo. I quote from page 342:

> As a general rule, and unless it contains some special provision to the contrary, after a temporary act has expired no proceeding can be taken upon it, and it ceases to have any further effect. Therefore, offences committed against temporary acts must be prosecuted and punished before the act expires, and as soon as the act expires any proceedings which are being taken against a person will ipso facto terminate.

There is no precedent under British law whereby anyone can be tried under a dead statute. An amendment to a statute must be carried before the act expires. I do not know that I could have made my case any plainer than by the citation of this authority. No precedent can be found for the proposition that a dead statute can be amended. A statute can be kept alive, and there are many examples of this fact in British law. The statute of June 6, 1797, 37 George III, chapter 70, an act for the better prevention and punishment of attempts to seduce persons serving in His Majesty's forces by sea or land, contains the following provision:

> Be it further enacted by the authority aforesaid, that this act shall continue to be in force until the expiration of one month after the commencement of the next session of parliament and no longer.

That is an example of good draftsmanship. The act could not expire before the session started, and there was at least one month during which amendments could be submitted. That is following out the principles of responsible and constitutional government. This principle is carried out in some of our own statutes, and I will cite a few. Take, for instance, the Supreme Court Act. Under the old practice it was necessary that an appellant should enter his appeal within thirty days, and if this was not done, leave to appeal was refused and many hardships resulted. Section 41, of this act now provides that the judge may grant this leave even after the thirty days have expired. When a statute prescribes that a certain thing be done within a certain time, that thing cannot be done once the statute has expired. I say that is the most elementary principle of law. The same principle is carried out in the Bankruptcy Act. The statute of limitations provides that after six years a debt cannot be recovered; that is the end of it, the time has elapsed and nothing can be done. I quote from Dwarris on statutes, volume two, page 670, as follows:

> If an act be penal and temporary by the terms or nature of it, the party offending must be prosecuted and punished before the act expires, although the offence should have been committed before the expiration of the act. The party cannot be punished after it has expired, unless a particular provision be made by law for the purpose.

How can a statute which has expired be amended? In England the statutes are classified by groups, and I hope that some day the same thing will be done in connection with our laws. For instance, they have in England what are known as expired statutes; these are temporary acts which have ceased and have not been revised or continued by annual expiring laws, continuation acts or otherwise. They have what they term spent acts, which are acts which have worked the purpose for which they were passed. Then there are acts which have been repealed in general terms, that is, repealed without special reference thereto. Then there are acts which have been verbally repealed, that is, acts that are inconsistent with or rendered nugatory by later acts. There are suspended acts where the effect is obtained equally by a later act. There are also obsolete and unnecessary acts, but there is no mention of dead acts; a dead statute is not recognized under British law. I should like to quote from Surtees vs. Ellison, to be found in 9 Barnewell and Cresswells, at page 752, as follows:

> It has been long established that when an act of parliament is repealed it must be considered (except as to transactions past and closed) as if it had never existed.
>
> It is certainly very unfortunate that a statute of so much importance should have been framed with so little attention to the consequences of some of its provisions.
>
> It is said that the last will of a party is to be favourably construed, because the testator is inops consilii. That we cannot say of the legislature, but we may say that it is magnas inter opes inops.

In other words, "penniless amid great plenty," meaning that the Prime Minister, in the midst of all his counsellors, is without counsel. He had a bevy, a host of counsellors around him, but he had no counsel, not because he had too many counsellors, but because he would not accept their counsel.

In the case of Kay versus Goodwin, 6 Bingham, at page 582, Judge Tindal says:

> I take the effect of repealing a statute to be to obliterate it as completely from the records of the parliament as if it had never passed.

That is when a statute is repealed; the situation is worse when it is dead. He continues:

> It follows therefore that this statute having been repealed by 6 George IV, the power of enrolling under 5 George II has perished with that act.

That sounds like the Prime Minister perishing in the attempt! How much more forcibly must what I have cited with reference to a repealed statute, apply to a statute that is dead! When you repeal a statute, what you do is to take a statute that is in full life and vigour and simply cut it off automatically by putting another act on the statute book. But when you let a statute linger, lie there, die of inanition; when you have means at your disposal to revive it and you let it die, how can you say you can amend it? No, you cannot. The government is trying to make out a case where there is no precedent for the very good reason that nobody ever thought of such an anomaly. It is analogous to the idea that when a horse is dead it is dead forever.

I for one cannot subscribe to the view that we can amend this statute. Consequently I am opposed to the adoption of this resolution, because of its unconstitutionality, and also because of its character, as others who have preceded me have stated. For those reasons I cannot accept it. The way was well indicated to the government to deal with this matter as it should have been dealt with, and I have no hesitation in saying that if the Prime Minister will only recede from the untenable position he has taken—and for what reason he has taken it, he is the sole judge —then for my part I shall offer no objection to his taking the course suggested. I would be extremely happy to see those who are suffering and for whom this measure is designed, receive the benefit of it, but I feel I must discharge the duty which my constituents have imposed upon me, of fighting to the last ditch against any attempt to pass this legislation through the parliament of Canada, in this unconstitutional manner.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I have great pleasure in congratulating the senior member for Ottawa (Mr. Chevrier) on his learned and excellent speech. He has shown a deep knowledge of law, and the precedents which he has quoted are not only in accordance with the law as it is interpreted by all, but also in accordance with horse sense, common sense. It is pretty hard for us to speak in the house, seeing we are discussing a corpse; it is like a mortuary, not the House of Commons. But I do not wish to say anything unpleasant to my hon. friends opposite. I desire only to say this: First of all, the Prime Minister (Mr. Bennett) in his speech the other day praised himself a great deal by saying that the work he had done was magnificent. This was more praise to himself than to anyone else, because, as everyone knows, he assumed the responsibility for the whole thing. The Minister of Railways and Canals (Mr. Manion), the hon. member for Muskoka-Ontario (Mr. McGibbon), the hon. member for Inverness (Mr. Macdougall), and the hon. member for Quebec-Montmorency (Mr. Dorion) are continually burning incense under his nose and he seems to like it a great deal. I do not blame them for being loyal to their leader, but I hope he will not be asphyxiated by the amount of incense that is burned. They might be called, in a very courteous way, shriners. They may be in one sense loyal to their leader, and no one can blame them for that, but they have to be loyal to the people. They must also be loyal to the traditions that have existed in this country for over a century.

My objection to this resolution is that it takes us a hundred years back. The hon. member for Inverness said: Let us quote the law; let us quote authorities showing that the country shall not be governed by orders in council. I have under my hand an old book, one that dates back to 1834, in which are contained the ninety-two resolutions that exemplify the fight made by our forefathers against the Family Compact, against those autocrats who wanted to control the government of this country. Thanks to the spirit of justice, the courage, the fairmindedness and the patriotism of our forefathers, we have enjoyed liberty for a long time. The principles of English government have been recognized in this country, but now that apparently things are to be changed, it might be proper to read to the house some excerpts from those ninety-two resolutions. No one can blame me for doing so, as the Prime Minister has quoted long excerpts from judgments rendered by Lord Haldane. This book is dated February 21, 1834. Resolution 79 reads:

> Resolved, that it is the opinion of this committee, that this house, as representing the people of this province, possesses of right, and

has exercised within this province, when occasion has required it, all the powers, privileges and immunities claimed and possessed by the Commons house of parliament, in the United Kingdom of Great Britain and Ireland.

Resolution 80 reads:

Resolved, that it is the opinion of this committee, that it is one of the undoubted privileges of this house, to send for all persons, papers and records, and to command the attendance of all persons, civil or military, resident within the province, as witnesses, in all investigations which this house may deem it expedient to institute; and to require such witnesses to produce all papers and records in their keeping, whenever it shall deem it conducive to the public good to do so.

Other resolutions are very interesting and important. May I read to the house resolution 64. It states:

Resolved, that it is the opinion of this committee, that the claims which have for many years been set up by the executive government, to that control over, and power of appropriating, a great portion of the revenues levied in this province, which belong of right to this house, are contrary to its rights and to the constitution of the country; and that with regard to the said claims, this house persists in the declarations it has heretofore made.

Resolution 65 reads:

Resolved, that it is the opinion of this committee, that the said claims have been vague and varied; that the documents relative to the said claims, and the accounts and estimates of expenses laid before this house have likewise been varying and irregular, and insufficient to enable this house to proceed with a full understanding of the subject on the matters to which they related; that important heads of the public revenue of the province, collected under the provisions of the law, or under arbitrary regulations made by the executive, have been omitted in the said accounts; that numerous items have been paid out of the public revenue, without the authority of this house.

Mark that, Mr. Speaker, "without the authority of this house." It goes on:

—or any acknowledgment of its control over them, as salaries for sinecure offices which are not recognized by this house, and even for other objects for which, after mature deliberation, it had not been deemed expedient to appropriate any portion of the public revenue; and that no accounts of the sums so expended have been laid before this house.

Resolution 68 reads:

Resolved, that it is the opinion of this committee, that the result of the secret and unlawful distribution of a large portion of the public revenue of the province has been that the executive government has always, except with regard to appropriations for objects of a local nature, considered itself bound to account for the public money to the Lords Commissioners of the Treasury in England, and not to this house, nor according to its votes, or even in conformity to the laws passed by the provincial legislature; and that the accounts and statements laid before this house from time to time, have never assumed the shape of a regular system of balanced accounts, but have been drawn up one after the other, with such alterations and irregularities as it pleased the administration of the day to introduce into them, from the accounts kept with the Lords of the Treasury, in which the public money received was included, as well as all the items of expenditure, whether authorized or unauthorized by the provincial legislature.

[Mr. Pouliot.]

Resolution 69:

Resolved, that it is the opinion of this committee, that the pretensions and abuses aforesaid have taken away from this house even the shadow of control over the public revenue of the province, and have rendered it impossible for it to ascertain at any time the amount of the revenue collected, the disposable amount of the same, and the sums required for the public service.

Resolution 71:

Resolved, that it is the opinion of this committee, that this house will hold responsible for all moneys which have been or may hereafter be paid otherwise than under the authority of an act of the legislature, or upon an address of this house, out of the public revenue of the province, all those who may have authorized such payments or participated therein, until the said sums shall have been reimbursed or a bill or bills of indemnity freely passed by this house, shall become law.

That is what our forefathers voted for nearly one hundred years ago because they were imbued with the British principles of government and because they knew what fair play was. They knew that ever since Magna Charta the House of Commons in England has had control over expenditures. Now what control have we over public expenditures when everything is done by order in council? As my great leader the hon. member for Quebec East (Mr. Lapointe) stated, the duty of this House of Commons is to control the expenditure of public money. But now everything is done by order in council. Everything is done in secret. We have a star chamber in the East block. How long will it last? We in this parliament know nothing of what is done there, whereas every matter of public expenditure should be decided by this House of Commons and by parliament. Under our constitution not even the Senate can introduce a money bill. It must be introduced in the House of Commons. If money measures cannot be introduced even in the Senate, how is it that this government can decide everything by order in council in the East block, with the members of the House of Commons knowing nothing of what is being done there?

I have quoted excerpts from the ninety-two resolutions, Mr. Speaker, and may I say that

I speak in accordance with the traditions of my own family because among those who voted for the ninety-two resolutions in the Quebec assembly on February 21, 1834, there was a humble country merchant, my great grandfather, who had as much respect for British institutions as I have. Although he was only a country merchant he knew that the very foundation of British parliamentary institutions was fair play and respect for the precedents established in centuries of struggle in England. But now we have a man who is arrogant enough to say: Here I am; I am the great ego; as the leader of my party rightly said last year, everything is torn down and the constitution of this country is made a scrap of paper. That is all that we have now, and where are they going? The other day I read in the newspapers that in the United States they are going to forbid trips on ships going nowhere. That is where this ship of state is going under the leadership of the right hon. the Prime Minister. It is going nowhere. I shall not say with my hon. friend from Winnipeg that the Prime Minister is mad. I shall not say that of him or of any of his crew, but I will say that they are all seasick and that the people of this country, the passengers on board the ship, have nothing to eat. The conditions, Mr. Speaker, are very sad. Then we have the ignorance, the gross ignorance, of the Minister of Labour (Mr. Gordon) who is not willing to educate himself, to inform himself about the troubles of the people of this country. He is so ignorant, Mr. Speaker, that he gave this answer to a question of mine.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: I will prove it. He is so ignorant that the other day, March 3, he answered in this way to a question of mine. I asked:

Since August 1, 1930, did the Minister of Labour make or give to the press statements about unemployment in this country?

The minister's answer was:

Prior to February 3, 1932. No information. Since February 3, 1932. No interviews.

He was Acting Minister of Labour, and he did not know what his minister, whom he was representing in this house, was doing. Then I asked this question:

If so: (a) at what dates; (b) what was the number of the unemployed in this country each time?

The minister's answer was:

Answered by No. 1.

That was no answer. It is sad, Mr. Speaker, very sad. The trouble about unemployment in this country is this, that there is no contact between the millionaires who sit on the treasury benches and the common people. They do not know the sufferings of the common people in this country. They are well fed, satisfied and happy, and they cannot imagine that in the cities and in the rural districts there are people who are suffering poverty and hunger, people who have not their advantages, if they are advantages, but, Mr. Speaker, freedom of speech is more real wealth than all the millions of all the men who sit on the treasury benches. The whole trouble over unemployment is that the members of the government, although they might be well-intentioned, do not actually know anything about the troubles of the people. Unemployment has grown worse ever since this government came into power.

Last year when the Prime Minister was presenting his resolution he said that the people in the west had money, that they had cars, and did not suffer from anything. If I remember correctly as my hon. friend from Lisgar (Mr. Brown) said they had no money, he asked why. We may illustrate it this way: After luncheon any one may say, "I have had a good meal." Then the housekeeper may come and ask, "What would you like to have for supper"? "Anything, anything—I am not hungry; I will take anything for supper." Hon. gentlemen opposite are well fed; they are satisfied, and they do not understand the troubles of the people. I pity many of my hon. friends opposite who have not the courage to say to their leader, "Direct your energies towards the miseries of the common people; look into the homes where there is sadness, and where they are worrying about the future. Then you will realize that something has to be done right away."

Some time ago my hon. friend the Minister of Railways and Canals (Mr. Manion) said he wanted the advice of all people concerning unemployment. We on this side of the house are ready to give it to the house. My leader advised the appointment of a commission, a recommendation with which my hon. friend opposite was in accord when he sat on the opposition benches. Now, however, they are making their own decisions, and their eyes are blindfolded. They are deciding, "Well, this will do, just for the time being."

Mr. Speaker, I have a suggestion to make—but at this point would you call it six o'clock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. POULIOT: Mr. Speaker, my hon. friend the Minister of Railways, as quoted in the Montreal Gazette of October 16 of last year, said at Windsor:

> Civilization was being challenged; it was on trial, and "it is the duty of all good Canadians to give serious thought to the whole matter to avoid our civilization going the way of civilizations of the past."

I have already quoted the answer given to my questions by the Minister of Labour, who I regret is not in the house at present.

Some hon. MEMBERS: Yes, he is.

Mr. POULIOT: I said the Minister of Labour, not the Minister of Railways; I am sorry the Minister of Railways is not the Minister of Labour, because I think he would do very well. I have quoted the answers given by the Minister of Labour, and they are no answers at all. I may say—and I will prove it—that the Conservative party has played politics in connection with unemployment. To start with the highest, I would quote what was said by the Prime Minister at Moncton, according to the Montreal Gazette of July 11, 1930:

> "I promise you action," the opposition chieftain declared at one stage. "He promises you consideration of the problem of unemployment. I promise to end unemployment. Which plan do you like?"

Undoubtedly the only reason why the present leader of the government made such a declaration was that at that time it was highly improbable that he would ever lead the government of Canada; that was why he was talking through his hat. On August 22, nearly a month after the election, the then Minister of Labour said:

> I do not for a moment suggest that the present unemployment is due to any governmental activity or lack of governmental activity. Unemployment is not purely a Canadian problem. It is world-wide.

He was inferring there that the Liberals were not responsible for unemployment conditions. I asked for public statements made by the Minister of Labour, but I was given no answer, so I had to find them myself. Some of them I will quote to the house. On February 17, 1931, he said that the end of the depression was approaching, that we were to see results soon. The article in the Montreal Gazette of that date begins as follows:

> Like his scriptural namesake, a modern Gideon arose yesterday, sounded a trumpet note and scattered the forces of darkness when Senator Robertson, Minister of Labour, smote economic depression as if it had been the host of Midian, showed what powerful action the federal government had brought into the field to relieve suffering, and announced means by which it hoped to guard against any recurrence of conditions which Canada has endured in the past fifteen months. He foresaw, though disclaiming the gift of prophecy, that, by May or June, the results would be felt more than at present, and asked his audience to picture for themselves what the plight of unemployed Canadians would have been like had the present government not taken action in the special session of parliament which Premier Bennett called last autumn.

On May 30 of that year he thought his optimistic views were justified. There is an article in the Montreal Gazette of that date containing a statement by the Minister of Labour, which ends in this way:

> The statement of former Prime Minister Mackenzie King, issued last night, when he said employment conditions in Canada were now much worse than when the special parliamentary session was called last November, was referred to by the senator.
>
> Senator Robertson contrasted this statement with one made a year ago, while Mr. King was Prime Minister, in which, the senator continued, Mr. King had stated there was no unemployment in the Dominion. "His present statement is probably as accurate as his former one," Senator Robertson remarked.
>
> Senator Robertson concluded it was his earnest belief, based on constant study of the situation, that Canada had a better chance for rapid recovery and development than any other country.
>
> Right Hon. Arthur Meighen, former Conservative Prime Minister, tendered the thanks of the club to Senator Robertson, adding that he himself nowadays had a sense of quiet and serene retirement and could enjoy sitting back.

The present Minister of Labour has ignored my inquiry for these statements, so it will be good for him to read them in Hansard tomorrow. On August 18 last, a year after the statement by the minister that unemployment conditions were international, the Prime Minister put the blame on the Liberal opposition for the delay in helping the unemployed. He declared that the Liberals had caused obstruction during the previous session, and that during the last session the opposition asked for more than six hundred returns, all for money that they had themselves voted. He said, that number is without parallel in modern parliament. Is it because I requested fifty or

sixty returns with regard to the Riviere du Loup station that there are five hundred thousand unemployed in this country? Then on December 21, 1931, the then Minister of Labour sent an S. O. S. appeal to the Red Cross, and on January 27 of this year the Prime Minister heard the policy of labour. The Montreal Gazette reports the interview as follows.

> World-wide influences, not internal considerations, will determine the end of the depression in Canada, Prime Minister R. B. Bennett told a deputation from the Trades and Labour Congress to-day. And, he added, "Ten million people have a very slight influence in world matters."

If the Conservative party have not played politics in connection with unemployment, then I say they know nothing about present conditions. The suggestion I have already made, and which I will repeat for the benefit of the government, is this: Since this government has been in power nothing has been done to ascertain the causes of unemployment. The blame has been placed here and there, but no member of the government has gone to the root of the evil in an endeavour to discover the causes or to remedy them. During the war people were wounded; one man lost a leg; another was wounded in the eye; another was wounded in the lung, but the same remedy was not applied to each. Doctors looked after each case, each of which was treated in a different way. Cases of unemployment are not the same; for instance you cannot successfully put white collar unemployed to work on the trans-Canada highway. A special remedy has to be found to cure the evil in each separate case. This is what we expected from the leader of the government when he came into power and it is pure horse sense, common sense. If you do not know why anything is wrong, how are you going to set it right? It is impossible; no one can do it. First of all you have to go to the source of evil if you want to remedy it. That is elementary. Now I take the liberty, in all sincerity, and as earnestly as I can, to suggest to the members of the government that they urge upon their leader how essential it is to the unemployed in every constituency in the country that an inventory be made of all those who are out of work. I suggest that a complete inventory be made showing how long each individual has been in the country; what was his occupation; for what firm he had been working; for what reason he left that employment, and so forth. Then we should see what can be done for these men. After that inventory had been made—and it might be made by the social organizations such as the Society of St. Vincent de Paul, the Salvation Army, the Red Cross Society, all admirable institutions that have done so much to relieve distress among the unemployed at various times—the government would then be in a position to inform the greedy manufacturers who have enjoyed high tariffs that, inasmuch as it was understood at the special session that they should not under any consideration lay men off seeing that they had received increased tariffs, they should make provision whereby such men might be employed. If something of this kind is not done the number of unemployed will increase considerably, and the evil will grow worse until saner methods of relieving it are adopted.

I have here the report of the Dominion Director of Unemployment Relief for 1931, and for the previous year, 1930. On October 2, 1930, a statement was made by the Minister of Labour that the sum of $90,000,000 was to be spent for unemployment, and on November 2, Mr. Tom Moore, President of the Trades and Labour Congress, stated that this government had not spent any more on public works than the other governments. In fact, they had spent less. My hon. friend from Antigonish-Guysborough (Mr. Duff) showed that last year there was a substantial cut in the estimates, a reduction greater than the moneys spent by the government to relieve unemployment. I submit that the money which was voted by the Liberal government should have been spent in accordance with the estimates that were passed by this house. Had that been done, unemployment would have been relieved to a greater extent than it was by means of the moneys voted specially for the purpose.

We were told that high tariffs would have the effect of relieving the unemployment situation. On the other hand, the Hon. Mr. Dunning, when Minister of Finance in the King government, said that he saw no remedy in higher duties. He knew that the tariff had been used as an argument for lowering wages, according to a statement that had appeared in the papers. The Right Hon. Arthur Meighen was reported as stating that shorter working hours were inevitable, and Lord Inchcape, a distinguished English gentleman, made a speech to the same effect. But let me quote the following opinion:

Failure to recognize trade as interchange; obstacles placed in the way of reciprocal trade are, perhaps, the main causes of the world's present troubles.

Who said that? That statement was made by the Prince of Wales at Buenos Aires on March 14, 1931; and the Prince of Wales is above political parties. He made that statement with a view, no doubt, to bringing the leaders of all governments to their senses.

The real cause of unemployment in this country is that trade is much smaller than it was before. And why? Because of high tariffs. The United States began by erecting tariff walls against all other countries and their example has been followed by various other governments. What has been the result? It has been that trade has been more and more localized, and the fact that our trade is less and less international, accounts to a large extent, for unemployment in Canada. A great regret of mine is that the Minister of Trade and Commerce (Mr. Stevens) was ill in the fall of 1930. At that time our treaties with Australia and New Zealand were allowed to lapse without being renewed, and we lost our trade with those countries. So great a blunder was this that, upon his recovery, the minister made new treaties with Australia and New Zealand. I am anxious to see the treaty with New Zealand submitted to this house. Those treaties, I say, should have been renewed as early as possible; at any rate arrangements should have been made to preserve to us our customers in that part of the world. That trade was essential to the welfare of Canada.

On October 30, 1930, Mr. Tom King a distinguished journalist now in the United States, made the statement that President Hoover had been slow in realizing the situation in that country. He saw the unemployment crisis only when visiting Cleveland, and the conditions that then existed were expected to result in a Democratic victory in the elections. President Hoover started the move to revive industry in the United States by providing a fund of $500,000,000 to release frozen assets. I cannot quote all the newspapers in this regard but I might refer to an editorial that appeared in the Gazette of October 8, 1931. With reference to the Hoover plan, this paper said editorially:

> But they do not and cannot reach to the root of the depression since they do not affect, in any degree, the position of the republic in its economic relations to other countries.

Let me now quote President Beatty, and in this regard may I say that if I were the Prime Minister of Canada I would not go to Montreal to meet the president of the Canadian Pacific Railway; I would summon him to my office in Ottawa, as I would summon the president of any railway, or bank, or big corporation. Mr. Beatty is reported to have said on March 16, 1931:

> "I believe that one of the most deterring influences of the resumption of normal trade is the presence of huge war obligations; repayment of which and the interest upon them are reducing the buying power of debtor countries to such an extent as to make normal trade conditions impossible," said E. W. Beatty, K.C., president of the Canadian Pacific Railway, in addressing the combined Board of Trade and Empire Clubs here to-night.

Our debt to-day has increased by more than two billion dollars. According to the year book of 1931, in 1911 the total debt of Canada amounted to $474,941,487; the net debt amounted to $340,042,052, a per capita indebtedness of $47.18. By 1921 the total debt had increased to $2,902,482,117; the net debt to $2,340,878,984, and the per capita debt to $266.36. The net debt in 1921 was nearly eight times the net debt in 1911, while the per capita debt was nearly six times as much. Why? This money had to be spent for the war. It has been said by economists that out of the money voted for war purposes, one-third was well spent, one-third was wasted and one one third was stolen. With the increase in debt amounting to $2,000,000,000, it will be seen that $666,000,000 was well spent, $666,000,000 was wasted and $666,000,000 was stolen by the profiteers.

Mr. HACKETT: What proportion of that $2,000,000,000 was spent on railways?

Mr. POULIOT: I shall not try to educate my hon. friend. He is generally mixed up with the figures he gives to the house so I am not surprised that he does not understand mine. The latter part of the money was spent for McAdam shovels, old horses, Valcartier butter, drugs—I will not mention names—and bully beef.

An hon. MEMBER: And bacon.

Mr. POULIOT: My hon. friend mentions bacon. Oh! Sir Joseph Flavelle is our own Sir Basil Zaharoff. I should like to quote a little poem which illustrates my point, as follows:

> "From Front de Boeuf, that Norman bold,
> Of Saxon men the foe,
> I draw my blood—at least I should—
> Refer to 'Ivanhoe.'"

> "He led the beef trust of his day,
> Of packers I'm the chief,
> They called him Norman Front de Boeuf,
> I'm Baron Front de Beef."

The ancestors of the Prime Minister (Mr. Bennett) were United Empire Loyalists who

came to this country in order that they might retain their liberty. My grandfather fought along with the grandfather of the leader of our party (Mr. Mackenzie King) for the liberty of Canadian people. I am surprised to see that the members of the Conservative party who say that they are the successors of Lafontaine, Macdonald and Cartier, the framers of our constitution, do not abide by and respect that constitution. We have to defend the constitution drafted by Macdonald and Cartier against those who take their names in vain. It is our duty to defend the constitution and we will fight the government to the last ditch to prevent it from taking to itself the rights of parliament.

Mr. G. G. COOTE (Macleod): Mr. Speaker, I am compelled to take part in this debate because of the remarks of the Minister of Railways and Canals (Mr. Manion), who asked for some constructive proposal from this house to assist in dealing with the question of unemployment in Canada. Before proceeding to offer any constructive proposals, I should like to make it clear that I do not agree with the statement of policy of the Prime Minister (Mr. Bennett) in regard to the responsibility of this parliament so far as unemployment is concerned. The Prime Minister said that the duty of caring for the unemployed rested primarily upon the municipalities; if the municipality was unable to deal with the situation, it should appeal to the province for assistance, and if the province was unable to deal with the problem it should apply to the Dominion government. I would point out that this parliament has control of the vital economic policies which determine whether or not the people of Canada are going to have employment. We have control of immigration; we have control of tariffs; we have control of banking, currency and credit. Whether or not the people are to have employment depends upon the policies laid down under these three heads. The municipalities and the provinces are helpless in the matter; they cannot protect themselves against unemployment if certain policies are carried out by this parliament. The government has said that this is a national emergency, and I am sure that the municipalities and provinces are not responsible.

Let us deal first with immigration. I would refer hon. members to the statement made about a week ago by the Acting Minister of Immigration and Colonization (Mr. Gordon). He pointed out that in the sixteen months ended July 31, 1930, about 221,000 people were brought into Canada, of whom 99,367 were adult males. He then went on to say that many of these people are to be found to-day among the unemployed in our large cities. These people have contributed largely to the unemployment problem which is facing the country to-day. Why should this government say that the responsibility of taking care of the unemployed rests primarily upon the municipalities? It does not rest there at all, it rests upon this parliament. It was the federal government that carried out the policy of immigration under which these people, who are now unemployed came to Canada and who, under our policy, are a charge upon the municipalities.

In that speech the Minister of Labour (Mr. Gordon) referred to the unemployment relief measure which was brought down by the government in 1930 and under which the house voted $20,000,000, the bulk of it to be used for unemployment relief work. The minister says, as reported on page 441 of Hansard of this year, that the measure resulted in a total expenditure of $70,472,832, the federal government's share being $17,372,848. In my opinion this policy was absolutely unfair to the provinces and to the municipalities. Of the $70,000,000 which was spent, only $17,000,000 was supplied by the federal government, a government that came into office as the result of a campaign in which they promised, if returned to power, to cure unemployment. All they did in that year was to pay one-fourth of the amount that was spent on unemployment relief. On behalf of the municipalities and the provinces I want to protest against the policy which has been carried out in that respect. Of course the provinces and the municipalities were helpless in the matter; they had to accept the policy of the federal government.

As regards tariffs, both major parties in the house agree that the tariff policy of this country affects employment. That being so, why do we not frankly admit that unemployment is a federal matter? The unemployment which exists in Canada is primarily due to policies which are enforced by the federal government. The best minds in the world to-day admit that the money policies which have been in force in various countries during the last few years are primarily the cause of unemployment, and certainly the municipalities and the provinces have no way of protecting themselves against money policies which may be adopted by this parliament.

I want to point out further that the Prime Minister, when he was touring Canada during the election campaign of 1930, did not promise

that if he became Prime Minister he would assist the provinces and municipalities in caring for the unemployment which they were unable to take care of themselves; he said that he would cure unemployment. But when he comes into office, the first year he is in power he assumes a liability for only one-quarter of the total amount which is spent in that regard. Last year when the municipalities and provinces became so hard up, he had to assume a larger share.

The Dominion government could create employment in this country. They have an act giving them the very widest powers imaginable. If they have not cured unemployment, the inference is plain that they either will not or cannot suggest the policies that will cure it. I should like to point out that the policy which has been in force for dealing with unemployment relief, that is, direct relief, has not been fair. As I understand the matter, the municipalities must pay at least one-third of the amount which is expended upon direct relief. In order to protect itself from a large influx of the unemployed, one city must be careful not to give any more relief than that given by another. The result has been that at least in some cities, an unemployed man cannot get any relief unless he has been a resident there for three months. Cases have come to my attention where men who came to Calgary from other municipalities could not secure any relief except by begging from door to door. That is not the proper policy for dealing with unemployment or for affording direct relief. The federal government, should, I think, have assumed the major share of the expenditure for the direct relief which was given.

In regard to the unemployment relief work which was undertaken, there was far too much delay in securing approval of the different works, because they had to be passed upon by three different authorities. The federal government would have been well advised to send one man or, if necessary, two or three of them, to western Canada with ample power to agree on the spot as to what work was to be done, thus permitting the federal, provincial and municipal authorities to agree upon a particular work and put it into operation immediately, instead of having various suggestions passing back and forth among these different authorities. Much of the work that was undertaken was held up until very late in the fall; in fact, some of it was undertaken after winter had set in, and I do not think we got as good value for the money expended as we should have secured had the work been arranged directly and expeditiously.

I should like to suggest that the unemployed people in Canada be registered. We should know what kind of work they are fitted for, and each man who records himself as in need of employment or assistance should be given some kind of registration card or certificate. Two or three full meals a day should be provided for every unemployed man until work is offered to him. I would suggest, I suppose I had better say a non-partisan commission, representing all industries in Canada, including agriculture, to study the country's needs and the possibilities of creating employment, and to see that employment is provided in the way of constructive work so that we may get value for the money expended.

I want to make a definite, and, I think, a constructive proposal to the government. The particular work which I believe might be undertaken, without waiting for a great deal of survey, would be the construction of homes in Canada, decent homes for our people to live in. If we wish to get people interested in this country, people to have faith in Canada, as the advertisements say, there is no better way of doing so than by getting them into homes of their own. There must be at least 2,000,000 families in Canada, and I think it is safe to assume that one-tenth of them have no decent homes in which to live. That gives us a field for a great deal of employment. I am not going to suggest that the government should start to build this year 200,000 houses, but we might very well make a start with at least 50,000. I do not think there is anything impossible about that. I believe the construction of 50,000 homes at this time would afford employment to the bulk of the men who are now unemployed. Those houses can be built out of Canadian lumber, Canadian cement; in fact, I think we have in this country industries which will supply all the materials for those houses, for example, saw mills, cement mills, brickyards, and most of them idle.

Mr. MORAND: Where is there a shortage of houses in this country?

Mr. COOTE: I shall point that out in just a minute. We have, as I say, all these building materials available, and we certainly have plenty of workmen wanting jobs. Why not bring the workmen and the materials together and build the homes where they are needed? They are needed both in the country districts and in the cities. In the country districts there are odd cases where families

are still living in dugouts; on the prairies there are thousands of families living in shacks, and those people would be glad to have real houses to live in. I can show my hon. friend who has questioned me, families who are living in shacks built of one-ply of boards and one-ply of building paper, and who this winter have endured once or twice a temperature of twenty-five degrees below zero. The coal they are burning has been furnished in some cases by the municipality. There is no doubt about a great number of houses being required in certain cities in Canada. I find in the Halifax Citizen a report which says that a housing commission in Halifax has just made an investigation and a report which reveals conditions in Halifax that rival the slums of China. Perhaps that will convince my hon. friend that some new houses are needed. I shall quote very briefly from that report itself:

The problem of housing in Halifax has of late challenged the attention of the lovers of our city and of those interested in the health and welfare of our people, and well it may, for Halifax is infested with a high percentage, per house population, of tumbledown shacks where whole families eat, sleep, bathe and live in a single room, where cellars reek with filth and vermin, where sewerage runs riot—hovels unfit for human habitation and typical of the worst slum conditions to be heard of anywhere.

The report continues:

There are many cases of excessive rentals and some flagrant instances of overcrowding and overcharging. A few illustrations may be given from the survey files:

One room in cellar occupied by five persons, per month, ten dollars.

One room in cellar occupied by seven persons, per month, six dollars.

Mr. Speaker, I would appeal to the members for order while I read these few figures. I would like to read the last two again so that some hon. gentlemen may become aware of the housing conditions existing in the city of Halifax, as reported by this housing commission:

One room in cellar occupied by five persons, per month, ten dollars.

One room in cellar occupied by seven persons, per month, six dollars.

Living quarters in loft of barn, six persons, per month, twelve dollars.

Four rooms occupied by nine persons, per month, twenty-five dollars.

Seven rooms occupied by twenty-eight persons, per month, one hundred and fifty dollars.

Two cellar rooms occupied by eight persons, per month, ten dollars.

One dark room, door only, occupied by three persons, per month, ten dollars.

The report goes on to say:

It is conditions such as these which may yet bring to Nova Scotia a maximum rent as well as a minimum wage.

I regret to say, Mr. Speaker, that I believe that those conditions can be duplicated in some other cities in Canada. I remember quite well that a few years ago a witness from the city of Montreal appeared before the committee on agriculture and colonization when we were inquiring into the question of immigration, and told us of conditions in the city of Montreal which were practically on the same lines as set forth in this report of the Halifax housing commission.

Have I said enough to convince hon. members of this house that there are houses needed in Canada for our population? How can we expect to raise in Canada a decent, God-fearing, healthy population such as we should have if they are to be housed under conditions such as obtain in that old and fair city of Halifax, conditions which I am sure are duplicated in many other Canadian cities? In what better way could the government provide employment than by building houses for our people? That is certainly one thing that is needed. We do not need more food in Canada, though we do need some way of getting the food from the farms to the people in the cities who are hungry. I believe that there is plenty of clothing and plenty of shoes in Canada, but there are not enough houses to accommodate our population. The government from now on I think need not say that there has not been a constructive proposal put before them in connection with unemployment.

I had expected that before this some hon. member would have asked me: Where will you get the money? I am quite surprised that that question has not been asked. In reply I think I had better quote the words which are attributed to the Prime Minister, who, speaking at Montreal in the last campaign in reply to a lady in the audience who asked where he was going to get all the money required to fulfil his promises, said, "From taxation, where we always get it." That would have been my answer if somebody had asked me that question. But if I had my way, that is not where I would get it, because we are already taxing industry out of existence, and I do not think we should add to its burdens to get money even to build houses. I am going to suggest a way of getting the money which I think is orthodox or very nearly so. It has at least an air of respectability.

I would create a corporation and officer it with a few public spirited citizens, practical men who I believe could be secured and who would give their services for a few thousand dollars per year. I would charge them with

this work. When they begin to build the houses they could issue bonds, which would be secured by a mortgage on these houses. Those bonds could be taken to our treasury board just as the banks bring bonds to the treasury board, and the treasury board could advance dominion notes against the bonds in the same way as dominion notes are advanced to the banks. This building corporation could then pay for materials and the wages of its workmen with these dominion notes. The houses would be sold on easy terms, extending perhaps over ten or fifteen years, with a rate of interest not exceeding, I would hope, about two per cent; and as the payments came in, the money could be used to retire the dominon notes issued to construct the houses. I think, Mr. Speaker, that this is a reasonable proposal. I am not going to be too specific in suggesting detailed plans for carrying out the proposal. I should only get into difficulty if I did so. I am quite willing to leave the details to the government to be worked out, but I am quite sure that if they picked out the right men, and they are available in Canada, there would be nothing impossible in working out such a scheme. If necessary the cooperation of the municipalities could be invited. Montreal, Toronto, Halifax, and many other cities in Canada would, I think, be glad to cooperate with the Dominion government in working out such a plan. The municipalities themselves have not got the money to spend. Some of them I know are practically bankrupt to-day, and they are only spending what the bankers will allow them to spend, but they might assume some responsibility in connection with this housing scheme.

I could go on and suggest one or two other proposals to the government. I should be glad to do it, as I am sure many other hon. members of this house would be, if the government really wants constructive proposals, I am sure that we can find plenty of employment for every man and woman in this country. If the farms in western Canada could this summer employ all the men they really need, they would take fifty thousand men, probably more, off the labour market. Several thousand men could be put to work ridding the road allowances and vacant lands in western Canada of weeds. That would be very constructive work; it would add to the national wealth, and I believe we are justified in spending money that will result in increasing the national wealth. The money which would be put into circulation by a housing scheme such as I have suggested would increase trade, and as the dominion taxes are largely levied on trade, it would increase the revenues of the country. Moreover, it would assist the government in balancing its budget and would relieve it of a large expenditure for direct unemployment relief. I would suggest also—and I suppose there is not much likelihood of my suggestion being accepted—that if any such proposal be undertaken a certain percentage of the wages of the workmen engaged be reserved and set to their credit in what might be termed an unemployment insurance fund to take care of them next winter when they are out of work. I would suggest that in future we should not endeavour to do road work or work of that nature in the dead of winter. It is largely a waste of effort and money. Let us put those men to work in the spring and summer months, and save from their wages enough money to take care of them in the winter time.

Mr. HENRI BOURASSA (Labelle): Mr. Speaker, I hope the hon. member who has just spoken will pardon me if I do not follow his very interesting argument. At this juncture I just wish to consider the constitutional issue arising out of the proposal of the government.

Ever since gentlemen opposite came into power I have endeavoured to reduce to a minimum my criticisms of their executive policies, especially in regard to unemployment. But when the measure for which an extension is now proposed was brought forward last year I made the observation, and I repeat it to-night, that in times of great crises, in times of war, famine or economic depression, there are two dangers to avoid. One danger is to stick too narrowly to the strict letter of the law and thereby impede the action of the powers that be, whether they be federal, provincial or municipal governments, because, after all, the salvation of the people is the supreme law. The other danger is, that, confronted with an emergency, with new problems cropping up suddenly or taking abnormal proportions, parliaments and peoples are tempted by a clean sweep to do away with the most precious safeguards that experience and the wisdom of centuries had brought them to adopt for their own safety. When during the emergency session the government asked for $20,000,000, I entered a mild protest; but at that time I did not push my views very far because, after all, the amount of money was limited and it was simply and solely to be applied—or perhaps misapplied, which expression might be used concerning every amount of money we vote—for a specific object.

Last year, however, I protested strongly against the unlimited powers asked by the government,—powers which, in effect, would permit the ministry to make, amend, or repeal laws during the recess. The Prime Minister gave some reasons for asking passage of the bill; and those reasons he reiterated this year. Of course, admittedly, it is much simpler for a government not to be handicapped by the shackles of parliamentary institutions; no doubt about that. An economist with very broad views, Mr. Einzig, points out that, thanks to the absolute power put into his hands, Signor Mussolini was capable of dealing effectively with certain problems in Italy which probably could not have been solved by a regularly constituted government. No doubt about that; no doubt at all. Likewise, at the other end of the European situation, both geographically and constitutionally, no doubt Lenin and, now, Mr. Stalin, have been capable of accomplishing things, good or bad, which not even our Prime Minister could accomplish.

I hope hon. members will not think I am comparing either the men or their talents. I am simply comparing institutions and functions. I do not quite partake of the surprise or indignation of my Liberal friends at the attitude of the Prime Minister. It was to be expected, sir. No doubt the Conservatives knew, when they chose their leader, what kind of man they were choosing.

Mr. DURANLEAU: A very good man.

Mr. BOURASSA: A very powerful man, I admit; I have said that very often. Even before the hon. Minister of Marine (Mr. Duranleau) was one of the obedient followers of the Prime Minister I made that statement. I have known the Prime Minister for a much longer time than has the Minister of Marine, and I have much personal admiration and friendship for him. Perhaps he would not want me to state my friendship in public, because he might be compromised with some of his friends. Intimately, however, I think, he accepts those terms of friendship. When he was chosen leader of his party I predicted that if he ever came to power we would have the most authentic autocrat Canada has ever known. He has the will, the talent and the power. To a certain extent the people of Canada have got what they deserved. I warned my friends in my little constituency that if the Conservatives came to power unemployment would not be ended. I advised those people to discard ninety-five per cent of the promises made by the Conservatives to that effect, and told them to await results. The year has passed, and results show they were justified in waiting. But as to the kind of government the people of Canada have, they have what they voted for.

Let us come back to the measure now before us. May I say it is a logical sequel to the political temperament of the leader of the government? He was absolutely himself when the other day he said, "I cannot conceive any other means by which I can rule this country." Of course he cannot; of course not. A man is never as powerful as when he rules according to his own temperament. The weak leader is the one who rules according to the dictates of his friends, although he does not believe in them. A certain ruler in France said, "Oh well, I must follow them; I am their leader." The Prime Minister of Canada has reversed that. He has said, "You boys follow me, and obey; I am your leader,"—and he is, no doubt.

So we are faced with dictation and autocracy. I am told that this afternoon some hon. members opposite expressed their pride and contentment upon being reduced to the state which, by historical comparison, I shall endeavour directly to describe. Given those circumstances, if the government intends to play its game fully and openly I can see no reason why, after this law is passed, parliament should not be dissolved immediately. Why keep us here? We want to economize; why spend the money of the country, and ours? Why deprive the poor people of so much public money and keep us here sitting, talking, listening, drinking and eating, if the government of the country is to be reduced to the dictation of one man, with, of course, such number and quality of executioners as may be needed?

Powerful governments were carried on in that manner; great empires were built up for a time. The power of the sultans of Constantinople once threatened to cover practically the whole of the basin of the Mediterranean, north Africa, Spain, the south of France, the whole of Asia Minor, Egypt, Greece, and all those countries that have since become what are called the Balkan nations. No doubt that great empire could not have been built up with a parliament. No doubt the manner in which the sultans made and imposed their laws made them much more effective than any law that can be passed or framed under the guidance of a parliament. There is not the slightest doubt that if George III and Lord North had persisted in their endeavours to rule their newly acquired empire in the manner which brought about the rev-

olution of the United States, and had succeeded in bringing the minds, the souls and the bodies of all the liberty loving British peoples to the state of subserviency in which hundreds of millions of people submitted to the dictates of the sultans, the British empire would have been more united than it is. I mean it would have been more united by a rule of iron, but less united by the love of liberty and the adherence to a standard of government which has never had a superior in the history of the world.

What was the government of the sultans? Of course the sultans by themselves could not do everything, and that will be the experience of the Prime Minister before very long, with all his great ability. He is now ruling his majority; there is no difficulty in that. He is ruling his cabinet, also without much difficulty; but before very long he will find out that after all a man, even a superman, has only twenty-four hours a day in which to eat, sleep and work. He will find out that even from his point of view he will be obliged to get someone to carry on some part of his work. I believe I begin to perceive in what manner he will execute his one-man-made laws; it will be in a manner similar to that of the old sultans. They had two bodies of men to aid them in ruling their empire; they maintained physical peace with the aid of the janizaries. We are beginning to have them around this house. I met one of them at one of the posterns of this parliament; he nearly took my cap off my head and asked me what business I had coming here. This was no longer ago than last week. Then the sultans carried on their inside government with a very peculiar kind of executive body, the eunuchs. They were very effective and devoted servants; not much more so than those who surround the Prime Minister, but on the whole they were very obedient. Of course once in a while the janizaries poiniarded the sultan or the eunuchs hanged him and threw his body in the Bosphorus, but the system worked for some time.

Evidently the Prime Minister is preparing this parliament to fill the functions of those civil servants of the sultans. I am given to understand that some of the young members of this house this afternoon expressed their pride at being reduced to that state; but even at my age I do object. The old sultans at least had one excuse; they kept around them harems of wives and concubines; and no doubt so far as that portion of their administrative work was concerned it was a proper thing to secure civil servants carefully prepared for the work of looking after that portion of their

[Mr. Bourassa.]

government. But I do not believe that to maintain peace, order and good government in Canada, to give food to the poor or work to the unemployed, it is absolutely necessary to reduce parliament to that state. Perhaps in the senate we could do so—as a matter of fact I think the passing of time has attended to that—and intellectually at least it would seem that a number of hon. members of this house are also prepared to fulfil that role. But, sir, I claim that in the year of grace, 1932, in a country built up by the representatives of two of the most civilized European countries, with the addition in the last twenty-five years of newcomers from other free, Christian countries, Canada is not yet prepared for that kind of government.

There are two considerations urged by the government in asking for these extraordinary powers. The one is the consideration of money, and the other is what I might call the legal or administrative consideration. Let us consider the question of money first. Let us suppose that last year, before realizing exactly what was the position in Canada, before being able to measure the needs of all the provinces, the municipalities and the different classes in Canada, the government conscientiously felt that they could not exactly state the amount of money they required. At least they could have asked for a certain sum, and they could do that this year. If that amount did not prove sufficient they could have done what all governments have done under regularly constituted authority; they could have issued governor general's warrants to carry on their work of helping those who required help, and later asked parliament to ratify the expenditure of the amount over and above the sum of money voted at the previous session. What reasonable man would have refused that ratification—of course, without divesting himself of I will not say the privilege but the essential duty of members of parliament, which is to look into the manner in which that money was spent? That must be apparent to anyone who has taken the trouble to read British history, whether he be English, Scotch or French by origin; to whatever race he may belong; who feels some degree of pride, call it racial pride, intellectual pride or, as in my case, political pride, in the traditions of British government.

I repeat what I said last year: The essential function of the House of Commons and the representatives of the people is to control the exchequer. For centuries and centuries the British House of Commons did not pass laws; the legislative power was vested practically in the hands of the king and the lords. Later

on, with the evolution of time, the House of Commons, forced, so to speak, by the people whose cry increased, and who were acquiring a new sense of their rights and of their liberties, the commons asserted their duty, as the elected representatives of the masses who pay taxation, to control legislation as well as the spending of money; because after all, especially in modern times when economics play such a role in the life of a nation, you cannot separate the power of legislation from the power of taxation. They go hand in hand.

Now, with regard to this new measure, parliament is in session. The government, or rather the Prime Minister, who is the whole government, can come every day and make suggestions, or even charge one of his followers, whether a minister or not, to make suggestions. He can always come to parliament from day to day; and by looking at the order paper you can see that at least the government does preserve some show of consideration for the legislative power of the house. The ministry ask us to pass this bill and that, to amend this or the other law. Why come with a piece of blank legislation and ask us, while we are here in session to discuss every measure proposed, to abdicate our functions and give the government a free hand? They pay no more regard to us than, not to any man on the street, but to any dog or cat. They say to us virtually, "Pass such laws as we want to have passed".

It may be said that the government will not abuse its powers. Sir, many times men who have encroached upon the liberties of the people have made use of that argument. Many times servile followers of would-be dictators have also made that appeal to the people: "Place your confidence in this or that man because you know he will not abuse it". Well, if intelligent and reasonable men have learned one thing from the history of government it is that the danger is precisely to invest men who inspire confidence in the people with unlimited powers. Once the precedent is made, once the power is granted and put into the hands of one man, it may be misused to-morrow either by that man or by someone else unworthy of the confidence of the people. Time and again I have heard the right hon. gentleman, when sitting on this side of the house, quoting from his marvelous memory and knowledge of British history this, that and the other precedent of British parliamentary government, urging that we respect those sacred bases of parliamentary institutions. Now, sir, if precedents are good when you are in opposition, to prevent a government from abusing ordinary powers, then why do these gentlemen ask us now to pass legislation which all precedents condemn from top to bottom?

There is just one evidence I wish to cite with regard to the abuse that can be made of these powers. Reading Hansard, I notice a slight altercation which took place yesterday between my hon. friend from Winnipeg North Centre (Mr. Woodsworth) and the Minister of Railways (Mr. Manion), with reference to the order in council, or rather the law passed in the form of an order in council, amending the Finance and Bank Acts and putting into the hands of the government the arbitrary power of saying whether or not people who had entered into engagements in New York to pay their bonds or notes in gold should do so. The Minister of Railways has insinuated that that power has been exercised only for the prevention of speculation. The Minister of Railways is very patriotic. He trembled at the idea that some unworthy Canadians would take Canadian gold and ship it to New York to make twenty per cent profit out of it. Is he sure that of the five million dollars which his leader has permitted the banks to export to New York, not one dollar has been used in speculation? What guarantee has the government that the clients of the banks did not play the New York market with the gold shipped under special authorization given them by the government? But I will cite a counter instance. An acquaintance of mine in Montreal carries on a large boot and shoe industry—not one of these new mushroom concerns in which there is no responsibility, but a factory established nearly fifty years ago. This concern was managed by the father of the man to whom I refer, and has been in this man's charge ever since. He is practically the owner of it. The factory employs hundreds of men and operates, I believe, in the constituency of Maisonneuve, in the eastern section of Montreal. Last fall he had to ask himself the question whether he should carry on his operations, for he was losing money every day, every week, every month. He gathered his men together and said to them: You worked for my father, some of you; some of you have worked in this factory all your lives, and others from ten to twenty years. If I consulted only my ledgers and my personal interests I would close the gates to-morrow; or I could spare about one-fifth of you and continue employing the rest half days. But I can do something else which I am putting up to you: I am prepared to keep all of you at salaries reduced by ten per cent, and in doing so I shall still lose money. Well, they accepted

that offer and he carried on. This man is making fine footwear. He has to import a certain proportion of his materials from foreign countries, Europe and South America, through New York; and, of course, all his accounts are payable on bills of exchange in New York. He went to the Receiver General at Montreal to get gold and could not get it. He went to the bank, and took some bills issued by this government in the name of the crown and stamped payable in gold—one hundred dollar bills, five hundred dollar bills and one thousand dollar bills. He then said to the Receiver General, "Here is the promise of the crown of England and the government of Canada to pay in gold; will you give me gold for it?" What was the answer? "No, sir; we have orders from Ottawa not to give any gold." And so he had to pay an increased rate in New York of twenty per cent in order to keep his men alive. Is that speculation? I do not blame the government particularly for this; but under provisions of this sort, by the exercise of purely arbitrary power on the part of a couple of men in Ottawa, the reason invoked being the public good and public necessity, the door is opened to that sort of abuse which the Minister of Railways has denounced, as well as that other sort of abuse which I am pointing out to the government this evening. This is the only instance I shall mention.

Now to come back to the terms of the act which we are asked to prolong. The last clause provides that within fifteen days after the expiration of the act all orders in council, with a statement of all money expended, shall be laid before parliament. If we pass what is asked of us, what does it mean? From the time that bill is passed until May 15, the government will have no account to render to parliament. The government, through the Prime Minister, has promised to table all orders in council after they have been passed; in other words, he will apprise his eunuchs of what he has decided before to do. But with regard to the amount of money? Nothing at all; that will go until next year. Because when May 15 comes we shall be in a hurry. The economic conference of the empire will be near at hand. At that conference the sultan of Canada is going to settle everything for all the empire. In spite of his admirable talents, in spite of his superhuman genius, it will take him a few days to cogitate over the needs not only of Canada but of Great Britain, of Ireland, south and north, of South Africa, of Australia and New Zealand, not to speak of that little portion of the empire called British India. I admit that the Prime Minister is a powerful man; but if he is going to save and rule the empire, if he is going to put everything right in every portion of the empire, if he is going to work out an imperial tariff which will contain all that the Canadians want and all the advantages that the British ask for, if he is going to adjust everything, if he is going to make four or five hundred million people in the British Empire believe that what is black and red is blue, that one law can operate one way, another law another way and the two laws operate the same way at the same time, it will take him some time, first, to prepare his data and, second, to understand something of the mentality of people in other parts of the empire, especially in India. There are there 80,000,000 Mussulmen who are not at present in favour of government being carried on by eunuchs. Then there is that little man with the homespun shroud, now in gaol, who exercises more power than even our own sultan here in Canada. It may be only moral power, and I admit that in North America, in Canada as well as in the United States, moral power counts for very little alongside of money power. However, even in countries where the golden calf is the idol of all races and creeds, as it is in Canada and the country to the south, there are still some people who believe in moral force, in certain principles of government, in certain guarantees of liberty, and who are not prepared to barter those advantages acquired by centuries of struggle, by the shedding of blood and by the sacrifice of everything which is true to man and woman. There are all over the world, and even in Canada, those people who undoubtedly want food, who undoubtedly want work, but who want something else beyond.

In this little bit of paper before us, so insignificant to the man whose mind is entirely connected with politics or money, lies a threat to all those sacred principles which, for my part, I am not prepared to let pass without entering my protest and without entering the protest of the humble men and women who sent me here. Those settlers in the mountains, those lumberjacks working in the camps, do not forget the days when their forefathers were struggling to acquire our political liberty; and while I will not say they are prepared to fight, they are prepared to live in dire physical circumstances if necessary to preserve that liberty. They are not prepared to sell their birthright for a mess of pottage. I represent those people, and in their name and in the name of hundreds of thousands of other Canadians, to whatever race they belong, I say that there is something over and beyond

party strife, there is something over and beyond devotion to one government or to one man; it is devotion to principle and faithfulness to those foundations of popular and parliamentary government for which we have struggled so long. It takes a much shorter time to destroy than to construct. If this insidious thing is allowed to creep into the foundations of our system of government, while perhaps only one stone will crack this year, perhaps only one part of the wall will fall, the danger will be there.

Judging by the attitude taken by the majority in this house it would appear that the people of Canada have come to the point of being prepared to renounce the basic principles of government. For what? To save them, or the country? No, simply to make matters easier for the government. Let us grant that the right hon. gentleman had full grounds for asking for this legislation last year. He has made use of it and I do not say now that he has abused it. I do not think that he has abused it any more than any other government would have. But surely he has acquired some experience of the needs of the country. At the opening of this session he and his colleagues told us that the worst days were over, that conditions were improving and that they had the situation well in hand. If that is so, what need is there of asking for an extension of legislation which they do not need to control matters which are improving and to cure evils which they claim have diminished? The government has around it the elected representatives of the people of Canada who can tell them from day to day what the need is in their constituencies, in their districts, in their provinces and in their parts of the country.

By adopting this procedure the government perhaps is making it easier for itself at the present time; but the Prime Minister and his colleagues will find out that the more they continue on this course the more difficult it will be to satisfy the people. Why? If they acted with the advice and cooperation of parliament they could divide with all of us the responsibility of the measures they pass. Every hon. member of this house, whether Conservative or Liberal, to a certain degree could be held responsible for a share of the measures adopted and of the money spent; but by doing what they are doing now, the government, or rather the Prime Minister, is adopting this attitude: I have no confidence in your representatives, not even in mine; I have no confidence in the men whom you have sent here; I have no confidence in their integrity or in their technical knowledge; I have no confidence in their simple knowledge of facts; and I take it upon myself to know everything, to cure everything and to make a choice of all the remedies which I have to offer, but I keep a certain number of gentlemen here at your expense to talk. To talk about what? If this is to be the procedure, why keep this order paper? All the legislation which now appears on the order paper could be carried out by order in council. Why have a subsidy bill? Why announce a budget? All that could be done in the Canada Gazette, or the Prime Minister could make a speech and say: Here is what I have decided to do to cure all evils; I have done away with this useless parliament, I have sent the members back home and spared to you the expense of their upkeep. The houses of parliament at Ottawa could be turned into a large technical school, a hospital or a house of refuge for the people who have no place to sleep. He could treble the number of janizaries that would be provided, and train the kind of civil servants I have referred to. Everything required could be provided by order in council.

I appeal now to my hon. friends on the other side and ask them if they told their electors that they had such confidence in their leader—their confidence is justified fully in the ordinary sense—or did they—

Mr. BELL (Hamilton): Yes.

Mr. BOURASSA: The hon. gentleman is so sure that he replies "yes" before he even hears the question. If he composes the dialogues for his plays in the same manner, they must sound queer to the ear and must appear as though he is writing upside down in the Chinese fashion.

Mr. BELL (Hamilton): There is no buffoonery in my plays.

Mr. BOURASSA: Then the hon. gentleman is not writing true to himself. What I was going to say was this: Why did my hon. friends, when they appealed to the electorate, not say to them: It is useless for us to go to Ottawa; we have a leader in whom we have full confidence; all we ask you to do is to vote a plebiscite on our heads or our backs and write "Bennett"—"vote for Bennett."

Mr. BELL (Hamilton): We did.

Mr. BOURASSA: Then tell them: we will stay at home.

The Acting SPEAKER (Mr. Casselman): The hon. member's time has expired.

Mr. BOURASSA: That closes the matter.

Mr. SAMUEL FACTOR (Toronto West Centre): Mr. Speaker, it is a privilege to follow an old parliamentarian like the hon. member for Labelle (Mr. Bourassa), a man whose ancestors have fought for responsible government and constitutional administration, particularly on the issue which is presented by the resolution under discussion. I am somewhat surprised to find to-night most of the opposition to this resolution coming from members on this side of the house. I had hoped that hon. members opposite would rise and express definitely their opinions on it. Shades of Macdonald and Cartier! Are these men, now sitting mute, followers in such a matter of their old chieftains? I would in all kindness suggest to them that their vision has been obscured by political considerations; they are blinded by partisan zeal in following their leader. I suggest to them, also in the same kind spirit, that if they were as conscious as we are on this side, of the duties and responsibilities that devolve upon the elected representatives of the people, they would rise in protest and indignation against this resolution. Further, I would suggest to hon. members opposite, and particularly would I make this bold suggestion to the leader of the government (Mr. Bennett): Let him advise His Excellency to dissolve parliament and let us appeal to the people on this broad issue of responsible government. Do the people want an autocratic form of government, with unlimited and unrestricted powers? The right hon. gentleman and his Minister of Railways (Mr. Manion) are laughing. They consider this question of responsible government and constitutional administration a huge joke.

Mr. MANION: No, we were laughing at the hon. member.

Mr. FACTOR: I am glad to hear that. I am glad to hear they are laughing at an exponent, although a young one, of responsible government. I should like to tell the hon. gentleman that there are Canadians who, while they perhaps lack food and shelter, are not lacking in a knowledge and understanding of our traditions and institutions such as should be exhibited here. There are Canadians who, while they perhaps lack employment, are not lacking in appreciation of the courage and heroism of those who, in the early dawn of our history, passed through the hell-fire of discord and rebellion in the effort to create responsible government and constitutional administration in this country.

I should like in the first place to protest against the method in which this resolution has been submitted to the house, as well as to the time of its presentation. May I first, however, make this general observation: I think even hon. gentlemen opposite will agree with me that unemployment is the dominant problem facing this country to-day. I am sure they will not contradict me when I say that unemployment is more severe now, greater in degree and extent, than it was in 1930. Yet in spite of this fact, in the speech from the throne there is not a word about unemployment or its relief, and during the days and weeks since parliament met on the 4th of February, there has not been a word about the matter. Whether this is a coincidence, I do not know, but I would refer to a curious thing which has occurred: in the Votes and Proceedings of February 23, 1932, on a motion for supply the hon. member for Kenora-Rainy River (Mr. Heenan) moved an amendment criticizing the policy of the government, suggesting:

> That the failure of the government to implement its pledges and promises has caused privation, want and suffering amongst thousands of Canadian citizens; that in the opinion of this house the provision of employment for our people is the most pressing problem before the government, and immediate measures effectively to relieve the serious unemployment situation should be presented to parliament by the government without further delay.

Curiously enough—or is it a mere coincidence?—on the following day, in the Votes and Proceedings of February 24th we find the Prime Minister giving notice of the following resolution:

> Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

I heard of some order in council that the government passed changing potatoes into radishes, but I have never before heard of a resolution the purpose of which is to juggle with our calendar and change the month of March into May.

I object to the method in which this resolution is presented. I should like to draw the attention of the house to the original resolution upon which the act is based, and the time at which it was presented. I want to refer to Hansard of 1931, at page 4282 and to read this remark which was made by my right hon. leader (Mr. Mackenzie King):

> Hon. members have before them a copy of the orders of the day on which appears the resolution which you, Mr. Speaker, have just read to the house. They will observe that if no reference is made to either the committee of supply or the committee of ways and means,

this resolution constitutes the only order upon the order paper. It is not only the last government order to appear, but it is the only order which remains to be disposed of on the order paper to-day.

When the Prime Minister introduced the resolution on which the legislation of last year was based he used the following words, which will be found at page 4275 of Hansard of July 29, 1931:

The adoption of this resolution lays the foundation for the introduction of a bill for the purpose of vesting in the governor general in council during the recess of parliament and until the end of the fiscal year—

Mark those words, "during the recess of parliament and until the end of the fiscal year." To continue:

—full power to redress so far as it is possible the conditions of unemployment and distress now prevalent in certain sections of the dominion.

The Prime Minister himself when the legislation was introduced last year did not intend that it should extend beyond the recess of parliament or beyond the expiry of the fiscal year. Now, sir, he comes along and introduces this resolution. I say in all truth and sincerity it is an assault upon the rights of the elected representatives of the people.

Some hon. MEMBERS: Oh, oh.

Mr. FACTOR: Some hon. gentlemen say, "Oh, oh." Very well, I shall go further than that and say that there is danger in this legislation, danger not only to the rights of the people who send their representatives to parliament but danger to the freedom of the people themselves. There is always danger, sir, when a government obtains autocratic and unlimited powers and is backed by a docile majority.

That was what the right hon. gentleman said in submitting on July 29, 1931, the resolution upon which he based the Unemployment and Farm Relief Act. And now he throws into this house a resolution which goes a step further. The act has expired. True, the government order was on the order paper a few days before the act had expired, but the right hon. gentleman had since the 4th of February to consider unemployment relief measures and to present them to the house.

The world has passed and is passing through a great upheaval. Values have disappeared. The flood of unemployment has spread itself throughout every country in the world, and Canada in common with every other country is suffering as a consequence of the world depression. I must frankly and freely say to this house that no government could end unemployment in Canada. This government cannot end unemployment, and I firmly believe the Liberal government could not end it. Further, I do not think a Labour government could have ended it. But we did not promise to end unemployment, whereas the right hon. gentleman did. He promised it for a purpose, and that purpose he has accomplished. While he promised to end unemployment, we on the other hand said to the people at large that unemployment was becoming a world problem, and because it was becoming a world problem we advocated the calling of a conference, the bringing together of leaders in commerce, finance, industry and labour with a view to considering on a nation-wide scale the problem of unemployment in the light of world conditions, and perhaps finding some solution. The right hon. gentleman opposite made his promises to end unemployment and was elected to office. Now is not the occasion, nor have I the time, to discuss the causes that are responsible for the world depression, but I venture to suggest that when the historian records these trying days he will note as one of the main causes responsible for this depression the fact that every nation had walled itself in behind high tariffs. Every nation has stopped buying from other nations, and all are trying to sell to other nations. I venture to suggest that the right hon. gentleman and his government, elected on the promises they made, are not responsible for world conditions, but I do say that they are responsible for aggravating unemployment in this country because of their policies respecting trade.

I will go a step further—I hesitate to say this, but I say it simply because it is the truth—and assert that this government is responsible for something that is far more serious even than tariff tinkering. This government is responsible for the loss of courage and confidence which is noticeable in our people at the present time. Business is drifting aimlessly; money is being hoarded; capital is not being invested. Can you blame people for losing confidence when we have a government that swings from one extreme to the other in every sphere of governmental activity? In unemployment, first of all, the government advocated a policy of reckless expenditure of borrowed money. Now they are contracting that into a policy of strict economy. They swing from one extreme to another in their tariff and trade policies. Somebody has called the government's tariff regulations the pyjama tariff regulations because they are put on at night and taken off in the morning. Nothing has done more

to disturb business and business stability in this country than the tinkering with the tariff by orders in council which has taken place under this government. How can the people be inspired with confidence and courage in such trying times when we have a government which swings from one extreme to another as this one does?

Undoubtedly we are faced by a grave national crisis. We are living in times of national peril, and always in times like these there are two schools of thought. The one school advocates this policy: These are trying days; there is a national emergency; democratic institutions are too fickle to carry on with. Let us have an autocratic form of government; let us have a leader, call him what you will—dictator, autocrat, or prime minister.

Mr. LAPOINTE: Sultan.

Mr. FACTOR: Or sultan, but let us have a man who is strong enough to hold the reins of government irrespective of all democratic institutions and irrespective of responsible government and constitutional administration. That hon. gentlemen opposite advocate this policy is evidenced by the fact that they have not stood up in opposition to the resolution we are now considering.

On the other hand, there is the school of thought which says: Trust the people. Have confidence in them. Administer with knowledge and with tolerance. Let the people rule. Let the people's representatives have their say.

I want to suggest to the Prime Minister that I think it is time for him and his government and his followers to get into closer touch with the great masses of the people. I say to him, not in any way offensively, that he is quite intimately acquainted with the wealthy people throughout this country, but he is not so intimately acquainted with the great suffering masses of the people. Here is an opportunity for the Prime Minister to go on the public platform and suggest to these men and women with whom he is so intimately acquainted, the people of wealth and means and resources, that this country is suffering intensely, that we have a huge national debt, that we are overburdened with taxation, that this country has been very kind to those who are now possessed of so much wealth; and is it not about time they came to the rescue of their country with their worldly possessions? Is it not about time they contributed, for the assistance of our country in these trying days, some of the money they drew out of our natural resources? I believe that all of us on this side of the house would be prepared to follow the Prime Minister in that course. Why not create a large emergency fund of millions of dollars subscribed by the wealthy to help a country overburdened with taxation?

I had not intended to quote any authorities concerning the control of taxation by parliament. This government however seems to ignore fundamental principles, and I feel it would be well to quote from Durell on parliamentary grants. I dare say the principle of the control of taxation is common knowledge to every hon. member, and undoubtedly the Prime Minister is thoroughly acquainted with it. It may be worth while, however, to place the following quotation on hansard:

> The bedrock on which the English system is built is the principle of the maintenance by parliament of control over the grant which it makes. It is one of the old standing principles of our constitution that the House of Commons should control the finances of the country; that is the right, privilege and duty of the house. It has been achieved by means of struggles lasting through centuries. The cardinal principle on which the whole of our financial system is based is that of parliamentary control.
>
> Upon the fundamental principle laid down at the very outset of English parliamentary history and secured by three hundred years of mingled conflict under the crown, and peaceful growth, is grounded the whole law of finance and consequently the whole British constitution.

I was very much interested to hear the Minister of Railways and Canals (Mr. Manion) not only criticizing Russia—which he had a right to do, and perhaps to a certain extent was justified in doing—but attacking this side of the house for the carping criticism which he said was being levelled at the government, and suggesting that more cooperation be given. May I suggest to the minister that cooperation involves the action of two parties? Cooperation does not mean that the government proposes and that the opposition functions merely as a rubber stamp to any proposals submitted. Cooperation, sir, means that we on this side of the house who have our duty to perform as elected representatives of the people, submit certain suggestions to the Prime Minister and his followers. If they really want our cooperation why do they not adopt our suggestions? The Prime Minister laughs. What did we suggest to the right hon. gentleman? We suggested that he pursue the constitutional method of obtaining money to relieve unemployment, that he bring in a supply bill and that he fix the amount he needed. We hope the Prime Minister does not think that he, his followers and his press can misrepresent the opposition in this matter.

The so-called carping criticism, which the minister has said was lodged by the opposition, is more than criticism; it goes to the very root and foundation of our political institutions. When we suggested that the Prime Minister bring in a supply bill, he said, no, he would not do it. Being a new member, sir, I am not quite initiated into the mysteries of this institution called parliament. I should like to ask the Prime Minister why he extends the statute only to the month of May. Why not June? Why not July? What will happen in May? Does the right hon gentleman say unemployment will cease in the month of May? Does he say that when this act expires prosperity will be with us? Or is the extension of the act merely an excuse to hide the definite and constructive policies of the government with regard to unemployment, if they have any? Is the proposed amendment merely a subterfuge to have this act extended until the month of May and then, perhaps by order in council, extended further?

I was surprised that the right hon. gentleman came to parliament to have this act extended. As I read some of the sections I concluded he could have passed an order in council extending the life of the statute, and under those circumstances there would have been no need to come before parliament. He had authority vested in him under that act to change any legislation; why not this very act? Orders in council have been passed amending the Bank Act, the Insurance Act and other legislation; why does he come to parliament and ask us to extend this particular Act? What will happen in May? Will this parliament be in session? If so, what will the right hon. gentleman do? Will he come again and ask parliament to extend the life of this statute, or has he any other proposals concerning unemployment? Because sir, we frankly submit to the house and to the people of Canada that the relief granted under the present act has been entirely and wholly inadequate.

At this time may I quote a few figures? I am told that during the last eighteen months $150,000,000 were spent in unemployment relief and the relief of distress in agricultural districts. I was amused to hear the Minister of Railways and Canals criticize hon. members on this side of the house for not extending praise to the government because it had fed 300,000 starving Canadians in Saskatchewan. Just imagine sir; the right hon. gentleman, vested with unlimited powers under this act, backed by all the resources of Canada, by all the resources of the provinces and the municipalities, succeeding in feeding 300,000 starving Canadians! Truly, truly we on this side of the house should present him with a bouquet, an embossed address, and a hearty vote of thanks for feeding those starving Canadians, considering the resources he had at his disposal.

What did the expenditure of $150,000,000 provide? Roughly speaking, there were provided about 14,000,000 man-days' work at a cost of $150,000,000, or more than $10 for every day's work given. That was the cost. Where is the balance? Where did the balance go? This huge sum expended for unemployment would provide work for only about 30,000 people, if we allow each person eight hours per day. Therefore 30,000 people were supplied work during a period of eighteen months at a cost of $150,000,000. That, sir, was the accomplishment of the right hon. gentleman and his government, vested with all the authority they possess under this act.

I want to conclude, Mr. Speaker, with an appeal to the Prime Minister. I ask him to stop this discussion, this waste of time in opposition to this measure. He cannot blame us for opposing it; we on this side of the house are still Liberal, not only in name but in principle as well. If the Prime Minister had adopted the suggestion of my right hon. leader and brought in a supply bill a few days ago, by now the bill would have been law and he would have had millions of dollars to spend in the relief of distress in the west and of unemployment throughout Canada. I ask the Prime Minister again to stop this useless discussion; let him introduce a supply bill asking for any amount he thinks necessary to meet the situation. We on this side of the house will expedite its passage in the shortest possible time, and to that end will cooperate in every way we can.

Mr. HERMAS DESLAURIERS (St. Mary) (Translation): Mr. Speaker, the bill under discussion is certainly different from the one which was adopted last year. In my opinion, it greatly differs not only as to the date but especially as to the principle. This measure which is introduced under the plea of emergency, at a time of crisis, will be enforced during the sitting of the house while last year's act was to only become law after the prorogation of parliament.

The purport of this measure is first to relieve the unemployed, and, secondly, to maintain social order throughout the country. The government had recourse to this radical procedure because it suited them, seeing that we are experiencing hard times—a

crisis—and that it is impossible for them to specify the necessary amount to cope with all cases which may arise.

It is difficult not to protest against a measure which the Prime Minister (Mr. Bennett) himself qualifies as radical. I can understand that he might have insisted on having such an act adopted in an emergency, but at present, when parliament is in session, nothing of the kind exists. If something unforeseen happened, while parliament was in session, I feel certain that nobody in the house would dare refuse a reasonable proposal from the Prime Minister to meet such a situation. We are aware that it would be impossible for him to determine precisely the amount that he might need under such circumstances; thus in September, 1930, at the special session, if I recollect well, nobody criticized or found too large the amount of $20,000,000 which we were asked to approve. Parliament seemed to have had, at that period, confidence in the integrity and financial ability of the Prime Minister. Even to-day we feel that if he would only specify an amount, parliament would again trust him, and might I further add that, as it was done in the case of the $20,000,000, he would only expend the strict amount necessary to relieve the situation and meet the conditions which might arise. In the usual course of things, under every government, how often have considerable amounts been voted at one session, revoted the following year and once more the third year, without finally being expended? It is a usual practice. Very often the government has had to grapple with gigantic enterprises, for instance, under the government of Sir John A. Macdonald, the building of the Canadian Pacific; the state ownership of railways under the Right Hon. Arthur Meighen's regime and the requirements of the great war, under Sir Robert Borden's government. Always, under these circumstances requests were first made for an initial amount and later parliament was asked for additional sums. Did we not, when it was a question of voting the necessary money to build the transcontinental, the Welland canal, the Parliament Buildings, follow the same procedure, even when the first estimates hardly amounted to half the final cost? Whenever the country is going through a period of stress, when the health of the people is threatened, when its morale may be affected, political parties should help one another and cease to search in every part of the country for exaggerated cases of distress to exploit them at public meetings or in the house; they should on the contrary display in such periods of hardship a great coolness of mind and endeavour to raise the people's hope for better days in the near future.

In 1914, when the war was at its worst, and the Germans swept everything on their march, when success after success attended their arms, when Paris was threatened and the destiny even of our country might depend on the result of the war, the cooperation of parties was certainly then more urgent than at present. Yet, Sir Robert Borden never thought of abolishing the rights of parliament, he never asked the representatives of the people to give way and to invest him with all powers to administer the affairs of the country; on the contrary, he earnestly sought the cooperation of the right hon. leader of the opposition, Sir Wilfrid Laurier, and that of his supporters. I still recall the memorable meeting of Sohmer Park, in my constituency, where the great leader of the Liberal party, Sir Wilfrid Laurier, spoke. Later on, at the "Monument National," the hon. Sir Charles Fitzpatrick, then Lieutenant-Governor of Quebec, and the hon. senators Beaubien and Dandurand, took part at a great rally in order to cooperate and help to solve the problems of the war.

Never before has an attempt been made to destroy the fundamental principle of self-government, as it is done in this bill. The government must not think for a moment that our opposition to this measure is prompted by a lack of sympathy on our part for those who are in distress; the human feelings of the representatives of the people cannot be questioned, whether they belong to one party or another, they will, I think, acknowledge that when hard times are here, we must provide bread, first, for the Canadian born, and after, for the poor immigrants brought to our shores by every government, too often under false representations.

We have heard much criticism in connection with the distribution of the funds voted for unemployment. We all agree, I think, that the Prime Minister's good intentions are above suspicion, if there happened to be cases of dishonesty and patronage, it is due rather to the defects in the system of distribution, and, under the circumstances, I think, this is an excellent opportunity for him to repeat the prayer of the German: "Lord, relieve me of my friends; as to my enemies I shall take care of them."

The direct assistance, the dole system, is I think a dangerous one. It tends to foster idleness among the people, and may give rise to most undesirable problems. The appointment of commissions, to which I have

often been opposed, is also often the cause of complications in the administration of public moneys. It is better to entrust this distribution to those who are better suited to do so, in this instance, to the provincial and municipal authorities, both in their respective spheres; it is better to entrust them with the care of solving their own problems, and if need be help them by grants, in the same manner as the federal government does in the distribution of subsidies to the provinces. Should an exceptional situation develop in one province, as at present, in the Western provinces, and more particularly in Saskatchewan then they can consider the best means to take under such circumstances, with Parliament's approval.

A suggestion was made in the House to carry out an inquiry on the economic and social conditions of the country. I fail to see the practical side of this suggestion. During a period of disturbance, conditions may vary from day to day, week to week, and the findings of this inquiry, misapprehended under the circumstances, would be, to say the least, worthless. The provincial and municipal authorities have at their disposal the necessary organization to carry on that work from day to day, while the Dominion government, to deal with the unemployment problem, only needs a staff to verify the reports forwarded by the provincial authorities.

There can be no question, with reference to this bill, of asking the representatives of the people to make suggestions to the government in connection with the administration of the unemployment fund. In parliamentary procedure these necessary and useful suggestions to the government should be made when the budget is brought down. It is more difficult to-day to make suggestions because one is at a loss to know what will happen to-morrow.

This bill aims at undermining the fundamental principle of self-government, and conferring upon one man, the Prime Minister, the power of disposing of large amounts from the Treasury, without the authority of Parliament. This is one provision of the bill under which the Prime Minister, in my opinion, takes useless risks. Indeed to me it does not seem wise on his part, in his personal and own party interest to take upon his shoulders such a great responsibility and expose himself to much criticism, be it justified or not, when he could so easily share that responsibility with Parliament, and thus face all criticism from whatever quarter it might come, while proceeding in a constitutional way.

Nobody in the House doubts the integrity of the Prime Minister or his financial ability. What Parliament claims, is the right of expressing its views in financial matters, in the interest of the country, and, to share in the administration of public funds, either through suggestions or sound criticism.

After listening to the reading of the many telegrams, quotations and newspaper cuttings with reference to the distress which fills the country, when I see the Prime Minister introducing such a radical measure after the lamentations which have been heard in this house, I contend that he suggests that the government is in despair and that it offers a splendid opportunity to agitators prepared to spread among the people revolutionary social doctrines and contaminate the minds of the people.

I fail to see that, on behalf of Canada, an emergency exists for such measures, exists just now, and let me assure the Prime Minister that so far as Quebec is concerned, if nobody suffered from cold or hunger, it is not due to his administration—though I willingly acknowledge his sincerity in this connection—but it is due, among the farming classes, especially to Providence, and in our towns, to cur lay and religious organizations both Catholic and Protestant. Without these two factors, we would have had to register in Quebec the saddest disaster in our history.

I understand this measure to be a temporary one, and I trust that it will be the last of its kind introduced by the Prime Minister, if he wishes us to be more agreeable in our comments in the future. I wish to protest both on behalf of my constituency and myself against this radical way of administering the country, for I was unable to discover in the arguments of the leader of the government any urgent motive which could authorize him to make use of such radical methods, as those we are asked to approve to-day.

Mr. ELIE-O. BERTRAND (Prescott) (Translation): Mr. Speaker, I deem it my duty to protest against the resolution submitted to the house. There is certainly no doubt that the government is at present very much embarrassed to find means to relieve the unemployed and at the same time assist the farmers. But it is also true that there are other means to relieve them than by laying hands on the legislative powers of Parliament and creating a dictatorship when this house is in session.

At the risk of repeating what was stated by other speakers who preceded me in this debate, I shall narrate the political history of the Conservative party from the day they assumed power. First, without going back

too far in the past, I nevertheless wish to briefly state again the pledges given in the course of the last election, and remind the house that, at the 1930 election, the leader of the Conservative party travelled from one end of the country to the other, stating that the depression which was everywhere was due to the nine years of bad administration under the Liberal regime; he added that when given power he would find means to relieve the situation and bring back the country to its normal state. Addressing himself to the unemployed he pledged himself to find work for all those who wished to work and that their labours would be well remunerated; turning to the farmers, he told them that he would see to it that their products would bring in far better returns than during the last years of the Liberal regime.

The people believed to a certain extent these fine pledges because, already, the country was feeling the first pangs of the world-wide depression. The Liberal leader had made preparations to ward off this depression when it would reach our country, and through the medium of Hon. Mr. Dunning's budget had found it possible to reach the various markets of the Empire, establish better trade relations so as to later spread our trade to all markets of the world. In order to attain this end the Liberal government thought it good policy to make concessions so as to receive some from other countries.

The Conservative party, having assumed power, considered that this policy was absolutely wrong and wishing to follow up their cry of "Canada First," made a complete change. It also had made very fabulous pledges in connection with the tariff and had assured the people that with a high tariff, industries would flourish, and, the latter being prosperous the working classes would have work and would be in a position to purchase farm products, the result would be that all classes of the community would enjoy a prosperity unknown until then. These pledges were so alluring that people believed in them.

The unemployment situation having become worse, notwithstanding all the pledges given to the unemployed throughout Canada, the leader of the Conservative party called a special session for September, 1930. This short session was intended to relieve the depression as promised. The people were under the impression that pursuant to the pledges made, day labour would be given to all those who wanted to work and thus increasing the purchasing power, the farmer would easily sell his products. However, the remedy was not as effective as one could have expected. The special session having been called, parliament met and the Conservative party introduced a measure in which they requested $20,000,000 for unemployment relief. Although this session was called specifically to discuss unemployment, a bill dealing with extraordinary changes in the tariff was also introduced; almost every item of the tariff schedule was altered; the greatest protection was given to people in industries and manufacturers. The time had arrived when these people expected to see manna fall from heaven. Often in the past they had asked for higher tariff, but never had they obtained it and never had they expected to obtain as much as they were given at that special session.

Did this protection give the good results which were anticipated? For a while it may have stimulated business, but in the wake of the world-wide depression they soon realized that it became more and more difficult to sell their products abroad. I shall not insist on the meagre results obtained at the Imperial Economic Conference, in London, by the Prime Minister and his lieutenants. This failure was not of a nature to increase our trade with the other countries of the empire. Our purchasing power having decreased, the business people and manufacturers found themselves also in a critical position and were unable to find a market for their products.

Let us examine how these measures were adopted. They were enacted within a few days after the Conservative leader, who had begun to reveal himself under his true light, as we know him to-day, had stated: You must necessarily adopt these measures; they must be enacted within a few days, because otherwise I shall not attend the Imperial Economic Conference. The following suggestion was made by the leader of the opposition: Allow some of your leading lieutenants to remain in Canada, we shall carry on with the session and you will be free to attend the Imperial conference. I wish to be present here myself, retorted the Prime Minister, and these measures must appear in the Statutes of the Dominion of Canada previous to my departure. Already the leader of the Conservative party was showing signs of his predilection for a dictatorship. He was not yet known under his true light, however, signs were not wanting that, little by little, he would lay hands on all the privileges and prerogatives of the Canadian parliament.

In order to convince the house and Canada that this government had not made a deep study of the needs of the country, it is only necessary to recall that, after having

had $20,000,000 voted to relieve the unemployed, by the end of the fiscal year only $4,400,000 had been expended, namely, from September to the end of March. There still remained more than $15,000,000 which has not been utilized. This proves that the government was not in touch with the situation and was ignorant of the needs of the unemployed. The fiscal year having expired, instead of having other amounts voted, as it was done later on they continued to spend what remained of the $20,000,000, and according to the statement made by the hon. Minister of Labour (Mr. Gordon), a sum of over $15,000,000 was thus distributed.

I again state that from then on we could foresee what the Conservative leader's attitude would be; at the time, the Prime Minister not wishing that his own followers should discover that their leader was really a dictator making them yield little by little to his will and gradually inuring them to his methods, began by having them adopt the $20,000,000 measure so as to, later, obtain their assent in having the house enact all the bills that he might wish to introduce.

At the 1931 session, after sitting in camera over public affairs, he came before parliament and instead of conforming himself to custom and usage by asking that a fixed amount be voted either in the budget or through special legislation, for a specific end, as he had done, in 1930, with the idea of having people believe that he intended to carry out his electoral pledges and thus amazed them by amounts as fabulous as his pledges, he refuses to specify an amount. We shall he says, take all the necessary money to solve the problems with which we shall have to deal, not only do we ask for all the funds necessary, but we still want more. We want to have this money voted by a special act which will authorize us to deal, by order in council, with all the business we see fit, and which will empower us to amend the acts adopted by parliament and that are the exclusive prerogative of the latter. We wish to have the full control over public affairs for peace, order and good government throughout the dominion.

The people therefore thought that, that Conservative party had not only $20,000,000 at its disposal but an unlimited amount which would help in bringing back prosperity. First, $20,000,000 were asked at the special session of 1930, and later a blank cheque was requested at the 1931 session; yet after all this, they inform us that no remedy can be found to relieve the depression. People are wondering what they will request at the next session. This is the natural consequence of the dictatorship inflicted on the house.

We protest, sir, against this resolution which reads as follows:

That the Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution:

Certain newspapers of this country contend that this resolution is absolutely harmless and that it should not lend itself to any criticism on the part of the opposition. However, when one scrutinizes it more closely, when one is made aware of what happened under the dictatorship which began at the 1931 session, and which has become more exacting this session, we are entitled to wonder what will be the result.

According to the statement made the other day by the hon. Minister of Labour, in the house, the government authorized, by order in council, in the course of the year 1931, the expenditure of an amount totalling $32,800,000 so as to meet the obligations contracted to relieve the unemployed, and out of this amount of $32,800,000, 7,415,973 days of work were provided for 334,301 persons, or 22⅔ days to each person. Is it possible to imagine such a wretched result under such a dictatorship: only 22 days of work for each person employed by virtue of the unemployment relief act, adopted in 1931. $32,800,000 seems a very large amount to a labourer whose wages are $2 or $3 per day; he has no idea what it represents. The labourer is told that the government spent $32,800,000 which furnished 7,415,973 days of work to Canadians from March, 1931, to February, 1932; this seems a great achievement, however if the hon. Minister of Labour had been in earnest, he would have added that this amount only represented 22⅔ days of work for each person, he would have further stated that the Dominion government in making the outlay of $32,800,000 had obliged the provinces to subscribe an equal amount, if not a larger one, and that the municipalities had been forced to contribute an amount equal to that of both governments, provincial and federal. Notwithstanding all these outlays the depression has further spread since; according to statistics compiled by the "Child and Family Welfare Journal," the number of unemployed in Canada actually varies between 400,000 and 450,000.

Weighing these facts and noting how agriculture is languishing everywhere, one easily realizes that agriculture did not receive the necessary aid. It has been asserted that in the province of Saskatchewan there has been no crop, this explains why the farmers of that province are in great difficulty. Such a situation however should not exist where crops

have not failed, yet the facts are there to prove, that even the farmers of Ontario are almost bankrupt. I shall have an opportunity of referring again to Ontario when the agriculture estimates are before the house or when the budget is brought down. I shall simply state to-day that the farmers are unable to meet their obligations because they cannot even sell their products at cost price. Owing to this fact, their purchasing power has greatly dwindled and they find themselves in a difficult situation. Their condition is so critical that the Ontario government has recently adopted a measure to prevent the sale, by creditors, of farmers' lands which are mortgaged. They can be forced to pay the interest and taxes, but not the capital. Otherwise the situation would become intolerable, and farmers in most cases would be despoiled of their possessions. Considering the difficult situation in which our people find themselves at present notwithstanding the $20,000,000 voted last session, and the unlimited amount requested at the 1931 session, or the pledges made by the leader of the Conservative party to relieve unemployment and assist agriculture as he stated at Moncton, New Brunswick on July 10, 1930:

The Conservative party is going to find work for all who are willing to work or perish in the attempt.

Could we not request the Prime Minister to implement his pledge. Instead of introducing an arbitrary measure, he should admit that he failed in his task and that he is ready to appeal to the people to find out whether they endorse his conduct when he requests this Parliament to despoil itself of all its prerogatives, so as to allow him to adopt or amend any act according to his whims, or again, to vote him unlimited amounts without previously submitting estimates or stating how they will be spent. I think it would be most interesting to make an appeal to the people in this connection.

The leader of the Conservative party also stated at Moncton:

Mr. King promises to study the unemployment problem; I pledge myself to put an end to unemployment. Which plan do you like best.

I put it to the house and the country whether it would not have been wiser to first study the unemployment problem, follow the suggestions made by the right hon. leader of the opposition (Mr. Mackenzie King) and then deal with this problem in the right way rather than use half measures.

It would be quite to the purpose to apply to-day, to the right hon. Prime Minister the words he used when speaking at Vancouver, on June 18, 1930, as published in the Montreal Gazette, the following day:

However blind he may be to your future, and deaf to your present needs, surely he cannot stop his ears with smug compliance and self-esteem to the cry that carries across the nation—the cry of destitute and hungry, the cry of mothers and fathers and little children who call to us as Christians and as Canadians to heal their pain.

That is the kind of appeal which the Prime Minister made at the last election, what has he to say, to-day? That this crisis is world-wide and difficult to deal with. What does he want to-day? He wishes to extend the life of this Act by which he arrogates to himself all authority and, together with the cabinet in council, he wishes to have a free hand, even when Parliament is sitting. We must, sir, as representatives of the people strongly protest against the principle of his Act. We however, find no fault with the following words included in the resolution:

That the Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following resolution:

But we are opposed to the following principle laid down by this resolution:

That it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

This may seem of no consequence to those who are not acquainted with the provisions of chapter 58 of the Statutes of Canada, 1931. They are unaware that this means the placing at the disposal of the government of unlimited amounts; they are ignorant of the fact that this Act empowers them to pass whatever orders in council they please, either to amend our laws or favour any industry without the consent of Parliament or without the representatives of the people having anything to say in the matter. It simply amounts to a dictatorship, especially when Parliament is in session. When Parliament is not sitting, perhaps there can be some excuse for assuming such powers, as unforeseen cases may arise necessitating special measures, however, when Parliament is in session, it is perfectly ridiculous to request such powers. These methods remind us of the time when we were governed by the Family Compact, and when the Canadian people had not the right to elect their representatives who were appointed by the State. To-day, the representatives of the

people are not chosen by the State, but measures are enacted by the government without the consent of Parliament.

What is the difference between the policy of this government, led by the present Prime Minister, and that of the Family Compact which ruled when our forebears demanded liberty, claimed their rights and wished to establish in this country the justice and fair play which characterizes British legislation or when they insisted to be given in this country a constitution which would enable the people to have a voice in all matters through their representatives?

I do not wish to stir up any feelings over this question, on the contrary, I simply wish to point out our views on the principle involved. We wish, without playing politics, to strongly protest in the House and throughout the country against the principle set forth by the Family Compact, and thus follow in the footsteps of the champions of the early days of the colony. We are fortunate to have had as an example, Papineau in Quebec and Mackenzie in Ontario, to champion the rights of our people.

The government, sir, wishes to have our cooperation to enact this measure. We are willing to cooperate in every way possible. However, as stated this afternoon by the hon. member for Quebec East (Mr. Lapointe), what kind of a cooperation does the government expect? They ask us to entrust everything to them, to vote an unlimited amount; and later on they will inform us, through the Prime Minister, what was decided by order in council. What further cooperation do they ask? To afford them the means, still through orders in council, to upset our statutes as they please, whether it is a question of insurance, gold export, the Bank Act or other important laws upon which depend the whole economic situation and the welfare of our people. Like our forebears we must strongly oppose this dictatorship and protect our people in order that they may enjoy their liberty and that our Parliament may preserve intact its prerogatives.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, as hon. members on the other side have been asking for constructive suggestions, I have one or two to offer, but I was wondering if it would be agreeable to your honour to call it eleven o'clock.

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

Friday, March 11, 1932

The house met at three o'clock.

PATENT ACT AMENDMENT

Hon. C. H. CAHAN (Secretary of State) presented the report of the special committee appointed to consider and report upon Bill No. 4, to amend the Patent Act, as follows:

Your committee have duly considered Bill No. 4, intituled: "An Act to amend the Patent Act" and have agreed to report said bill with amendments.

For the convenience of parliament, the committee ordered that the bill in its amended form be reprinted.

All of which is respectfully submitted.

Mr. CAHAN: I move that the report be concurred in.

Mr. SPEAKER: Will the motion not require notice?

Mr. CAHAN: Perhaps the house will give its unanimous consent to the adoption of the motion now. The sole recommendation is the reprinting of the amendment.

Mr. SPEAKER: As a matter of fact, a motion is not necessary for that purpose. The report requires the reprinting of the bill and instructions will be given that it be done.

Motion withdrawn.

BEAUHARNOIS POWER PROJECT

On the orders of the day:

Hon. W. D. EULER (North Waterloo): Some days ago I asked the Prime Minister (Mr. Bennett) whether he could give to the house any information with regard to guarantees which may have been given by the government to the banks for financing the Beauharnois enterprise, and at that time he intimated that he would make a statement a little later. Can he give us any information now?

Right Hon. R. B. BENNETT (Prime Minister): There are certain matters under consideration and discussion with respect to the subject. When they are concluded I shall make a statement to the house. I am not in a position to do so at the moment.

REPORT OF EVIDENCE IN HEARING BEFORE SENATE COMMITTEE

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with I desire to answer an inquiry

made yesterday by the hon. member for St. Henri (Mr. Mercier). I find upon inquiry that on receipt of the printed evidence given before the Senate Beauharnois inquiry each morning, 250 copies are immediately forwarded to the distribution office for distribution to the members of the Commons. The chairman of the committee is informed by the superintendent of distribution that these copies are available to any members who ask for them, and have been since the inquiry began.

Mr. DUFF: They were in our boxes to-day.

WHEAT BONUS

On the orders of the day:

Mr. T. F. DONNELLY (Willow Bunch): In view of the fact that the farmers of the west are making preparations for the new crop, is it the intention of the government to have the five cent bonus on wheat apply to the present year's crop?

Right Hon. R. B. BENNETT (Prime Minister): I have no statement to make, Mr. Speaker.

UNEMPLOYMENT AND FARM RELIEF

CONTINUANCE ACT, 1932—CONSIDERATION OF RESOLUTION

The house resumed from Thursday, March 10, consideration of the motion of the Prime Minister that Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following proposed resolution:

Resolved, that it is expedient to introduce a bill to amend chapter 58 of the statutes of Canada, 1931, striking out the word "March" in section 8, and substituting the word "May" therefor.

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, while listening to this debate, I have observed that hon. members on the government side are continually reiterating that no constructive suggestions have been offered by this side of the house with respect to providing for unemployment relief. Let me remind the house, and particularly hon. members opposite, that several constructive suggestions have been put forward on this side. I can recall at the moment that my right hon. leader (Mr. Mackenzie King) on different occasions has suggested to the government the advisability of bringing in a supply bill providing for whatever amount they might deem necessary for the immediate continuance of unemployment relief, stating that he would guarantee, so far as the opposition was concerned, to put it through in the shortest possible time. On this occasion I want to repeat that offer. I would ask the government in all sincerity to bring down a supply bill this afternoon for any amount they might consider necessary to provide for the relief of unemployment, and this side will guarantee to put it through within an hour. While they are considering that suggestion, and in the hope that they will accept it, we might discuss another constructive suggestion—and again I offer this to the government in all sincerity. I suggest that at this session they might bring down a bill to provide for unemployment insurance. There is no question that an unemployment insurance system for Canada can be instituted and worked out to the best interests of the country.

Canada has been described by some people as an eight-months' country; that is to say, a great proportion of the workers of the country are employed only eight months of the year. Any of us who have observed the affairs of this dominion as they relate to labour know that there are many men who are out of work in Canada four months in every year by reason of seasonal occupations. We could, therefore, establish an unemployment insurance scheme at the outset on the basis of sixteen weeks.

As is well known, Great Britain embarked on an unemployment insurance scheme in 1911, and since that time Italy, Australia, Bulgaria, Switzerland, Poland and Germany have established compulsory insurance systems, while many other European countries have provided relief through other measures. One measure is to provide such relief by subsidizing trade union benefits. Within the British Empire itself the Irish Free State, New Zealand, and one state in Australia, namely, Queensland, have state unemployment insurance. There is little doubt about it that public opinion is now ripe for such a scheme in Canada. This House of Commons has endorsed the principle of a system of contributory unemployment insurance. The provinces were canvassed by the late Liberal government and many of them put themselves on record as in favour of the establishment of an unemployment insurance scheme. They now realize that unemployment insurance is one means of meeting the problem for those who are willing and able to work but who are unable to find employment.

Personally I have given considerable thought and study to the question of unemployment insurance as it is carried out in other countries and as it would operate in Canada. There are also several good articles on the subject, one in particular which I have

in mind having been written by Professor Harry Cassidy, director of research on the unemployment research committee of Ontario. I refer to Professor Cassidy of Toronto university. The Prime Minister has said that he is waiting for some information. Well, we have the information that can be secured through the Dominion Bureau index, which gives the number of unemployed persons in Canada; and we have the figures collected by the Labour department showing the number of those employed in industry through trade unions, as well as the figures which we have secured through the recent census. We can therefore fairly estimate that there are about two million wage earners and low-salaried men in Canada, the percentage of unemployed being about eight per cent. If we adopted regulations precluding those who would not be entitled to benefits it would reduce the percentage to about seven. So that if we take the bulk of two millions and estimate that seven per cent are usually unemployed for at least four months in every year, there would be entitled to benefits from the fund about 140,000 persons. Assuming that the benefit range would be from $30 per month for single men and $65 for married persons, that would be $80,000,000 a year. Allowing $10,000,000 for administration expenses the total amount required to provide benefits and for administration would be $90,000,000. Assuming there would be three groups making contributions to this fund, the workers, the employers and the state. In order to raise the contribution to be made by the workers, each man would be required to contribute $15 per year or 30 cents per week; one or two per cent of the payroll of the average employer would raise the $30,000,000 required from that group and the remaining $30,000,000, would be contributed by the federal government or, if it desires to cooperate with the provinces, it could contribute $15,000,000 and the provinces the remaining $15,000,000. Such a scheme could be inaugurated and put into effect in Canada without any further delay.

There will be times when the benefits will be drawn from the fund for a longer period than four months, but this could be guarded against by a well thought out plan of public works. We must admit that cycles of unemployment and periods of depression will occur again. There has not been one ten-year period during the last sixty or eighty years which has not included a period of depression. With the intensive competition which this country is facing, with the progress we are making in replacing man-power with machinery, with the restriction which is going on in our world markets, we must face the situation that each recurring period of depression will be greater in extent.

In order to protect this fund from over-withdrawals during a period of depression we should change our method of conducting our public works program. I know it would be very hard for the government to restrain the members of parliament who ask for public buildings, new docks and wharves, additional dredging and other kinds of public works, but if we are to face this problem in a manful way and realize what is before us we should refrain from carrying on public works when times are good so that in times of depression we will be prepared to launch an extensive program.

The scheme must be national in scope. If only a few provinces put it into effect, there would be a run on them by the unemployed workers. Even though all the provinces put the scheme into effect at once, it would not work successfully because of the fact that so many workers in Canada travel from one province to another. There should be some central authority to direct the workers to where they are most needed. There should be no further worry with regard to our jurisdiction in the matter. Some of the provinces already have signified their willingness to co-operate in such a scheme. We have invaded the provincial field in other matters such as highway construction, technical education, employment offices and old age pensions. The Prime Minister (Mr. Bennett) has said that this government can vote money for anything which in its judgment is desirable. I do not overlook the fact that the Conservative party, now the government, received from the electors at the last elections a mandate to deal with unemployment on a national scale, and it has asked from parliament the right to do anything under any circumstances that it wishes. There is no excuse to delay any longer. Any question of waiting for further information, of gathering additional statistics or of hearing the opinions of actuaries is, to my way of thinking, only stalling off the proposition. This scheme has been tried in other countries and we have had an opportunity of observing the failures and successes of these countries and, benefiting by that knowledge, we should be able to enact a measure to provide an unemployment insurance scheme for this country. This is one more constructive suggestion which I offer to the government of the day.

I assure the government that if it will enter sincerely into this project and bring down a measure, so far as I am concerned—I know

many other hon. members on this side will do likewise—I will cooperate with the government in an effort to see that the necessary legislation is enacted during this session.

Speaking in connection with the measure before us, if it can be called a measure, I must say that it is to be regretted that the government has not presented to this house some concrete proposal to deal with the unemployment situation in Canada. With all the experience it has had and with all the criticism that has been levelled against it, one would have thought that the government would have had something better to offer than this haphazard and hit-and-miss method of dealing with unemployment. I shall not deal at this time with the many promises made to the electors during the recent elections any more than to say that the government has failed signally either to end unemployment or to provide proper methods of relief. When the supporters of the government go through the country and tell of the millions of dollars they have spent and of the work given to thousands of people, they do not deceive anyone but themselves.

The methods adopted by this government to relieve unemployment have proved utterly inadequate. We have been advised by the Minister of Labour (Mr. Gordon) that since the commencement of this undertaking, under the Unemployment Relief Act, and up to January 31 of the present year, 327,590 persons were given 7,228,744 days' work, or an average of about twenty-two days' work each in that period, and in the latter period, to take the minister's own figures, 334,301 persons were given 7,415,973 days' work or an average of twenty-two days' work each. I do not need to point out to the minister that we now have before us the report of the director of unemployment relief and the minister's figures do not exactly jibe with those contained in the report. There is, however, a difference of only about half a million days' work and 5,000 persons, but that does not alter the argument to any great extent. Therefore we have given these men an average of three days' work each per month, if you figure it from the time they first began, to the 31st January, 1932. In all sincerity I ask whether the members of the government consider that is taking care of the unemployed of Canada.

What has this cost the country? To meet this, the federal, provincial and municipal authorities have been committed to an expenditure of $146,899,219, the federal government's share being, in round figures, about $50,000,000, and that of the provincial governments and municipalities about $100,000,000.

This scheme was supposed to be launched for the purpose of giving work and wages to our unemployed. Let us see what amount out of this $146,000,000 has been paid to the workers. We find that since the beginning of the unemployment relief, if we take both periods combined, 14,644,717 days' work was supplied. At eight hours a day and at thirty cents an hour, that would amount to $2.40 a day, so that the total amount paid would be $35,147,320.80. Therefore, those who received employment did not receive even one-quarter of the total amount expended, approximately $112,000,000 having gone for some other purpose. The government has not as yet given the house any information with respect to that, but I am satisfied that at least $112,000,000 has not gone into wages for those men.

If we divide the amount paid in wages by the number of men who have been paid, we find that for sixteen months these men have received an average of $53 each. I ask members of the government or any of their supporters how they think those men can live for sixteen months on $53, and in that I am giving the government the advantage in the figures. It is not sufficient for the workers of the country, nor is it good business for the country itself. Yet we find members of the government and many of its supporters taking great credit throughout Canada for the magnificent manner in which they have contributed to the assistance of the provinces. I think in all fairness they ought to point out that while the government are pretending to contribute with the one hand to assist the provinces, they are with the other withholding from the provinces large federal expenditures and obligations.

If we take the Public Works estimates of last year and this, we shall find that last year's estimates show a reduction of $17,000,000 as compared with the previous year. That $17,000,000 would have provided a considerable amount of work from the federal government at fair rates of wages. This year's Public Works estimates show a further reduction of $10,000,000, so that in the two seasons combined, the federal government has withheld work to the extent of $27,000,000. That is not all. It will be recalled that during the recent election the Conservative party obligated themselves to take over the full cost of old age pensions. It was estimated by a committee of this house that an old age pension scheme for Canada would cost in the neighbourhood of $24,000,000. This year the government will pay not over $7,000,000, so that they are withholding $17,000,000 that

they obligated themselves to take over and pay to the provinces in connection with old age pensions. A number of the provinces have been depending upon the federal government assuming the entire cost, and several of them, relying upon the promises of the Prime Minister, have spent money in other ways.

I need not dwell upon the fact that last session there was put through the house a technical education bill, whereby the government promised the provinces a considerable amount of money which they have not received, but which, according to law, is due to them. I need not point out that the government during the last election promised to construct a national highway, the work to be carried on as a federal scheme. What is the situation? The fact is that the government has contributed 50 per cent of the expense in connection with the trans-Canada highway, requiring the provinces to pay the other half, and I think, up to the present time, according to the report, it owes the provinces somewhere in the neighbourhood of $5,000,000 which it should have paid in connection with that highway. What I want to point out is this: hon. members opposite are telling the people that the government is spending $146,000,000, when the fact is that two-thirds of that amount has been spent by the provinces instead of by the federal government. My hon. friends ought also to tell the people of the millions of dollars being withheld from the provinces because the government is not carrying out its obligations. I want to tell hon. gentlemen opposite that from now on we do not intend to allow that kind of bluff or make-believe to go in this country.

Complaints have been made from the government side of the house that no constructive suggestion has emanated from this side. I would remind hon. members that when the right hon. the Prime Minister was leader of the opposition he declared over and over again that the government must be responsible for any measures that were brought down, and particularly he emphasized that he did not intend to prescribe until he was called in. Well, he has been called in and he has been working at his job, but up to the present time his policy has been an utter failure so far as providing work for the unemployed in this country is concerned. Further, I would say with regard to constructive suggestions, that both last session and again this session I listened to the right hon. leader of the Liberal party state in this house that if his government had been returned to power he would have dealt with the unemployment situation in a more scientific way. He would have called in representatives of all those interested in the unemployment situation in Canada, the representatives of the provinces, of industry, commerce, labour and other interests, and surely out of such a conference there would have come, and could come yet if the government would only accept the suggestion, a far better and more equitable and more adequate policy than we have at the present time. So I hope, Mr. Speaker, that even yet the government will take that suggestion into consideration and call a conference of all those interested so that we may tackle this unemployment insurance question in a more scientific and more equitable way, and provide a more adequate system for taking care of the unemployed citizens of Canada.

Mr. L. E. PARENT (Terrebonne) (Translation): Mr. Speaker, I rise to take part in the debate on the government's resolution which endeavours to secure discretionary powers in order to draw funds from the treasury to relieve the unemployed, farmers and those who are suffering in this crisis which is world-wide and in which Canada has not been spared. I shall refer to the causes of the present situation in order to justify my opposition to this resolution. Experience has taught us that this act has had ruinous and inefficient results, and furthermore, this bill is ultra vires at its very face.

In July, 1930, the people of Canada were called to the polls to elect a government. The Liberal party retiring after four years of administration, four years of prosperity, but at the outset of the present world-wide crisis, was seeking from the people a renewal of their mandate. Realizing the difficult situation and the problems which the incoming government would have to face, the Liberal party moved for a commission to study the question of unemployment, in order to solve this crisis, find work for the unemployed and relieve those who were in distress.

The right hon. Prime Minister (Mr. Bennett), then leader of the opposition, and his followers, travelled throughout the country advocating a different policy and being very lavish with their pledges, charging the outgoing government of being responsible for the depression existing then. Thereby they undertook to find a remedy to the crisis and bring back prosperity to this country. They stated that the Liberal government was responsible for this unemployment because of its majority in parliament by which it enacted all measures necessary for the welfare of the country. The leader of the opposition, now the Prime Minister made very definite pledges as well as did hon. members on your right,

sir, who now form the government, and on the faith of these specific pledges or promises, the people confided in the Conservative party so as to afford them an opportunity to fulfil these pledges.

What has the government done since then? What has happened since that date? Hardly more than a month after the election a special session is called so as to fulfil part of these promises and find work for the unemployed, for all who wished to work to make a living and for the farmers who were to leave their fields to seek elsewhere food for their family. Refusing to listen to the suggestion of the opposition to appoint a commission on unemployment, composed of experts in finance, industry, trade, agriculture and representatives of labour, in order to study the problem and take the necessary measures to meet the crisis which had spread over the country, the government purely and simply had $20,000,000 voted.

Mr. DUGUAY (Translation): That is an old story.

Mr. PARENT (Translation): It cannot too often be told.

The government had $20,000,000 voted though not assuming alone the responsibility of the distribution of this fund, but they made the provinces and municipalities partly bear this responsibility and forced them to contribute and share the burden which the Conservative party had assumed at election time.

In September, 1930, when a special session was called to deal with unemployment, there were but 117,000 people without work in this country, according to the Labour Gazette and the Dominion government statistics. Stress, must be, sir, laid on these figures. It was to relieve these 117,000 unemployed that $20,000,000 were voted, to which amount must be added $50,000,000 contributed jointly by the provinces and municipalities in a ratio which had been fixed according to circumstances which might develop, this meant an outlay of $70,000,000 to relieve the situation. Thus, $70,000,000 were expended in 1930-1931. With what result? With the disastrous result that on January 1, 1931, 62,500 people were added to the list of unemployed. The situation far from being relieved in the autumn of 1931, the number had increased to 350,000; 233,000 having been added to the September 1930 list, while millions of dollars were voted to relieve the unemployed. I trust that these gentlemen will take good note of these telling figures. The Prime Minister, in the course of the electoral campaign proclaimed throughout the country, on every public husting and by means of radio broadcasts, that should he be raised to power, he would take the necessary measures to find work for every one who desired to work, thus putting an end to unemployment. What faith can we repose today in his new pledges?

As a proof of my contention that this policy to relieve the unemployed was a failure, I shall quote a short news item which appeared in La Patrie on September 5, 1931, dated Ottawa, and published by the Canadian Press:

> The number of unemployed in Canada has increased to over 530,000, according to Mr. G. Robertson, Minister of Labour.

I think I have sufficiently established that the government's policy to relieve unemployment was a complete failure. Furthermore, to this failure must be added this exaggerated high tariff on over 200 items in connection with imports which inevitably resulted in reducing our foreign trade and the number of workmen in our factories. Owing to overproduction the manufacturers were unable to find markets for their products, while in previous years under a moderate tariff the Canadian manufacturers were able to sell abroad a great quantity of their goods, which necessarily gave work to a great number of people and provided a living for all. I shall refer later to this tariff question.

At the last session, in 1931, just before prorogation, after five months of deliberation, the government, by its majority, notwithstanding the protests of the opposition, forced through the house Bill No. 58, granting a blank cheque on the treasury, without furnishing details as provided by the statutes, and this, still with the intention of helping the unemployed, those in distress, the farmers in the west, and, to also maintain peace and good order.

What policy was followed by the government in 1931, in the expenditure of these millions of dollars in pursuance of its authority to sign a blank cheque? The government spent enormous sums, obliging the provincial governments and municipalities to contribute to these funds, hence affecting their credit, encumbering the budgets of the latter, forcing the country into debts by contracting heavy obligations, so that, to-day, the government finds it necessary to increase the ratepayers' taxes. What was the outcome of this policy? Statistics published in 1932, show us that since September, 1930, according to the figures quoted just now by the former Minister of Labour (Mr. Heenan), 334,000 unemployed were given work; representing 7,400,000 days

of work, this amounts approximately to 22 days of work for each person, at a cost of $70,500,000, or about $10 per working day, during a period of six months. Is this satisfactory? No, if we consider that the unemployment problem has not been solved and that the purpose aimed at has not been achieved, since statistics prove that the number of unemployed is larger to-day than it was in September, 1930. The Labour Gazette in its issue of January, 1932, at page 69, states that the labour market has been quieter in factories, during 1931, than in other years since 1926. The following figures are quoted: 4,400 factories, in 1930, employed 525,000 workmen; in 1931, 4,670 factories employed only 467,711 people. This is the result of the failure of the exaggerated tariff policy of this government.

Let us now examine the assistance given to farmers in the west, for whose relief millions of dollars were voted. I do not intend to criticize this measure since the government has thought fit to have such enormous sums voted; it is quite evident that the government overlooked the poor farmers of the other provinces who are in distress. I think that the other provinces should have been consulted previous to the government pledging its credit for so many millions of dollars in order to assist part of the country only. It was a matter which affected the people's money as a whole, hence this procedure cannot be approved.

The resolution begs leave to introduce a bill to extend for two months the powers by which the government was given the famous blank cheque, thus allowing it to make the same outlays as in the past. This measure is contrary to the principle of our constitution and deprives parliament of its prerogative. It is our duty, as members, to oppose this unconstitutional measure which has no precedent in our parliamentary history. When this bill asking for a blank cheque was introduced, the government first stipulated that it would end with the fiscal year; it was, however, decided later to extend it to March 1, 1932, seeing that the session was to really begin this year one or two months before March 1. This afforded an opportunity to the government to introduce this bill at an earlier date than it did. Parliament has now been sitting since February 4. Has the right hon. Prime Minister not had sufficient time to introduce heretofore this measure to solve the unemployment problem and evolve means to meet the present crisis, instead of asking parliament to extend an act which has expired and by which no solution to the unemployment question was found?

Mr. BARRETTE (Translation): Will the hon. member allow me to put a question? Did your constituency request you to oppose this measure?

Mr. POULIOT (Translation): Everybody is discontented.

Mr. PARENT (Translation): My answer to the hon. member for Berthier-Maskinongé (Mr. Barrette) is that I was given a mandate as the hon. member was, and when I express such a view, I am certain of receiving the approval of my constituents. Anyhow, I take the whole responsibility.

The Prime Minister stated in Victoria B. C. during the election in July:

I shall call a session to give work and not dole.

I think, sir, that the Prime Minister must regret, to-day, his last words "and not dole" because he would probably have recourse to dole instead of work, especially after the experience of the outlay made in 1930 and 1931. To corroborate my statement, I shall quote figures which speak for themselves and over which, I hope, hon. members on the government side will ponder. According to the statistics relating to the work carried out in 1930-1931, to relieve unemployment, as agreed with the provinces, municipalities and railway companies, work was given to 334,000 persons, that is 7,400,000 days of work in round figures, this meant an expenditure of $70,570,000, of which $14,342,962 was provided by the Dominion government. During the same period 438,777 persons, either single or family supporters, received, I shall not say as dole, but as direct aid an amount of $7,000,000. We must bear this in mind.

Mr. BARRETTE (Translation): Not too much.

Mr. PARENT (Translation): It is not any too much; as we shall see. These amounts included the contributions of the provinces and municipalities. Every unemployed to whom work was given therefore cost the country $210, while in the other case, direct assistance, the cost to the country for every person relieved was $16.

Mr. BARRETTE (Translation): Was Taschereau opposed to this?

Mr. PARENT (Translation): I am not called upon to discuss here provincial politics. When the opportunity comes, I shall invite the hon. member to discuss them.

Mr. BARRETTE (Translation): We shall be there.

Mr. PARENT (Translation): Any one, sir, who wishes to give himself the trouble can easily compare these figures and prove to his satisfaction that the assistance given through work cost the treasury fourteen times more than direct aid, for each person relieved.

Mr. BARRETTE (Translation): Be serious.

Mr. PARENT (Translation): I am absolutely so and I challenge the hon. member to deny these figures. Then, why not have brought down a measure substituting direct assistance instead of assistance through work, since we have to deal with an expenditure of millions of dollars, of enormous sums drawn from the treasury.

Mr. BARRETTE (Translation): What do you suggest?

Mr. PARENT (Translation): I have just mentioned it. If the hon. member did not catch my words, I would beg of him to listen more closely to my remarks. He will have an opportunity to read Hansard and he will then understand what I said.

Mr. POULIOT (Translation): Cross over, you will hear better.

Mr. PARENT (Translation): May I request the hon. member to have the courage to rise and deliver a speech in his turn.

The country, sir, would be $55,000,000 less in debt, if the government had adopted the system of direct assistance to the unemployed. Are you aware how much the government would have economized? $5,000,000, per year, in interest on the amounts expended on unemployment. These figures are worthy of consideration and constitute a sufficient motive to oppose the present resolution.

Mr. BARRETTE (Translation): Where do these figures come from?

Mr. PARENT (Translation): From statistics. I think I have sufficiently shown the grounds on which I base my views on this question. I shall close my remarks by asking that we all cooperate and have confidence, while we are passing through this difficult period. It is most encouraging to note that notwithstanding the critical stages through which all nations passed during this crisis, nothing happened to affect Canada's resources and dampen its faith in the future. Her lands, forests, mines, water powers and farms constitute an asset which is an assurance for the future and a stimulus to further effort. The skill shown by Canadians to utilize their resources has in no way diminished. In times of depression and distress, when the economic equilibrium is upset, it is a national duty to introduce measures to meet the existing conditions. A true appreciation of our national resources and the wealth which industry and labour can produce give rise to real confidence in the future, and this confidence must be the foundation of all improvement in our economic conditions. However, it behooves Parliament to pass laws which have no connection with radical measures, pull down tariff walls, substitute a moderate tariff and foreign trade treaties which will re-establish throughout the world the trade relations which were so advantageous to Canada during the last period, and which I think, is the only solution possible to the unemployment problem in Canada as well as abroad.

Mr. J. A. DENIS (St. Denis) (Translation): I had not intended to take part in this debate as I wished to allow members of the legal profession the task of pondering over the constitutional aspect of the resolution under discussion. I had hoped that the hon. Minister of Marine (Mr. Duranleau) would give us the benefit of his professional training but I fear that it will be denied to us. We should, however, rejoice in having been enlightened by the hon. member for Quebec-Montmorency (Mr. Dorion) who perhaps does not shine as brightly as the hon. member for Chambly-Verchères (Mr. Duranleau). At the risk of appearing discourteous towards the former, I shall state that his legal attainments seem rather dull compared with those of the hon. member for Quebec East (Mr. Lapointe). I shall ask him to follow the advice which he ventured to give to the hon. member for Quebec East and further suggest that he send a copy of his speech to the Prime Minister of Quebec, who will not need a great effort of mind to perceive the difference between the two speeches.

The hon. member for Quebec-Montmorency was entirely outside of the subject discussed and alluded to a certain measure adopted by the Quebec legislature and which, I think, did not please our Conservative friends of that province: the famous Dillon Act.

Mr. GOBEIL (Translation): It is certainly famous.

Mr. DENIS (Tranlsation): I shall say to the hon. member for Quebec-Montmorency that this legislation was enacted to redeem the honour of the province of Quebec, attacked and outraged by a mountebank using the election funds, the source of which is as well known by the hon. member for Quebec-Montmorency as that of Beauharnois. The hon. member has no right to insinuate that the

Liberals of Quebec stole the election in the last provincial campaign. His charge is absolutely false and untrue. He has neither the right to insult the people of Quebec by insinuating that they were bought.

Mr. DORION (Translation): They were robbed, it is quite a different story.

Mr. DENIS (Translation): The hon. member has no right to insult his fellow citizens of Quebec.

Mr. BARRETTE (Translation): Mr. Speaker, the hon. member for Quebec-Montmorency contends that the hon. member for St. Denis is reading his speech.

Mr. DENIS (Translation): No, I have simply some notes.

An hon. MEMBER (Translation): You are not consistent.

Mr. DENIS (Translation): It is preferable to what you do, as you never read.

An hon. MEMBER (Translation): It is better not to open one's mouth than to say stupidities.

Mr. DENIS (Translation): It is redeeming the honour of Quebec to pass an act in protest against such an outrage to the respectability of the citizens of that province.

I shall be brief, sir, in my remarks to the house in connection with the resolution under discussion. This resolution aims at amending the act passed at the last session, granting the government the right to expend millions of dollars to relieve the unemployed without having to submit the amount to parliament for its approval.

Mr. BARRETTE (Translation): Do your constituents protest?

Mr. DENIS (Translation): They are opposed to the means which the government has recourse to obtain these funds.

Mr. SPEAKER: Members have no right to interject remarks while an honourable member is speaking.

Mr. DENIS (Translation): My constituents are proud—

Mr. DORION (Translation): Of their representative.

Mr. DENIS (Translation): Yes, my constituents are proud of their representative, they rejoice in a constitutional and representative government—

Mr. BARRETTE (Translation): Such as ours.

Mr. DENIS (Translation): —and they are glad to know that we shall vote against a resolution which would deprive their member of all his responsibilities and prerogatives, a resolution which is introduced by an autocratic government such as we have at present at the helm of the affairs of this country. I therefore am opposed to this resolution asking that this act which expired on March 1 be extended to May 1, because it is unconstitutional and because the Prime Minister has no right after the expiration of an act to request an extension of time for the operation of the statute.

I wonder what the government has done to fulfil its pledges to the Canadian people, that they would solve the question of unemployment in three days, bring back prosperity to the farmers by giving them the opportunity of selling their products at better prices, open up new markets for the sale of manufactured goods? Let us set aside, for a moment, the last two pledges just mentioned to refer only to unemployment. Let us examine what the government has done to solve this serious problem.

At the special session of September, 1930, the government had $20,000,000 voted to relieve the unemployed. From this amount it authorized the outlay of $17,372,848; however, we note that, in the estimates of that year, the government reduced by $10,515,210.32 the sums voted to carry out certain works. It is therefore not $17,000,000 which the government expended to help the unemployed but simply the difference between $17,000,000 and $10,000,000, namely, about $7,000,000. This measure was evidently introduced for the purpose of deceiving the unemployed, in having them believe that the government was giving them much assistance when, in truth, they were doing very little for them.

In the city of Montreal, where the unemployed were quite numerous, the work intended to relieve those people during the rigorous season of winter, only began in February, 1931, and terminated in October, 1931. I wonder if the unemployed of Montreal feel very pleased with a government which was to give them the means of earning the food which they and their family needed, and which, on the contrary, occasioned much suffering by neglecting to give them work when their family was in distress.

Last session, contrary to parliamentary traditions and to the principle of self-government, the cabinet was given a blank cheque to relieve the unemployed, and it authorized the outlay of $32,822,847, of which half has not yet been expended. On the other hand,

we find in the estimates of that year a reduction of $25,000,000 in the votes for public works; if this amount is deducted from that drawn by virtue of the blank cheque given to the government there only remains a sum of $7,500,000 to relieve unemployment.

The city of Montreal, which I have the honour to represent was granted a sum $4,800,000, of which the Dominion government's quota was $1,200,000. Are you aware, sir, when the work intended to relieve unemployment started? It was only started at the beginning of February. At the present time half of the work has not been started and our poor unemployed had to endure great hardships throughout the winter, while expecting the relief intended for them, pursuant to the legislation enacted in the course of last session. Considering how this money was distributed, I wonder whether we have not the right to exact from the government instead of asking the house an extension of the extraordinary and unconstitutional powers that the majority in the house granted them, that they introduce a bill specifying the necessary amounts they need to relieve unemployment.

The government should also oblige municipalities to carry out the work intended to aid the unemployed within a reasonable delay so as to be a real help to the latter. I do not wish to criticize the government more than it is necessary, but it is their duty to see that those in charge of the work in Montreal expend the money allotted to them during the winter season, instead of in summer, when the unemployed can better look after themselves.

Notwithstanding the formal pledge given to the house by the government that these funds would be distributed without favouritism, I charge the civic authorities of Montreal with having distributed the money to benefit their political friends, and I repeat the charges which were made before the municipal council of Montreal by the official representative of this government.

Mr. BARRETTE (Translation): Please, confine your remarks to federal politics.

Mr. SPEAKER: Order.

Mr. DENIS (Translation): Mr. Speaker, I shall close my remarks. .. ..

Mr. BARRETTE (Translation): It is time.

Mr. DENIS (Translation): Considering the actual state of affairs in this country and the further spread of this economic crisis, I repeat to the government that they have lost the Canadian people's confidence and neglected their duty; out of the funds that we thought were spent to help the unemployed, one third only has reached them while two thirds were pocketed by a few profiteers, friends of the government. As profiteers, these people have not their equal.

Mr. DUGUAY (Translation): Name them.

Mr. DENIS (Translation): They always took advantage of crises to amass wealth. We still recall those who profited by the war, and we shall not forget those who, during this economic crisis, after pledging themeslves in order to win the election, did not, as promised, relieve the distress in three days, improve the lot of our farmers, develop, through treaties, our foreign trade and bring back prosperity by utilizing the national and great resources which Canada possesses. This government through its high protective policy, has considerably restricted our foreign trade, and because of this policy the surplus of our factories remains in storage and is destined to remain there as long as this government is not ousted.

Mr. BARRETTE (Translation): In forty years from now.

Mr. DENIS (Translation): Owing to this government being so unpopular, I think, for their own sake, they should appeal to the people and request the latter to renew their mandate which they juggled out of them by their false pledges. The government should not persist in following this policy which, instead of solving the serious problem which faces us, complicates it the more. Instead of persisting in this policy which ruins and bankrupts the country, the government's duty is to appeal to the Canadian people, and I feel sure that, the latter having found out the error they made in 1930, will again repose their confidence in the Liberal government, their old servants, who will lead, as they did between 1921 and 1930, the country in the path of prosperity.

Mr. J. L. DUGUAY (Lake St. John) (Translation): Mr. Speaker, in taking part in this debate, I have no intention of destroying the hopes of the hon. member for St. Denis (Mr. Denis), however, I received this morning from the municipal council of St. Joseph d'Alma, where I reside, a resolution which reads as follows:

That this council deem it their duty to earnestly request, on behalf of the public interest, that a new agreement or arrangement be made between the government at Ottawa and the Quebec government in order that an additional sum be allotted to continue the work

begun and carried on this winter on the Quebec-Lake-St.-John road, in the Laurentian Park, from now on to July 1, 1932, with a gang of 500 men.

I also received a telegram which reads as follows:

Further grant not forthcoming previous to extension of the Unemployment Relief Act. Situation critical for Jonquière. Insist to have bill passed as soon as possible. Acknowledge telegram immediately.

I have read to the house these two documents not with the idea of championing the Conservative policy, or attempting to show that political interest alone actuates the members of the opposition, but simply to find out the reason of the attitude of those members who rise at all times to speak not in the public interest, but simply to foster their own political purposes. These gentlemen in the opposition contend that they are the champions of self-government and the constitution; after having endeavoured to destroy it in 1926, we hear them, to-day, exclaim on behalf of the constitution: You cannot enact this measure to relieve the unemployed.

I am made to realize, sir, the importance of the people's representatives in this house, by the interest which the unemployed, in my county and district, take in our proceedings. We should not consider the question under discussion from the viewpoint of politics and we should not debate the question with the idea of gaining some political advantage. Yet, the opposition, to-day, impugn the constitution and smile benevolently to all that flavours of communism in our province and throughout Canada, because they hope by these to attain power. They endeavour to prove to the people that they are in good faith! If hon. members in the opposition were in earnest in their contentions, if they were sincere in the statement of their wrongs—especially the hon. member for Quebec East (Mr. Lapointe) who seeks to be looked upon in Quebec as the champion of his country—if they were in earnest in their aspirations, they would not have thought fit to so strongly oppose the measure which is before the house, they would not discuss endlessly this problem. I am convinced that to-day the electorate of Quebec take these gentlemen at their worth and will do so in the future.

In the interest of the unemployed, in the interest of those who seek bread for their families, this bill must be immediately adopted; and the longer the opposition delays its enactment, the longer the people of Quebec will remain in need, and they will not forget it at the next election.

Mr. BARRETTE (Translation): The longer the Liberals will remain in the opposition.

Mr. ROBERT McKENZIE (Assiniboia): I do not intend to take more than a few minutes discussing this question, but I believe that the people whom I represent in this house will expect me, on a resolution of such importance, affecting as it does the very foundations of our governmental institutions, to express my views. In a recent debate in this house some of us, including myself, were accused of not giving full credit to the government for what they have done in the way of meeting the unemployment situation during the past year. We are prepared to give the government full credit for all they have done, and we realize that they have had a gigantic task on their hands. That, however, does not prevent us from voicing criticism when we realize that mistakes have been made.

I am fully aware of the conditions that exist in the province of Saskatchewan. Last summer I had an opportunity of driving through about 150 miles of territory where not a spear of anything was to be seen growing, except Russian thistles, and in all that territory the only machines I saw employed were two machines which were cutting Russian thistle. The conditions were terrible and it was necessary for the government to do a good deal towards relieving the situation. The Prime Minister (Mr. Bennett), told us a few days ago that 300,000 people had been given relief in Saskatchewan. That, I believe, is true and we give the government credit for what they have done in this regard. The thing we object to is this, that in the session of 1930, there was enacted such legislation as rendered this relief necessary to the extent to which it was given. Let me explain what I mean. Had we a market in Saskatchewan for our beef, pork, mutton, wool, butter, eggs, poultry and such other produce as we have on our farms, this unemployment relief would have been in large measure unnecessary. Our British preference in 1930 was wiped out. We have practically no market for anything we have to sell, and outside of a few municipalities, where there was absolutely nothing, around the borders of that area in the province of Saskatchewan there was plenty of feed available, so that if the farmers had a proper market they would not have found it necessary, at least to the extent they did, to look for assistance.

Probably the Prime Minister is not as conversant as some of the rest of us with the conditions that existed in Saskatchewan during former depressions. I remember two or

three other periods in which we had crop failures with consequent depression in that province. The Prime Minister mentioned the fact that no noise was made on this occasion. In 1914 there was a failure throughout the greater part of western Saskatchewan and relief was given, but no noise was made about it. Nor were the provinces and the municipalities bankrupt through the relief they extended. In 1919-20 it was necessary, in the part of the country from which I come, to give a good deal of relief, and again it was given without much noise. It was handed out through the municipality and handled very effectively. No noise was made about it.

We do feel that although the government have done a great deal in the way of affording relief, criticism is due for the very reason that the Prime Minister gave in his address on March 8, when he told us of the money that had been spent and the number of days' work that had been provided. But as my hon. friend from Toronto West Centre (Mr. Factor) pointed out last night, it represented something over $10 for every day's work. The people are wondering why when such large sums of money were expended they received such meagre wages for the work they performed. Had the government adopted a reasonable policy we believe this situation could have been handled much easier. The high tariff legislation passed at the special session of 1930 has kept us out of the markets of the world and it has also kept up the prices of the products which the farmer is compelled to buy. During that session the Prime Minister (Mr. Bennett) gave the number of unemployed by provinces, and I quote from page 63 of Hansard as follows:

> I find that at present in the province of Alberta there are 5,155 unemployed; during the winter it is contemplated that that number will reach 6,650. In British Columbia at the present time the unemployed number 7,692 and it is expected that during the winter that number will increase to 14,700. In the province of Saskatchewan the present number given is 5,276 and it is expected to rise during the winter to 8,201. In Manitoba the figure is now 6,950, with a possible 9,600 in the winter. In Ontario the figure is given as 49,367, rising to 82,214. In Quebec the present number is 41,190, as against an anticipated number of 49,290. In New Brunswick the present number is 500 and it is expected it may reach 2,850. In Nova Scotia the present number is 1,800 and it may rise to 2,350.

At that time there was a total of 117,930 unemployed and it was anticipated that by winter that number would increase to 175,855. As is recorded on page 64 of Hansard, the Prime Minister said:

> If the measures which we submit to this house are productive of the good which we anticipate, we hope that that number will steadily decrease, rather than increase.

As everyone knows, that number has not decreased. From the best information obtainable I believe that the number of unemployed to-day is three times the number given for September, 1930, and double the anticipated number for the following winter. This proves that the measures submitted at that time by the government have not been productive of the good anticipated and that the hopes of the Prime Minister have not been fulfilled with regard to what his legislation was going to do.

Why does not the government come to this house and say: Our legislation has been a failure. It should adopt the suggestion made the other day by my right hon. leader and try some other way of handling the unemployment question. It is quite evident to everyone that the measures adopted have been a failure and the very words of the Prime Minister admit that it has been a failure. We tried to make it clear, even as far back as September, 1930, that these measures in connection with the increase in tariff and abolishing the British preference could not be effective in relieving unemployment. The whole trouble with the government seems to be that it has a leader who is too autocratic in his manner. Why does he not admit that sometimes he may be mistaken? That is one of his defects; he will never admit that it is possible for him to make a mistake and he seems to have a following ready to believe likewise.

This government should face the facts with regard to trade conditions. It should realize what the Minister of National Defence (Mr. Sutherland) is reported in the newspapers as having said in Sarnia, to the effect that Canada's productive capacity is so far in excess of our needs as consumers that we must find a market abroad. Such a market can be obtained only by the exchange of goods with other countries. There is one fact which the government so far has not realized, and that is that the wheat crop of western Canada is the greatest single source of purchasing power there is in this country. That was the reason why we supported the Dunning budget of 1930; we realized that if Canada was going to continue to be fairly prosperous, as she had been for a number of years, it was necessary that something be done to assist the wheat growers of western Canada. Mr. Dunning stated something to that effect when making his budget speech. We believe to-day that had the Dunning budget been adopted we would have had a market in the old country for our

surplus products. We have not much wheat but we have many other products to sell. We believe that had that budget been adopted it would have gone a long way toward relieving unemployment and it would not have been necessary to spend the immense amounts of money which have been expended during the last year or two.

Hon. friends opposite are fond of referring to the fact that during the Liberal administration some 700,000 immigrants entered this country, and they give that as one of the causes of unemployment. I never was a strong advocate of immigration, but I say to the Minister of Railways and Canals (Mr. Manion) that he would find it interesting to compare the speeches he made three or four years ago with what he said only a few nights ago. We remember that a few years ago he said that Canada should be the Mecca for all the over-populated countries of the world, and I think he repeated that thought on more than one occasion. Now he is trying to condemn the former government for bringing in some 700,000 people in the last five years. He also referred to the fact that General McRae, who was then a member of the house, made on two occasions in 1928 and 1929, interesting addresses in this chamber regarding a great colonization scheme, and he said that that gentleman was then expressing only his own opinion, being a private member. I took the trouble to look up Hansard of 1928, and on page 21 I find that the present leader of the Conservative party (Mr. Bennett) in no uncertain language expressed his views on the question of immigration. This is what he said:

> It is true that immigration is by all odds the most important question that can engage the attention of this house or of this parliament.

Further on he said:

> It is high time that something be done to put the power of parliament unitedly behind an effort to bring people over and settle them in this country. We cannot continue as we are and maintain our present position very long. It is essentially important that we should induce more settlers to come to this country. I have pointed out this before, and I repeat it now.

Then as reported on page 22 of Hansard of the same year, the right hon. gentleman said:

> Now, sir, this question transcends party; it is larger than the lives of parties because it strikes at the very life of this dominion. We must have settlers. We have in Canada facilities to take care of an additional population of from 15,000,000 to 17,000,000 people; we have 10,000,000 acres of untouched land within twenty miles of the railways; we have the Peace River area and other portions of the country which are lying idle while the government is expressing pious hopes as to what will happen. I say the time has come when action must be taken.
>
> It cannot be done in any small way; it cannot be accomplished in any niggardly way, but it must be done in a large way.

That is the leader of the Conservative party, the present Prime Minister speaking in 1928 as recorded in Hansard. What would have happened, I wonder, had the wishes of the right hon. gentleman been given effect at that time, and we had brought in not 15,000,000, but even the tenth part of 15,000,000? What would have happened if we had brought in 1,500,000 people when we have so many unemployed to-day? I am rather inclined very often to discount the words of the Prime Minister, and that is why I suggest taking just the tenth part of what he said and trying to realize what it would have meant.

As I have said, the policies that are adopted by the government have proved a failure in dealing with the question of unemployment. In conclusion, let me say this: that the so-called success of the government in dealing with the unemployment problem reminds me very forcibly of the man who said that for the last year he had eaten corn flakes every morning for breakfast and had taken corn syrup on his pancakes, but still his corns were no better than they were a year ago.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, the resolution that we are now discussing proposes to put into the hands of the government, that is of the Prime Minister (Mr. Bennett), the power, without any reference to parliament, not only to spend all moneys necessary in the relief of unemployment and of farm distress, but also to take what steps he may deem requisite in respect of matters affecting the peace, order and good government of Canada, and that at a time when we, the elected representatives of the people, are here willing to perform the duty which properly devolves upon us. As we on this side of the house understand the matter, the granting of such power would mean the surrender of all our rights and privileges, of all the duties and obligations which rest upon us as members of parliament. Indeed, it must be evident to hon. members opposite that such would be the case, and I believe the Prime Minister must also realize this.

If legislation is passed, based upon this resolution, we might just as well, as has been pointed out already, prorogue parliament. We shall have handed over to the Prime Minister complete power to deal with anything in any manner he sees fit, without any limitation,

whatever. My disposition in dealing with all matters involving constitution and procedure is to take a somewhat liberal attitude. I say that in the ordinary application of the term. While I am not unwilling to learn from the wisdom and experience of our forefathers, precedents are valuable to me only as they indicate a course that experience has shown to be sound. They ought not to be as chains to bind us, nor should they impose upon us obligations to follow a course that common sense would reject. Because judges have given certain decisions in the past and have based them upon certain principles, is no reason to my mind why judges down through all time should give similar judgments. The men who are willing to abolish old precedents and to establish new ones are, after all, the men upon whom we have to depend for everything in the way of progress in human affairs.

Having said that, having indicated my general attitude in regard to matters of constitution and precedent, I wish to say that when the Prime Minister a year ago brought down his bill, that it is now proposed to revive, I did not feel as strongly opposed to it as did the majority of the members on this side. I was prepared to recognize that the situation was somewhat unusual; that new conditions had arisen. I was ready to recognize that as regards the money feature of the bill, it would be difficult to give even an approximate estimate of the amount that would be required. Therefore, while entertaining very serious doubts as to the wisdom of granting such power, I felt that something might be said for the procedure advocated. I was not completely convinced by the arguments advanced by the Minister of Justice (Mr. Guthrie) when he dealt with the section of the bill relating to questions of peace, order and good government; yet I was willing to admit that perhaps there was some force to them. In that I may have been all wrong; perhaps I was, and I am willing to confess that in that respect I might have been. But —and I want to say that "but" with all the emphasis the Secretary of State (Mr. Cahan) attaches to it when he is arguing his case—the circumstances that confront us to-day are very different from those of a year ago, very different from what they were last session. Then we were just at the close of a session of parliament; parliament was just about to prorogue, in all probability not to meet for six months. It might have been pleaded on behalf of the government at that time that they were facing new conditions; that an unusual situation had arisen; that they had no precedents to guide them and that we would simply have to trust them under the circumstances to do the best they could.

But that is not the situation to-day; parliament is in session. We have been in session only a short time, only five weeks, and there is every probability that we shall still be in session when the first of May arrives, the limit that is set for the continuance of this law that it is proposed to revive. A very different situation prevails to-day. We have had no opportunity to study thoroughly the report in regard to the operation of the act which has been tabled by the government. Under all these circumstances are we not justified in asking, why this legislation? It has already been pointed out that the Prime Minister has given no reason why he is asking for a continuance of these powers. The Prime Minister has asserted again and again that only by being granted these powers could he effectually deal with the many complex questions with which he was confronted. Indeed, he has admitted that there are very good reasons why these powers should not be granted. He says that he sympathizes with those on this side of the house in the arguments which they have advanced. He has admitted that their reasons have weight. Indeed his own words are:

> **I am reluctant in a constitutional sense to ask for a continuance of these powers.**

No one realizes better than the Prime Minister himself that in asking for these powers he is doing violence to the constitution and departing from all established precedents, but he does not cast the constitutional question aside in the same free and easy manner as some of his supporters do. He knows that a serious question is here involved. He knows that he is making a serious demand upon this parliament when he asks for these powers. Under those circumstances is it not all the more incumbent on the Prime Minister that he should tell us why he is asking for these powers?

I have said, Mr. Speaker, that I am not a stickler when it comes to matters of precedent and the constitution. I do not like to be bound by the dead hand of the past, and I am willing to cast precedents aside if they interfere with our doing what we think is the right thing to be done. But when we are asked to do violence to the constitution of this country and to depart from the precedents which have been handed down to us and which the experience of the past has shown to be sound, surely we are not unreasonable when we ask the Prime Minister to tell us why we should make such a departure.

The confidence which the Prime Minister has in himself is amazing. Undoubtedly self-confidence is a good quality in men, and it is a good thing for a man to have a high opinion of himself. Unless a man has some respect for himself and some self-confidence he is not going to get very far in this world, but after all, most of the vices which afflict men are simply their virtues carried to an extreme, and that would seem to be the case with the Prime Minister. As he is fond of scriptural allusions I might remind him of the saying that we should not think of ourselves more highly than we ought to think. Surely, Mr. Speaker, we may be forgiven if we have not that complete and perfect confidence in the Prime Minister which he has in himself and which evidently many of his followers share. Surely it is not consonant with the dignity of parliament that we should be asked to submit to the treatment that is now being meted out to us. Yet I suppose that the majority of the supporters of the government will fold their hands and quite tamely submit, and say:

> Ours not to make reply,
> Ours not to reason why,
> Ours but to echo "aye,"—

when the Prime Minister speaks.

The Prime Minister further says, on page 993 of Hansard:

> —and I will welcome any suggestion that others may offer towards the solution of the problem —I know of no way, except by this method, whereby we can assist the provinces and supplement the work they have to undertake.

I will welcome any suggestions, says the Prime Minister. What do those words mean? In the mouth of the Prime Minister they mean absolutely nothing. When he says that he will welcome any suggestions he is probably honest with himself, but he is so constituted that while he may think that he is welcoming the suggestions of others he is actually putting them completely aside, and acting according to his own free will. What about the suggestion which has been made by the right hon. leader of the opposition (Mr. Mackenzie King), a suggestion which I think I may safely say is concurred in by every member on this side of the house, and, if hon. gentlemen opposite would only speak their minds, is recognized, I believe, by them too as a reasonable suggestion.

Some hon. MEMBERS: No, no.

Mr. BROWN: Well, let us see what is the suggestion. It is that the government should bring down a supply bill appropriating the necessary amount to meet the exigencies of the case, and that out of the money thus granted by parliament the government shall spend whatever is necessary to meet the needs as they arise between now and the first of May. Coupled with that suggestion was the assurance by the leader of the opposition that such a supply bill would pass without any opposition from this side of the house. That was a reasonable suggestion surely. Why was it not accepted? That is the question I want to ask of the Prime Minister. Why is not that suggestion accepted? The Prime Minister has not told us. He has simply brushed the suggestion aside. What does he say? At page 991 of Hansard he says:

> Now, so far as a supply bill is concerned, I think it is fairly obvious to those who have followed me that to ask for any particular sum of money at this time in the form of a supply bill, with the usual limitations that are imposed upon such measures, would not meet the situation. In our judgment at any rate, having regard to our experience, it would not.

He says it is perfectly obvious that a bill of this kind would not meet the situation. Well, I must confess that it is not perfectly obvious to me. That may be my fault. It may be because I am a little dull in the uptake, but I would ask the Prime Minister to have patience with those of us who are not trained in the legal profession, who perhaps have just ordinary minds that cannot grasp in a moment all the nice points involved in a discussion nor appreciate as quickly as does the Prime Minister the subtleties of an argument. I would ask him to have a little patience with us and try to explain to us why what is so perfectly obvious to him should not seem reasonable to us. He speaks of a supply bill with its usual limitations. Really it is amusing to hear the Prime Minister talk of limitations. When have we known the Prime Minister to recognize any limitations when he wanted to do anything? Yet, when it suits him, he pleads that the granting of money through a supply bill, because of limitations which attach to it—whatever they are—would prevent him affording relief to the distressed unemployed and the farmers he desires to help. In September, 1930, we passed a bill granting the Prime Minister $20,000,000. Under the terms of that act he was permitted to use the money in any way he saw fit up until the month of March, 1931. Well, why can he not do that now? If we could pass that bill at that time why cannot we pass a bill now to give him whatever money he needs until the first of May? The Prime Minister may say that there is a perfectly obvious difference between the two cases, but if there is any difference certainly it is all in

favour of the suggestion made by the right hon. leader of the opposition.

It must be evident to hon. members that it is not the way in which the money is to be obtained which constitutes the reason the Prime Minister rejects this suggestion. There must be some other reason, and we can only conclude that it is because he desires to retain the power to amend laws, modify laws, abrogate old laws and institute new laws at his own sweet will. A few evenings ago we listened to a very interesting and entertaining address from the Minister of Railways and Canals (Mr. Manion). When that rapid-firing gun gets into action we are always interested, whether or not he brings down any game.

An hon. MEMBER: I think he did.

Mr. BROWN: We always like to hear the Minister of Railways and Canals, although at times he makes us laugh—at least, we would laugh if the matter were not so serious. It was rather interesting to hear the Minister of Railways and Canals plead with hon. members on this side of the house to cooperate with the government. Hon. gentlemen opposite do not seem to understand the meaning of the word "cooperation."

Mr. COTNAM: The hon. member understood it, all right.

Mr. BROWN: Yes, and I am glad I did.

Mr. COTNAM: That was a long time ago.

Mr. BROWN: I certainly did understand it, and it is because I understand the meaning of the term "cooperation" that I am trying to explain it to hon. gentlemen opposite. I am glad I am recognized by them as an authority on the subject, and for that reason I proceed with greater confidence. The Prime Minister does not want cooperation, as we understand it. He wants obedience, he wants submission, he want us to say "aye" when he says "aye" and to say "nay" when he says "nay." If all that happens the Prime Minister will be quite satisfied with the cooperation we give him, but he will be satisfied with nothing else.

What does cooperation mean? It simply means working together. How can we work together, how can any two persons work together unless each is ready at least to some extent to compromise, to defer to the opinions of the other.

Mr. COTNAM: That is what we want you to do.

Mr. BROWN: No, that is not what you want us to do, at all. You want us to do all the deferring, and you want to do none. You want us to do all the compromising and sacrificing, yet you do not want to compromise or sacrifice. That is the kind of cooperation hon. gentlemen opposite want. There can be no cooperation on a basis of that kind. As I have said, cooperation means working together, and if we are to work together there must be a willingness to compromise and to defer to other opinions.

I want to ask if any hon. member has noticed any spirit of cooperation in the attitude of the Prime Minister. If he wishes to cooperate he must at least to some extent take us into his confidence, he must tell us about those emergent situations which he expects will arise, and to meet which he will need to exercise the arbitrary powers he asks. Perhaps he will say, "But I cannot do that in public." Well, he might at least do what Sir Robert Borden did at a critical period during the war when parliament was called to meet behind closed doors. If the situation is as bad as the Prime Minister indicates, that course might be taken.

Mr. PRICE: You are away out.

Mr. BROWN: People of Canada are beginning to ask whether we are being governed by a parliamentary system of government, or whether parliamentary government has become a fiction and we are now under an autocracy. Perhaps I am wrong when I say people are beginning to ask the question; I think they have already satisfied themselves that this government has become an autocracy. History affords us examples of puppet kings. Evidently it is the desire of the Prime Minister to make this a puppet parliament—and, I am sorry to say, at least in some measure he has accomplished his purpose.

During the remainder of the time at my disposal I purpose further to consider some matters I wished to bring before the house a few days ago when I requested the privilege of moving the adjournment of the house. I wish to give an illustration of the manner in which some of these very urgent questions are dealt with by the present government. Of course, we do not expect the government to act with the speed indicated by the Minister of Justice (Mr. Guthrie) who said, in the city of Winnipeg, that within three days the Conservative party could set in motion machinery whereby unemployment would be cured. Although I am not using his exact words, I believe I am interpreting them correctly.

I shall have time to deal with only one case. Last August I, along with other hon. members, received a communication from the

director of unemployment relief at Ottawa asking us to give suggestions as to what work might be done. I made a tour of my constituency, coming into contact with the mayors, reeves or councillors of practically all the municipalities. In the course of that tour a certain situation was brought to my notice. It so happens that in a section of my constituency adjacent to the international boundary line there had been, in addition to drought, a very destructive hail storm. Consequently in that vicinity there was very little feed. Immediately across the border line from that point there are some hay marshes. Some of our own people had gone across the line to put up hay, of which a quantity was available at moderate prices. Those Canadians however were unable to bring in the hay because in response to demands of some of our friends from southern Alberta the duty on hay had been raised to $5 per ton. That was an impassable barrier between the hay and the starving live stock. So immediately I wrote to the Minister of National Revenue (Mr. Ryckman) and on August 31 I got this reply:

Dear Sir,—

Your letter of the 27th instant requesting free entry of hay for the use of farmers in your constituency has been received in Mr. Ryckman's absence in Europe.

As the minister will not return to Ottawa for some weeks, I have referred your request to the commissioner of customs for such action as the department may be able to take in the matter.

On September 2nd I received this letter from the private secretary to the minister:

Dear Mr. Brown,—

On my return from vacation and in the continued absence of the minister, who is in Europe, I find your letter of August 27th awaiting answer.

I note what you say as to the shortage of hay for feeding purposes in your district and the information which you supply with regard to the possibility of securing some just across the international border.

In these matters, we act on the advice of the Department of Agriculture and I am, therefore, communicating to-day with the Hon. Robert Weir in this regard.

I thought at the time, perhaps foolishly, that the matter would be taken in hand immediately by the Minister of Agriculture (Mr. Weir) and that in due course a satisfactory solution would be reached. However, as the months went by and nothing was done, on December 15 I wrote directly to the Minister of Agriculture. On December 31 I got this letter from him in reply:

I regret very much my delay in answering your letter of 15th December.

I put the subject matter of your letter before the Minister of National Revenue.

Passing the buck from one to the other.

Thanking you for bringing this to my attention.

But before I received this answer from the minister I got further word from the district affected that conditions were very serious, and consequently I wrote the following letter to the Prime Minister:

Dear Sir,—

I wish to call your attention to the very serious condition in regard to feed for live stock that prevails in one section of my constituency.

This district in question lies close to the international boundary and suffered very severely, both from hail and drought. The consequence is that there is not sufficient feed to see the stock through the winter. Indeed, I am informed that in some cases the supply is already exhausted.

Now, it happens that just across the line in the state of Dakota there are some large hay marshes. Some of our people went over there and put up hay for themselves and there is besides a considerable quantity available at a reasonable price. The $5 a ton duty, however, interposes an impassable barrier between the hay and the starving live stock.

I wrote the Minister of National Revenue some months ago recommending that this hay be admitted free of duty. The reply I got was that in such matters they were governed by the advice of the Minister of Agriculture. I thought that the matter would be turned over at once to the Minister of Agriculture but, finding that that had not been done,—

I made a mistake there, because evidently it was turned over to the Minister of Agriculture.

—I wrote the minister himself. Since writing him I have had further word that the situation is very serious and I am, therefore, giving you the information that I have already given two of your ministers.

There is no other feed available except what might be shipped in by railway and that would of necessity carry a high price.

Some of our people have wood that they would gladly exchange with their American neighbours for hay but they have no money to pay the duty.

I hope that this matter will receive your immediate attention and that you can see your way clear to have the customs officers at Snowflake and Windygates instructed to allow this hay in free of duty.

The Prime Minister very promptly replied to that by the following telegram just as he was leaving Ottawa for Calgary:

Your letter 23. Please write me Calgary names and quantity hay to be imported so that I may instruct action to be taken which can only be done by specific reference to transactions by individual importers. Seasons greetings and best wishes.

When I got that telegram I doubted whether it was necessary to give the detailed information for which he asked. However, I did not want to argue this, so in my reply to

him I never mentioned that I had reason to doubt the necessity for such details because I knew action such as I had suggested had been taken two years ago. I informed him that the district affected was forty miles from my home and I was not in a position to give him the required information, but I would make a point of visiting the territory as soon as possible and would write him giving the particulars. About a week later I met there a large number of farmers from three townships, 1-7W, 1-8W and 1-9W. As the meeting was held in township 1-7W the majority of those in attendance were from the locality. Twenty-eight farmers of township 1-7W required 100 tons of hay and 48 tons of straw; fourteen farmers of township 1-8W required 44 tons of hay and 46 tons of straw; township 1-9W was some distance away from the meeting place and only three farmers from that township were in attendance. They required 8 tons of hay. The farmers of township 1-7W and 1-8W also required 2,750 bushels of seed wheat, 2,850 bushels of seed oats and 2,300 bushels of seed barley, as well as 6,000 bushels of feed oats. They indicated there was wheat enough in the district to meet their requirements, but all the oats and barley would have to be brought in. That information I forwarded to the Prime Minister in Ottawa early in January. Before leaving home for the session I made inquiries and found nothing had been done to bring relief to these people. When I reached Ottawa I immediately called on the department interested and found that on the 4th of February an order in council had been passed—a general order not requiring the details the Prime Minister had asked from me. I will quote only a couple of paragraphs:

> The undersigned, therefore, in order to mitigate the loss and damage above referred to, deems it right and conducive to the public good to recommend that authority be granted for the refund or remission of customs duty and taxes paid or ordinarily payable upon hay imported for feeding purposes into districts where the feed shortage referred to above exists and entered at customs between the 16th November, 1931, and the 30th April, 1932, both dates inclusive.

Here is the point to which I wish to direct the attention of the house:

> A similar situation was dealt with by council in 1930, and order in council P.C. 55/253 of the 5th February of that year, authorized the refund or remission of customs duty payable upon straw imported for feeding purposes into districts where a shortage existed between 1st November, 1929, and the 30th April, 1930.

[Mr. Brown.]

When I wrote the Prime Minister I had reason to know the facts of the case, because it was I who was responsible for having that original order passed. It was in connection with the same district as a matter of fact. I found such conditions prevailing there that I brought the matter immediately to the notice of the executive of the United Farmers of Manitoba, and they promptly got in touch with the Hon. Mr. Crerar, who was then in Winnipeg. He was back in Ottawa in a few days, and a day or two later the order in council referred to was passed. It was all done inside two or three weeks. It took this government almost six months to accomplish the same results.

An hon. MEMBER: Was it done?

Mr. BROWN: Yes, I must say I understand the result was satisfactory, but when cattle are starving time is the most important factor. I have had communication with the department, also with the officials in Winnipeg, but up to date I have had no satisfactory information as to exactly what took place in the correspondence between the two governments. I have called for the correspondence but it has not yet been brought down. I see it has been brought down in the Manitoba legislature, but so far we have had only newspaper reports and I have not had time to examine it. At present, therefore, we are in the dark. I do say that whatever the government does in the future it has been woefully negligent in the past in taking action at the opportune moment when, as I have said, time is one of the most important factors.

I shall not have time to go further into this question to-day. I may be able to do so on some future occasion, but reverting to the subject I was discussing in the first place, I would direct attention to the remarks made last night by the hon. member for Toronto West Centre (Mr. Factor), who pointed out, in opposing this resolution, that we have been given no indication of the government's purpose. They ask us to grant them certain powers up to the first of May. But what after the first of May? Surely it is treating us without that consideration which is due to members of parliament who have been chosen by their constituents to represent them here. Our constituents may have been wrong in sending us here, but they have sent us and we wish to do the best we can to protect their interests. We wish to be treated with the dignity with which men who have been placed in this position should be treated. And it is not treating us with dignity when the Prime

Minister, representing the government, comes before us and says, "We wish to have these powers extended up to the first of May," giving us no indication of what is in his mind, of what he proposes to do after that date, but simply asking us to take a leap in the dark. His attitude reminds us of that rhyme we heard when we were children: "Open your mouth and shut your eyes and I'll give you something to make you wise."

Mr. J. L. BARIBEAU (Champlain) (Translation): Mr. Speaker, there is so much obstruction, on the part of the opposition, to this measure aiming at amending chapter 58 of the Statutes of Canada, 1931, by striking out the word "March" in clause 8, to replace it by "May", a bill aiming at extending to May the operation of the Unemployment Relief Act, that I deem it my duty to rise and speak in favour of this resolution. I think that those opposing the bill would not feel so much at ease in discussing this measure in their respective constituencies, because the voting of this resolution introduced by the right hon. Prime Minister is anxiously sought by all citizens of Canada.

I am speaking on behalf of the great majority of my constituents, which I have the honour to represent, when I request the government to extend the period in which relief will be given to the unemployed. I received within the last days, a telephone message from the mayor of Grand'Mère, asking me to take the necessary steps to get the Act extended. The mayor of Grand'Mère who is highly thought of by his fellow citizens, does not share my political views. I am certain that he does not approve of the numerous speeches delivered by the representatives of his party, on this question.

I also had the occasion, in the course of last week of meeting the mayor of the town of Cap-de-la-Madeleine, and on behalf of his fellow citizens he asked me to do my very best to have the government continue the relief of the unemployed in his town.

May I, sir, point out that the towns of Grand'Mère and Cap-de-la-Madeleine are the most important centres in my county.

I also deem it my duty to state in the house that the Unemployment Relief Act has had beneficial results in the county of Champlain, a county particularly affected by the depression existing in the pulp and paper industries—a crisis for which no one holds the government responsible.

I shall close my remarks, sir, believing that I have done my duty in supporting a measure which is asked for by all my constituents, without party distinction. They are thankful for what the government has done to relieve the unemployed, who, for the most part, are strangers attracted to this country by the intensive immigration policy of the former regime; and if we find Canadians among these unemployed, it is because foreigners have taken from them the means of earning their living.

Mr. B. M. STITT (Nelson): After sitting in this house listening to the debate of the last week, if it can be called a debate, I have come to the conclusion that the chief objection on the part of hon. members opposite seems to lie in the thought that the resolution now before the house is too stringently Conservative. Well, I am quite sure that those who are in need, even though they may think that this legislation is ultra-Conservative, feel that it is a happy and wholesome fault.

A few days ago the leader of the opposition (Mr. Mackenzie King), in his speech said, as reported at page 705 of Hansard:

> The women and children who are suffering in this country to-day have asked the Prime Minister for bread, they have asked him for work, but he has given them not even a stone. . . .

The same women and children are now asking for bread and the leader of the opposition has not given them even a speech. It seems to me that if all that this government has done for suffering humanity in this country can be called a stone, the people who have been given relief will very much prefer that stone to some of the idle chatter we have been forced to listen to in the last week. The people of Canada at this moment are wondering whether or not we are big enough Canadians to cast off this political leprosy that is threatening to destroy us in these times of danger and anxiety, and I suggest that if we are not big enough to do this we are not worthy to be called Canadians.

Some hon. gentlemen have said that what the government is looking for is suggestions. I would make one now, and it is constructive. I would suggest to hon. members opposite, who for the past week have been rehashing the speech made by the leader of the opposition last July, that they have it recorded on a series of gramophone records

and place the gramophone in the lobby and play it to their hearts' content. I can assure those hon. gentlemen that if they have any trouble financing this little deal we on this side will contribute quite generously to it in order that we may get about the business of the country. Surely there is no room for sectionalism in Canada, and by the same token there is no room for sectionalism here. Give and take is the essence of our federation. We are Canadians before we are provincials and should not forget that in promoting the general welfare of Canada as a whole we are promoting the best interests of our own particular sections. Canada is not merely made up of the sum of its provinces, it is even greater than that.

Mr. HARRY BUTCHER (Last Mountain): Mr. Speaker, I desire to say a few words in regard to the resolution before the house but before doing so I desire to speak, as a Saskatchewan member, in connection with the relief afforded to the distressed inhabitants of my province. I should like to say a few words in regard to the nature and extent of that relief, with regard to its administration and then with the permission of the house I am going to have the temerity to accept the invitation of the Minister of Railways and Canals (Mr. Manion) and offer some suggestions as to future relief.

Primarily, I desire to register my objection to the renewal for two months of the powers conferred on the government by the statute which it is now sought to revive. I have been examining the report of the dominion director of unemployment relief and have studied the methods employed in granting relief in the province of Saskatchewan. I join with the hon. member for Assiniboia (Mr. McKenzie) in saying that in my opinion the government has done its best to meet the difficulties which existed in that province. It has made mistakes—I think that has been admitted by hon. members opposite—but at the same time it has made a sincere effort to meet the difficulties. I note that the relief has taken some five or six forms. First, there was direct relief, and I notice that $4,275,991 was distributed before February 20, 1932, to give relief to approximately 53,727 families. The Prime Minister (Mr. Bennett) has stated that this amount has been considerably increased up to the present time and something like $5,250,000 has been distributed, which amount will suffice to aid the distressed people of southern Saskatchewan and other parts of the province at present in need.

Contributions have been made to the public works programs of cities, towns and villages.

These works took the form of street improvements, the providing of water supply, the extension of existing water and sewage systems and other similar undertakings, which involved a large percentage of labour. Under this heading the dominion has expended something like $1,600,000.

An effort has been made to place men on farms, and in this connection the dominion expended $125,000. Single men experienced in farming were placed on the land over the winter. They received $5 per month and of course free board and lodging and the government granted a bonus to the employer farmer. This provided employment and at the same time it was a wise move to keep these men separated rather than to have them gather together in large numbers.

Contributions were made towards the cost of highways, and then there was the five-cent bonus on wheat. The people of Saskatchewan who were in distress are thankful to the people of Canada for the relief provided. They realize that this parliament voted practically an unlimited sum for the purpose of providing relief and I do not think they are unmindful of the fact that it was this government that conceived the legislation brought down in September last. However, having said that, I say now that with the knowledge gained during the past seven months no hon. member in this house should want to continue that type of relief. We have come to the conclusion that there are better ways of meeting the difficulty. I do not think we can blame the government for having taken the course it has, because it seemed the wisest thing to do, but I imagine that were it to set out to-day on a new course of relief it would find direct relief would be the cheapest, and that the payment to the farmers on an acreage basis would be more equitable.

I do not suppose the administration of relief is a federal matter and as far as I am concerned I can see no great reason to complain thereof. Many complaints have been made of the actions of some of the minor officials; there were some highly indefensible appointments made by over-zealous partisans, but taking into consideration the magnitude of the task and the enormous problem which confronted the government, the mistakes made were not more numerous than one might expect.

Having said so much, I come now to the resolution and here I find something to which I object. On its face this resolution is quite innocent; in effect the government says that in the year 1930 we gave it certain extraordinary powers, which it wants extended for an addi-

tional two months. This resolution does not sound very serious until it is examined. Many of the elected representatives of the people object to a renewal of these powers. Having once made a mistake, they do not wish to make it again. It has been frequently pointed out that section 2 contains the authority to pay out of the consolidated revenue fund such sums as the governor in council may in his discretion deem expedient to expend for three purposes, the relief of distress, the providing of employment and the maintaining within the competence of parliament of peace, order and good government throughout Canada. It is to this last provision that we object and must continue to object. As stated more than once by my right hon. leader, with the acquiescence and support of every member of his following, the opposition is ready to grant in a few minutes all the supply necessary for the support of those who are in distress. I do not believe there would be a single speech from this side of the house if a bill were introduced to provide for the relief of distress and the supply of food and seed to the farmers. There would be no delay; we would cheerfully support such a bill but we fail to see either the wisdom or the necessity of renewing the powers to which I have referred; that of maintaining within the competence of parliament, peace, order and good government throughout Canada. Why should it be necessary for the governor in council to take these powers to itself? Why should the government want to have these powers conferred upon it? Are not the general powers conferred by sections 87 to 98 of the criminal code sufficient for all purposes, sufficient to cover every possibility? Is it necessary to give relief with one hand and at the same time to exhibit the other, heavily mailed, to the person to whom the relief is being given? I do not think it is. If we examine the provisions of the criminal code, we shall find that all the power necessary for parliament to maintain peace, order and good government, is already conferred by some sections of the code.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BUTCHER: When the house rose I had just referred to the fact that the criminal code in my opinion contains within the borders of sections 87 to 98 inclusive sufficient safeguards against any unlawful behaviour that might be anticipated and which it was probably intended to anticipate in the words to which I have taken exception in the bill before the house. I wish now to point out that the sections to which I have referred give us the law concerning unlawful actions of individuals, unlawful assemblies and unlawful associations. I do not desire to weary the house, but I want to read one or two of the sections to which I have just referred. Section 87 reads as follows:

> An unlawful assembly is an assembly of three or more persons who, with intent to carry out any common purpose, assemble in such a manner or so conduct themselves when assembled as to cause persons in the neighbourhood of such assembly to fear, on reasonable grounds, that the persons so assembled will disturb the peace tumultuously or will by such assembly needlessly and without any reasonable occasion provoke other persons to disturb the peace tumultuously.

The following sections of the code up to and including section 97 contain within their four corners all kinds of penalties to discourage men from unlawful behaviour, the unlawful behaviour of the kind which is specified in the section which I have just read. I do not propose to read all these sections, but I should like to outline the provisions of each one.

Subsection two of section 87 which I have just read provides that an assembly lawfully assembled may become an unlawful assembly. That can be easily understood no doubt by every hon. member of this house. We can readily conceive of occasions when men might meet together with a lawful purpose in mind; perhaps one or two individuals among them might have an unlawful purpose in mind, and, by using inciting words, be the means of causing a hitherto lawful assembly to become inspired with unlawful motives and to do unlawful acts.

Section 88 defines a riot:

> A riot is an unlawful assembly which has begun to disturb the peace tumultuously.

Section 89 prescribes the penalty for taking part in an unlawful assembly, the penalty being one year's imprisonment.

The next section prescribes the penalty for taking part in a riot—two years' imprisonment with hard labour.

Then in section 91, in order that the assembly unlawfully assembled and which may have developed into a riot may be dispersed, certain officials are charged with that duty—the sheriff, the deputy sheriff, the mayor or other head officer, and justice of the county, city or town affected, and later on I think that the word magistrate is used. They are

charged with the duty of reading a proclamation in the following terms:

Our sovereign lord the king charges and commands all persons being assembled immediately to disperse and peaceably to depart to their habitations or to their lawful business, upon the pain of being guilty of an offence on conviction of which they may be sentenced to imprisonment for life.

That is a severe penalty, one that should deter even the most hardened, unless their minds are absolutely set upon breaking the peace.

The next section, 92, provides imprisonment for life for persons who:

(a) with force and arms wilfully oppose, hinder or hurt any person who begins or is about to make the said proclamation, whereby such proclamation is not made; or,

(b) continue together to the number of twelve for thirty minutes after such proclamation has been made, or if they know that its making was hindered as aforesaid, within thirty minutes after such hindrance.

Section 93 provides for the arrest of persons who fail to obey the command to disperse within thirty minutes, and provides also that bystanders may be called to assist the officers that I have just enumerated. It goes further. It indemnifies those officers against any harm that may be occasioned those who resist them, even should the resistance lead to the death of the resister.

The next section provides one year's imprisonment for the bystander or other person who refuses to assist without reasonable cause and after reasonable notice the officer or officers who have proceeded to try to disperse the assembly.

The next section provides imprisonment for life for riotous destruction of property, and the next section, seven years' imprisonment for riotous damage to property.

Then we come to the much talked of section 98, which defines an unlawful association, and I shall read that subsection one of that section in full:

Any association, organization or corporation, whose professed purpose or one of whose professed purposes is to bring about any governmental, industrial or economic change within Canada by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise or defend, shall be an unlawful association.

I ask, could anything be more comprehensive?

[Mr. Butcher.]

Mr. SPEAKER: I do not wish to interrupt the hon. member, but nothing concerning the criminal code is dealt with by the motion before the house.

Mr. BUTCHER: What I was trying to prove, Mr. Speaker, was that it was really unnecessary to include in the bill the words "for the peace, order and good government of Canada." I have been trying to demonstrate that the criminal code contains all the protection for the public and the crown that is necessary, and I hope that you will rule, sir, that I am in order and that it is permissible for me to proceed to prove that the provisions of the criminal code render unnecessary the provisions in this bill for a similar purpose. Am I in order?

Finally, as to the punishment:

Its officers—

That is, the officers of an unlawful association:

—may be arrested if they sell, speak, write or publish anything as the representatives or professed representatives of such association, or if they wear or carry about on the person any badge, insignia, emblem, banner, motto, pennant, card, button or other device whatsoever indicating membership or indirect connection with such association.

A sentence of twenty years is provided for that offence. Again I would ask, are not these provisions of the criminal code all comprehensive? Are not the penalties sufficient to meet any occasion that could possibly arise of the kind that it is sought to avoid? If not I think it is reasonable to ask what is it that the government anticipates that these provisions do not cover? It may be said that it was never in the mind of the government that this section was to deal with seditious utterances or unlawful assemblies. In that connection I might refer to the words of the right hon. the Prime Minister who, at page 4279 of Hansard of July 29, 1931, said:

In that regard the measure provides for the maintenance of peace, order and good government in Canada. It is not for a moment to be thought that an insignificant number of strongly vocal persons shall be able so to affect the populace of this country as to make it impossible for us, in cooperation together as Canadians, to work out our destiny. I say that class happily, is few in number. But in this present situation they now see an opportunity propitious to the presecution of their pernicious political doctrines.

I find myself very much in accord with the Prime Minister in the sentiments he expressed therein. I contend however it is not necessary to revive an act containing the words:

. . . maintaining within the competence of parliament, peace, order and good government throughout Canada.

I wish to say a few words concerning the speech delivered the other evening by the Minister of Railways and Canals (Mr. Manion) in which he complained rather bitterly about the lack of commendation of government policies by hon. members opposite, and in which he made the somewhat unreasonable comment that the opposition had offered no constructive criticism. For many years I have been a reader of Hansard, and I have derived great pleasure from reading the speeches of the present Minister of Railways and Canals. I have regarded him as an able and determined critic; sometimes I may have thought his language vitriolic. Now that I know him personally, however, I do not think that. I do say however that I have found no occasion upon which, when in opposition, he devoted any part whatsoever of his forty minutes to commendation of the government of the day.

Mr. MANION: My hon. friend's memory is very short.

Mr. BUTCHER: Possibly it is.

Mr. STEVENS: It is faulty.

Mr. BUTCHER: However, I do not now think he is so bad. Hansard is very expert in recording words, but it does not portray tones of voice or gestures, nor can it reproduce the pleasant smiles which often accompany my hon. friend's harsh words.

Mr. STEVENS: That is very fortunate.

Mr. BUTCHER: Having said so much I am sure the Minister of Railways and Canals will know I do not bear him any ill will because of his speeches made when in opposition. I have sometimes thought he must have been a close student of Todd's Parliamentary Government in England, because at page 415 of volume 2 I find the following:

> The opposition exercise a wholesome influence upon parliamentary debate, and upon the conduct of the business of the crown in parliament, for they are the constitutional critics of all public affairs: and whatever course the government may pursue, they naturally endeavour to find some ground for attack. It is the function of an opposition to state the case against the administration: to say everything which may plausibly be said against every measure, act, or word of every member of the ministry: in short to constitute a standing censorship of the government, subjecting all its acts and measures to a close and jealous scrutiny.

I do not think the Minister of Railways and Canals is quite correct when he says there has been on the part of the opposition no commendation of government policies. On more than one occasion during this session I have heard such commendations. Perhaps the commendations were guarded, the praise was faint, but even my hon. friend will agree that faint praise is better than utter condemnation.

I hope I am not doing the Prime Minister an injustice by assuming that when he inserted this particular clause in the bill he had it in mind that there might be some kind of disorder in the country, disorders which I believe are covered by the provisions of the criminal code, to which I referred.

I notice, however, that the present Minister of Justice (Mr. Guthrie) held other views. Referring to the same passage in the bill, he is quoted at page 4439 of Hansard, July 31, 1931, as follows:

> First and foremost, starting with my hon. friend from Quebec East (Mr. Lapointe), the hon. member for Toronto West Centre (Mr. Factor), my hon. friend from Shelburne-Yarmouth (Mr. Ralston), the hon. member for Kenora-Rainy River (Mr. Heenan) and one or two others, have uttered the same criticism in regard to the appearance in this bill of the words, "peace, order and good government." There seems to be an idea that these words have been placed in this enactment for a sinster purpose. If the house will reflect for a moment I think that it will realize that these words are the foundation of the authority of this parliament to pass such a measure. If the bill is not founded upon the theory that it is necessary to maintain peace, order and good government in Canada, then parliament would have no authority to pass it. Without these words the bill in the form in which it is enacted into law might be set aside or challenged in the courts. The judgments of the privy council during recent years have established most clearly that unless there is something in the nature of a national disaster, of plague, famine, or some national emergency, then parliament has no authority to legislate upon the subjects set out in this bill.

I wish to draw the attention of hon. members to the two significant points in this comment of the Minister of Justice. First, he doubts whether parliament would have authority to pass such a measure as the one contemplated at that time, unless the words in question were inserted. Then he points out that if the bill were not founded upon the theory that it is necessary to maintain peace, order and good government in Canada, parliament would have no authority to pass it. I would not presume to question the validity of that argument. I do not know anything about the law, but I have an idea that even if the words to which we are referring were not inserted the parliament of Canada could pass a law granting assistance to the distressed and relief to the hungry and ill clad, and also could provide assistance for farmers.

Then, the Minister of Justice said:

The judgments of the privy council during recent years have established most clearly that unless there is something in the nature of a national disaster, of plague, famine, or some national emergency, then parliament has no authority to legislate upon the subjects set out in this bill.

My only comment is that before the Minister of Justice made this statement the Prime Minister himself had declared that a national emergency existed in Canada, and there is no doubt that that was absolutely correct. Whatever doubt there may be as to whether these words were necessary in the bill, certainly there is no doubt whatsoever that without them two of the orders in council passed should not have been passed. One of those orders in council forbade the export of gold, and the other related to amendments to the Insurance Act.

The Minister of Railways deplores the fact that the opposition has made no constructive suggestions. At the outset of my remarks I said I would have the audacity to make a few suggestions before I concluded my remarks, and at a later point I shall do so. At the same time I think constructive suggestions have been made by hon. members on this side. We believe in constitutional procedure, and I understand the Prime Minister himself is as strong in a similar belief. He has always expressed himself as a great admirer of the British constitution and of Canadian constitutional practice.

Were we to permit this resolution to go through without protest I suggest we would be abandoning our rights. It may be argued that the proposed revival of chapter 58 is strictly constitutional. I grant that the statute itself was constitutional, that parliament is unlimited in its power, that it may delegate its authority or its powers, that in the year 1931 it did so, and that now in 1932 it is asked for an extension of powers for a further period of two months. I suggest however that though the powers to which I have referred were granted to the government in the year 1931, it might be and probably would be inadvisable to continue them. I contend that if we accept the resolution as it appears before us we are neglecting our duty as parliamentarians, relinquishing our rights, abandoning our privileges and wilfully withdrawing from an impregnable position. If we on this side voluntarily acquiesce in the proposed action of the government we are not fulfilling our duty as an opposition. I believe parliament committed a similar mistake when it gave the power to the governor general in council, upon recommendation of the Minister of National Revenue, to fix the value of goods imported for duty purposes.

This is my conception of the duty to which parliament is obligated: parliament must itself make laws for the peace, order and good government of Canada; parliament itself should grant supply, and should grant no supply until its destination has been fully disclosed. There is a legal maxim known probably to practically all hon. members: delegatus non potest delegare. That is, the person to whom powers have been delegated cannot delegate them to another. I think this parliament should on no account delegate its right to make, to amend or to annul laws, or to tax, and certainly it should not delegate its right to grant supply, that is, to grant money, until full information is given as to the purpose for which it is required. In other words, we should not delegate our authority to a committee of parliament.

Therefore, Mr. Speaker, I regret very much that the Prime Minister or the Minister of Finance, whoever is responsible for this resolution, did not see fit to accept the suggestion of the right hon. leader of the opposition and simply bring in a supply bill to secure all the money required for the purposes stated, for his refusal to do so has provoked this debate.

Mr. E. J. YOUNG (Weyburn): Mr. Speaker, I should like in the beginning to direct the attention of the house to a remark made by the Prime Minister (Mr. Bennett) the other day in introducing this resolution. He referred to the fact that in the dried-out districts of Saskatchewan some 300,000 people are wholly dependent on relief for food, clothing and fuel for themselves and their families and feed for their stock during the present winter. He boasted, with some pardonable pride, that the Saskatchewan Relief Commission had looked after the needs of these people at a cost to the treasury of five and a quarter million dollars. This sum divided among 300,000 people amounts to $17.50 apiece. That does not mean that a man in Saskatchewan can live all winter and feed his stock on $17.50. What it does mean is that in spite of the fact that those people have lost three successive crops, they have been able to come within $17.50 per capita of supporting themselves throughout the winter. I doubt if there is another class of people in Canada who if afflicted in the same way would have been able to show so good a record.

Mr. STEVENS: The 300,000 of course, would cover families of farmers as well—men, women and children, which makes quite a difference.

Mr. YOUNG: Yes. But what family in the city of Ottawa could live all winter on $17.50 per capita?

Mr. BENNETT: I may add there are a number of unpaid accounts. I instanced only those that were paid.

Mr. YOUNG: Yes. My right hon. friend has so many sins to answer for that common humanity demands whenever he does anything well and deserving of credit we should give him that credit in full and generous measure.

Mr. LAPOINTE: Hear, hear.

Mr. STEVENS: My friend is pretty grudging.

Mr. YOUNG: He boasted the other night of the achievements of the Saskatchewan Relief Commission; he told us how efficient they were, how honourable and trustworthy, how impartially they had done their work. I agree with him. There is credit coming to that commission. From what I have seen they have functioned efficiently and impartially from the time they first began to function. No doubt if my hon. friend had so desired he could have set up a commission that would have played politics and would have tried to make political capital for himself and for his party out of the situation; but he did not do so, and we give him credit for it. I also want to commend his business sagacity for paying the money directly into the hands of the commission and not allowing it to pass through the hands of any intermediary. There again I think he is deserving of the commendation of the house.

But I want to ask him this question: If this Saskatchewan Relief Commission is so competent, so impartial, so trustworthy that it could be entrusted with the expenditure of millions of public money, why is not the commission sufficiently trustworthy to be permitted to set up its own organization; why was it not permitted to choose its own relief officers? Before that commission was set up a very efficient relief organization was in existence and was functioning in every rural municipality in Saskatchewan. It consisted of the reeve and councillors of the different municipalities. My right hon. friend on more than one occasion has stated in this house that relief is first the duty of the municipality, then of the provincial government, and then of the federal government. Now I say we had in each municipality an organization already functioning. Let me explain to those who do not know the situation in Saskatchewan that a municipality there is a block of country eighteen miles square divided into six equal parts called divisions. In each of those divisions resides a councillor elected by the people of the division and knowing every one of them and all their circumstances. The council is presided over by the reeve, also a resident of the municipality, and served by the municipal clerk, who knows everybody in the municipality and is fairly conversant with their affairs. That organization, I say, was functioning under the direction of the provincial government before the Saskatchewan Relief Commission was set up. It was an organization that would fit perfectly into the scheme of the commission. All that was necessary when the commission was set up was to say to the municipal councils: In future you shall take your instructions from the commission and not from the provincial government. But the federal government did not see fit to do that. They decided to scrap that organization.

Mr. BENNETT: Oh no.

Mr. YOUNG: So far as administering relief is concerned, they did.

Mr. CAMPBELL: Would the hon. member say how he would propose to handle the administration of relief in the unorganized districts?

Mr. YOUNG: I am speaking of the seventy-six municipalities referred to by my right hon. friend where the commission was handling one hundred per cent of the relief.

Mr. McINTOSH: There are only two small unorganized districts in the province.

Mr. CAMPBELL: There are large unorganized districts in the north, where many settlers from the dry districts have moved in and where a good deal of relief is being administered to-day.

An hon. MEMBER: There are some unorganized districts in the south, too.

Mr. YOUNG: In the month of August I received a long distance call asking me to attend a meeting in a remote corner of the Weyburn constituency. I went down on the appointed day and there met the reeve and councillors of the municipality and perhaps fifty ratepayers. They were very much concerned over the fact that nothing seemed to be doing in the way of getting relief in to them. It was nearly the end of the month of August, and I wondered what induced their fears. One man explained the situation, and as his case was typical of a good many others I will state it for the benefit of the house. He said: "I live thirteen miles from town. Before winter sets in it will be necessary for me to get out to my farm sufficient fuel and

supplies for the household and feed for the stock to carry me through the winter. In order to do that I shall have to travel with my team a total of 650 miles. If I can get at the work right away I can probably do it before the snow falls; if I cannot, if winter should set in before I get finished, perhaps I will not be able to get my supplies in at all." That was the situation which confronted those people, and caused their alarm. I had to do the best I could for my right hon. friend. I told them he was a man of wonderful energy, great driving force and marvellous capacity for getting things done, that we had given him all the money of Canada and all the power of parliament, and I had no doubt whatever if they had a little patience he would soon have relief sent into them in abundance. But that did not quite satisfy them, and I consented to go into Regina next day and find out when they could expect action. I went to the offices of the Saskatchewan Relief Commission. The first question I asked was when they expected to get under way, and the reply was, as soon as they got their organization completed. My next question was: What kind of organization are you setting up? They said, "We are going to have in each rural municipality a relief officer who will draw a salary of $75 per month plus an allowance for the use of his car"—not an excessive salary considering the work he has to do.

Mr. TURNBULL: Would you mind telling us whom you saw?

Mr. YOUNG: One of the commissioners.

Mr. TURNBULL: Which one?

Mr. YOUNG: The chairman.

An hon. MEMBER: Mr. Black?

Mr. YOUNG: Yes. He said the relief officer would be assisted by a committee of five local persons, four men and one woman, who would work without salary. The first duty of the relief officer, I was told, would be to visit every home in the municipality with forms which he would fill out in the presence of the applicants. It is quite an extensive form, on one page of which there is a statement of the man's assets and liabilities, and there are numerous questions as to his needs and how far he can supply them himself for the winter. The relief officer was to go in person to every house and fill out the form. That done, he would call the committee together and go over the applications with them and they would decide how much relief each person was entitled to.

I tried to explain to the commission that if the relief officers got out the very next week, which would be the first of September, it would be the latter end of October before they could get the information, and that if winter should set in before that a good many people would be caught in a very sorry plight. I asked, "When will your relief officers start out?" The reply was, "They are not appointed yet." I made inquiries from other sources then to find out how the relief officers were to be appointed, and this is what I discovered: that a Conservative organizer from another part of the province had been sent by the Saskatchewan government—

Mr. TURNBULL: What was the source of that information?

Mr. COWAN (Long Lake): Give us the facts.

Mr. TURNBULL: Tell us the source of the information.

Mr. YOUNG: If what I state is not in accordance with the facts, hon. gentlemen will have a chance to deny it. A Conservative organizer from another part of the province walked into the office of the Saskatchewan Relief Commission and said, "I will select your relief officers for you."

Mr. TURNBULL: If the hon. gentleman will permit me, I do not know where he got his information, but I do say that the statement is not true.

Some hon. MEMBERS: Order.

Mr. YOUNG: This gentleman went out through these seventy-six rural municipalities and selected seventy-six relief officers.

Mr. COWAN (Long Lake): He didn't.

An hon. MEMBER: Another statement that's not correct.

Mr. BENNETT: I hope the hon. gentleman is not making that as a statement of fact. He may have been so informed—

Mr. STEVENS: He dreamed it.

Mr. BENNETT: —but it is not so.

Mr. STEVENS: The wish was father to the thought.

Mr. BENNETT: I was there after.

Mr. YOUNG: I was there too. I will tell you something else. Two weeks later I was back in the office of the commission again because no action was visible. I asked what the delay was and this was the answer I received: "We are going to appoint relief officers at the next meeting of the commission; we have the list before us now," and the

gentleman who submitted the list was there that day. Now, these relief officers appointed by this gentleman, so far as I have seen them, have been good and efficient men. I have no fault to find with them.

An hon. MEMBER: What are you talking about then?

Mr. YOUNG: This is what I am pointing out. While this new organization was being set up, the old organization having been discarded, nothing was being done. Weeks and weeks of valuable time were lost. The people in those districts were out of coal; they had no feed for their stock, and they could not get it because the commission was not yet functioning. All this delay—why?

Mr. BENNETT: What time was that?

Mr. YOUNG: The second time I was there in the office.

Mr. BENNETT: But what day of the month, do you remember?

Mr. YOUNG: The second time I was in the office was September 8. On that date they told me they would appoint their officers the following Saturday, and after these appointments were made all the work I have outlined as having to be done by the relief officers had to be carried out. The result was that it was months and months before some people got their first relief order. I know people in my neighbourhood who did not get their first relief orders until December.

Mr. TURNBULL: I know some that didn't apply until February.

Mr. YOUNG: Well, I know some that applied as soon as their applications were taken and they did not get their first order until December. I do not criticize the commission nor the relief officers; what I am complaining of is the fact that the old organization was scrapped before the new one was ready to function. Now, if winter had set in early, if we had had a normal winter season, setting in in October—

Mr. STEVENS: Why not September?

Mr. YOUNG: Well, the year before winter set in the middle of October. I say, if winter had set in about the middle of October and we had had a normal amount of snow it would have been impossible for many people to get in their supplies. The commission has functioned and functioned well; but, I repeat, if we had had a normal amount of snow last winter the organization would have broken down completely.

Mr. STEVENS: Aren't you sorry there wasn't a lot of snow?

Mr. YOUNG: No, I am not.

Mr. STEVENS: What is all the mourning about?

Mr. BEAUBIEN: Give the man a chance; he has kept quiet all day.

Mr. YOUNG: The relief officer in the municipality in which I live has to unload feed at no fewer than eleven railway points and he must be present at every point. His assistants can give out the feed but he has to be there.

Mr. WEIR (Melfort): May I ask the hon. gentleman a question. Does the relief officer have to be present for every car of feed unloaded, or has he made arrangements whereby the elevator man or some other person may unload in his absence?

Mr. COWAN (Long Lake): He doesn't know.

Mr. YOUNG: Some other man can unload provided the relief officer has made arrangements for the release of the car; but he has to go to the station and arrange with the agent to release the car. The point I am emphasizing is that if we had had even a normal amount of snow this winter it would have been impossible for the relief officer to get from one station to another to attend to that work, and the organization would have broken down; whereas under the old organization, with the councillor in each division, there was always someone on the ground to look after these matters. We were saved from a calamity last winter, not by the foresight of hon. gentlemen opposite but by reason of the fact that we had summer weather practically up to Christmas. We were saved by the "grace of God" as the Prime Minister would say.

Mr. LAPOINTE: And not by chapter 58.

Mr. YOUNG: Exactly. Again, I ask, if the Saskatchewan Relief Commission is so trustworthy that they can be entrusted with the task of looking after all these affairs, why were they not allowed to buy the hay sold to the settlers? They bought grain and it came in at a reasonable price; and they arranged for food, clothing and other commodities. But the hay was purchased by the Saskatchewan government and sold by the commission.

Mr. TURNBULL: They were buying hay all through the fall. That was why it was purchased by the government.

Mr. YOUNG: A good many contracts were let for hay before the commission was set up. The municipalities had made an estimate of what hay was required in all municipalities, and this they submitted to the government. When the commission was set up the government notified the municipalities not to send in more orders for hay and the municipalities stopped. Hay was not coming in and I went to inquire why. The commission said they were not handling it. Then I went to the government. They said they supposed they would be handling it. I said: "The municipalities do not know that you are going to handle it; you say you will handle it if they send you their orders, but they have been advised by the Minister of Municipal Affairs not to send any more orders. Will you advise them right away to send in their orders?" He said, "I will." A week later I went to a municipal clerk and said, "What about it; have you received any such instructions?" He said: "The instructions we have received are that we are not to order any more hay." It was delay and uncertainty from one end to the other, and it was months before many people got any feed. The farmers in my own neighbourhood were dividing with each other their last bales of hay. They were forced to do this because none was coming in. Why was the relief commission not permitted to buy hay when they were selling it? We know that hay was the dearest thing that was sent in to the district, the one thing that was not bought by the commission.

Reference was made by the Prime Minister (Mr. Bennett) to the notes being taken from the farmers. I do not question for a moment the truth of his statement that some of them insisted that they would not accept relief unless they were permitted to pay for it, but it does not follow that they had to be compelled to sign notes. The man who insists on paying an account is not generally required to sign a note. Any farmers I have met are really concerned about these notes. They tell me that they have never signed notes before without having to pay them, and they believe that pay day will come. When this matter was under discussion the Prime Minister stated that since he came into power hundreds of notes taken from farmers many years ago for relief had come before the council for review and adjustments had been made.

Mr. BENNETT: The adjustments were made under a statute passed a few sessions ago, and the council merely confirmed those adjustments.

[Mr. Turnbull.]

Mr. YOUNG: Whatever the arrangement may be, I suppose the inference is that later there may be some adjustment of these notes. I doubt whether that is a wise plan. I wonder what effect it will have, say, on the political morals of the people. Suppose a government —it might be this government, it might be another—has in its possession past due notes signed by ninety per cent of the people in a given territory. When election time comes round the candidate of one party will say: An adjustment is to be made; if you vote for me probably I can get you a better adjustment than the other fellow. The candidate of the other party will say: He cannot get you an adjustment; his party is going to be defeated; you had better vote for me. The issue in that particular constituency would be: Who is going to give the best adjustment? I do not say that that is the intention of the Prime Minister, but that will be the result if these notes are held over the heads of the farmers with the promise of an adjustment later. I think it would be fairer and more in the interests of everyone if the Prime Minister would accept the suggestion made some time ago that the farmers in these districts be given a credit on their notes equal to one dollar per acre on the acreage seeded last year. This would act as a sort of equalizer between them and the farmers in the northern part of the province who received five cents per bushel bonus on their wheat.

I wonder if the Prime Minister ever stops to consider just how his conduct in regard to unemployment relief looks to hon. members on this side or to the people in the country generally. Let me review the attitude he has taken towards this house ever since he has been in power. He called parliament together in September, 1930, for the express purpose of relieving unemployment. He introduced a bill authorizing him to spend $20,000,000 to relieve unemployment, and side by side with that bill he brought in a tariff bill which could have no other possible effect than to increase unemployment. Then he told us that unless we put these measures through quickly he would not go to the Imperial conference. We held our peace and let him go to the conference. The next year when parliament assembled, as was to be expected and as we predicted, unemployment was worse than ever. Parliament assembled in March and I do not think there was a single week in that session when someone on this side did not get up and ask the government what it intended to do in the matter of unemployment and farm relief. No answer was given

until well on in the summer, when one day the Prime Minister told us he would bring in a bill as soon as the order paper was cleared. In other words, there would be no relief granted until we stopped talking. He brought in his bill at the very end of the session when the order paper was cleared. Again we passed the bill under protest, and when the session was over he went out into the country to reply to the criticisms which had been levelled at him for the delay. He said it was our fault because we had talked so much, and that was why he could not bring in the bill.

Mr. STEVENS: That sounds reasonable.

Mr. BENNETT: History repeats itself.

Mr. YOUNG: The present session was called early in February because my right hon. friend had agreed with the leader of the opposition (Mr. Mackenzie King) to call parliament before the relief act expired in order that we might consider what further action should be taken. Parliament assembled on February 4, but not a word was said about unemployment relief. On February 16 I rose in my place and asked the Prime Minister if it was the intention of the government to bring in another measure before the old act expired, and he replied that they were considering the matter. They continued to consider it until the other measure was as dead as a doornail.

Mr. BELL (Hamilton): Why doesn't the hon. gentleman be accurate?

Mr. YOUNG: No effort was made to bring this matter before the house until after the act was dead.

Mr. BELL (Hamilton): Again you talked too much.

Mr. YOUNG: We refrained purposely from debating the address because we wanted to give the right hon. gentleman a chance to introduce his legislation.

Mr. BENNETT: That was not the reason.

Mr. YOUNG: Now the right hon. gentleman asks for an extension to May 1 of the powers granted under the old act. What will happen on May 1? I have not the slightest doubt that when that date comes around the Prime Minister will come before this house with another measure equally obnoxious and he will say: There is unemployment and distress in the country, but the people will have to wait for jobs and for relief until you pass this measure and give us authority to do the thing we want to do.

Mr. LAPOINTE: And there will be another imperial conference.

Mr. YOUNG: I have no doubt that he will once more put the gun to our heads and say: Unless you submit to this again, the people will have to wait for relief. I wonder how long the unemployed of this country are going to submit to being used as hostages by the government to force the opposition into submission? What does the Prime Minister want anyway? He is asking us to clothe him with the absolute powers of a dictator. There are times when men will submit to a dictator, but the first essential of a dictator is that he be able to carry to a successful conclusion the thing he undertakes to do. What has the Prime Minister undertaken to do since he came into office? He undertook to build up Canadian industry by means of his protective tariff, and early in the session he told us that during the past year one hundred new factories had been established in Canada because of his tariff policy. He did not tell us that during the same period 464 factories had closed their doors.

Mr. BENNETT: No one else could tell the hon. gentleman that.

Mr. YOUNG: The Bureau of Statistics can.

Mr. BENNETT: No.

Mr. YOUNG: Yes. He undertook to relieve unemployment. According to his own figures there were 200,000 unemployed when he came into office; to-day there are approximately 500,000.

Mr. BENNETT: That is absurd.

Mr. YOUNG: Absurd?

Mr. BENNETT: Yes.

Mr. YOUNG: Let us look at manufacturing, the industry which my right hon. friend has taken under his own special care. Let us see what has happened in this branch of industry. In September, 1930, 7,334 factories reporting to the Bureau of Statistics showed a pay-roll of 1,023,633 persons. In February of this year, after eighteen months of my right hon. friend's policy, the reports from 7,766 factories—more than for the previous period—showed a pay-roll of only 819,174 persons. There was a decline of 204,458 in the number of those employed in the industry which my right hon. friend undertook to build up. When he says that there were not 500,000 unemployed in Canada, I say that in manufactur-

ing alone 204,000 persons have been thrown out of employment, and everybody knows there are large numbers in other lines of industry also out of employment. So that the figure of 500,000 cannot be far wrong.

Mr. BENNETT: I presume my hon. friend wants to be fair. That is the season of greatest unemployment. If my hon. friend will follow the index figures, he will find that the diminution of employment in February of this year was less than it has been heretofore, and this is amazing, having regard to the situation in other parts of the world.

Mr. YOUNG: February is not the season of activity in outside occupations, but it is the month when most of our factories are giving employment, when they are getting ready for spring work, so that the falling off of 204,000 in the number employed in our factories is condemnatory evidence.

My right hon. friend undertook to open new markets; in fact I think he said he would blast his way into new markets for us. The first market he was to open was that of New Zealand.

Mr. BENNETT: No, that was open before we took office.

Mr. YOUNG: Then my hon. friend used the wrong word. He meant to say: I shall close markets.

Mr. BENNETT: The notice terminating the treaty was given before we came into office.

Mr. YOUNG: We know what action was taken at the short session when the Prime Minister of New Zealand was here, in this very chamber. We know what its effect was on the parliament of that country when he returned home, and we know the effect produced on trade between the two countries. We know what the right hon. gentleman did when he went to the Imperial conference, and we know what the effect was on imperial trade.

The Prime Minister also undertook to shut out butter, eggs, fruits, beef, mutton and innumerable articles that were coming into this country, and he is now boasting that he shut them out. The reason they are not coming into Canada is that the present price is so low that people in other countries cannot afford to sell them in Canada. If he wants to take credit for shutting those goods out of this country, he must also assume full responsibility for the decrease in their prices.

Mr. GOBEIL: Is it not true that at the present time the price of butter in Canada is between four and five cents a pound higher than it is in the United States?

[Mr. Young.]

Mr. YOUNG: My right hon. friend was going to shut out butter so that we could have in Canada a market of our own higher than the world market.

Mr. GOBEIL: That is not an answer to my question.

Mr. YOUNG: He was going to give the farmer a better price for his butter. All I have to do when speaking to the farmers is to ask them: Are you getting a better price for your butter?

Mr. GOBEIL: Answer the question: yes or no.

Mr. LAPOINTE: The hon. member was elected on butter.

Mr. YOUNG: My right hon. friend also undertook to reduce the imports of manufactured goods. He boasts that he has done that also, but in doing that he has reduced the exports and the only thing he has to boast about now is that we are doing less business than we were before.

Mr. BENNETT: Is my hon. friend aware that Canada has risen from sixth to fifth place amongst the exporting countries of the world?

Mr. MOTHERWELL: We were that long ago.

Mr. YOUNG: My right hon. friend may find some consolation in the fact that other countries are hard up too, but that does not help to feed our hungry people or to put money into the pockets of the farmers. He promised us prosperity in Canada, and it is no argument now to say that conditions are no worse than in other countries. Therefore I must say, from whatever point of view we contemplate the right hon. gentleman's policy, it has been a failure. He has failed to carry his undertakings to a successful conclusion no matter what he has undertaken. Why, then, should we make him a dictator? The first essential of a dictator is that he should be able to do successfully the thing he sets out to do. He is not therefore, the stamp of man for a dictator. The only reason he can assign why we should make him a dictator is that he has the will to dictate.

We cannot support this measure, because the right hon. gentleman is asking for arbitrary powers. He is asking for powers which will make him practically a czar, or, as the hon. member for Labelle (Mr. Bourassa) would say, a sultan. We made him an offer to pass any supply bill he would bring in, to vote him any amount of money he deemed necessary for the

purpose. He saw fit to reject this offer simply because he wants us to vote him dictatorial powers and unlimited control over the lives and property of our citizens. We refuse to give our consent to any such course.

Mr. J. R. HURTUBISE (Nipissing): Mr. Speaker, let me add a word to what has already been said on this resolution which is supposed to resurrect the defunct act for the relief of unemployment and distress. I shall not try to demonstrate the unconstitutionality of this measure, because this has already been dealt with very ably by my right hon. leader (Mr. Mackenzie King), the ex-Minister of Justice (Mr. Lapointe), the senior member for Ottawa (Mr. Chevrier) and others who have spoken.

I cannot support this resolution. Even had it been presented before the expiry of the original act, I should have questioned the advisability of continuing that measure, because I sincerely believe it has failed to relieve unemployment. Later on I shall give the reasons why I cannot support it.

Let me say first that during the election of 1930 the Prime Minister (Mr. Bennett) and all his supporters made of the unemployment situation a national question. In a speech which the Prime Minister made in Montreal on June 26, 1930, and which is reported in the Montreal Gazette of June 27, he said:

> Unemployment has become a national problem in Canada. It is the direct result of nine years of unsound economic policies applied by the Liberals.

My hon. friends opposite came into power with the motto that the crisis was due to Liberal administration. They said that the machine for the relief of unemployment would be at work three days after the election and that the people of Canada by the thousands would enjoy employment. At the first session we expected a great deal of practical work along that line, but the first thing the government did at the short session was what? Was it not for the relief of unemployment? The first thing they did was to abolish the tariff commission. Then there was a wholesale increase in tariffs. That was supposed to be the great panacea to cure all ills, not only for the present but for the years to come. They started to apply those tariffs in a wholesale way, and the direct result, as soon as they were applied, was that protests arose from ocean to ocean, and the next day they had to undo a great part of what they had done. It was a case of taking one step forward and two steps backward. They applied prohibitory tariffs all around, and soon their effects became apparent. Industry became stagnant, farming moribund, merchants bankrupt, the professional men financially embarrassed, and the labouring men were in misery and distress. Conditions have gone from bad to worse. After applying this great panacea, in the last moments of the short session parliament voted an appropriation of twenty million dollars to the government for the relief of unemployment. The sum of twenty million dollars looks very nice to the public eye, but when we stop and consider what it really means to a country with ten millions of people, and when we consider what this twenty million dollars actually did in the way of public works and undertakings, it was very little indeed. I believe that if the money had been spent in a conscientious way, some benefit would have resulted from its expenditure, but very little benefit has been felt.

What was done with that twenty million dollars? Examples have already been given to the house in the last few days by the hon. member for Gloucester (Mr. Veniot), the hon. member for Kenora-Rainy River (Mr. Heenan) and the hon. member for North Timiskaming (Mr. Bradette). In answer to them we have heard from the Minister of Labour (Mr. Gordon), who replied particularly to the ex-Minister of Labour (Mr. Heenan). I have been told that the Minister of Labour is a good politician. He is certainly pretty good when it comes to playing with figures, but I shall have to listen to him for a while yet before he will have proved to my satisfaction that he is a great statesman. He gave a whole lot of figures, and then to show that the work which had been done had met with approval he secured a lot of letters from mayors of different municipalities denying that political influence had been used in the distribution of the money. These letters came from municipalities where he is well known, and naturally these municipalities and mayors did not dare say anything to the contrary. They are eating out of the government's hand, and if they dared say anything different they would not get anything. The minister concluded his speech in a pompous manner, lauding himself and the government a la Ferguson.

I want to show you now, Mr. Speaker, how the money was unjustly distributed. Let me give an example of what happened in one part of my district on the road construction from Mattawa to North Bay. At first the people around there were told during the short session that inside of a month or two everyone who wanted work would have plenty of work. Then later they were told that the work would be started in two or three months,

and then they were told that it would not be started until the spring of 1931. But no work had started in the spring of 1931, and the months continued to elapse until September or October before the work was actually started. Here is what happened. The engineers worked for over a year laying out the survey of the road from Mattawa to North Bay, a distance of fifty miles. After the work was started, it was soon curtailed in many places and in other places stopped. No wonder the work was soon stopped. At the head of the work was a road commissioner who was paid $2,400 a year. There was an engineer paid full time, with two assistant engineers also paid full time; a chief of police and two assistants paid full time. Then there was a game warden, although I might tell you gentlemen that the territory between Mattawa and North Bay has been open to civilization for fifty years, and if all the people at work were to hunt the whole day long they could not find a chipmunk. In addition there was a publicity man on full time, sending articles to the newspapers of the country which the Nugget of North Bay and the Sudbury Star would have been glad to do for nothing. Then there was a photographer obtaining pictures of the men at work. All that ran away with a whole lot of money. There was also a doctor engaged on full time, when all along that line there are doctors working day in and day out for nothing for the poor people who cannot pay. Why were they not given a chance to make a few dollars on this work? But no, the government employed an outsider, a friend of the government, I suppose. After all this overhead expense and the employment of all these full-time officials, it is no wonder that the works were curtailed in many places almost as soon as they had started, and in other places were stopped entirely.

The Minister of Labour stated in the house the other day that $70,000,000 had been spent, of which $17,000,000 had been paid by the federal treasury, and that 334,300 people had been employed for a total of 7,415,000 days' work That means $70,000,000 for seven million days' work. That means that the government spent ten dollars a day. I would ask hon. members to remember that figure. Let us be generous and suppose that the labourers on this work got three dollars a day. Where did the other seven dollars a day go? In overhead expenses. It is no wonder that the work was curtailed and in many places stopped soon after it was started.

Instead of relieving unemployment, unemployment has been on the increase ever since this government came into power, and I have proofs of that statement right in my own district. The unemployment situation is so acute and the people have become so discouraged that some time ago I received a letter from a man asking me if it was true that there was some organization that would buy the corpses of cripples for dissection for experiments. He wanted to mortgage his body before death. That shows to what circumstances he must have been reduced. Although the government professes to see signs of improvement all over the country, the municipalities which cooperated with the government have gone the limit. They went to the very verge of bankruptcy, and some actually went into bankruptcy. Other municipalities were wise enough to stop before they actually went into bankruptcy. In my own city they have thought it wiser to give direct relief rather than unemployment relief work. I quote, from the Sudbury Star of February 24, 1932, the report of the relief inspector:

> At the end of last week there were 4,100 persons receiving relief.

I ask hon. members to bear in mind however that the population of Sudbury is only about 20,000, and that the number receiving relief constitutes about one-fifth of the total population. The article continues:

> According to the record of the relief inspector, Frank Rothery, of these 898 were heads of families, 2,187 are dependents and 15 are singles, such as widows and aged people. This does not include the men who are getting free meals at the soup kitchen.

This article would indicate that there was so much overhead expense in connection with relief work measures that very little actual relief was given, and unemployment has been continually on the increase.

What did hon. members and the country expect at this session? Everybody expected an extensive program for the relief of unemployment. About that however we did not see one word in the speech from the throne, and the Canadian people are still waiting for a constructive program. In the judgment of the public the ministers of the government are playing politics. They are busier finding fault with others than taking care of the country's business. The people are not in the mood to listen to political speeches such as those made by some of the ministers. Unemployment is on the increase. In many cases properties are being confiscated both in the country and in the cities.

Now we find that the small salaried men in the civil service are being cut ten per cent.

The ministers however rest easy because last year they were given an allowance of $2,000 a year, and as one hon. member has calculated, the decrease of ten per cent still leaves them $400 ahead. The friends of the government, the millionaires, are given a chance to hide their money in government loans drawing five, five and a half or six per cent interest. They rest easy, too, because the difference in the interest rates will help them pay their income tax.

What is the cause of unemployment? I submit, Mr. Speaker, that the cause of the present crisis is the greed of capitalists and their speculative schemes, their monopolization of industry with the consequent death of small industries.

What is the remedy? High tariffs will never cure our present ills. Money contributed in large sums directly or indirectly will not cure the present situation; neither will the construction of the trans-Canada highway. It was stated in Toronto by Sir Alexander Gibb that "highway construction in this country has been overdone." Municipal and provincial undertakings under this scheme bring bankruptcy. I say the means applied up until now cannot meet with the approval of the members on this side of the house. They are placing a burden upon our people, are not relieving unemployment and for generations to come will tax us to the limit.

To cure our economic ills we must have good will, not only among the people of Canada but among the nations of the world. There must be less selfishness and egotism on the part of the rich, and there must be fewer trade restrictions.

But to my mind a real remedy for the unemployment crisis, although not immediate in its effects, would be encouragement to agriculture,—in other words, a return to the land. Instead of building provincial, federal or state roads I would suggest that the farmers already on the land be given better roads for the transportation of their produce. They should be able to secure loans at lower rates, and banking and financial institutions should cooperate to make that possible. Further, agricultural instruments of production should be available at lower cost. The price of farmers produce has been on the decrease, but the articles of production he has had to buy have not decreased in price.

At this time the farming communities are handicapped, and it is for that reason I advocate lower cost of production. If there was as much money spent installing settlers on farms as there has been spent for the direct or indirect relief of unemployment the results would be more satisfactory. Help given to those entering agricultural pursuits would not have to be repeated often, because with the least possible encouragement the farmer will take care of himself. Why should not the federal government, with the cooperation of provincial governments, encourage colonization? Probably the present Minister of Labour who is also Minister of Immigration (Mr. Gordon) will tell me that they have already put on the farms 44,000 settlers. I should like to know whether that number includes any or many of the 27,000 immigrants which entered Canada in 1931. Also I read in the press that there is a movement on foot to bring in 5,000 English boys who are to be educated in the art of farming, and placed on farms. I should like to know from the minister, if he intends to cooperate in this movement, or if he will pay more attention to those already in this country who are in distress.

Canada, considering its population has been over-industrialized. Our exports per capita are more than those of any other country in the world. Many of our farms have been deserted, the people having been attracted to the cities by the supposedly easy life there. This drift to the urban centres has intensified the present unemployment crisis, and many of those people who deserted their rural homes would, I sincerely believe, gladly go back to the farms if they had a chance. Their return to the land would change them from liabilities to assets, there would be less occasion for relief, and this country would be in a much better condition to meet any future economic crisis. But it should be done on the same basis and with the same encouragement as is given in the province of Quebec.

These, Mr. Speaker, are the reasons why I cannot support this resolution, but I am ready to cooperate in the relief for unemployment, either by the introduction of a supply bill or by the introduction of a new unemployment bill.

Mr. W. D. COWAN (Long Lake): Mr. Speaker, if I lived in the province of Saskatchewan and knew as little about the farmers there and of the measures of relief which have been carried through by the present government as does the hon. member for Weyburn (Mr. Young), judging from his speech to-night, I would not try to enlighten this house.

Mr. YOUNG: You had better take your seat then.

Mr. COWAN (Long Lake): He complains bitterly because the old municipal organizations have been scrapped. Evidently he wanted them during these trying times to continue to do as they had been doing in the past. What did they do? Why, prior to the time of the appointment of this commission the country was in a turmoil over what was being done by these municipal organizations. In some municipalities the officers had been generous and had borrowed to the limit of the municipal credit to help the people; other municipalities where the majority of the councillors were Liberals absolutely refused to do anything by way of relief, and the residents told us plainly that the reason for this standpat attitude was that the Liberal councillors wanted to hamper the provincial government just as much as they possibly could. In other words, there was no harmony of action anywhere; one part of the country was being properly taken care of and the other was not, and in the latter places the people were just as hungry as in the municipalities where proper measures had been taken to meet the distress. This government knew what was happening out there. The whole province had been Liberal for twenty-six years. We have turned out the Liberal government but the municipalities are still Liberal.

An hon. MEMBER: Name one.

Mr. COWAN (Long Lake): Take the Dufferin municipality in the Long Lake constituency; it has been Grit ever since I knew it. They carried on relief with a purely political organizer. The reeve of the municipality had been a Liberal member of the legislature. The councillors there actually tried to carry on after the relief commission was appointed. They would not keep their noses out of affairs, they were determined to hang on. But at the last municipal elections I said, "These conditions are not going to continue, we have got to get that bunch of Grits out." And we got them out. From that day to this we have had perfect harmony in there.

Mr. YOUNG: The same as you have over here.

Mr. COWAN (Long Lake): This is the basis on which relief has been handed out. I myself have stated time after time on the public platform, following my leader, the Hon. Doctor Anderson, out there, that relief would be given to Liberals, to Conservatives, to Progressives or to any other people, that politics would make no difference, that a Liberal could die of starvation as easily as a Conservative, and we were not going to let anybody die of starvation. I defy any hon. gentleman to say that anywhere in any part of Saskatchewan there has been one particle of politics in the functioning of the Saskatchewan relief commission. I defy any one to name one particle of graft in that province in connection with relief. We have appointed men on that commission, determined that it should be absolutely free from politics, that its hands should be clean, so that we should be able to come back to the Dominion government and say to them: "You have been generous to us, you have given us the money necessary to relieve us, and we have come back to you with clean hands." And you have to admit it.

Mr. YOUNG: Whom do you mean?

Mr. COWAN (Long Lake): I mean you. I can go back to the time when the reeve of the municipality under the old system handed out the relief just as it suited him. There are three stores in the town that I have in mind, one run by a Tory, one by a man indifferent to politics, the other by a Grit. Not one dollar went to the Tory storekeeper, less than $300 to the storekeeper of indifferent politics, but $4,000 went to the Grit storekeeper. That was the way they did things out there. We stopped that. We didn't want that kind of relief administration in Saskatchewan, and we are not getting it now. The hon. gentleman complained very bitterly that the Conservative organizer appointed the relief officers in seventy-six municipalities. He must be some organizer who can cover seventy-six municipalities and appoint the relief officers. If he got into the highest powered motor car in the city of Ottawa owned by the late Liberal ministers here he could not cover one quarter of the ground. But if that is your idea of Conservative organizers, where are you Liberals going to be at the next election?

The Saskatchewan Relief Commission was appointed, and was instructed to be absolutely non-partisan. You will admit that we Conservatives always find it much more profitable to secure a non-partisan organization by being in control of it ourselves, because we could never trust those Liberals out of our sight.

There has been some trouble about fodder, but you must understand the situation to appreciate the difficulty. My hon. friend knows well that in the early spring there was no fodder at all. The government of Saskatchewan being alert, always anticipating probable conditions, had ordered fodder to cover the expected requirements. What happened? Late rains came on and induced a

growth of grass that was not expected, and in many districts we had a late growth which saved the government thousands and thousands of dollars. They had hay which was not now required except in certain places, but it took time to look after everybody. You cannot stop the rain falling. Thank God it came, we were glad it came. Apart from the delay which was caused by that very condition we have had no trouble at all out there.

I am going to give the house some quotations from my correspondence. This is from one of the best business men we have in these rural districts; it came from Long Lake. This is the report that came to me a few days ago:

With regard to the personal end, clothing, food and coal, I would say that ninety per cent of the distribution is going where needed, and is a regular godsend.

Does that suit you? This is from one of the best men in the municipality. He knows everyone in the district and I have known him for years and years. He is thoroughly acquainted with conditions throughout that district and therefore he is in a position to speak with authority. In the same letter he makes this statement—

Mr. YOUNG: Read the whole letter.

Mr. COWAN (Long Lake): You can have the whole letter if you want it, but this is what I am going to quote you:

I note some discussions at Ottawa re the farmers signing promissory notes for repayment for this relief. I may say I have had no applicant as yet who has made any objection to signing that form. In fact, I may safely say that the great majority would rather look on this relief as a repayable loan than a dole.

That is the attitude of the people there, and I am glad to have that on Hansard. To give my good friend an idea of how things are viewed by the farmers' wives, let me quote the following statement that comes from Penzance:

Conditions as to food, clothing and fuel seem to be quite satisfactory. In fact, the people have been very well cared for in those respects. Fodder has been slow coming in.

That is not too bad for a farmer's wife, and she knows what she is talking about. Here is another opinion from a man in Craik:

Everything seems to be going fairly well; all there is to do is hand out relief and they seem to be fairly well satisfied at this point.

I could quote a carload of such opinions if it were necessary. My hon. friend has referred to fodder and he says that nothing has been done for the people at all. The Prime Minister and all the rest of us have this idea, that the people there and elsewhere in this dominion should carry their own burden as far as they possibly can. We believe in personal effort; we believe it is advisable that everyone should shoulder his own responsibilities to the best of his ability. It is a good thing to develop the spirit of self-reliance. In this difficult situation the government say, "We will supplement your personal effort but we expect you to do everything you possibly can to help yourself, and in so doing to help the country"; and so far as I know, the constituency of Long Lake takes that attitude. I do not know what attitude the people of Weyburn take; I do not know what kind of people are there now. You can only judge by what you see here.

Mr. YOUNG: I would not be so cruel as to judge the people of Long Lake that way.

Mr. COWAN (Long Lake): I used to know the hon. gentleman's constituency very well. I knew it long years ago when he was speaking on soap boxes in old Ontario—because, you know, he does not belong to us at all. People talk about Saskatchewan being responsible for all these agitations, but the fact is that not a blessed one of the agitators was born in Saskatchewan. A lot of them have come from Ontario, where they used to mount their soap boxes, and the only trouble is that they have brought their soap boxes with them. We, in Saskatchewan, do not hold ourselves responsible for them. Anyhow, as I was saying, long before the hon. gentleman was there at all I ran a federal election in his constituency, and I addressed a meeting right in the village in which he lives—and a splendid meeting it was too.

Mr. YOUNG: I voted against you.

Mr. COWAN (Long Lake): You ought to be ashamed of yourself. I am going to give my hon. friend something to take home with him. This will give him food for thought, and it will show him something of the spirit of our people. In the constituency of Long Lake we have been badly hit, for we are in the centre of the affected area. Near Chamberlain we have a farmerette, a lady who came to Saskatchewan many years ago from a place within the sound of Bow Bells, and I may say that if my hon. friend had one half the pluck that she has he would not be here lamenting, as he does day after day. This lady took a large farm years ago and three years in succession, while I was a federal member, she came to me and tried to induce me to prevail on the government to furnish her with seed. I may say that I was handling the patronage there, because that was the time when patronage was patronage and there

was no talk of a Civil Service Commission. As a matter of fact, that is something I do not like at all—it takes too long to get nowhere. At any rate, I intervened for her and at the end of the third year—I happened to be mayor of Regina at the time—she came into the mayor's office one day and said, "Doctor Cowan, I have come to tell you that I have paid my bill." I said. "What bill? I didn't send you any account." She said that she had paid the government for the advance they had made to her. She had had a good crop, she said, and had paid every dollar. More than that, she had bought a threshing machine and she was doing all her own threshing. She said that the farmers around wanted to hire the machine but she did not agree to this. A few months ago we were building a highway with some of the money which the government has voted, and she said she thought she could work on that highway as well as any man. I told her to send in her application to the man locally in charge. That man came and asked me what I thought of this woman, and I said, "She is the best man in the country." And she was appointed and is on that highway. She has a good farm, has twenty-six cattle and a large number of horses, and has hired men working for her.

If the hon. member for Weyburn represents any people who want to depend upon the government for everything—I say, if there are any people in his constituency who feel that way—I want him to take back these things to them and show them what the attitude of the people is in the constituency of Long Lake. If people have nothing at all, well and good; let them send in their application and they will be treated accordingly. Personally, I do not know of any complaints that have been made. Of course, we have not tried to make either farmers or working men rich. But listen to what this lady has to say—the lady about whom I have been speaking:

Mr. Lilly—

The local member of parliament.

—told me the engineer would be here to see me. He will find me in the field, raking feed. I have over forty loads up. Russian thistle, wild oats, wheat and pig weed, but I am putting lots of salt in the stacks and when it is thirty below it will look good to me and taste better to my cows than sitting down and waiting for the council to give me hay.

How does that strike the house for pluck? Does the hon. member for Weyburn know anyone in his constituency that can better that? If he does, let him trot him out.

Mr. BROWN: They are all doing that.

[Mr. W. D. Cowan.]

Mr. COWAN (Long Lake): What are all these complaints about? I have never met a better class of people than our farmers. This government, through the relief commission, is doing everything possible to carry them through. We have never promised them anything more than that we would carry them through this winter and see what we could do to get them on their feet for the coming season. The letter continues:

The Russian thistle makes the very best feed for cows (not horses) if cut green and before the spears get on it and—

Will the hon. member for Weyburn listen to this—he comes from the south.

—there are thousands of tons in that south country but the people there have dried up with the country and lost all the British pep they ever had.

Mr. DONNELLY: They do not know what they are talking about.

Mr. COWAN (Long Lake): This woman of Long Lake constituency is as good as any woman anywhere else, or as good as any man in Ontario. I will gamble on that any time.

A commission of five was appointed, and I admit quite frankly that the Conservatives controlled the commission. We would be crazy if we did not, and we are not crazy. Do hon. members think that we would appoint a commission with a majority of Liberals to cut our throats? Not on our life, we are not doing political business in that way and we do not handle the business of the country like that. We depend entirely upon results, and the results are clear. Big salaries are not being paid to the employees of this commission. There are probably two hundred employed and they receive from $60 to $75 per month, many of them being married men with families. Nearly 5,000 people applied for positions but they did not get them; they were disappointed The commission are running things themselves without any interference. They have obtained all the information possible and have made mighty good use of what they obtained. The result is that Saskatchewan is standing before Canada as having proved herself equal to handling her own business, but she will always require a little assistance when a calamity such as this falls upon her.

I would advise my hon. friends that we have yet to provide seed for these farmers, and if they do not get it, the responsibility will rest upon the shoulders of hon. members opposite. If they want to block this measure, let them do so.

Mr. YOUNG: That is just what I said, the farmers are being held as hostages for our behaviour.

Mr. DONNELLY: May I ask the hon. member a question?

Mr. SPEAKER: The hon. member's time has elapsed.

Miss AGNES C. MACPHAIL (Southeast Gray): Mr. Speaker, I do not intend at this time to discuss the economic conditions of agriculture. It seems to me that this measure is designed more for the care of unemployment and to take care of abnormal agricultural conditions, due to lack of rain and things of that sort, and an opportunity will be provided later on in the session to discuss economic conditions. I desire to say a few words on the resolution before the house. Numerous members of the opposition have said that they are quite willing to vote the government any amount of money to take care of relief; if the government will bring down a bill stating any reasonable sum, parliament is willing to vote the money. I judge there is no fear in connection with the money involved and, personally, I think the government is more anxious to conserve the clause "peace, order and good government" than to do anything else. It cannot be the money, because there is no dispute as to that.

There are certain things which make me think that this is true, and one is the increase in certain of the estimates. The largest increase is in connection with the Royal Canadian Mounted Police, and there are other increases. A week ago yesterday we had on parliament hill a display of force such as this house has never seen before. If that is an interpretation of the government's idea of peace, order and good government, then I for one do not want to be a party to extending that privilege and that power any further. A thousand unemployed men gathered in Confederation square, and we had the spectacle of heavily armed men standing at the gates and an armoured car careening all around parliament hill. We knew there was a detachment of mounted and armed policemen ready to dash out should trouble occur. Why all this? Because a thousand unarmed, unemployed, destitute men were gathered to lay their troubles at the foot of the throne. If that is the government's idea of peace, order and good government, then parliament had better retain what little authority it has. I cannot think of a greater error made by the government during this session, unless it was that of refusing the hon. member for Winnipeg North Centre (Mr. Woodsworth) the right to introduce a bill. These are two tragic blunders on the part of the government. If this statement meets with doubt, I advise private members of the government to go into the country without disclosing who they are and they will soon find out what the people think.

Considering this as an interested student of democratic institutions, I have come to the conclusion that for some little time the democratic aspect of our parliament has been slipping through our fingers, and I contend that what the government is now asking for will further impair the power of parliament. For these reasons I am opposed to this resolution. I do not think the government has any business to put upon the opposition the blame of holding up relief for the unemployed. For quite some time the government has known that its authority would terminate on March 1 and they could have made their plans accordingly. If they have not, let them, and not us, take the responsibility.

If we are to have representative government, if we are to be the representatives of the people, there is no reason why the cabinet should carry on all the business of parliament. That is what they are doing at the moment. That is practically what they are doing at the moment, if they take from parliament what little power it has and put it all into the hands of the cabinet. They now value for customs purposes goods coming into Canada; they have an unnamed sum of money to spend in an unnamed way; they have complete power to call out the militia, whether it is really needed or not, and all this sort of thing. Let us face the situation and realize that democratic institutions in Canada have fallen down and that we simply have a dictatorship, not even a thinly disguised one, but one out in the open. After all, the rank and file, the common people, are shrewd; for a time perhaps, things may be put over them; they may let themselves be badly fooled, but give them time and they will always see conditions in their true light. The people of this country know exactly what is going on and I, as a representative of a constituency, feel a responsibility for keeping, to the degree that I can, power in the hands of parliament. We have already given far too much power into the hands of the cabinet which, while supposed to be a committee of the House of Commons, is no such thing. I doubt also if it is a representative committee of the governing party, but certainly it is not

a committee of the commons and, indeed, as things work out in practice, it has practically no responsibility to the commons.

We have a very good barometer of unemployment right on Wellington street. Just down the street at No. 337 and at the Perley home, we have the Legion shelter which was opened on the 8th of December, 1930, with sixty beds. To-day it has 400, all full. At that shelter about 1,350 meals a day are given. There are still men who have enough to keep a room, and yet who have not enough to feed themselves, and so they come to the shelter to eat. This institution does not receive a grant from the government. In fact, it has no particular bearing on this resolution other than it furnishes a very good barometer of how greatly unemployment is increasing.

I think we are all beginning to realize that the cost of unemployment, as our financing is being done at the moment, is becoming an unbearable burden, because it is being put upon the shoulders of those who have little; that is, those who have little must take care of those who have nothing, while those who have much go almost scot-free. This cannot go on very much longer. I realize, as we all do, that there can be no permanent cure of unemployment without the elimination of the causes of the depression, and that means fundamental changes in our economic system. We all know that; we might not like to admit it, but this continual taxation of the people cannot go on. Just think of the people who have been cared for this year in the dried-out areas of the prairie provinces, and the unemployed throughout Canada. I am asking you, Mr. Speaker, and the members of the house: How long can this go on as it is now being financed? How much longer can the provinces carry their load of debt with ever-increasing interest rates? I do not presume to be an authority, nor do I preen myself on being particularly clever, but just looking at the situation as an ordinary person would do, I feel this cannot last. Therefore, I fancy, we shall have fundamental changes in our economic system. I would say to the Liberal party that their only chance of survival is in championing those changes. They have a chance, though they may or may not avail themselves of it. Canada cannot stand two ultra-conservative parties; the burden is too great.

One other matter to which I wish to refer is that of women unemployed. I really have no data on the subject, because you cannot get it, but I believe there are many women unemployed who are suffering greatly. They will not go into queues for meals. No shelters, or very few at any rate, have been provided for them. We have only the census of 1921 to go upon and at that time there were 490,150 women gainfully employed. I believe the census of last year will show many more than that. What proportion is unemployed, I cannot say. That the numbers are great is shown by the fact that it used to be very difficult to get girls and women in the homes, for what is called domestic service. To-day it is quite easy. In other words, many women who were formerly in offices are now willing to work in houses at pitifully low wages, in some cases almost just for shelter and food. That shows that their condition is desperate and I am afraid that no provision has been made for unemployed women. I admit this is a difficult matter to handle because they do not make their condition known. They are humiliated on account of it; they have not been so long in the workaday world as men and they are more diffident as a consequence. I am not blaming anyone for this, but I think special care will have to be taken in the future, if this depression lasts for some time, to see that the unemployed woman is given care equal to that given the unemployed man.

Mr. F. W. GERSHAW (Medicine Hat): Mr. Speaker, it is quite evident that unemployment is becoming, and, indeed, is now, a major problem in this country, and is assuming the proportions of a national calamity. According to the report of the Director of Unemployment, during the month of January work was provided for 339,007 men. That did not include repeaters, so that we can safely assume that at the present time there are upwards of 400,000 unemployed in Canada. May I say that under the existing system it seems certain that a great number of those unemployed never will get work; their places have been taken by labour-saving machines and devices of that kind. Their problem will not be solved by the first of May.

Then again we have throughout this country many farmers whose resources are being rapidly depleted and who are in need of seed and fodder. This is not only a seasonal depression; it is an abnormal condition. Their problem will not be solved by the first of May, and yet the substance of this resolution looks only to that date. It proposes to give the government power to spend money by order in council, and it gives no indication as to what will be done after the first of May.

No comprehensive scheme has been outlined as to how conditions will be met after that date.

After a long struggle in years gone by, the early pioneers in politics succeeded in securing the right to have the House of Commons scrutinize and discuss expenditures before money was taken from the consolidated revenue fund of Canada. This resolution proposes to transfer that authority from the commons to another body. We are trustees of what has been done in the past and we should not lightly divest ourselves of those rights which were attained at such a cost. Members on this side of the house have agreed to pass any supply bill that is brought down looking to the amelioration of existing conditions, but are loath to part with a right which has been won so dearly.

During the course of this debate a number of suggestions have been made looking to the solution of our most pressing problems. The monetary system has been discussed. A few days ago we had the suggestion of building homes for the people of Canada. The question of unemployment insurance has been discussed, and the suggestion has been made that shorter working hours would provide work for a greater number of people. The government have also done a few things in regard to these problems. They have reduced the wages of the working people of the country, of the civil servants. They have increased the tariff. They have made a few trade treaties with other countries, and we have the promise of the Imperial conference which will meet in Ottwa during the coming summer. But yet it seems clear, and it must be admitted, that no comprehensive study of the underlying causes of these great difficulties has been made, and certainly no far-reaching plan has been advanced that holds out any hope of making less dreadful the terrible spectre of poverty and unemployment. We have been temporizing, living, as it were, from hand to mouth, taking money from some of those who have it and giving it to some of those who have not. In this country we have large supplies of lumber, of food and clothing, and yet the poorly housed, the hungry and the ragged are unable to purchase them. They must accept charity, unwillingly and in a spirit of shame in a great many cases.

I wish to discuss very briefly a policy that might be called a home colonization policy, which I believe could be pursued with considerable vigour and confidence in this country. Among that great army of unemployed which we have in Canada there are many men and women trained and fitted by temperament and education to provide themselves with the necessities of life if they could only be settled on suitable land. I realize that the Minister of Labour (Mr. Gordon) has already done something along this line by placing some 44,000 men, women and children on farms. This has been done without expense to the government of Canada. It has been done with the assistance of officers already in the department. These people, who were able to pay their own expenses, they have been located on lands belonging to the government. I realize that the larger schemes of settlement have usually been unsuccessful. The British treasury have made many loans and have lost very greatly in their efforts to assist migration. They made agreements with the Canadian government and with certain land companies, and carrying out those agreements they spent no less than $4,064,470. Of that amount only $445,465 was repaid. In Australia they spent no less than $6,605,000. The settlers themselves put up $2,500,000, went to far-off Australia and purchased farms, but found it impossible to make a living and were reduced to the direst want and poverty. Most big land settlement schemes have not been successful. We have had in Canada the experience of the soldier settlement board, which has cost $54,000,000, but still it has done a great deal of good because it placed on the land men who are still on the farms and are not at present unemployed. These men went on the land under very unfavourable conditions. Many of them had had no farming experience, many of them had in the trenches lived an unnatural and strained life and their mental poise was not what it should have been. Moreover, they were placed on the land when prices were at the very peak, and so they did not have a chance to make good when prices fell so low.

The people I have in mind are persons who are at present out of work but who might if suitably placed on the land be able to produce food and supplies for themselves—not supplies to put on the market, which seems to be over-supplied at the present time. This is not a scheme for any man who is a wage earner. Any man who has a job should hold it in these trying times. It is not even a scheme for those who are likely to become wage earners. It is a scheme to help those who have had some experience in farm work, who could pass an examination on farm problems, men who have a good record, and who would be supported on the farms at a smaller cost to the state than the state must meet in any case.

Mr. STANLEY: Has the hon member in mind privately-owned farms or present homestead lands?

Mr. GERSHAW: I was thinking more particularly of lands which have been transferred to the provincial governments, and the dominion government still have a lot of lands that were taken up and abandoned by soldier settlers However, the details of the scheme might be worked out later. I believe that there are farms in many parts of this country which could be obtained very cheaply. Some of us live near the railways and we can see any day in the week and almost any hour of the day men, and sometimes women, riding on the freight trains going east or west, north or south, going anywhere; they know not where they are going, but they are hoping to find work, and they know not where to look for it.

Land settlement schemes have been carried out in several countries. Germany, Belgium, Holland, France, and Switzerland have all had land settlement schemes. We have the Hadleigh colony in England, which for a long time greatly relieved the unemployment situation. At the beginning of this century Sir Rider Haggard was employed by the British government to make a survey of the various land settlement schemes, particularly in the United States and those which had been undertaken by the Salvation Army. It is true that failures and successes were found, but the knowledge that he gained throws much light on a possible solution of the present problem. Referring to the settlements at Fort Romie, California, and Fort Amity, Colorado, the author states:

> To begin with, the settlers were destitute. They were taken from the poor of Chicago and other cities. The Salvation Army had even to pay their transportation. Some had no agricultural experience.

In these cases the land was sold to the settlers and they were supposed to repay the amount over a term of twenty years. The following extracts from Sir Rider Haggard's report indicate some of the results that were obtained. On page 7 we find:

> The two experiments seem to me to be eminently successful, and to demonstrate in the case of Fort Romie that indigent people of the agricultural class can be settled on the land and do well, and in the case of Fort Amity that people can be taken from the towns and prosper. To sum up the results, and not to mince matters, the experiment has proven a success.

Then on page 41 of Sir Rider Haggard's report we read:

> The value of the security is increasing yearly as shown by the annexed documents of valuation. If a settler dies or moves away the value of his equity is more than enough to pay his obligations to the Salvation Army and others.

Some of these people on one of the colonies gathered together and passed a resolution of which the following is a short extract:

> We would like the benefits which we, our wives and families are receiving to be extended to the thousands who have been longing and praying for such a chance.

Then, at page 77 Colonel Holland remarks:

> As I have pointed out prosperity has been much retarded owing to the causes given, but our people are self supporting. They are making some payments and improving their buildings. They are certainly in a much more flourishing condition than they ever would have been had they remained in the city.

Someone will say, "Why talk about a scheme like that? We cannot afford to do anything of the kind." May I point out that the other day the hon. member for Macleod (Mr. Coote) outlined a scheme by which a plan such as I have described could be financed. As regards these particular people there is no doubt that some government in Canada must pay for their keep. Three, four or five hundred dollars a year must be advanced to keep them from starvation. If a small amount of money were advanced by way of credit, and the people benefiting thereby were carefully chosen, having special regard to their record and their ability, experience and military service, and if the lands were properly selected, it seems clear that many who are unemployed and now have no hope for the future would be given fresh courage, and their conditions vastly improved. It may be suggested that such an arrangement would add to the overproduction of farm products. If that were the case we might conclude that we had succeeded far beyond our hopes, because we would expect that they would produce no more than sufficient food for their own use. No great or vast scheme need be undertaken. Individuals might be located in suitable places, and arrangements could be made to have groups who could work together located in the same district.

This is not a scheme to take people from one country and plant them in a far distant land where conditions are new and strange. They would be right within the borders of our own country, and would be familiar with the conditions. In the city whence I come there is a group of thirty men every one of whom has seen service in the trenches and has had farming experience. They are willing and anxious to have an opportunity to go to some

district where they could farm, but they would need government help. Anyone who is familiar with farm work knows that there is always work to be done about a farm. No one except the man who from day to day and from week to week has experienced unemployment can realize the sense of disappointment it produces and its demoralizing effect upon body, mind and soul. Officers now attached to the department might undertake this work. They would need the assistance of voluntary organizations throughout the country and could choose, from the ranks of the unemployed, men who would be suitable for work on the land. In that way I believe the number of unemployed would be reduced and as a result there would grow up in Canada a self-reliant and self-supporting group of men who would add much to the prosperity of Canada, and relieve the treasury of calls for charity.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, this is the fourth consecutive day—and it is now evening—that foolishly and futilely the government has been endeavouring to breathe the newness of life into a dead bill. Into those dead bones they are now endeavouring to place fresh blood, muscles and marrow and are attempting to cause them to rise up and look like something alive. That, Mr. Speaker, is a remarkable task—a very foolish task. Why should men who in every other respect would seem to be sensible and honourable gentlemen seek to do this foolish thing? I think in order to understand this government we will all have to study psychology.

Why do they do these things? I imagine when I go back to my people and tell them about this fiasco—because that is what it is—they will ask. "But why do they do these things?" and I shall have to tell them that I do not know. How can I tell, when scarcely any of them will get up and defend their conduct? True, the Minister of Railways and Canals (Mr. Manion) made a noble effort, but he squared himself only with the hon. member for Winnipeg North Centre (Mr. Woodsworth) who spoke before him. He did not attempt to defend the measure, and we will not find the Minister of Justice (Mr. Guthrie) who is now entering the chamber, defending this bill.

Mr. GUTHRIE: Oh yes, you will.

Mr. MOTHERWELL: Will he get up and defend this bill? Certainly he did not try to defend the bill concerning the salary cut. I think too much of his ability as a lawyer and respect too much his powers as a parliamentarian to believe that he would promote any such legislation. Our friend the Minister of Railways and Canals is a good scrapper, and yet I do not think he should be asked to bear all the sins and crimes of his colleagues, not one of whom has yet attempted to defend this bill.

The calendar on the table of the house tells me that the thing has been dead for eleven days; surely it is high time for interment. If it is left lying around on our desks any longer I am afraid the olfactory nerves of even government members will be offended. I am content to go to the funeral of the old blank check bill of last session, but certainly not to the birthday party of a new bill such as one which could be founded on this resolution.

Why are they doing it? I don't know. I wish some of the ministry would get up and defend it so that I could carry the news to my constituency and tell my people why the government is doing such strange things. Have they let the act expire by default, simply to see what we would say, and to give them an opportunity to raise the hue and cry that we are blocking relief? That is what they are doing now, and I consider it is a pretty small piece of politics. Or, are they just behind with their work?—because we know that ever since the opening of the session they have been behind with their work. Mr. Speaker, they are like the cow's tail, they are always behind, and let me tell them that when they are confronted with another ballot box tryout they will be behind again, if they don't watch out.

Mr. SPENCE: Well, you know what it is to be behind.

Mr. MOTHERWELL: I cannot see any sporting instinct in a government which will not stand up and defend its conduct. One feels a sort of squeamishness about discussing something which is dead. I have always respected old age and dead things—at least until they are buried. I am afraid I shall have to leave the enigma unsolved.

I look forward with keen interest to the next move of the government in connection with the salary cut. That legislation is just about the same—nonsense and panic. Then, as an aggregation the government is terrible. I must say however, that as individuals they are a lot of fine fellows. Probably I could illustrate in this way: We all love and admire a nice collie dog, and we are pleased to have one in the home which is gentle with the children, friendly towards strangers and generally peaceful. When we get five or six of them together, however, in a midnight frolic,

we find that they will kill half the sheep and frighten the life out of the remainder. So it is with this government. Individually we like them, but as an aggregation they kill sheep—civil servants—and those they don't kill they frighten to death for fear they are going to get the axe to-morrow. How do you account for these things? I cannot account for them. They say we have a dictatorship. Well, if there was a real dictatorship there would be nothing like that going on. I have been in cabinets for a good many years. I know you cannot get men of strong minds to agree to some things without some of them discussing it very earnestly. I don't know whether these hon. gentlemen ever come to a conclusion or not that they really agree upon, because here they sit back and sulk and won't defend the measure that the Prime Minister has introduced. He did not defend it, he gave a beautiful recital. As I listened to him I thought: Anybody who would not agree to the whole works, even if some details are doubtful, would be a very sceptical person, for he told such a hundred per cent set-up, such a fine sounding story that it was fairly convincing. But he told only one side of it. Oh, so dissociated from politics too. The only minister who exceeded him in that particular was my good friend the Minister of Agriculture (Mr. Weir). You would think butter would not melt in their mouths; one would feel assured that politics was taboo from their minds the whole year round.

I am going to follow up some of the remarks made by the hon. gentleman from Weyburn (Mr. Young), whom I want to congratulate for stirring up the government into something like life. I had come to the conclusion that they had got such a spanking yesterday from the hon. member for Labelle (Mr. Bourassa) and others that they could not sit comfortably on their seats; but in the meantime they have had a rest and are able to come back into the chamber. But you will notice that they only yapped away at the member for Weyburn. The Knight of the Nighties of Long Lake—I could not tell what he said, but outside of his attempt the ministerialists contented themselves with heckling at the aforementioned member, and never attempted to offset what he said; and surely they do not pretend that the hon. member for Long Lake (Mr. Cowan) offset anything.

I am not going into the details of this relief administration. Every time a minister would go out there the relief officers would rush into Regina to see who was coming next. As the hon. member for Weyburn said, there was complete disorganization between the dying of the old scheme through the rural municipalities and the introduction of the new. I challenge hon. gentlemen opposite now or next week to give any reasons why the old rural municipal system that has been in vogue for twenty-five years was discarded and a new system introduced. There are many reasons why the old system should prevail. The rural councils were elected by the ratepayers of each municipality, not for political purposes but for municipal purposes. They had been engaged on this work for many years, for although this is the worst year it is not the first time that the municipalities have had to administer relief. As I say, they were non-political; but this government were not satisfied with that kind of rural body, they must have one of their own choice and selection. I have no particular fault to find with the Saskatchewan rural commission as a buffer between the Saskatchewan government and the administrative body. That buffer relief commission is composed of four gentlemen and a lady. We have nothing to say of them. They are not the men behind the throne. It is the Saskatchewan government that guides things and works in conjunction with the administrative body run by two of the prominent political—I was going to say heelers, but all political organizers are not what we call heelers; they may be good respectable men, but they are political organizers. I refer to Art Kendall and C. B. Daniel. These organizers and others were gathered in from various parts of the country and centered in Regina as the administrative heads of this relief and seed distribution. The ornamental or show window head is the commission itself, headed by Mr Black, a former mayor of Regina, an eminently respectable Conservative—of course there are many respectable Conservatives. But these hon. gentlemen opposite are not Conservatives, they are reactionary Tories. There are three preeminently respectable Conservatives on this commission, one Progressive and one Liberal, who are not actively engaged in administration or under pay. They are no doubt advising the administrative body, but it is Mr. Daniel and Mr. Kendall and others of their political kidney who are running the show. You have your buffer commission, eminently respectable and fairly non-partisan. Although three are strong Conservatives, one is a moderate Liberal, and the lady, I think, is a disciple of the United Farmers. We have nothing to say against them at all, but they are not the ones who are running the show, as I said before. Who are running it? Without wishing to say too much of Mr. Daniel, the fact remains that he is a political organizer. He organized the Moose Jaw campaign recently. Mr. Kendall

organized the 1929 provincial elections in Ile Gros and North Battleford and the federal campaigns in the two Battlefords, and then he was gathered into the bosom of the Saskatchewan government and centred in Regina. Mr. Kendall appointed the rural relief officers, and Mr. Daniel is the administrative head of the office—a good man but an efficient Tory organizer. Look at my hon. friends opposite staring in amazement! As though I were telling them the same kind of yarns as they tell themselves.

An hon. MEMBER: You tell them so well.

Mr. MOTHERWELL: Then there is the hon. Minister of Agriculture—and his supervisors; the government has a right to have supervisors. The Prime Minister spoke in complimentary terms of the king's counsel who was a supervisor of this commission. There was a supervisor necessary. The Prime Minister and the Minister of Agriculture—you would think they were as innocent as lambs, pet lambs at that, about politics. Why did they scrap the rural municipal councils? I see some members from the west on the other side. I should like to see them defend the government's action in this respect. That is what the hon. member for Weyburn said, that between scrapping the regular, old non-partisan channel, and the organization of the new political channel there was a great hiatus. A regular bedlam prevailed. People were shocked at the idea that the old order of things was scrapped and a new order constituted that was Tory to the hilt. I don't know that it is such a crime to be a Tory, but just the same you will find the Saskatchewan government are just as ready for an election as Kaiser Bill was on the fourth of August, 1914, when he touched the button that sent his army into Belgium. If the Saskatchewan government is forced to the country that is all they will have to do, touch a button and put into action a completely equipped force kept up by government relief money. I can give the names of the heads of all the branches. I do not often read from notes, but I must do so now to be correct. There are three supervisors. Percy Gordon, Conservative K.C.—that is the one I expect the Prime Minister was referring to. I am not going to report to the house what I have noted here in regard to him because I cannot prove it.

Mr. STANLEY: Say it anyway.

Mr. MOTHERWELL: But I know there was somebody around the Regina Star for two years before the provincial and federal elections conducting a violent anti-French and pro-K.K.K. campaign, and this gentleman was also associated with it in some way.

Mr. STANLEY: There is a good deal of courage in the way the hon. gentleman has said it.

Mr. MOTHERWELL: What is that?

Mr. STANLEY: I say, there is a good deal of courage in the way the hon. gentleman has said it.

Mr. MOTHERWELL: I do not know what the hon. member is trying to say; I suppose he has said it interrogatively. Well, I will tell you: It is almost correct enough for me to say it right out.

Mr. STANLEY: Say it then.

Mr. MOTHERWELL: I do not know it in the same way as if I knew it of my own personal knowledge. But I have said all the rest of them straight out. Next I come to Mr. Graham, another of these federal overseers. There is nothing wrong with him. He was the Conservative candidate in the provincial election in 1925 against Mr. Sykes. The other one, the Minister of Agriculture has indicated, was in his own constituency and he thought he was a Progressive. I accept that. At the head of the accounting department is Mr. C. H. Stevens, and the others are: fuel department, L. A. Snider; clothing department, L. A. Whitley; food department, W. L. McMullen, and field service, A. Kendall. That is a very significant term—field service. He has the appointing of all relief officers in the rural municipalities. Who gave him the authority? Ask the Saskatchewan government. In charge of feed and seed purchase is Mr. A. E. Wilson. This is the only gentleman in the whole crew I know of who has had any previous experience in this work. There may be some of the others with experience, but they have been successful up to the present time in concealing it. Mr. Wilson is a first class man, and though it is his misfortune to be a Tory he is a good man on such business. On food and fuel distribution we have Mr. Hemmel—the only Liberal at the head of any of these bodies. He is the only Liberal reported to me. If there is any other Liberal among them, let someone name him. Personally I know Mr. Hemmel to be a Liberal and I know Mr. Wilson to be a Conservative; but all these other gentlemen are reported to me as Conservatives—and reported by the best authority, a better authority than I can find anywhere in this house.

Mr. Kendall, therefore, holds the key to the entire position. How has he used it? I will speak only of my own municipality and allow the house to come to its own conclusion. I live in municipality 186, the same municipality in which the Hon. Mr. Gardiner resides. It is like the average municipality; it contains nine townships, approximately eighteen miles square, with a little gore along the Qu'Appelle river in addition. There were ten relief officers there, one being paid and nine non-pay. The paid officer is Mr. J. R. Dinnin. If the hon. member for Qu'Appelle (Mr. Perley) is here, he knows that you cannot get a more respectable citizen than Mr. Dinnin. As it happens, he was my Conservative opponent in 1925, and if he renews his youth as some people do when they get up to seventy he may be my opponent again. Of course there is no politics in this at all—perish the thought. I will guarantee that he will discharge his duties as squarely as he knows how. But there is a lot of practical politics in this matter, and grand contacts. There are two other relief defeated candidates in the municipality. One is Mr. George Balfour, another personal friend of mine, although not a political friend. He is a good Conservative when it comes to elections, and he was Conservative candidate against Mr. Gardiner in one of the provincial elections. Then there is Walter Weston, another defeated candidate. There you have three of them relief officers. Of the other seven, six are Conservatives. I have not a word to say against them, but they are no good to me in election time, although they are a lot of good to the other fellow. The Liberal is Jack Bonner, and if anything goes wrong, if some man doesn't get enough or doesn't get anything at all, they blame it on him. Oh, it is the finest thing you ever saw, Mr. Speaker. In all human experience, of all political machines you could not get anything so fine; it is as fine as silk and it is anticipated that it will be quite effective. I do not think it will be but that is the intention. Here you have a Liberal goat and invariably a good officer on every committee; you have someone to whom the buck can be passed, while the other nine are laughing up their sleeves. But you would not realize this from what the Prime Minister has said and described so beautifully, and that is the advantage of having both sides represented.

I have only one big fault to find with the government and it is this, that they deliberately discarded a non-political body while professing to be non-political. They have appointed a body that is actually worse than if it were one hundred per cent Tory, because they have the odd Liberal stuck in there for the purpose I have indicated. You couldn't beat it in a thousand years. I ask hon. gentlemen opposite, Can they beat it? I venture the guess that every practical Conservative member over there—and they are all practical or they would not be here—will agree when I say that you could not beat this for ingenuity. If they had put on all Conservatives, the people would have risen in disgust at the enormity of such an action. But here they have the odd fellow to play the part of the useful goat.

Mr. VENIOT: Who was at the helm?

Mr. MOTHERWELL: The Saskatchewan government is at the helm, and the Ku Klux Klan was the spearhead of their campaign in 1929. So much for these relief officers. No one has challenged any of them, although one hon. gentleman across the floor did insinuate something about lack of courage.

An hon. MEMBER: Hear, hear.

Mr. MOTHERWELL: Well, before I get through we shall see who has courage. I have never been accused of any want of courage. I merely said that I was not going to make a statement because I had not the evidence, but I have as good evidence that it is so as hon. gentlemen have that it is not so. Now, Mr. Speaker, it is getting late—

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: I forgot that Mr. Kendall, in the hiatus between organizing the Conservative elections and going on the commission, was engaged in a liquor store. I suppose that is a commendation in the minds of some people.

Now I have been looking into this relief act of last year and I have asked my old colleague to my right (Mr. Lapointe) whether he could find between the covers of the act any authority for taking a promissory note from the farmers when they got their relief, and he cannot find anything to that effect, except the phrase "peace, order and good government." Where is the authority for taking a lien on crops resulting from seed advanced? I pointed out rather triumphantly, to my old friend the hon. member for Quebec East, the section which indicated clearly what was meant with respect to relief. Subsection (b) of section 3 makes provision to:

Assist in defraying the cost of the production, sale and distribution of the products of the field, farm, forest, sea, river and mine.

But again I was told that the elastic term, "peace, order and good government" covered everything. The relief policy was changed to a loan policy. Promissory notes were taken from the farmers no matter how destitute they were, no matter if they could not get enough clothing to wind around their little finger, no matter if they had not coal or flour to fill a thimble; they had to sign a promissory note in blank in advance. The costs of administration may be added to the face of the note, but these men were not in position to argue. They were destitute and were ready to sign anything in order to have their hunger appeased and obtain clothing for their children. Section 2 of the act reads:

> There may be paid out of the consolidated revenue fund such moneys as the governor in council in his discretion may deem expedient to expend for relieving distress, providing employment and maintaining within the competence of parliament, peace, order and good government throughout Canada.

I am told by those who know that almost anything can be done under that section except the stealing of sheep. The rest of the bill need not have been there at all. We were deceived when this legislation was put through last session. My hon. friend to my right predicted what would happen. Those who have been longer in this house than I have known what would happen, and it has turned out to be worse than anticipated.

Mr. LAPOINTE: A good deal worse.

Mr MOTHERWELL: Under this elastic relief act an amendment to the Bank Act was made by order in council; likewise the Insurance Act—doing wrong, I suppose, that good may come out of it. We learn also of the prohibition of gold exports—all under unemployment. How much good did that do for unemployment? It might easily have done great damage to Canada. Things like that should be dealt with only by means of statute, and yet we are expected to meekly fall in behind it for fear we will be blamed for blocking relief.

I am ready to take all the responsibility that can be laid at my door. The people of the country know what is going on. The government can say what they like but the people know that what was promised at the last election and what has been accomplished are poles apart. The people do not take much stock in what the government says now; the government's credit is badly discounted as far as statements are concerned. I am not afraid of what the people are going to say when they know that my right hon. leader (Mr. Mackenzie King) made an unqualified offer to the government to give every co-operation if it would do things in a constitutional way, the way for which our fathers fought and bled and died over a hundred years ago.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: What are hon. members over there yapping about? We know all about 1837. Our hon. friends are handicapped in their non-understanding of reform. The hon. member for Lisgar (Mr. Brown) said that the government benches did not understand the meaning of cooperation; they do not understand it, it is a dead language to them. I wonder how many hon. members opposite have read of the period of 1837—the struggle for parliamentary control of the executive? I am old enough to have a recollection of what my father had to say about those stirring times. Sir Francis Bond Head was the governor and all he had to do was to call in a few men like Justice Robertson and Justice Bolton—

An hon. MEMBER: Lay off that heavy stuff.

Mr. MOTHERWELL: He was the governor and he called about him a little clique like that to be the government of old Canada in those days. Is it any wonder that the assembly demanded and insisted on a change? The grandfather of my leader and Papineau from Quebec led the van in that great reform movement.

Mr. SPOTTON: My grandfather helped to chase the grandfather of the Liberal leader across the border.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: I did not hear what the hon. member said, but the other hon. members are laughing at their own folly. What a grand pair of Tories the leader of the government and the Minister of National Revenue—I will pick him out—would have made in those days. They would have made a nice Solicitor General and Minister of Justice for the governor.

In Jamaica to-day we find the same thing, a reminder of old colonial days. The Prime Minister should apply for one of these positions as he knows all about family compacts. I do not know whether or not he is well versed in clergy reserves, but he should enjoy a position where all you have to do is touch a button and everything goes his way. I gained some knowledge of the colonial system in Jamaica. I have forgotten the name of the governor and my memory is not long enough to remember all the positions which he holds.

First, he was the governor, then he was the commander in chief of the army, admiral of the navy, prime minister, president of the council, and many other things which I have forgotten. The Prime Minister could fill all these positions, in fact he has been filling many of them here for the last year and a half. The house will remember the first estimates which were put through by this government. There were supplementaries to cover money which had been spent, but instead of each minister handling his own, the Prime Minister handled them all.

When it came to entomology I offered a modest suggestion. Although I could hardly stand upon my feet. I made a few remarks about the cutworm, and when the Minister of Agriculture made his maiden speech—he was in good form and he made a good fighting speech—he used up a column of Hansard to ridicule what I had said. If he had lost as much through the cutworm as I had, he would have understood what I was saying.

The government has received many other suggestions from this side of the house but it does not understand them. I can understand that because the Tory and Liberal minds are poles asunder. We do not understand each other. I will admit quite candidly that I do not know a Tory from Adam; I do not understand him and I cannot grasp his psychology, but the electors will soon understand and will correct any difference there is between us. I intend to offer some more suggestions if eleven o'clock does not come too soon.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Is there someone hollering over there? Look at those two birds in the front row—I am up in years enough to respect old age and I will let it go at that.

Suggestions have been offered from this side of the house right down to the east end. The hon. member for Macleod (Mr. Coote) offered a suggestion regarding the construction of houses, and yet we are told we are offering no constructive suggestions. They have appealed to us for cooperation, they have asked us to work shoulder to shoulder with them while the best authority in the world tells us not to cast our pearls before—Tories. Why should we? Yet I am going to continue because some of the seed may fall in good ground; I hope it will not be all stony and sterile. The seed fell in some good ground last year.

I see the Prime Minister is now in his seat. I was about to remark that the Prime Minister was far more docile, far more amenable to reason last year than he is this. He has been far more difficult to bring up this year. Maggie's task at bringing up Jiggs is not in it with the Conservatives' task of bringing up my right hon friend. Last year I had some encouragement in making a few suggestions. When the Prime Minister brought down his budget last session, it was claimed that it was the only budget ever brought down that was worthy of the name. Nobody ever budgeted like that before and nobody ever backed away so much before. But we do not want to rub it in too much because we think the country benefited by his backing away. This year, however, he will not back away one inch; he is just like a balky horse. I am going to blame his colleagues for this. The greatest move the Prime Minister made last year was when he discarded two proposals. At first he was going to give the five cents to the exporters of wheat; they were the only ones who could prove the export was made, but he backed away from that. Then he was going to have a magnificent new income tax schedule, but he backed away from that, rather ungraciously, it is true. I believe if we were to keep on hammering he would back away from this rotten thing we now have before us. But many think he will not; he shows no signs yet of doing so. We are going to try to shame him into it, but I propose to hold responsible, not only my right hon. friend but every one of the other members of the cabinet. I have been in government too long—

[Mr. Motherwell.]

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: It is the only little opportunity my hon. friends have had to clap and laugh, but if they had let me put my words closer together, maybe they would not have had the opportunity. I have been in government too long not to know the difficulties of government; but no man can ever attain the dictatorial temperament, powers and practices of the present Prime Minister without the consent of his colleagues, at least, without their tacit consent. They must all accept the responsibility. If any of them do not like present conditions and feel strongly about it, they can stop it by one resignation; that is all it needs. At the time the Minister of Agriculture submitted to the most horrible cut in his estimates, he could have prevented it; it would have been a great trial, but he would have been the victor. No prime minister would let his minister of agriculture resign on that cut in the estimates, because to do so would wreck the whole government. I know what I am talking about.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: I resigned from a government once, and by going out I attained my end.

Mr. SPENCE: The hon. member is liable to do anything.

Mr. MOTHERWELL: I accomplished my purpose and there are many members in the house who know what that purpose was. I attained my end and I stayed out. No one of the members of the cabinet can escape his responsibility; they cannot load the responsibility of this legislation on to the shoulders of the Prime Minister and escape their share. I say to the rearguard also who support the government—and there are a lot of good men in it too—they are responsible also. I happen to know that while some of us on this side may think we were the ones who induced the Prime Minister to back away last year from his horrible income tax proposals, it was the rank and file of the Tory party, I believe, who had a caucus that day who had a hand in it.

Mr. BENNETT: That is not the case.

Mr. MOTHERWELL: I give them credit for doing so anyway. They did it once; why cannot they do it again? It was they who had to sit over there until they were blistered listening to the hon. member for Labelle (Mr. Bourassa), while nearly all the members of the government were away off in their lairs having a comfortable time while the back benchers were standing the gaff. The private members opposite will have to assume their share of the responsibility for the introduction of a dictatorship in Canada at this time, and they cannot pass the buck on to the Prime Minister. I am not saying this to defend the Prime Minister; I am merely stating the fact. If the private members opposite think they are going to escape their share of responsibility, they have one more think to come. No one but the electors can take care of the situation; it has become so bad, so acute that that is the only redress.

I was going, as I said before, to make some suggestions. I am not going to say anything about the distribution of relief because no body of men can distribute such a vast amount of relief without making some mistakes. Many years ago I was engaged in similar work and I know the difficulties surrounding it. Therefore I refrain from making any criticism as to the distribution of so much for this man and so much for the other. I am not going to say anything about the matter, at least until it is all over, and then I shall want to know the facts before I make any complaints. I know, however, many people are burning coal who never burnt a shovelful before in their lives. One cannot prevent little things like that from happening in such a vast undertaking. But I claim it is up to the government to explain why they got rid of the regular channels of distributing relief, namely, the rural municipalities, and selected an arbitrary bunch, a ninety per cent Tory organization that they have converted to their political use at this time. If there is an election next June, they can just touch a button, as already indicated, and the whole thing will operate as smooth as silk. My hon. friends opposite disclaim any politics in the matter, but they do not believe what they say. Where, under this act, do they get authority to take promissory notes, seed grain liens, except by some deceptive use, undreamed of a year ago, of this measure?

Mr. SPEAKER: The hon. member has spoken for forty minutes.

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

Monday, March 14, 1932

The house met at three o'clock.

SUPPLEMENTARY ESTIMATES 1931-1932

A message from His Excellency the Governor General transmitting further supplementary estimates for the fiscal year ending March 31, 1932, was presented by Hon. E. N. Rhodes (Minister of Finance), read by Mr. Speaker to the house and referred to the committee of supply.

A message from His Excellency the Governor General transmitting further supplementary estimates for the fiscal year ending March 31, 1932, with respect to the Canadian National Steamships and the Maritime Freight Rates Act, was presented by Hon. E. N. Rhodes (Minister of Finance) read by Mr. Speaker to the house and referred to the committe on railways and shipping.

PRIVATE BILLS

FIRST READINGS

Bill No 31, respecting certain patents of Autographic Register Systems, Limited.—Mr. Anderson (Toronto-High Park).

Bill No. 32, respecting the Ottawa and New York Railway Company.—Mr. Shaver.

QUESTIONS

(Questions to be answered orally are indicated by an asterisk.)

VANCOUVER HARBOUR COMMISSION

Mr. MUNN:

1. What amount to date has the Vancouver harbour commissioners paid or approved for payment to Messrs. Sydney E. Junkins and W. J. Swan, in connection with the proposed deep sea pier, referred to in minute of Privy Council under date May 16, 1930?

2. What amount to date has the Vancouver harbour commissioners paid or approved for payment to Mr. W. J. Swan, for engineering services in connection with the fish dock recently constructed?

Mr. DURANLEAU: The following information has been furnished by the Vancouver harbour commissioners.

1. Under a contract entered into by the Vancouver harbour commissioners with Messrs. Sydney E. Junkins and W. G. Swan, dated the 7th July, 1930, and based on the provisions of an order in council dated the 16th May, 1930, the latter were paid $20,000 on account of the fees provided for in the said contract for the preparation of complete plans, specifications and estimates and the necessary preliminaries for securing tenders for the construction of a deep sea pier in Vancouver harbour. More recently Messrs. Junkins and Swan were paid a further sum of $125,000 in full settlement of any and all claims they might have under the above named contract.

2. The Vancouver harbour commissioners have paid to W. G. Swan, consulting engineer of Vancouver, the sum of $20,315.10 in payment for his engineering services in connection with the fish dock recently constructed in Vancouver harbour.

ST. DAVID, QUE., MAIL CONTRACT

Mr. POWER:

1. Who was the mail contractor of rural route No. 1, St. David, county of Levis, during the year 1930-31?

2. Was the contract cancelled, and if so at what date and for what reason?

3. Were new tenders called for?

4. What were the names of the said tenderers and the prices submitted in each case?

5. Has a new contract been awarded?

6. If not, who is carrying on the work and under what terms and conditions?

Mr. SAUVE:

1. Albéric Martineau.

2. On the 13th November, 1931, the department issued instructions to give the contractor three months' notice of the cancellation of his contract in the public interest.

3. Yes.

4. Albéric Martineau, $480; Edmond Carrier, $500; Joseph Odesse, $600; Donat Hallé, $700.

5. Yes.

6. The service is being operated by Donat Hallé at the rate of $500 per annum.

[Mr. Speaker.]

UNEMPLOYMENT RELIEF—EXPENDITURES

Mr. DENIS:

1. What amount, out of the undetermined sum of money voted last session to help the unemployed, was expended to relieve the unemployed?

2. What amount was allotted to each province?

3. What amount was allotted to the city of Montreal?

4. What amount was paid to the city of Montreal out of said allotted fund?

5. What works were recommended to be executed, out of said amounts, in the city of Montreal?

6. Are all said works under way?

7. If not, what of said works have been started?

Mr. GORDON:

1. Answered by the report of the Dominion Director of Unemployment Relief, tabled March 9.

2. Answered by the report of the Dominion Director of Unemployment Relief, tabled March 9.

3. Answered by the report of the Dominion Director of Unemployment Relief, tabled March 9.

4. No accounts for the city of Montreal have been received at this date.

5. Answered by the report of the Dominion Director of Unemployment Relief, tabled March 9.

6. No complete information.

7. Answered by No. 6.

PUBLIC WORKS EMPLOYEES—NOTICES OF DISMISSAL

Mr. FOURNIER:

1. How many letters were sent to temporary employees of the Department of Public Works advising them that their services would be no more required after the last of March, 1932?

2. How many of said employees are native born?

3. How many of said employees are French speaking?

Mr. STEWART (Leeds):

1. 102.

2. 88.

3. 46.

CANAL TONNAGE

Mr. DESLAURIERS:

1. How many tons of freight passed through our canals during the years 1925, 1926, 1927, 1928, 1929, 1930 and 1931, respectively?

2. How many tons of freight were transported by the railways, in Canada, during the years 1925, 1926, 1927, 1928, 1929, 1930 and 1931, respectively?

3. How many tons of Canadian grain passed through our canals during each respective year from 1925 to 1931, inclusive?

4. How many tons of American grain passed through our canals during each respective year from 1925 to 1931, inclusive?

5. How many tons of Canadian grain were transported by our railways during each respective year from 1925 to 1931, inclusive?

6. How many tons of Canadian grain were transported by American railways during each respective year from 1925 to 1931, inclusive?

Mr. STEVENS:

1. Years	Tons
1925	14,130,667
1926	13,477,663
1927	17,488,311
1928	18,720,441
1929	13,699,647
1930	14,803,334
1931	16,189,074

2. Years	Tons of revenue freight
1925	94,624,599
1926	105,221,906
1927	106,011,355
1928	118,652,969
1929	115,187,028
1930	96,194,017
1931	*73,837,245

..* Preliminary figures subject to revision.

3. Year	Tons
1925	5,885,276
1926	5,515,566
1927	6,803,393
1928	8,529,434
1929	4,314,585
1930	5,483,049
1931	6,061,941

4. Year	Tons
1925	1,972,134
1926	1,603,506
1927	3,751,075
1928	2,675,660
1929	1,255,567
1930	908,806
1931	777,112

5. Grain loaded on railway cars in Canada.

Years	Tons
1925	*16,751,878
1926	*16,807,439
1927	15,689,500
1928	22,408,427
1929	12,617,486
1930	11,474,703
1931	11,089,926

* Includes some United States grain loaded at Georgian bay ports. Except for this, practically all grain loaded was Canadian grain. There is a duplication of grain reshipped from elevators, particularly from Georgian bay port elevators.

6. Accurate data not available.

ST. OMER, QUE.—WHARF

Mr. MARCIL:

1. Did the municipality of St. Omer, county of Bonaventure, Quebec, refuse the grant for the construction of the protection along Perron boulevard from the wharf to the property of Nicholas Arsenault?

2. Was there a grant made for this work, if so, what was the amount and on whose request was it made?

Mr. GORDON:

1. No information.

2. Under the Unemployment and Farm Relief Act, 1931, the province of Quebec requested approval of a grant for the parish of St. Omer, Bonaventure county, for works consisting of (a) breakwater to protect road; (b) road improvements and widening. The total cost of which amounted to $3,000, the Dominion government paying forty per cent, or $1,200. This was approved February 2, 1932.

Mr. MARCIL:

1. Has the freight shed at the wharf at St. Omer, county of Bonaventure, been transferred from the main land to the outer end of the wharf?

2. Who did the work, and what did it cost?

Mr. STEWART (Leeds):

1. Yes.

2. (a) Department of Public Works by day labour; (b) $282.70 for moving and repairs.

GRANTS FOR VENEREAL DISEASE CONTROL

Mr. SPENCER:

1. What provinces have sent requests asking for the reinsertion of the grant for venereal disease control, in the supplementary estimates?

2. What is the disposition of the government in regard to these requests?

Mr. MACLAREN:

1. Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, British Columbia, Prince Edward Island, Alberta, Saskatchewan.

2. Information is not available.

NEW INDUSTRIES

Mr. SULLIVAN:

1. How many new industries have been introduced into Canada since August 24, 1930, to date?

2. How many new factories have been opened since the same date?

Mr. STEVENS:

1. There are 142 manufacturing concerns on the list of new industries introduced into

Canada since August, 1930, to date. Of these, 131 are from the United States, 10 from Great Britain and one from France.

2. No complete information available on this subject.

ST. JOSEPH D'ALMA, QUE., POSTMASTER

Mr. CASGRAIN:

1. Has Mr. Yves Gagne, postmaster at St. Joseph d'Alma, county of Roberval, been dismissed?
2. If so, were complaints lodged against him, and by whom?
3. What was the nature of said complaints?
4. Was an inquiry held before his dismissal?
5. What is the name of the commissioner who held the inquiry?
6. What is the name of the person who replaced Mr. Gagne?
7. By whom was he recommended?
8. Did said person pass the required civil service examination?

Mr. SAUVE:

1. Yes.
2. Yes—directors of the Conservative committee of St. Joseph d'Alma and Dr. L. Duguay, M.P.
3. Political partisanship.
4. Yes.
5. Robert Côté, Quebec.
6. Louis Philippe Simard.
7. Dr. L. Duguay, M.P.
8. Permanent selection not yet made. The usual procedure required by the Civil Service Commission will be followed in rating candidates for the vacancy.

HON. LUCIEN CANNON—SECRETARIES

Mr. POULIOT:

1. How many private secretaries, joint private secretaries, assistant private secretaries and secretary clerks were working for the Hon. Lucien Cannon while he was Solicitor General?
2. What is the name of each one and when was each one of them appointed?

Mr. GUTHRIE:

1 and 2. P. Brunet, private secretary, September 25, 1926.

DISARMAMENT CONFERENCE

Mr. POULIOT:

What was the cost of communications exchanged between the Canadian delegates at the Disarmament conference and any member or official of the government: (a) by cable; (b) by wireless; (c) by wireless telephone, since the Canadian delegates left this country?

Mr. BENNETT: Cost of communications sent from Canadian delegates at Disarmament conference to any member or official of the government since the Canadian delegates left this country (a) by cable, (b) by wireless, (c) by wireless telephone. No information yet received.

[Mr. Stevens.]

Cost of communications addressed to Canadian delegates at Disarmament conference by Secretary of State for External Affairs (a) by cable, (b) by wireless, $93.94; (c) by wireless telephone. No cost.

Mr. POULIOT:

1. Was any sum of money advanced to the Canadian delegates at the Disarmament conference for their travelling expenditure?
2. If so, how much?
3. Are they accompanied by a secretarial staff?
4. If so: (a) who are the members of that staff; (b) what is their salary; (c) what amount has been advanced to them for their travelling expenses?

Mr. BENNETT:

1. Yes.
2. $9,133.18.
3. No. They were accompanied by two technical advisers, Major General A. G. L. McNaughton, Department of National Defence, and Mr. L. B. Pearson, Department of External Affairs. The secretarial work is being done by the staff of the Canadian advisory officer in Geneva.
4. Answered by No. 3.

IMPERIAL CONFERENCE—EXPENDITURES OF SOLICITOR GENERAL

Mr. POULIOT:

1. What was the total amount of the travelling expenditure of the Solicitor General from the date he left this country to attend the Imperial conference of 1930 until his return?
2. What was the total amount of the travelling expenditure of his staff during the same period?

Mr. BENNETT: 1. Total expenses, including travel, incurred by the Hon. Maurice Dupré and secretary attending the Imperial conference of 1930, $5,036.40.

2. Amount included in above statement.

MINISTER'S OFFICE AT QUEBEC

Mr. POULIOT:

How many days did each one of all ministers use the minister's office in the post office building at Quebec since August, 1930: (a) before the appointment of J. L. A. Tanguay as clerk; (b) after his appointment as such?

Mr. GUTHRIE:

No record has been kept.

FLEURANT, QUE., POSTAL SERVICE

Mr. MARCIL:

1. Who recommended the change in the postal service directly from Fleurant, Quebec, to the Canadian National Railways station at Escuminac, Quebec?
2. Who made the request to that effect?

Mr. SAUVE:

1. Hon. Dr. E. Paquet.
2. J. T. Little, merchant at Escuminac.

MONTREAL POSTAL TERMINAL

Mr. RINFRET:

1. Has the Department of Public Works completed, or does it expect to complete soon, the purchase of the necessary property for the erection of a postal terminal in Montreal?
2. If so, when is it expected that the work of construction will be started?

Mr. STEWART (Leeds):

1. This property has been expropriated, and the compensation has been fixed by the exchequer court. The time for filing an appeal has not yet lapsed.
2. No decision has been made as to when compensation for the property will be paid or work of construction commenced.

INCOME TAX BRANCH—MONTREAL EMPLOYEES

Mr. RINFRET:

1. How many clerks were employed in the income tax branch of the Montreal office on the 28th July, 1930?
2. How many clerks are employed at the same office this date?

Mr. RYCKMAN:

1. 228.
2. 246.

DISARMAMENT CONFERENCE—OBSERVERS AND TECHNICAL ADVISERS

Mr. WOODSWORTH:

Who are the observers and technical advisers of the Canadian government at the conference for the Reduction and Limitation of Armaments now being held in Geneva?

Mr. BENNETT: Technical advisers of the Canadian government: Dr. W. A. Riddell, Canadian advisory officer, League of Nations; Maj.-Gen. A. G. L. MacNaughton, Department of National Defence; Mr. L. B. Pearson, Department of External Affairs.

APPLICATIONS FOR FARM LOANS

Mr. SPENCER:

1. How many applications were made up to December 31, 1931, for loans under the Federal Farm Loan Act, in each of the provinces?
2. How many loans have been granted up to that date in each of the provinces?
3. What was the total sum loaned to December 31, 1931?
4. What was the total cost of administration to same date?

Mr. RHODES: Furnished by Canadian farm loan board:

1.

British Columbia	1,613
Alberta	4,403
Manitoba	790
Quebec	5,997
New Brunswick	1,110
Nova Scotia	510
Total	14,423

2.

British Columbia	440
Alberta	1,647
Manitoba	294
Quebec	1,206
New Brunswick	371
Nova Scotia	161
Total	4,119*

*Figures do not include loans granted but dropped prior to distribution.

3. $7,568,064.20.
4. $338,788.09—from January 1, 1929, to December 31, 1931.

WORLD'S GRAIN CONGRESS EXPENDITURE

Mr. McMILLAN (Huron):

1. Did the government in the expenditure of $100,000 during the fiscal year ending March 31, 1931, for the expenses of the executive committee of the World's Grain Congress ascertain how many members are on the executive committee?
2. If so, what are the names of the said members, the positions they hold, the remuneration received by each, and the term of their service during the fiscal years ending March 31, 1931, and 1932?

Mr. WEIR (Melfort):

1. Yes.

2. Year ending March 31, 1931: Hon. W. C. Buckle, Minister of Agriculture, Saskatchewan; Hon. A. Prefontaine, Minister of Agriculture, Manitoba; Hon. G. Hoadley, Minister of Agriculture, Alberta; Dr. J. H. Grisdale, Deputy Minister of Agriculture, Ottawa; J. H. Evans, Deputy Minister of Agriculture, Manitoba; F. H. Auld, Deputy Minister of Agriculture, Saskatchewan; H. A. Craig, Deputy Minister of Agriculture, Alberta; C. M. Hamilton, Board of Grain Commissioners; A. E. Whitmore, Regina; L. H. Newman, Dominion Cerealist; E. B. Gass, Board of Trade, Regina; G. W. Robertson, Regina Exhibition Association; D. T. Elderkin, Regina Exhibition Association; James Balfour, Mayor of Regina; W. G. Yule, Supervisor, Royal Bank, Regina; H. S. Fry, Saskatchewan Wheat

Pool; W. A. Wilson, Agricultural Produce Marketing Agent, London, Eng. (All above served full fiscal year).

G. A. Ewart, Commissioner, Board of Trade, Regina; G. C. Rooke, Auditor General, Regina. (Above appointed June, 1930.)

Hon. Dr. W. R. Motherwell, M.P.; T. J. Harrison, Board of Grain Commissioners; Justice W. M. Martin. (Above appointed August, 1930.)

F. W. Turnbull, M.P. (Appointed January, 1931.)

Year ending March 31, 1932: Constitution of executive committee same as previous year with following exceptions: Col. James McAra, Mayor of Regina replaced by Mr. James Balfour; H. E. Drope (appointed July, 1931). No salaries are paid members of the executive committee.

UNEMPLOYMENT RELIEF—EMPLOYEES IN MANITOBA

Mr. BEAUBIEN:

1. What officials have been appointed by the Dominion government in Manitoba under the Unemployment and Farm Relief Act, 1931?

2. What are their names, when were they appointed and what remuneration are they receiving?

3. Have any inspectors been appointed in Manitoba to supervise or otherwise superintend or watch the unemployment works or direct relief being carried on or administered in that province?

4. If so, what are their names, when were they appointed and what remuneration is each receiving?

5. Has one Elliot Kay been appointed inspector in connection with Unemployment Relief works being carried on at The Pas and vicinity, if so, what are his duties?

Mr. GORDON:

1, 2, 3 and 4. Major G. W. Northwood, M.C., general representative of the unemployment relief branch in Manitoba, appointed October 10, 1931, no remuneration.

Lt. Col. G. C. MacLean, assistant to Dominion director, appointed October 10, 1931, at a salary of $225 per month.

Miss R. I. Straith, stenographer, appointed October 15, 1931, at a salary of $90 per month.

Miss D. L. Wethey, stenographer, appointed October 19, 1931, at a salary of $60 per month.

In addition the assistant to the director has authority to employ temporary inspectors at a rate of $4 per day. These men are not continuously employed. A list of these temporary inspectors with the number of days they have worked to March 1st is attached hereto.

5. The name of Elliot Cay appears on the list of temporary inspectors referred to in answer to 4 as having been employed for 59 days. His duties are as set forth in the attached memorandum for field representatives.

General Instructions

Staff: 1. No appointments can be made except by order in council.

Supplies: 2. Requisition for supplies needed should be forwarded to this office.

Rent of premises: 3. No premises may be rented except on authorization from this office.

Provincial reports: 4. Statistics and expenditure reports are received at Ottawa from province. Specimens of forms used will be furnished to you. Assistant to director will be called upon to secure any special reports from provincial authorities when necessary.

Cost of administration: 5. No portion of provincial or municipal administration charges may be paid (see general regulations P.C. 2043, clause 13).

Expenses: 6. All expenses for travelling must be approved by Assistant to director for province and all expenditures over $2 covered by voucher. In the case of hotel expenses the statement of account issued by hotel to be attached.

Weekly report of localities visited: 7. A weekly report is required showing projects visited.

Correspondence: 8. Correspondence should be brief as possible.

Deductions: 9. Deductions from wages of workers are not allowed for any reasan whatever, except in the case where the worker is engaged in camps at a specific rate of pay and a certain deduction is to be made for board. No amounts for taxes may be deducted from the workers' pay. Municipal authorities must pay the workers, in full, amount of wages due them for their work.

Memorandum for Field Representatives of Dominion unemployment relief branch

Cooperation with provincial authorities: 1. Officials of the Dominion unemployment relief branch will cooperate with the provincial authorities, to the end that the need of the unemployed is relieved.

Technical detail covering projects: 2. Technical details of construction of projects are under the control of provincial and municipal authorities, or, in the case of Federal projects, the appropriate department of the Dominion government.

Employment selection: 3. Duties should include protecting Federal interests along the lines of seeing that those in need are given employment regardless of race, religion or political affiliation.

Employment service of Canada: 4. The employment service of Canada should be used where ever possible as medium for hiring labour.

Returned soldiers: 5. At least 10 per cent of men employed should be returned soldiers if available.

Married men: 6. It is preferable that married men or single men with dependents be given preference on work where they reside.

Elimination of case not in need: 7. On investigation if it is found that men not in need are employed, or men are not properly employed according to regulations, such cases should be followed up with proper authorities with a view to correcting conditions.

Hours: 8. The maximum day is eight hours, unless otherwise previously approved by the Minister of Labour.

Wages: 9. See that the wages as set forth and authorized by the province or municipality are being paid and that clause 8 of general regulations, P.C. 2043, is respected.

Deductions for board: 10. See that deductions for board (or medical treatment in relief camps) is according to provincial regulations.

Transportation: 11. A memorandum is being sent you setting forth the arrangements for reduced transportation charges for workers going to relief work.

Percentage of labour to total cost of works: 12. Note clause 14 of dominion-province agreement, "of the amounts expended pursuant to provisions of clauses 6, 8, 9 and 10 hereof not less than forty per centum thereof shall be expended for labour unless a modification of this requirement is previously agreed to by the Minister of Labour."

Press comments: 13. Any articles appearing in the local press adversely criticizing the administration of the unemployment relief should be investigated when practical with a view to establishing the accuracy, or otherwise, of such statements, and steps should be taken to rectify any failure to comply with regulations.

Complaints: 14. In taking action on complaints referred to you, effect an adjustment if possible.

Relief camp conditions: 15. If relief camps are not properly organized as to housing, board, sanitary conditions, etc., direct the attention of the proper authorities to the matter.

Correspondence: 16. Forward to this office copies of all communications addressed by you to provincial or municipal authorities. Address communications to "Dominion Director of Unemployment Relief, Department of Labour, Ottawa."

Direct relief: 17. See that only such relief be given as is specified in general regulations P.C. 2043 when said relief is being contributed to from federal funds.

Lists of approved works: 18. Lists of works approved under the agreement with province will be furnished to you. If you find any works being carried on to which it is proposed that the federal government should contribute, other than those appearing on the lists sent you, advise the Dominion unemployment relief branch, Department of Labour, Ottawa.

Inspector	Days Employed
G. W. Andrews	21
J. E. Bailey	9
K. C. Bedson	23
W. H. Bryans	16
M. J. Burke	30
E. Cay	59
J. Easton	41
F. Eastwood	12
H. Foster	12
J. Gault	22
W. H. Hamilton	59
J. W. Hawker	18
W. H. Hastings	4
G. Kidd	42
H. Moore	43
W. Moir	16
T. Markovitch	15
J. Marion	5
W. J. Moffat	9
W. Owens	23
E. Parkinson	20
R. D. Patterson	34
A. E. Shewfelt	41
L. G. Shortreed	52
D. Sutherland	4
C. C. Wansborough	16
S. M. Webb	27
G. Wells	96
E. G. Waller	21
W. H. Whitehead	30
J. Walmsley	17
A. Marcoux	17
W. Wilson	18
S. Smith	6
H. Rutledge	6
A. Sneesby	12
J. T. McLean	18
T. Schultz	6
A. Sinclair	10
P. Geller	3
Total	933

UNEMPLOYMENT RELIEF—SASKATCHEWAN COMMISSION SUPERVISOR

Mr. BOTHWELL:

1. Who are the three expert farmers appointed by the Minister of Agriculture to supervise the relief commission in Saskatchewan?

2. By whom were they recommended?

3. What are their duties and when did their employment commence?

4. What salary and expenses or other remuneration have each of them been paid since their appointment?

Mr. GORDON:

1. John Strain, Clive Burke, T. J. Graham.

2. Minister of Agriculture.

3. Employment commenced October 1, 1931, as temporary federal supervisors in the province of Saskatchewan in connection with relief disbursed by the Saskatchewan relief commission under the Unemployment and Farm Relief Act, 1931.

4. Salary $150 per month each. Travelling expenses since appointment, John Strain $557.65, Clive Burke $1,468.10 and T. J. Graham $1,099.65.

UNOPPOSED MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF—ST. HYACINTHE

Mr. FONTAINE:

For a copy of all correspondence, telegrams, letters and all other documents, exchanged between the Minister of Labour, all members of the cabinet or officials of any federal department and the city of St. Hyacinthe or other persons, in connection with the work to relieve unemployment and the help granted to unemployed, and especially as regards the construction of a tunnel under the Canadian National Railways, at St. Hyacinthe, since January 1, 1931.

UNEMPLOYMENT RELIEF—STE. ANNE DE LA POCATIERE

Mr. BOUCHARD:

For a return showing the various projects and programs, including paysheets, if any, carried on under the federal unemployment relief work, at Ste-Anne-de-la-Pocatiere, Kamouraska county, Quebec, during the calendar year 1931.

NEW WESTMINSTER HARBOUR COMMISSION LOAN

Mr. REID:

For a copy of all correspondence, letters, telegrams and other documents in connection with the loan of $300,000 passed last session for the New Westminster harbour commissioners, with a copy of all accounts rendered and the total amount of moneys granted to the New Westminster harbour commissioners since the passing of the Loan Act of 1931, up to the present time.

[Mr. Gordon.]

VERCHERES, QUE., WHARF

Mr. DESLAURIERS:

For a copy of all correspondence, telegrams, letters and other documents, in connection with certain works and repairs of the Vercheres wharf, Quebec, executed during 1931, including a copy of paysheets and statements of money expended for material or other articles; also the name of the superintendent of works.

RIVIERE OUELLE, QUE., POSTMASTERSHIP

Mr. FAFARD (for Mr. Bouchard):

For a copy of all correspondence, telegrams, reports and other documents relating to the dismissal of Amédée Richard, postmaster at Riviere-Ouelle, Kamouraska county, Quebec; also a copy of all correspondence, reports or other documents in connection with an inquiry with reference to the charges brought against the said Amédée Richard, including the proof and evidence given by all the witnesses heard at said inquiry and the decision arrived at.

RIVIERE OUELLE-ST. JUST AND POINTE AUX ORIGNAUX MAIL SERVICE

Mr. FAFARD (for Mr. Bouchard):

For a copy of all correspondence, reports or other documents relating to the establishment of rural route mail service at Riviere-Ouelle between St. Just and Pointe-aux-Orignaux.

SANDFORD, ONT., WHARF

Mr. RALSTON:

For a copy of all paysheets, stock bills and correspondence in connection with the commission of $3,000 to Howard W. Rose, on the wharf at Sandford, in the fall of 1931.

ST. QUENTIN, N.B., POSTMASTERSHIP

Mr. VENIOT:

For a copy of the evidence and the report of the commissioner in connection with the investigation of the charges made against postmaster Francois Levesque, at St. Quentin, Restigouche county, New Brunswick. Also a copy of all correspondence, reports of the Civil Service Commission, applications and other documents relating to the appointment of A. H. Landry as postmaster at St. Quentin.

POINTE AU PIC, CHARLEVOIX, QUE., WHARF

Mr. RALSTON (for Mr. Casgrain):

For a copy of all correspondence, reports and all other documents in connection with the dismissal of Captain Henry Gagnon, keeper of the wharf at Pointe-au-Pic, in the county of Charlevoix; also a copy of all correspondence, reports and other documents, relating to an inquiry held in 1931, in connection with charges made against said Henry Gagnon, including the proof and evidence of all witnesses heard in said inquiry, and the conclusion arrived at by the commissioner who held the inquiry.

ST. JOSEPH D'ALMA, QUE., POSTMASTERSHIP

Mr. RALSTON (for Mr. Casgrain):

For a copy of all correspondence, reports and all other documents in connection with the dismissal of Mr. Yves Gagne, postmaster of St. Joseph d'Alma, county of Roberval; also copy of all correspondence, reports and other documents relating to an inquiry held in 1931, in connection with charges made against said Yves Gagne, including the proof and evidence of all witnesses heard in said inquiry, and the conclusion arrived at by the commissioner who held the inquiry.

CAP CHAT, GASPE, POSTMASTERSHIP

Mr. BRASSET:

For a copy of all correspondence, telegrams, inquiries in connection with the dismissal of J. Edmond Boivin, postmaster of Cap Chat, county of Gaspe, and the appointment of his successor.

GRONDINES, QUE., MAIL CARRIER

Mr. DESROCHERS:

For a copy of all correspondence, telegrams, reports and all other documents in connection with the dismissal of Mr. Arthur Perron, mail carrier at Grondines, in the county of Portneuf, and the appointment of his successor.

LAKE ST. JOHN METEOROLOGIST

Mr. RHEAUME:

For a copy of all orders in council, correspondence, complaints, letters and all other documents exchanged between the department and the Minister of Marine, relating to meteorologist, J. E. Morin, at Dolbeau, Lake St. John, from September 1, 1930, to March 1, 1932.

JOLIETTE, QUE., PUBLIC BUILDING

Mr. FAFARD (for Mr. Ferland):

For a copy of all correspondence, reports, telegrams, ratings and other communications to or from the Minister of Public Works and any other minister, officials of the government or any member or official of the Civil Service Commission, or other person or persons; in any way relating to the appointment of a caretaker for Joliette public building, since August 20, 1930, and the dismissal of Cuthbert Fiset as caretaker of that building; also a copy of all correspondence, reports and other documents, relating to an inquiry held in 1931, in connection with charges made against Cuthbert Fiset including the proof and evidence of all witnesses heard in the inquiry, and the conclusion arrived at by the commissioner who held the inquiry.

UNEMPLOYMENT AND FARM RELIEF

Mr. DUFF:

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to wharf at Mulgrave, Nova Scotia; also a copy of payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast, ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on extension to breakwater at Seal Harbour, Nova Scotia; also a copy of the payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on wharf at Sonora, Nova Scotia; also a copy of the payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on a new breakwater at Battery Point, Lunenburg, Nova Scotia: also a copy of the payroll showing the amount expended in labour; also copy of accounts showing the prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to wharf at Malignant Cove, Nova Scotia; also a copy of the payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on a new wharf at Whitehead, Nova Scotia; also copy of payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to wharf at Ballantyne's Cove, Nova Scotia; also a copy of payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents

exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to breakwater at Larry's River, Nova Scotia; also a copy of payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to wharf, at Western Shore, Lunenburg county, Nova Scotia; also a copy of payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

For a copy of all letters, telegrams, memorandums, reports and other documents exchanged between the Department of Public Works and any person or persons in Nova Scotia, regarding the expenditure of public money under the Unemployment and Farm Relief Act of 1931, on repairs to breakwater at Northwest Cove, Tancook, Lunenburg county, Nova Scotia; also a copy of the payroll showing the amount expended in labour; also copy of accounts showing prices paid for iron, logs, ballast and ballast poles, timber and plank, and from whom purchased.

ADMISSION OF IMMIGRANTS

Mr. LAFLECHE:

For a copy of all correspondence, telegrams and other documents respecting the admission into Canada of the following immigrants in 1927: Angelo Gambino, Guiseppe Bruno, Christoforo Siracusa, Carmelo Zaccaria, Giovanni Gentile, Luigi Saputi, Celestino Bonomo, Arcuigelo Tedeschi, Olindo Cianciullo, Domenico Ziccordi, Nicola M. Mastondrea, Leonardo Franza, Guiseppe Cinotti, Alfreda Sole, Crintina A. Fotia, Paolina Sole, Nocolina Sole, Guiseppe Paduli, Antonio Paduli.

MOTIONS FOR PAPERS

UNEMPLOYMENT RELIEF—NOVA SCOTIA

Mr. RALSTON moved:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure authorized in the province of Nova Scotia for federal public works to be paid for under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

He said: Mr. Speaker, in view of the information contained in the report of the director of unemployment, I am willing that this motion should be dropped for the present. If I desire to make a motion later on for particulars with regard to any special work, I will do so.

Motion dropped.

[Mr. Duff.]

Mr. RALSTON moved:

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for contribution to works being constructed or contributed to by the provincial or municipal authorities in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

For a copy of the correspondence, documents, accounts and vouchers respecting the expenditure for direct relief in the province of Nova Scotia under the authority of the Unemployment Relief Act of last session, showing: (a) the amount authorized; (b) the amount expended.

He said: Mr. Speaker, if the Minister of Public Works (Mr. Stewart) is agreeable—I assume this is his department—I am willing that the information to be given in connection with these motions should be the details of the various items in connection with which assistance was given to the provincial and municipal authorities in Nova Scotia and in respect of which direct relief was afforded, the amounts authorized and the amounts expended, leaving out the requisition for vouchers and documents.

Mr. STEWART (Leeds): This matter would come under the Department of Labour.

Mr. GORDON: The hon. member will find that the major portion of the information requested is contained in the report of the director. If he is content to allow the motions to be dropped for the present, I will endeavour to supply him with any further information he may require with respect to these matters.

Mr. RALSTON: I have allowed these matters to stand for some time. I have examined the report of the director of unemployment and the only thing I can find is the amount expended. The information as to what commitments have been made, either on account of municipal or provincial expenditures, is not contained in the report, and it is as to the various items which go to make up these commitments that I desire information. I am willing to allow my motion to be altered to cover these points only.

Motions as amended agreed to.

PEACE RIVER OUTLET

EARLY COMMENCEMENT URGED OF RAILWAY TO PACIFIC COAST

Mr. D. M. KENNEDY (Peace River) moved:

That in the opinion of this house, in the best interests of Canada, it is desirable that the construction of the Peace River outlet should be commenced at the earliest possible date.

He said: The subject matter of this motion has been before the house on a good many occasions. I realize that in bringing it forward again at this session I may be told that the times are not so good for the consideration of a motion such as this. I believe, however, that it is a matter of sufficient importance to warrant discussion, and that we should try to deal with it. The question was discussed at the last session and the outstanding problem then before the house was the fact that various reports had been made by different bodies of engineers and that there was some dispute as to what route ought to be followed in the construction of the Peace river outlet. The Minister of Railways (Mr. Manion) is reported at page 4021 of Hansard, 1931, as having said:

> We should not undertake in this country the construction of very costly lines of railway which will duplicate the mistakes of the past, without a proper investigation into the whole situation and an endeavour to avoid any such condition. After all, it is far better to have the two railways agreed upon one specific route and to have the government cooperating with them.

The subject was again referred to a body of engineers, and it is quite plain from the letter that was written by the Minister of Railways to the engineers that this was the point he had in mind. Paragraph 2 of his letter reads:

> Information in connection with this subject matter has already been obtained under investigations covered by two reports leading to different conclusions, and it is desired that with the information so submitted (if sufficient), the committee examine the subject matter further, first from the viewpoint of serving adequately the local territory and, second, from the viewpoint of serving the Dominion of Canada as a whole.

The engineers were J. M. Fairbairn of the Canadian Pacific Railway, C. S. Gzowski, of the Canadian National Railways and C. R. Crysdale, consulting engineer, a gentleman who previously had been engaged by the Alberta government on the Northern Alberta Railways. The engineers' report deals with almost everything except that one problem. We have at least five reports in connection with the Peace River outlet. I have copies of four of them, and the Canadian Pacific Railway has a report of its own which has never been tabled in the house. The report with which I am dealing does not deal with that problem at all. Going through either the report of 1925 or the subsequent reports of 1926 and 1929, as well as the report of last year, one cannot fail to be impressed with this certainty, that the engineers are in no way enthusiastic about the project. They state in the first paragraph of this report that they are dealing with the matter from the standpoint of railway economics. They also state, however, that there are other matters to be considered, that these are:

> . . . .certain other potential, intangible, or prospective possibilities, which to-day are impossible to give a definite railway weight to, but which in themselves are more important than the tangible prospective traffic which can, with reasonable assurance, be forecast to-day. In such a case, from our premises we would select the former.

That is railway economics. The engineers are looking at the question purely from the standpoint of whether or not the railways by building this road might be able to make some additional money, make a few more dollars. They do not deal with it at all from the standpoint of the Dominion of Canada as a whole nor in relation to other matters such as unemployment or how the development of that country through the building of the Peace River outlet would improve business generally in this dominion. They consider no other factor than whether the railways would be able to make some additional money by building this road. It is purely a question of what the railways can gain out of it. Let me say at once that there are certain economic interests of the settlers of the Peace River country that are antagonistic to the interests of the railways. I am not blaming anyone for that, because it just happens to be that way. To-day everything that goes into or comes out of the Peace River country goes over a longer haul at a higher rate than the railways could expect to get under ordinary rate-fixing conditions if a Pacific coast outlet were built to Vancouver, Prince Rupert or Stewart. Depending on the points that are taken in the Peace River country, the mileage that would be cut off by a route constructed to Vancouver, for instance, would be somewhere between two and three hundred miles; to Prince Rupert, between two and four hundred miles, and to Stewart, possibly six hundred miles. Under present conditions, with joint ownership of the Northern Alberta Railways, the railways have, of course, a complete monopoly of all that traffic, and the rates on grain between the Peace River country to-day and Vancouver or Prince Rupert run from five to ten cents higher than from Edmonton. But if an outlet were built to the Pacific coast we could expect at least a rate only from three to five or six cents above Edmonton. There is no question about it, looking at it from the standpoint of railway economics, that without any additional investment at all the railways are getting a higher rate to-day than they would get if a

Peace River outlet were built, and that is the standpoint I think from which the railway engineers have been looking at this question. I do not think, however, that they have approached the subject in the fairest possible manner. Take, for instance, the third paragraph of the 1925 report, as referred to in sessional paper No. 125:

The 1925 report, in referring to the Peace River district, selected and defined an area and for that area theoretically provided for the so-called "maximum traffic" sufficient railway mileage to serve it. The Canadian Pacific Railway report selected an area for the Peace River district about three times that of the 1925 report, but their investigations were not extended sufficiently to figure on railroading the whole of it, but confined their railway costs substantially to the same area as the 1925 report.

Yet throughout this whole report which I have before me the engineers take the theoretically defined area of 1925, ignoring altogether the 25,000,000 acres as against the 8,000,000 acres. They wipe out in their consideration of the matter two-thirds of what they know to-day to be the Peace River area for possible settlement and development. If that is the way our railways approach the question of railway economics in this country, by ignoring two-thirds of the available facts, it is not much wonder that we have a commission to-day trying to unscramble the railway situation in the Dominion of Canada.

In section four of the report there is a peculiar statement regarding the Canadian Pacific Railway report. I believe that the Canadian Pacific Railway spent about $200,000 in 1930 surveying the various passes between the Yellowhead and the Alaska boundary. They also made some investigation regarding lands. This report says:

In fact, at least for a considerable part of the larger area—

That is the 25,000,000 acres:

—the definite information depends upon the personal observations of their own engineers on the ground.

I do not know how else they could get knowledge of the land in the Peace River country except by engineers going over the ground. They refer later to detailed information secured by Mr. Crysdale in connection with the land in British Columbia, about 16,000,000 acres, I think. I am quite sure that in an investigation extending, I think a little over twelve months, he did not plough or prospect the 16,000,000 acres, but simply went over the ground the same as the Canadian Pacific Railway engineers, and I think it is a fair statement to make that the 25,000,000 acres of Peace River lands available for development ought reasonably to be considered in connection with a study of the proposed location of an outlet to the Pacific coast. They ought to have considered the 25,000,000 acres instead of the 8,000,000 acres that were defined in connection with the report of 1925.

Just a word on the question of freight rates. As I have already said, we have had four or five reports. I have here a copy of the 1925 report.

Mr. STEVENS: Is that the Sullivan report?

Mr. KENNEDY (Peace River): It is signed by Sullivan, Gzowski, Fairbairn, James and Hill. There are a great many tables worked out in this report to show that hauling grain out of the Peace River country would never pay, and the whole report led up to this conclusion:

There is no hope, even with the existing freight rate of about 39 cents per 100 pounds, for the line to pay even operating expenses on the immediate traffic or on a traffic many times the present traffic.

There seems little hope of the line ever being self-supporting at rates even 50 per cent higher than the present ton-mile freight rate on grain to Fort William for similar distance.

That, approximately, was the rate in existence at the time this report was prepared. In the year 1926 however rates were reduced from 39 cents to about 29 cents on grain moving to Vancouver. During the next two years, with those reduced rates, the Alberta government had charge of the Northern Alberta railways, the railway system serving the Peace River country, and in spite of the fact that in the year 1925 our engineers told us that a railway in that country could never pay, and that an outlet could never pay, in spite of the fact that there were developed less than 1,000,000 acres of land out of a possible 8,500,000 acres, under the management of Mr. Callaghan, the Deputy Minister of Railways in the province of Alberta, the railway company I have mentioned improved its position in those two years to the extent of a million dollars.

At page 497 of the Canadian Annual Review for the year 1928-29 we have the following statement:

The sale of the Northern Alberta Railways to the Canadian Pacific and the Canadian National Railways was ratified by the legislature during the session of 1929. In moving the second reading of the bill for this purpose on February 18, Hon. V. W. Smith, Minister of Railways, reviewed the history of these lines. He stated that in the first full year of government operation, that of 1927, there had been a net operating surplus for all the northern railways of $303,786.63, as against an operating defict of $188,655.34 in the previous year. In

1928, the operating surplus was $810,209.41. Mr. Smith stated that faith in the abounding vitality and increasing growth of the province of Alberta and the Peace River region, were the reasons that influenced the government's course in refusing the joint offers submitted for the purchase of these railways early in 1928.

The annual report of the department of Railways for the calendar year 1928, gave operating statements for the four northern railways for that year. The operating revenues of the Edmonton-Dunvegan and British Columbia railway were $1,782,160.43 and operating expenses $871,971.03. After allowing for some other revenue and other expenses the net corporate income of the railway was $88,090.27 after interest on funded and unfunded debt.

Therefore the position in 1928 is that the Edmonton-Dunvegan and British Columbia Railway, and the Central Canada Railway were actually on a paying basis and were revenue producers to the Alberta government, when less than 1,000,000 acres had been developed and when five engineers had stated three years previously that there was no hope for the success of the railway. Of course an additional investment of possibly $15,000,000 would be necessary for the construction of an outlet, but without any further extension of railway mileage there is a possible increase of 2,000,000 or 3,000,000 acres. Yet with less than 1,000,000 acres in use we find the railway was a revenue producer for the Alberta government.

Here is another fact: The Edmonton-Dunvegan and British Columbia Railway and the Central Canada Railway were in those days merely branch lines of the Canadian National Railways system. Every carload of grain leaving the Peace River country and every carload of machinery brought in was hauled two or three times as far on the Canadian National railways as it was on the Alberta railways, and I think we may draw the inference quite fairly that whatever may have been the revenues to the Alberta government from the two railways I have mentioned, there was an additional profit to the Canadian National Railways, because in some cases the freight was hauled two or three times as far on the Canadian National system as on the Alberta railways.

In the face of facts such as these, the talk about ton-miles, and the comparison of ton-miles of grain moving over the Canadian National railways and other commodities moving over other railways in North America is not very convincing. It seems to me that the statement of revenue accruing in Alberta in the year 1928 as a result of the operation of these railways is far stronger than any statement of engineers to the effect that this road cannot be expected to pay, or that we cannot expect any development in the Peace River district which will justify construction of the outlet for years to come.

In the last five years the population of the Peace River country has almost doubled—in fact, I think it has nearly doubled in the last four years. In all railway reports there have been references to the need for additional branch mileage.

Mr. MANION: Could my hon. friend give me an idea of the population?

Mr. KENNEDY: About five years ago it was about 20,000; to-day it is about 40,000. There is a steady stream of new settlers moving in from the dried out areas; some of them are moving back and homesteading eighty or ninety miles from the railway. As a result of dry years a good many of them were in financial difficulties when they left the south country. Very few of them have capital with which to go ahead and develop a new country. They are not situated as happily as were the settlers who moved to that district about twenty years ago; they have taken land more difficult to develop. Many of them have been asking for relief, not as a result of their experience in the Peace River district but resulting from their experience in the districts from which they came. Many of them are directly on the route of any outlet which would be built westward. To my mind it would be more sensible to spend money constructing a work such as that suggested in the resolution, thereby providing a chance for those people to earn money while they are developing their farms, than to pay out direct relief to them. Certainly there is great credit coming to those people who, instead of throwing up their hands, joining the ranks of the unemployed and drifting to some of the cities, struck out for themselves and tried to effect reestablishment in a new country. I know assistance is being given to them partly by the federal and partly by the Alberta governments. I think they would be better pleased however, and Canada would profit more in the long run, if the development of this outlet were begun, so that they might be provided with opportunities equal to those enjoyed by so many of the early settlers on the prairies. During a certain period of the year they could earn money apart from their farms, and during the remainder of the year their efforts could be directed towards the development of their lands.

One fact brought out in the evidence before the railway committee in the year 1927 was that under a proposal such as outlined by the

engineers for the construction of an outlet there would be over 6,000 acres of economic land per mile of line in the Peace River country, as compared with an average of 5,000 acres in the other prairie provinces. Undoubtedly that is one reason why we had such favourable results in railway operation in the Peace River during the years that I have mentioned. Our yields per acre have been running from four to six bushels higher than the average in the prairie provinces. If the three prairie provinces were worth railroading, it seems to me that with the higher yields per acre in the Peace River and with about twenty per cent greater acreage per mile of line, we have a pretty good case for the economics of the proposal. I know the railways have taken the position that there ought to be enough traffic in sight to justify the expenditure right from the start. I do not think there is any possibility that we can meet such a condition. If that is the basis on which the railway is to be built, then I do not think we are likely to have the proposed outlet for a good many years to come. But how many of our railways would have been built, and how much development would we have had in western Canada, if some twenty, thirty or forty years ago that condition had been laid down?

Having demonstrated the fertility of the soil, and the investigation having established the fact that there is sufficient arable land to justify the railway mileage, it seems to me that we have made out a good case for the construction of the outlet. I know the argument will be advanced that these are hard times. Well, the curves of hard times and good times in Canada have been followed up and down very largely by extensive programs of public works and railway construction. If one cares to look at the record of railway mileage built since 1901 it is quite plain that in the good years we have constructed a greater railway mileage. But, after all, is there not a fairly good case for spreading out the construction of public works and railways? I do not know whether it is safe to argue that the construction of these public works and railways was a cause or an effect of the prosperity that we enjoyed. I think it is partly one and partly the other. But I feel quite sure that by closing down on railway construction and reducing our expenditure on public works to the minimum we are contributing to the continuance of the depression, and I think it is fair to ask that the government take the initiative in trying to break the depression. Various proposals have been made to this end. Some of those proposals have been waived aside, but undoubtedly here is a project, that must be built, if promises made in past elections are to be fulfilled—and I think they will be some time. The route has been surveyed, the proposed undertaking has been thoroughly investigated, and I think it is pretty well known where the outlet is going to be. Surely it is a sound policy to view the proposition over a five or ten year period and say we ought to take it in hand now. Undoubtedly if we undertake it at the present time it would help a very large number of people to establish themselves who otherwise would be dependent on straight relief. I think in the Willison report, prepared for the province of Ontario away back in 1913, it was said that governments ought to look ahead and plan public works for the future. Well, here is one of the best-planned public works we have ever had in the dominion. I think the Minister of Railways himself believes in a plan, because he mentioned a five-year plan for the national railways within which time they would get back on their feet and become self-supporting. I think we know exactly where the outlet ought to be, we know pretty well how much it will cost, and I think we know also that it is going to be built in the near future anyway. Undoubtedly its construction will contribute to the welfare of the people in the Peace River country, some of whom, as I have already said, will otherwise have to depend on direct relief; and as its construction will help towards breaking the depression it will be in the interests of the whole dominion to proceed with the project in the near future.

Hon. R. J. MANION (Minister of Railways and Canals): I should like, Mr. Speaker, to congratulate my hon. friend from Peace River (Mr. Kennedy) on the moderate and fair tone of his speech, and on his persistence—rightly so from his standpoint—in advocating the construction of this outlet for the Peace River country. The hon. gentleman has been a consistent supporter of the proposal during the regime of the late government as well as during the time that the present administration has been in office. I have no exception to take to any of his statements but one, in which he contrasted the larger area of 25,000,000 acres with the smaller area which at an earlier stage was thoroughly investigated by the Canadian National and the Canadian Pacific railways. I have been advised, and I think correctly, that the larger area of which he speaks, while without doubt containing very promising agricultural land, has not been surveyed to anything like the same extent as was the smaller area upon which the report

was made in 1925 and 1926 recommending the Aggie-Obed route. I merely mention this to preserve the accuracy of the record.

As I said last session, I sympathize with the hon. gentleman in his desire to have the people in his section well-served with railways. I come from a section which, particularly in my younger days, was very desirous of railways, and recalling those early pioneer days of nearly forty years ago, I can easily sympathize with my hon. friend's desire to have the railway facilities to which he refers given to his people in the Peace River country. Last year I hoped most sincerely to visit that great section of our country, but unfortunately due to the pressure of other matters I did not have the opportunity to do so. Perhaps it might not have made any remarkable change in the situation at all, but I should have liked very much to have known that section of the country at first hand.

Before going further may I say that I am not opposing the hon. gentleman's attitude; I am simply discussing it and pointing out the difficulties in the way. I should like to review the situation very briefly. My information of course is not first hand, because I have not inspected the different routes, and while my hon. friend comes from that part of the country probably he has not visited them all either, but at any rate there are four routes which have been suggested as outlets for the Peace River area. There is the Aggie-Obed route, which was suggested in the report of one of the commissions; there is the Monkman pass route, the Pine pass route and finally the Peace pass route, any one of which would provide an outlet from that territory such as my hon. friend desires, though I take it he is not satisfied with the Aggie-Obed route. I believe the production in that area in the last year for which we have complete figures was in the neighbourhood of 20,000,000 bushels, while my hon. friend tells me there are some 40,000 people living in that district.

Having those points in mind I should like to point out that there have been various examinations made of the whole question, as my hon. friend stated. I think he mentioned five different reports. I recall only four, though there may be another, since this question has been looked into very thoroughly. The first report of which I have knowledge was the joint report of the Canadian Pacific Railway and the Canadian National Railways, made in 1925. The second report of which I have heard, though I have never had the opportunity of reading it, is the one of 1929-30, made in cooperation with the railways by the province of British Columbia itself. This report never has been supplied to me or, I think, to any member of this house. Some of the British Columbia members may have seen it, but I have not.

Mr. MACKENZIE (Vancouver): No, no one has seen it, but I may say that it was tabled in the provincial house just the other day.

Mr. MANION: Then there was the 1931 report of the Canadian Pacific Railway, which has not been tabled in this house because, while I have a copy in my office, I was never given permission by the company, who made the examination at their own expense, to lay it on the table of the house. After that report came out, since it differed materially from the original report which recommended the Aggie-Obed route, I stated in the house last year that I would endeavour to have the two railways get together and, if possible, agree upon a joint report. Later on I had Sir Henry Thornton and Mr. Beatty in my office, as I promised, and they discussed the whole matter, but neither railway was interested in building an outlet by itself; in fact both gentlemen took the position that if this route should be opened up, the government must pay the bill. At the same time, however, they agreed that a further joint investigation might be made by their engineers and a third engineer to be appointed, and as a result this 1932 report, which was tabled a short time ago, was made. At my request an investigation was made by a Canadian Pacific railway engineer, a Canadian National railways engineer, and a third engineer, Mr. Crysdale. Those are the four reports that have been placed before me, or of which I have knowledge, and I mean to deal with them very briefly.

The joint report of 1925 favoured the Aggie-Obed route, and I should like to place on record a brief resumé of the report. The engineers estimated that there were about 8,500,000 acres of land in the Peace River district suitable for settlement, and that when it was developed this land would produce about 1,860,000 tons of outgoing traffic, or a total of about 1,953,000 tons of all traffic. They recommended the Aggie-Obed outlet and I will give some of the details of their estimate of the cost of development. The minimum immediate outlay they estimated at $13,336,000, and the cost for the maximum tonnage, including branch lines, they estimated at about $80,000,000. In their conclusions they make the following statement:

> It would be more economical to handle the business, regardless of the rate received, over the existing lines, until the traffic was many times the present.

From the figures in their report it appears that when traffic amounts to 1,080,000 tons it will be economical to build the Aggie-Obed outlet. That was the report of 1925. The British Columbia report of 1929-30 I have not seen, so I shall not discuss it. The 1931 report which was made by the engineers of the Candian Pacific Railway at a cost to the railway of something like $250,000, favoured the Peace pass outlet. There is no harm in my making that statement, since it is referred to in the report now under discussion. I did not make that statement last year, though I had that knowledge at the time, because I had not the permission of the railway to disclose any of the details, but since that statement has been made in the report now before the house I see no harm in repeating it.

Then we have the report which is really under discussion at the moment, in which nothing new is brought out. The report contains a letter which I sent to the engineers, because they wanted some instructions. While I gave them instructions in a general way, I stated that we hoped they would not have to go to any great expense, though we did not strictly limit them, and had they so chosen they could have asked for money with which to carry on any investigation they desired. However, we were not asked for any further appropriation of any kind for that purpose.

Mr. MACKENZIE (Vancouver): Does the minister know if the engineers went to the Peace River area last year?

Mr. MANION: I am sorry I cannot say, but all three engineers have been there a good deal. As my hon. friend knows, Mr. Gzowski, Mr. Fairbairn and Mr. Crysdale have all made reports of their own on the same question, and they have investigated, probably as far as anyone in Canada has investigated, the possibilities of that area. I will not read the whole report, though it is rather brief, but I wish to read the concluding paragraphs because they sum up the whole matter:

> At the time the 1925 report was made, local interests were mainly concerned in obtaining a western outlet to cheapen their freight cost to the Pacific, and supply further railway mileage in the district. Since that time, a reduction of freight rates has been accorded them, now substantially equalling rates which would obtain if a western outlet were in use; and also since that time, about 130 miles of new branch lines have been put into operation. Thus, if not all, have the main requirements of the local interest been met. As the development of the district is from time to time pushed beyond reasonable road haulage distance from the existing lines of railways, local interest will demand further railway mileage. In our opinion this can be, as and when necessary, readily met by further branch line construction.
>
> In view of the above, our conclusions are:
>
> 1. No western outlet is justified for the present, as the existing railway furnishes the most economical route. It will take many times the present traffic to justify another railway outlet.
>
> 2. The Obed route for a western outlet is the most favourable from a railway economic standpoint, considering the present phase of the railway situation.
>
> 3. We recommend that the matter of a final route be decided when the question is a practical one, believing that by the time the volume of traffic has reached a point where a western outlet is justified, general and possible local conditions may have materially changed. When the decision is imperative, the whole situation should be reviewed, in order to appraise all the contributing factors, including the potential traffic which may accrue from the lands beyond the definite areas included in this report.

This is signed by the three engineers, Mr. J. M. R. Fairbairn, chief engineer of the Canadian Pacific Railway; C. S. Gzowski, chief engineer of construction of the Canadian National Railways, and C. R. Crysdale, consulting engineer. I mention the personnel of the commission because there has been some question raised—not by my hon. friend who has just taken his seat, but by others—as to the suitability of these gentlemen. It seemed to me to be eminently fair to choose the chief engineer of the Canadian Pacific Railway and the chief engineer of the Canadian National Railways both of whom had been dealing with this matter. The third appointee was Mr. Crysdale who was known to the people of British Columbia. No objection was made to this appointment, and in fact I can go further and say that this choice was approved.

Mr. MACKENZIE (Vancouver): By the government of British Columbia?

Mr. MANION: I do not know that I wish at the moment to state that positively, but I can assure my hon. friend that no objection was raised by the government of British Columbia. I have had some correspondence of a private nature with the government but I doubt if I have the right to put it on Hansard. There was no opposition and I do not know, and I am sure my hon. friend does not know, of any reason why there should have been opposition. Only a short time before, if I remember rightly, Mr. Crysdale was asked by the government of British Columbia to make a thorough investigation of the lands surrounding the Pacific Great Eastern Railway, and apparently that report was considered to be satisfactory. I think my hon. friend will agree with me that Mr. Crysdale was an eminently suitable choice.

Mr. MACKENZIE (Vancouver): The reason I interjected was because the Premier of British Columbia, referring to the press reports, repudiated any obligation as far as the Crysdale appointment was concerned.

Mr. MANION: I saw that statement and while I can say quite frankly that there was no official recognition by the government of British Columbia, I repeat that there certainly was no opposition raised to this appointment. That is as far as I care to go this afternoon.

Both Sir Henry Thornton and Mr. Beatty agree with this report, and to be fair to them I shall read their letters. The letter of Sir Henry Thornton is a clear endorsation of the report. It is dated December 30, 1931, and reads:

> Referring to the report which was sent you dealing with the Peace River outlet and signed by the chief engineers of the Canadian Pacific and Canadian National railways together with Mr. C. R. Crysdale, consulting engineer, I beg to say that I have examined it and am entirely in accord with its conclusions.

I shall read Mr. Beatty's letter and the house can use its own judgment in connection therewith. So far as the general principles are concerned, Mr. Beatty, while taking exception to the decision that the Aggie-Obed route is the best, endorses the report; so far as I can read his letter, and I think I understand it thoroughly, he agrees. I had had Sir Henry Thornton's letter and I did not think it was fair to put one on the record without having the other, so I wrote to Mr. Beatty asking him for his opinion. His reply is dated February 22, and reads:

> I have your letter of the 19th instant relative to the engineers' report with respect to the Peace River outlet.
>
> With the exception of one paragraph I endorse the engineers' conclusions. The observation to which I take exception is that relating to the Obed route, and I do so because a Peace River outlet must be justified on its permanent value, and the Obed route, though the cheapest from the standpoint of construction cost, could not be considered a proper solution of the question of an outlet.
>
> No company nor any government would, in my opinion, be warranted in building the so-called Obed cutoff, if the Peace River district has the possibilities we believe it has and if the outlet is designed to be of the greatest possible value to the development of the whole area.
>
> You will appreciate that my objection to this route is largely due to the existence of a back haul on traffic from the west and north which would involve a continuous handicap as the development of the area is extended.

I think I am right in saying that in a general way Mr. Beatty endorses the report, for the present at least, although he does not agree that the Aggie-Obed route would be the most suitable over a long period.

I have mentoned already that in the 1925 report the estimates of the cost ranged from a minimum traffic cost of some $13,000,000 up to a maximum traffic cost, including branch lines, amounting to some $80,000,000. It would appear to me that it is quite possible, as time goes on, that more branch line will have to be built in this section, rather than an outlet at the present time. It has been stated to me by some of the officers, if not by the presidents of the two railroads, that it would take ten times the present crop to make this route a paying proposition. While I agree with the hon. member for Peace River (Mr. Kennedy) that railroads have to be built in advance of the absolute need—it should not be expected that railroads should pay from the first day of their construction—at the same time, if that statement is correct—it was made to me I think by one of the presidents, and I believe in the presence of the other—it would appear that it is a little early to consider the building of this outlet at the cost suggested.

I can state positively that at the present time neither the Canadian Pacific nor the Canadian National railways desires that this route should be built unless the government chooses to construct it as a governmental enterprise, as was done with the Hudson Bay route. It is easily understandable that neither railway, in view of their financial condition, would want to enter upon this expenditure. We all know the financial condition of the Canadian National Railways, and many of us know that the Canadian Pacific has been badly hit, as all railroads on this continent have been, by the decrease in general commercial and industrial enterprise which had continued up to about 1928. To a large extent both railroads are taking the attitude that there should not be any heavy capital expenditure, and for that reason they put this matter up to the government to decide whether or not it feels it can afford at the present time to finance this outlet.

I made some inquiries with regard to rates, and I shall put the information I received upon Hansard, and at the same time ask the house, and particularly the hon. member for Peace River, if he considers that these rates are reasonable. I shall give the rates from Grande Prairie to Fort William and to Vancouver. This point is considered to be a suitable one to discuss and I think the rates from other points will be in proportion. The rate per hundred pounds from Grande Prairie

to Fort William was 63½ cents in 1921, in 1922 the rate was lowered to 45 cents; another reduction took place in 1924 to 43 cents, and in 1925 the rate was lowered to 35½ cents, which I think is the present rate. The rate per hundred pounds from Grande Prairie to Vancouver was in 1921, 58½ cents; in 1922, 48 cents; in 1923, 43 cents; in 1924, 39½ cents and in 1925, 28 cents. The present rate to Vancouver is less than half the rate which obtained in 1921, while the rate to Fort William is a little more than half that which obtained in 1921.

Mr. HANSON (Skeena): Would the rate to Prince Rupert be the same?

Mr. MANION: I have not that information before me but it seems to me that it is reasonable to suppose that the rates would be similar. In view of all these facts, I ask my hon. friend if these rates are not fairly reasonable in view of the distances?

Mr. KENNEDY (Peace River): They may be considering the distances, but the distance might be cut in two.

Mr. MANION: The distance to Fort William would not be changed; the distance to Vancouver would be decreased but it would not be cut in half.

Mr. KENNEDY (Peace River): It would be to Stewart.

Mr. MANION: I do not know whether or not the construction of this outlet would bring about a material lowering in the rates. I do not profess to be any more than an amateur in dealing with freight rates, and I am afraid that is true of most hon. members.

The hon. member has placed this matter fairly and squarely before the house and the government will have to decide whether or not this construction can be carried on as an unemployment relief scheme. Apparently neither railway is satisfied to carry this work through without the government paying the bills. I presume that either of them would be glad to see it done if someone else would pay the bills, but neither of the railways is prepared to pay them. So that having fairly placed his case before the government, the hon. member, I suggest, should be satisfied and should withdraw his motion, leaving it to the government to decide whether the matter should be regarded as an unemployment relief measure, as he proposed in his closing remarks, or one for general development purposes. I suggest that he should leave it to the government to say whether it can see its way clear to spend this rather large amount of money at the present time under present somewhat stringent financial conditions, in order to provide a shorter outlet from the Peace River district. I submit that in all fairness to my hon. friend, with whom I am in sympathy, and I can assure him that at any rate the subject will be given fair consideration by the government. At the moment, however, I cannot state what the policy of the government ultimately will be.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I think the hon. member for Peace River (Mr. Kennedy) is entitled to the congratulations of all other members of this house, and particularly, if I may say so, of the members from western Canada, upon the very fair-minded and comprehensive way in which he has submitted this resolution to the consideration of parliament. I think also that the Minister of Railways (Mr. Manion) has made a very fair presentation of the attitude of the government towards this most important scheme of railway development.

It is very much to be regretted—and this applies to both political parties—that the attitude of caution, and of considered caution, which was adopted this afternoon by the Minister of Railways, was not adopted by the spokesmen of the various political parties during the different campaigns from 1926 to 1930 inclusive. Those of us who have knowledge of the Peace River situation and who have taken the trouble to look up the records of parliament will recall that ever since 1922, during every session of parliament, this question has been adduced for the consideration of the members of this house. I recall that my hon. friend who sponsors this resolution to-day brought the matter to the attention of the house in 1922 when, as a result of his representations, a vote of $50,000 was passed by the house for the undertaking of a reconnaissance survey of the district, a vote which was amplified by a further contribution of $75,000 in the subsequent year, 1923. In 1924, as was intimated last year by the hon. member for Bow River (Mr. Garland), who made a substantial and exhaustive contribution to the debate upon the history of the Peace River development, a meeting was held in the office of the Minister of Railways, at that time the Right Hon. George P. Graham, at which there were present the following gentlemen: Sir Henry Thornton, president of the Canadian National Railways; Mr. E. W. Beatty, K.C., president of the Canadian Pacific Railway; Hon. Mr. Greenfield, Premier of Alberta; Hon. Verner Smith, Minister of Railways of Alberta;

Mr. W. F. Maclean, member of parliament, Toronto; the sponsor of the present resolution (Mr. Kennedy), and the Hon. John Oliver, the rugged old, white-haired Premier of British Columbia. At that conference it was agreed that the two railways should get together and undertake a thorough examination into the various routes of the Peace River district, and the report brought in on that occasion is the one which has been referred to this afternoon—the 1925 report actually tabled in this house early in 1926. That report was signed by five engineers and it did actually recommend the Obed route for the consideration of parliament.

I think there are two considerations to be weighed by the house this afternoon. There is an obligation of honour in regard to the development of the Peace River area, and that obligation rests emphatically upon the Conservative and Liberal parties in this House. I am going to read now what my right hon. leader (Mr. Mackenzie King) said, because I am going to pin down both political parties to their previous declarations and the representations they made with respect to the development of that area. Speaking at Edmonton, 1924, my right hon. leader said:

> I pledge myself that as soon as it is humanly possible the great Peace River country will be given that measure of railway relief that will bring to the pioneers of that country the outlet they have been so long denied, and will open up the country for prospective settlers.

I wish also to quote what the present leader of the upper house said, speaking in the same city on October 1, 1924. The Right Hon. Arthur Meighen, on that occasion, made this statement:

> I have always urged that the north country should have railway relief. I cannot be accused of making futile promises, such as the Hon. Mackenzie King promised in the speech from the throne, at the opening of the last session of parliament, when he stated he was going to give railway relief to the north country, but nothing has been done.

Then again, in 1927, when the present member for Peace River (Mr. Kennedy) moved a further resolution in this House, the question was submitted to the committee on railways and canals. The hon. member read to the house this afternoon some of the submissions and recommendations of that committee, a certain recommendation having been made with regard to a general survey and reconnaissance of the whole district. Last year the hon. member for Peace River read to the house, submissions and recommendations made by Mr. Murray Hill of the Canadian National Railways, and I shall not repeat them this afternoon. The hon. member for Peace River referred this afternoon to the fact that the Edmonton-Dunvegan and British Columbia Railway, which was sold to the Canadian Pacific Railway for $26,000,000, has, since the tabling of the 1926 report, been placed upon a paying basis; and so far as I am concerned, despite the letters which my hon. friend the Minister of Railways has read to the House to-day, despite the letter from Sir Henry Thornton which endorses in toto the report of these three engineers; despite the letter, to my mind much preferable, from Mr. E. W. Beatty, K.C., who favours the development of the Peace pass route as the final solution of the Peace River transportation outlet problem; I submit, with all deference to the hon. gentlemen who were signatories of the report, that the fullest investigation has not been made. The Minister of Railways was good enough last year, as a result of representations made to him, to promise that within a month of the termination of that session he would send the engineers to make a thorough report upon the entire transportation system, but I fear that these three engineers, who have subscribed their names to the report, have not been in the Peace River territory, or at least have not had an opportunity of making a final and exhaustive examination of the Peace pass, the Pine pass, the Monkman pass and the Aggie-Obed route recommended here.

I submit to my hon. friend that he take into consideration the representations made by his own leader—because I am pinning down both the Conservative and Liberal parties—in the famous pledge number five of the Winnipeg speech made during the general election of 1930. Most of the 40,000 settlers referred to by the hon. member for Peace River this afternoon went into that area under distinct promises made to them. Some of these promises for a transportation outlet were made by the various governments of my own province of British Columbia; some of the representations were made by the Alberta government, and many of them were made by the leaders of the two major political parties in Canada. The promise given by the right hon. gentleman opposite, to which I have just referred, is this:

> We pledge ourselves to the improvement of the whole scheme of Canadian transportation northward by the completion of the Hudson Bay route, and the construction of such branches as may be necessary to render it most readily available to every part of Canada; to the Pacific slope by a Peace River outlet, and east and west by the development of the St. Lawrence waterways,, and we pledge ourselves to aid existing traffic channels and to increase port facilities.

So we have three leaders, the right hon. gentleman at present Prime Minister (Mr. Bennett) and two former prime ministers, in office before him, all of whom distinctly pledged themselves to the settlers of the Peace River empire, that they would definitely build an outlet from that area to the sea. I have no hesitation, even at the risk of wounding the susceptibilities of my prairie friends, in submitting to the Minister of Railways that, so far as a national asset is concerned, so far as the upbuilding and development of the dominion is concerned, the development of that Peace River empire is of far greater value, a far greater and more abiding asset to the dominion, than the Hudson Bay terminal. I want to remind my hon. friend that last year I made a very constructive suggestion to the administration. I suggested that they might divert in considerable proportion of the moneys available under the Unemployment Relief Act, used in building useless highways in the province of British Columbia, towards the construction, in cooperation with the government of that province, of an outlet from the Peace River territory to the sea. Subsequent to the termination of last session I believe that the provincial government of British Columbia made overtures to the federal administration, and I believe that the very same Mr. Crysdale who is a signatory to this report prepared a report which was tabled in the provincial assembly of British Columbia the other day in which he stated that you could build a line up to Finlay Forks at the prevailing prices of labour and material for a total sum of $6,000,000. That would bring the railway to the very edge of a marvellous territory, tremendously rich in resources, with a fertile soil capable of producing in a way which would delight the mixed farmer and the grain farmer. Such a soil I believe is not known in any other portion of this dominion, and had my hon. friend the Minister of Railways and Canals (Mr. Manion) adopted my suggestion of last year, then instead of the unfortunate consequences with which the administration is confronted in the maladministration of our unemployment funds in the province of British Columbia, instead of the tremendous wastage we have had there in the futile attempt to build useless and hopeless roads, and my hon. friends opposite know this as well as I, if the extension of the Pacific Great Eastern railway had been embarked upon, fulfilling the obligations made to that railway to attach it to the old Grand Trunk system, to-day you would have something concrete, something constructive, something real to show to the people of British Columbia and to the Dominion of Canada as a whole. I am appealing, Mr. Speaker, to the minister even at this session to proceed with the construction of that outlet, if not on a national basis, and it is abundantly justified on a national basis—just as much as the St. Lawrence seaway or the Hudson Bay terminal, then on the ground that it is the last great undeveloped portion of this dominion, that splendid northland in the northern part of British Columbia, Alberta and Saskatchewan, with the development of which territory with its magnificent resources is closely linked the future of Canada. I appeal to the administration to proceed this year with the construction and early completion of an outlet from the Peace river to the sea both on the ground of doing something constructive to help the thousands of unemployed in British Columbia and the prairie provinces and to develop for this dominion what is in very essence and very truth a valuable and a veritable empire in itself.

Mr. J. A. FRASER (Cariboo): I should like to offer a few remarks on the resolution before the house. I must first with other hon. gentlemen congratulate the hon. member for Peace River (Mr. Kennedy) on the very fair and reasonable presentation he has made of this subject. I have listened on several occasions to the hon. gentleman making a similar presentation on behalf of the people in the Peace River and the opening up of that district, and on each and every occasion he has always been very fair and very reasonable in his presentation.

Before I proceed I wish to take strong exception to one remark that was made just a few minutes ago by the hon. member for Vancouver Centre (Mr. Mackenzie), when he said that it would have been better if this government had assisted the government of British Columbia in constructing a railway line from Vancouver to Finlay Forks instead of proceeding with a lot of the hopeless and useless roads which they had under way in the province. I take strong exception to that statement. The British Columbia government has undertaken no roads that are either hopeless or useless. I would ask the hon. gentleman what he has to say about the construction of the trans-Canada highway in British Columbia? Is that a useless and hopeless piece of road? What about the road which I suppose my hon. friend himself as well as the rest of us has advocated from Hope to Penticton? Does he call that a hopeless and useless piece of road? What about the road up the North Thompson? Does he call that a useless and hopeless piece of road? What

about the road from Prince Rupert to Tete Jaune? Is that a hopeless and useless piece of road? These are the main roads, Mr. Speaker, which have been laid out in the government's program for unemployment relief in the province of British Columbia, and when my hon. friend from Vancouver Centre states that these are hopeless and useless roads I take very strong exception to his statement. They are all highly necessary roads and the construction work is proceeding in a very fair and reasonable manner on each and every one of these projects.

With regard to the situation in the Peace River country, the report which we have before us practically confirms the report of 1925. It goes back and says that the Obed route is the most preferable or the best western outlet from the Peace River country. I cannot understand, Mr. Speaker, how engineers who take into consideration the situation there is in that country can come to any such conclusion. I am not a railroad engineer and do not pretend to criticize the report from that standpoint, but from the standpoint of British Columbia I do say that there is no justification in the world for the Obed route, and if the Obed route should be constructed it will hold back the development of the Peace River portion of British Columbia for generations and put Peace River off the map entirely. It will be generations before it will be possible to get a railway to serve that area.

Some reference was made here this afternoon to a report which was made for the British Columbia government in conjunction with the Canadian government and the railways and tabled a few days ago in the provincial assembly.

Mr. MACKENZIE (Vancouver): In conjunction with the two railways, but not the Dominion government.

Mr. FRASER (Cariboo): In conjunction with the two railways and the province. I have not had an opportunity to read that report which was tabled only a few days ago, but I have seen a review of it in one of the local papers in British Columbia, from which for the information of hon. gentlemen I should like to quote. While this report which has just been tabled makes reference to lands which are entirely within the province of British Columbia, they are not all in what we call the Peace River area, but if the Peace River route is followed they would all be tributary to a railway connecting up Peace River with Vancouver. I am going to quote from the review which appeared in the Kamloops Sentinel of a few days ago. This is what it says in reviewing the report which was made for the British Columbia government in regard to the Pacific Great Eastern lands in British Columbia, part of which are in the Peace River block

> The general public had almost forgotten that the railways and provincial government had carried out a survey of the resources of Pacific Great Eastern Railway lands during 1929-1930. This has proved to have been most exhaustive. Under the supervision of Major J. R. Crysdale, the investigation is described as one of the most comprehensive ever undertaken in the dominion, which means much.
>
> In a nutshell the resources are listed thus:
>
> Coal—good quality, easily mined to the extent of 600,000,000 tons.

That is in the Peace River area. It goes on:

> Timber—more than 18,000,000,000 board feet, with nearly all of it classed as accessible.
>
> Petroleum and natural gas—620 square miles of favourable structure areas.
>
> A total area of nearly 20,000,000 acres of which only 893,000 have been alienated, 2,230,000 are cultivable, 11,000,000 suitable for grazing lands and 6,000,000 unproductive.
>
> Water-power—over 150,000 horse-power in Peace River block and a minimum of 50,000 horse-power in the three southern blocks.
>
> Geologists report 3,630 square miles with lode mineral possibilities and 9,400 square miles of favourable area for placer gold. Other non-metallic minerals are reported "potentially important."
>
> This report will reconcile British Columbians somewhat to this historic railway which has been described as a line which starts nowhere and arrives nowhere. Posterity may see in it a project that had one salient fault, it was built long before its time. But that the general route had merit will be conceded, in the light of the resources that are now revealed. It is to be hoped that the survey will have an important bearing in the event of a sale, a consummation devoutly to be wished during these times.

That, Mr. Speaker, gives an idea of the resources tributary to the proposed western outlet of the Peace River country. All the resources I have outlined are tributary to and can be made accessible to that line. The development of these natural resources would surely to some extent lend itself to giving employment to quite a number of people in the province of British Columbia. I fail to understand why, having all these facts before them, the engineers came to the conclusion that the Obed route is the proper western outlet for the Peace River country. I am very loath to accept it.

A statement was made in the first part of the report that the report is based on railway economics. From a review of the situation and from my personal knowledge of the country, may I say that if railway economics are reflected in that report, I am not very favourably impressed with them. I would say

that the report submitted is nothing but economic tomfoolery. Certainly it does not appeal to me as sensible or reasonable, and I suggest to the Minister of Railways and Canals that the matter now before us should be considered from a standpoint other than the one of railway economics, if the report to which I have referred is the result of a railway economic survey.

What will happen to the northern part of British Columbia and all these resources I have outlined? May I add that I have touched only upon the possibilities of that section of Canada. One could travel up the Finlay river and treble the mineral area, if one desired. Further may I point out that the Finlay area is not included in this report. What will happen is simply this, that the Obed route will be of no potential value to the province of British Columbia. Not only that, but it will do very little service to the province of Alberta. That province is already served by a railway. The construction of the Obed route would do nothing for the province of Alberta, and for at least a time it would put the Peace River section of the province of British Columbia entirely off the map. That part of Canada lying north of the Peace River district will be placed in a position whereby, in order to get produce to the natural market of Vancouver, it will have to be hauled about 1,600 or 1,700 miles, instead of along the Peace River route of only 800 or 900 miles. As my hon. friend from Peace River (Mr. Kennedy) has pointed out, that distance will be very materially reduced, if the outlet is taken to Stewart.

For the consideration of the minister and the government I can think of no other project in the whole of the Dominion of Canada which will lend itself so readily and be of such lasting benefit to all the people as the construction of a western outlet from the Peace River district. As the hon. member for Vancouver Centre (Mr. Mackenzie) has stated, the building of the outlet has been promised by both the political parties. There could be only one excuse for the government not proceeding with the construction of the route, and that would be the financial position of this as well as other countries. Whether or not that is sufficient reason to postpone construction, I admit it is a very substantial reason why the undertaking should be considered only after very careful observations and inquiries. I submit the construction of the Peace River outlet would be one of the most readily accessible projects in the Dominion of Canada for the relief of unemployment.

[Mr. J. A. Fraser.]

I suggest consideration of the matter to the government, and trust they will give it their very best thought. I would hope that after inquiry they may find themselves in a position to provide the sum of $15,000,000 towards the completion of the outlet and connection with that northern country.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I should like to add a few words to what already has been said regarding the Peace River proposal. During the last two days I have been perusing the report which was issued, and which I now have before me. I am particularly struck with the first paragraph of that report wherein the letter of the minister is quoted. In that letter the engineers were asked to approach the subject from the viewpoint of the whole dominion. In the second paragraph of the report one might conclude that the engineers were setting out with a view to finding an outlet to the Pacific coast because we find the following words:

> Being a committee of railway engineers, we have concluded that our report should be based upon railway economics from the standpoint of the Dominion of Canada as a whole, leaving it to others to furnish you with information on the subject other than that from a railway standpoint. To illustrate this:—One route might work out from the best available data as to prospective tonnage, to be the most favourable from a railway annual expense standpoint, while another route less favourable from that same standpoint, might by some be considered, despite that disadvantage, to have certain other potential, intangible, or prospective possibilities . . .

And so on. One might be led to believe that in that inquiry they were setting out to find a western outlet. When we come to the last of their findings, however and compare them with the report I have in my hand known as the Peace River district report, I find the two reports are practically the same, with the exception that the clauses have been changed around.

If one reads the report on the Peace River district he will find that the statement is made that there is no hope that the line could be made self-supporting. Then they go on to speak of the Obed route, using practically the same language as that found in the findings now before me.

I wish at this time to take exception to the following statement which appears in the report before me:

> Since that time a reduction of freight rates has been accorded them, now substantially equalling rates which would obtain if a western outlet were in use.

That, Mr. Speaker, is hardly correct. In fact, one might infer from that statement that if the railway was built through to the Pacific coast the rates obtaining from Edmonton to Calgary would extend to the Peace River district. I have before me information from a railway traffic officer stating that the rate from Peace River town to Fort William is 33½ cents per one hundred pounds. The distance from Edmonton is some 1,243 miles. It is only some 742 miles from Edmonton to Vancouver; if you add the mileage from Edmonton to the Peace River you get almost twice the distance from Peace River to Fort William with the present rate of 33½ cents as against the export rate of 26 cents, from Edmonton to Vancouver. But I claim that both the domestic and export rates from the Peace River to Fort William are practically the same, so that the report is hardly fair, or even correct.

I think, Mr. Speaker, that in discussing this matter the dominion point of view has been entirely overlooked. Our Pacific ocean trade should be viewed from the national standpoint. Our trade with the orient has been steadily growing and we are looking for further new markets, but apparently our railway policy has been so shaped as to foster trade through our eastern ports only. Of late years, however, we have been turning our eyes to the Pacific, to Australia, to New Zealand, to Japan and China, and if that trade is to be encouraged I submit that the proposed outlet from the Peace river through British Columbia is vitally necessary. I hold in my hand a booklet, Trade Prospects Across the Pacific, prepared by John M. Imrie, chairman of the Canadian Chamber of Commerce trade mission to Japan, China and Hong Kong, in which he sets forth the findings of the Canadian trade mission relative to a greater development of trade between the dominion and the orient.

The report points out that Japan is to-day Canada's third largest customer, having increased her purchases from a peak of $1,150,000 in pre-war years to $42,000,000 in 1929, and an average of $33,000,000 for the five-year period, 1925-1929. With respect to China, that country stands in eighth place among Canada's customer nations. Her purchases from the dominion have increased from $3,000,000 in 1922 to $24,000,000 in 1929. Looking to the future, the Canadian trade mission has no hesitancy in asserting that these two countries constitute a potential market for a vastly greater range and volume of Canadian merchandise than is suggested by actual exports to-day. The full development of this market, it is pointed out, is dependent in large measure upon the stabilization of political, monetary and economic conditions in China and upon the extension of transportation facilities into the interior of that vast country.

Apart from the local aspect, the great question of Canada's trade through her Pacific ports has been entirely overlooked by the engineers who drafted this report, because they confine themselves to the statement that no western route is justified for the present and that our existing railways furnish the most economical route. Our Pacific ports have been growing despite the handicap of higher freight rates. Last year through the port of Vancouver we shipped 91,000 tons of wheat to Bristol, as against 36,000 tons from the Atlantic ports. This trade is now assuming large proportions, and I submit it should be fostered, and to this end another outlet from the Peace river would be in the national interest as well as a direct benefit to the settlers in the Peace River valley.

It seems to me passing strange that the major part of our development in railways and shipping has been confined entirely to the east. But not only has the east been favoured. When Manitoba asked for a route to Churchill her request was granted and some $54,000,000 has been expended on the construction of the Hudson Bay railway and port facilities. I think I am correct in stating that last year $6,000,000 was spent upon this undertaking. I wonder what would have happened had the engineers who are responsible for this report been asked to report on the Churchill route before it was undertaken. In view of the tone of this report, I have grave doubts if the Hudson Bay railway would have been constructed. Millions of dollars have been spent to build up the ports of Montreal and Quebec and to develop our canal system, yet when we in British Columbia ask for any help or consideration for our Pacific ports a report such as this is brought in practically to damn the whole thing.

Mr. MANION: I hope my hon. friend does not blame the government for the report. We did not make it.

Mr. REID: No; but I hope the hon. minister will not take the report very seriously when it says that no westerly route is justified for the present.

Mr. MANION: Will my hon. friend allow me to state this: I believe firmly that the Peace River outlet will have to be built ultimately.

Mr. REID: I am glad to hear that. I submit that this report should not be con-

sidered as final. Personally I am glad to hear the hon. Minister of Railways say that he is not in accord with the last clause in which the engineers say that no western route is justified.

Mr. MANION: I think it is only a matter of when the work should be done. That is the only dispute.

Mr. REID: I am glad to hear the hon. minister so express himself. I simply rose, Mr. Speaker, to endorse the resolution.

Mr. A. E. MUNN (Vancouver North): Mr. Speaker, I also wish to support this resolution, so ably presented by the hon. member for Peace River (Mr. Kennedy). The dominion is under an obligation to the Peace River country, for, as has been pointed out, the right hon. leader of the opposition (Mr. Mackenzie King) when in power, definitely promised that within a reasonable time a start would be made to construct an outlet from the Peace River to the Pacific coast, and later, the present right hon. Prime Minister (Mr. Bennett) made practically the same promise. During the special session in 1930 I pointed out that those promises had been made, and that the government could not spend money to better advantage than by completing the Pacific Great Eastern end in British Columbia. I think my advice was sound, although the government did not accept it. At the present time road-building camps are scattered all over British Columbia. Some of the roads under construction may be necessary, but undoubtedly others are not needed at all. As a matter of fact there is not much actual road-building going on, the men are simply living at the camps and doing very little work. If the government are going to carry on public works in British Columbia to relieve unemployment, I would advise that they reorganize the whole system and bend their energies towards completing the Pacific Great Eastern from Vancouver to the Canadian National railway. That work could be undertaken to provide unemployment relief, and it would be a considerable step towards opening up the Peace River country.

My hon. friend from New Westminster (Mr. Reid) took exception to the report. I will not even discuss it. I am somewhat familiar with the country, and in my opinion the mere mention of the Aggie-Obed route condemns the whole report. There are four possible routes, and anyone familiar with the country who hears the Obed route recommended would condemn the whole report as a matter of common sense.

[Mr. Reid.]

I am not going into the resources of the Peace River country; that question has been discussed for years. There are wonderful resources in that country, with millions of acres of the best wheat land in North America not taken up. We hope that in the near future this outlet will be supplied, but in the meantime I think this government, instead of spending relief money in the building of patches of road here and there, some of which may be needed but many of which are quite unnecessary, should spend the money in completing the Pacific Great Eastern railway, and in doing so they will go a long way towards opening up the Peace river area.

Mr. A. U. G. BURY (East Edmonton): Mr. Speaker, on previous occasions when this matter was brought up in the house by the hon. member for Peace River (Mr. Kennedy) I took no part in the debate, although I am very much interested in the matter. I think the last time I had occasion to refer to the Peace River question was during the session of 1926, but I should not like this debate to pass without saying something with regard to this matter.

We have been referred to the reports of the railway engineers with regard to the relative merits of the different routes. I have no intention of going into those reports or the arguments based upon them; I suppose the route will be settled, broadly speaking, on two considerations: first, the engineering features and secondly—and I think this is the main point to be considered—the amount and richness of the territory which will be served.

As far as the city of Edmonton is concerned, in my opinion and in the opinion of a great many people in that city, the construction of a Peace River outlet will bring us no immediate advantage; rather it will work to our disadvantage. At present that great country is really a sort of cul-de-sac; anyone entering it must go through Edmonton, and anyone leaving it must come out the same way. All traffic to and from that district, whether passenger or freight, passes through my city. But while we recognize that the immediate result of a Peace River outlet may not be particularly advantageous to our city, at the same time we all recognize that the development of the Peace River country ultimately will be of advantage to the city; we recognize that we cannot introduce a policy which will have a beneficial effect in the development of one part of the province of Alberta without every other part of the province reaping resultant benefits. Therefore, with no immediately selfish motive, I rise to support the plea of the hon. member for Peace River.

I endorse that plea on behalf of the settlers who have gone into that country. It has been stated already that many people took up homesteads in the Peace River district on the strength of a promise or understanding that railway facilities would be afforded. That may or may not be true with regard to the first settlers; as to that I cannot say, but certainly it is true with regard to the settlers who have gone in during comparatively recent years. They were promised an outlet from the Peace River district to the coast; the people who went in after those promises, representations and undertakings were made and given went in on the strength of them. They have been holding on to their farms under the greatest difficulties, unable to do more than merely support themselves, with freight rates which make it impossible to market their grain with any hope of profit. They have been holding on in the hope that the promises made by both parties will be implemented.

Some hon. gentlemen opposite are very quick to refer to the promise or undertaking given by the leader of the Conservative party in 1926. May I remind them that the language of the right hon. gentleman on that and other occasions was not nearly so definite or clear in its immediate prospect of fulfilment as the promise and pledge given by the then leader of the Liberal party. The present right hon. leader of the opposition (Mr. Mackenzie King), when in power, gave the pledge that this would be done forthwith. The construction of an outlet from the Peace River district to the Pacific coast was to be the spearhead of the Liberal policy, but apparently the spearhead was rather blunt. It made no apparent impression on the policy of the government, so that to-day we are just where we were in 1925 and 1926.

I know these settlers; they are of a peculiarly high type and character. They are men who have gone to that area not for the purpose of making fortunes or for the purpose of turning their farms into grain mines; they have gone there to make homes and root themselves in that part of Alberta with the idea of becoming permanent settlers, in that area. They are coming into the Peace River district in increasing numbers; the calamity of the drought which fell upon the southern part of Alberta and Saskatchewan, and conditions in the United States, have had the effect of driving hundreds and thousands of settlers to that great north country. During the last year and a half they have poured in, and because they went there with the assurance that both great political parties were pledged to construct a Peace River outlet, they have a right to demand the fulfilment of that promise.

We on this side of the house appreciate to the full the difficulties presented by the financial condition of the country; we recognize the imperative nature of the demand made upon the treasury, and the necessity that resources should be husbanded and absolutely no unnecessary expenditures made. For that and for other reasons it has been suggested that the proper policy is to wait until the country has become so populated that a railway will pay. That is a wrong policy; in any case it is a policy which cannot fairly be pursued in relation to the great Peace River district. After all, the best way to populate the country is to give it railway facilities. The argument has been raised that more than a Peace River outlet the country needs branch lines running into the more thickly populated districts, touching the best farm lands and uniting them with the main line. But the branch lines referred to will be built and put upon a paying basis much quicker if the Peace River outlet is provided; because with better railway facilities and cheaper freight rates there is no doubt in the world that there would be an increased influx of settlers into that north country.

The settlers in the Peace River district have watched the progress of political action and have compared promise with performance. They have seen great undertakings carried out by past governments while that which was pledged to them was forgotten. They have seen the great expenditures made on the Hudson Bay railway; and I remember that in 1926 I was one of the very few who protested against the construction of that road. I pleaded with the government of the day that before any more money was spent on the Hudson Bay railway, the Peace river outlet should be constructed. I suppose possibly $50,000,000, perhaps $60,000,000 will be spent on the Hudson Bay railway to obtain a very problematical advantage in the future, whereas there is in the Peace River district a great agricultural empire which at the present time is merely a cul-de-sac at the end of a railway. This road, although greatly improved during the past few years, is not of the best and heavy freight rates prevail.

I need not remind this house of the evidence of the wealth and the great agricultural possibilities of the Peace River country. I recall the fact that the blue ribbon in the grain world for wheat and oats has been won again and again by a farmer who resides and has resided for many years in that district. For these reasons I support with my whole heart

the plea of the hon. member for Peace River and urge upon the government that if this outlet cannot be constructed in any other way, it should be undertaken either as a direct policy of the government or as a measure of unemployment relief. This is an obligation which rests upon both parties and which has, I think, the endorsation of all sections of this house.

Mr. OLOF HANSON (Skeena): Mr. Speaker, I rise to associate myself with the resolution moved by the hon. member for Peace River (Mr. Kennedy). I congratulate the mover upon the able manner in which he has presented his case. The Peace River outlet to the Pacific coast is necessary in order to develop the resources of that part of our dominion. As has been said by previous speakers, our commerce has been developed eastward to the Atlantic ocean but in later years new markets have been discovered for our products and accommodation must be provided to handle this new movement. I should like to read a resolution passed by the Stewart board of trade, which reads as follows:

Whereas thousands of people have been migrating to the Peace river during the past two years, swelling the population of that country to a total of some 40,000;

And whereas in addition to vast agricultural development it has been demonstrated that northwestern Canada is rich in mineral deposits;

And whereas a tide water outlet has for some years been promised to the Peace River country;

And whereas a charter was granted for a line of railway from Stewart to the Finlay Forks some three years ago and certain preliminary surveys have been made of the route from Stewart to the point named, as a result of which the people of this community and the Peace River country have been lead to anticipate stimulated development;

Be it therefore resolved that this board of trade ask Mr. Olof Hanson, member of parliament for this federal riding, to collaborate with other members of the federal parliament from Cariboo and Peace River with a view to putting questions on the order paper during the present session of the said parliament, that will have the effect of bringing out any and all information on this question of prime importance to the people of northwest Canada;

Be it further resolved that the questions so asked be so phrased as to bring out and make clear the intention of the government and/or the railways, if, when, and as soon as financial conditions permit of commitments for new undertakings.

Upon receiving a copy of this resolution, I took the matter up with the Minister of Railways and Canals (Mr. Manion) who advised me that the best way to bring the matter before the house would be when the Peace River outlet was under discussion. That is my reason for now placing this resolution upon Hansard. I have received similar resolutions from other public bodies in British Columbia. The chamber of commerce of Prince Rupert has passed a similar resolution on several occasions during the past five or six years, but as some of these are already on record it will not be necessary for me to read them.

Other speakers have gone into full detail in discussing this question, and it will not be necessary for me to repeat the figures given. I was pleased to hear the hon. Minister of Railways and Canals say that the government realizes that this outlet will have to be built sooner or later, but I submit that an early commencement of the work would be of great assistance in solving the unemployment problem, probably the greatest problem facing the government at the present time. As the last speaker has said, perhaps the government will consider this matter as a means of helping to relieve the unemployment situation.

I do not intend to discuss this matter any further, except to say that I am fully in accord with the resolution.

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, the Peace River outlet has been a much discussed question for a number of years. In 1912, when I joined the provincial government of Alberta, a survey was projected through from White Court via Grande Prairie and the Peace River pass to the coast. That survey resulted in bringing a great number of people into the country, particularly into the Grande Prairie district. In 1913 I was delegated by the provincial government to pay a visit to that country to look into its potentialities and to see whether or not it was advisable for the government to embark upon railway construction into that territory. After an extended trip through the country by buckboard I came back to Edmonton and reported to the government of the Hon. Mr. Sifton that in my opinion a railroad should be projected at once into that country, with the ultimate object of its completion through to the coast. That road was built and served a useful purpose for a number of years. The hon. member for East Edmonton (Mr. Bury) has intimated that this was rather an indifferent road, but at all events it enabled the people to get in and out of the country from Edmonton westward. The road was not projected through to the coast, and that is the only possible solution of the difficulties which face the people in that part of the province. But it must be borne in mind, as pointed out by several speakers this afternoon, that very considerable concessions in the way

of freight rates, were obtained in order to meet the difficulties of the settlers in that territory. Some hon. gentlemen have mentioned the fact that for a good many years the government of the right hon. the leader of the opposition (Mr. Mackenzie King) had the matter under consideration and nothing was done. May I say for their information that if they will look back over the pages of history they will see that that railway was owned by the provincial government, and they will recall that an effort was made, without success, to secure it for the Canadian National system. That it was not accomplished was not the fault of the King government. In my opinion, so far as the outlet to the coast was concerned, a stumbling block was placed in the way when both railways acquired the northern lines. That presented a difficulty which was not easily overcome.

I never was in favour of the projected outlet by way of Obed. I never could understand why the people in that country should have to submit to a back haul from the territory west of Grande Prairie and the Pouce Coupé country, or why the settlers north of the Peace should have to come by way of St. John or back to Peace River, crossing to McLennan, and making that roundabout journey in order to get out to Obed. With that rich territory, and with a thinly peopled country west of Peace River outlet, that was the logical course for any railway to take to get out of that district. Then they could go direct to Stewart or else to Prince George and connect with the existing lines, thus serving all parts of that territory much more acceptably.

I know that engineers have pointed out the difficulties in the way, but after all, they are not insurmountable; and, after reading a good many of the reports, I have come to the conclusion that even if it meant a little added cost, that cost would be warranted when the construction took place. One can realize the difficulties with which the government is faced at the present time with regard to financing, but I agree most sincerely with the suggestion that this outlet might very well have been undertaken prior to the opening up of the northern route to Churchill, and the opening of a port which at best will not be useful except for four months of the year.

Mr. MANION: That was started in 1911 or 1912.

Mr. STEWART (Edmonton): I quite agree. I have never changed my mind about the Churchill route. And with respect to Churchill, may I say that we had a splendid service through eastern Canada by water and rail which of course added somewhat to the cost of transportation to the settlers in northern Saskatchewan, but which after all was nothing in comparison to the cost which the settlers in northern Alberta will have to bear until they have an outlet through to British Columbia.

I notice that the government at present is interested in the construction or the improvement of the waterways system. In the light of the situation as it affects the two railway systems to-day, in the light of their earnings and the reduction in their business, it seems to me that while the waterway project must be gone on with some time, it could well be delayed for a short period, at least until this outlet is provided from Peace River to the coast. After that is completed we can take up the waterways question.

I do hope that if this government remain in office one of the first things they will undertake as a great public undertaking is the construction of a railway to give the facilities for which the people of Peace River have waited so long.

Mr. D. M. KENNEDY (Peace River): In closing the debate, I do not feel like saying very much because my throat is not in good condition; but there is one point mentioned by the Minister of Railways (Mr. Manion) which, I think, calls for an answer. If I understood him correctly he intimated that the presidents of the two railways are of the opinion that we shall be entitled to an outlet when we have ten times the present traffic. With all due respect, I should like to remind the president of the Canadian National Railways, through the Minister of Railways, that some years ago he said that the outlet would be justified when we had an export of 10,000,000 bushels of grain or its equivalent in tonnage for three years. Well, we have had the equivalent tonnage for five or six years, and if he keeps running away as fast as that, then the nearer we get to the goal the further away he will be from it. I do not think the railways can justify that position, because the province of Alberta made that road pay in 1927, with the volume of traffic then available, and the outlet would not represent more than double the investment.

I am not insensible to the financial difficulties with which we are faced to-day, but I do not think that in these times, with all our difficulties, we ought to be talking confidence in Canada and acting panic. Unemployment is here and we have to deal with it, and we also have to face a reasonable development of this country. I therefore urge

upon the government the consideration of action in this matter and in regard to branch lines as well, because we have a good many settlers seventy to eighty miles away from the railway.

Mr. MANION: I have promised that consideration.

Mr. KENNEDY (Peace River): Well, in view of the discussion we have had and of the position taken by the minister, I will ask that the motion be withdrawn.

Motion withdrawn.

INSURANCE COMPANIES

INVESTIGATION OF BUSINESS TRANSACTIONS BY BANKING AND COMMERCE COMMITTEE

Mr. MICHAEL LUCHKOVICH (Vegreville) moved:

Whereas there have appeared in the 1932 January and February issues of the Journal of Commerce, published in Toronto, certain allegations of swindling and questionable dealings in respect of the North American Life Assurance Company, and the Sun Life Assurance Company, and

Whereas these charges have created a state of uncertainty in the public mind, and a lack of confidence in the stability of such institutions in this country, and

Whereas these charges can most effectively be met, and public confidence best be restored by a thorough and impartial investigation of these various allegations;

Therefore be it resolved, that in the opinion of this house, the select standing committee on Banking and Commerce be instructed to conduct a strict investigation into the business transactions of the North American and Sun Life Assurance Companies, especially in relation to their investments in common stocks, and the allegations as to the swindling of policyholders by directors of said companies.

He said: Mr. Speaker, one of the most serious dangers with which we are confronted in this country at the present time is the ever-growing distrust of the public in those financial institutions which, having regard to the nature of their business, should, like Caesar's wife, stand above suspicion. I refer to the numerous attacks which have been made upon our insurance companies and upon the very questionable manner in which their affairs are said to be administered. As these charges must be either false or true, and as the insurance companies must be either innocent or guilty, I think it is incumbent upon the parliament of Canada as the constitutional protector and custodian of the rights of the people to make some definite inquiry into the allegations made and follow them up with any necessary action and legislation, not only in order to eradicate any evils which may exist, but also adequately to safeguard the interests of the policyholders.

Life insurance funds have always been regarded as the most sacred of trust funds, and life insurance companies have always been looked upon as the most responsible of trustees. The investment of their funds therefore should be based upon considerations of safety and security. Elements of speculation should be eliminated; reasonable economy should be exercised in management, and lives should be selected with a view to the death rate and a minimum of mortality. These, sir, are the fundamentals with which the public of Canada has been wont to invest our insurance companies, but owing to numerous rumours as well as printed matter the public has been led to believe that these fundamentals have been very flagrantly ignored. There is consequently a wide prevalence of alarm on the part of the policyholders with regard to the security of their policies, and there has grown up a general feeling of suspicion that the insurance companies of Canada are rapidly becoming insolvent. If such is the case, the public of Canada should be informed accordingly; if it is not, then the authors of such publications should be asked either to prove their charges or forever hold their peace. Further, if the charges are not true the insurance companies themselves should be the first to welcome gladly an investigation; for the reticence or reluctance with which they have met the charges has left the public no alternative than to accept them at their face value.

What the people of Canada are asking themselves at the present time is, why did the insurance companies not take immediate action against the Journal of Commerce for libel? As three monthly issues of the Journal of Commerce have already appeared giving wide publicity to the business transactions of the North American Life Assurance Company and the Sun Life Assurance Company, and as no legal suit has in the meantime been instituted against this publication with a view to punishing the authors of the charges, the people of Canada are gradually evolving from a mere suspicious frame of mind in regard to Canadian insurance companies into one of firmer assurance. In other words, people are no longer suspicious; they are becoming assured. I think, therefore, Mr. Speaker, that what is needed is a very strict investigation into these allegations.

A few weeks ago the following letter was sent to the editor of the Financial Post:

A copy of the January issue of the Journal of Commerce printed in Edmonton, Alberta, has

come to this office. In this journal serious charges of misappropriation are made against T. B. Macaulay, president of the Sun Life Assurance Company, and against Mr. Gundy in connection with the North American Life.

I and many of my friends here who have insurance in both these companies are greatly worried. We would like to know the facts and if we should continue to keep our life insurance with these companies or let the policies lapse. Insurance has been the only hope of the salaried men to save a few dollars for a rainy day and it now looks as if we were to be deprived of the full benefits of insurance.

Needless to say, the Financial Post is one hundred per cent with the insurance companies, but the Journal of Commerce spares no words in its condemnation of their methods of carrying on business. As stated in the resolution these charges have created a state of uncertainty in the public mind, and a lack of confidence in the stability of such institutions in this country. It states further that these charges can most effectively be met and public confidence best be restored by a thorough and impartial investigation.

The question might very well be asked whether a discussion of this matter in parliament would not aggravate the situation rather than remedy it. I think, Mr. Speaker, that there is no worse way of aggravating a situation that by leaving it strictly alone, especially in the face of the numerous rumours and the published articles which have been circulating throughout the country. Just before I left for Ottawa a business man in Alberta accosted me and asked whether I had heard about the Sun Life Assurance Company going broke. He had evidently been reading the Journal of Commerce, or else had heard something from some casual traveller in his home town. On another occasion a doctor friend of mine vociferously proclaimed his intention of discontinuing his policy on the ground that it would be throwing money away to send his annual premium to insurance companies that were so near the verge of bankruptcy. Instances such as those two could no doubt be cited by the hundred, but I think they will suffice to impress upon hon. members the danger involved. Usually false rumours die of their own stench, but when they originate from well-founded apprehension there is just cause for the investigation that I am asking for in this resolution.

Before examining the charges of the Journal of Commerce it might be just as well to know what the policyholders of this country have to say about the situation. In 1907 the methods and practices that were severely criticized by the Royal Insurance Commission were described as follows:

Insurance companies tend to become powerful aggregations of money with financial rather than insurance aims. The commission attributes to this feature of the insurance practice of the present day most of the evils under which the insuring public suffer. The deferred dividend system was devised to facilitate the accumulation and retention of policyholders' money. Speculative instead of investment fields are eagerly sought. Directors aim at the furthering of their own schemes. Underwriting and syndicates, the select machinery of finance, are operated with insurance funds.

The same methods and practices formed the subject matter of the accusation of the Policyholders' Association even so late as 1929:

1. That the management of the Sun Life did at various times and in various ways use the funds of their policyholders to inflate the securities of pulp and paper companies to the detriment of that industry and at the risk of heavy losses to the policyholders.
2. That the management of the Sun Life did at various times and in varied ways transfer from the funds of the company large amounts and place them to the credit of the shareholders.
3. That the unsettled death claims of Sun Life as compared with that of other life insurance companies were exceptionally and unreasonably large and this fact would seem to be responsible for the many unjustified attempts which the Sun Life has made to compel beneficiaries to accept smaller amounts than their policies called for.
4. That as compared with other companies the death rate, lapse rate, surrender rate, and cost of doing business was too high, due evidently to a desire for a large premium income irrespective of cost.
5. That an unreasonable amount of policyholders' funds were being put into head office and branch office buildings which were unprofitable and could not be justified on sound life insurance principles.
6. That the book value of the assets of the Sun Life were from time to time written up in a manner calculated to mislead policyholders and misrepresent the true state of affairs.
7. That the management of the Sun Life did without the consent of its policyholders and in its contracts alter its methods of distributing surpluses by deferring the payment of a portion of such surplus until after the death of the insured.

Mr. Speaker, if matters are as they have been presented in this accusation made by the policyholders, they constitute a strong argument against stock insurance companies and a good case for the mutualization of our insurance companies, or, what is still better, state control of insurance. In the United States the great majority of insurance companies are now mutualized. As the president of one of those companies put it:

"Public opinion is now educated to the point of believing that life insurance is a trust; that no set of stockholders have a right to exploit that business for their own profit; and that money saved out of the earnings of men for the protection of widows and orphans should not go into the pockets of stockholders."

The charge however is that such moneys are going into the pockets of stockholders, and that the insurance business is being exploited at the expense of policyholders.

Since the beginning of this year,—

States the Journal of Commerce,

—"or rather within the past few months, two acts of gross injustice to policyholders have been perpetrated. First, the sum of $1,275,000 has been taken out of the funds of the North American Life Assurance Company and transferred to the pockets of a few people. Second, the sum of $1,500,000 cash has been taken out of the funds of the Sun Life Assurance Company and transferred to the pockets of a few people. This is the largest amount which those who have the controlling interest of the stock of the Sun Life Assurance Company have paid to themselves at one time."

The paper then goes on to tell how, for three years, the management of the Sun Life Assurance Company tried to increase the capital stock of that company so that their heavy takings of policyholders' funds would not be noticeable, tracing the fight for increased capitalization through the House of Commons and the Canadian courts to the final decision given by the judicial committee of the Privy Council in London, England. Commenting on this decision the Journal says:

The decision is final; but it is doubtful if the directors of the Sun Life will ever make use of the right given them. The assets of the Sun Life have been plundered to such an extent that only mutualization can save it from the scrap heap of defunct insurance companies.

In other words, the Journal of Commerce states that the Sun Life Assurance Company is insolvent. One would think that pending the right to increase their capitalization the rate of dividend would not be substantially increased. On this point the article says:

Failing in their first attempts to hide their takings by an increase in capital, the management of the Sun Life evidently decided while they were striving for an increase of capital to put on a bold front and take what they wished in the form of increased dividends upon the existing capitalization of $2,000,000. The rate of dividend they have declared and paid in cash in each of the last four years is as follows: 1928, 15 per cent—

That was a good year.

—1929, 25 per cent; 1930, 50 per cent; 1931, 75 per cent.

That was generally a very bad year, economically speaking.

During the last five years the policyholders of the Sun Life Assurance Company of Canada and the North American Life Assurance Company have suffered heavy losses and cannot afford to have any more taken from them. Apart from the questionable character of these transactions, neither the North American Life nor the Sun Life are in a financial condition to pay out so much at this time. During recent years, both companies have been investing much of their funds in speculative securities and have suffered heavy losses as a result.

As a result of these losses the Sun Life has had a serious deficit which it covered up by means of fictitious bookkeeping and padding of assets. Almost $16,000,000 of the deficit, it is charged, was covered up by a claim of that amount of profit in the Sun Life's holdings of the stock of the Montreal Light Heat and Power Consolidated, consisting of about 453,746 shares. The article in the Journal continues:

These shares have been split twice recently and pay a dividend of only $1.50 per share, yet they are valued in the assets of the Sun Life at $57 each, which at this inflated price gives a dividend return of less than three per cent. Recently the market value of these shares has gone down to $38 per share. Their correct value should be the same as that of all other heavily watered securities, namely less than $10 a share. In the books of the Montreal Light Heat and Power Consolidated they are valued at $12.84 a share.

Other instances of fictitious bookkeeping are given. As an example of alleged padding of the assets to cover up the deficit, many formerly valueless items were carried over from a contingent fund into the assets. The article in the Journal continues as follows:

If these stocks and bonds were of no value during the boom years of 1928 and 1929 they surely were of less value on December 31, 1930, when they were brought into the assets and given a value. Dozens of other items included in the assets of the Sun Life have all the earmarks of inflation and padding in an attempt to justify the payment of $1,500,000 cash to the stockholders as dividends on $2,000,000 of capital stock, one-half of which the superintendent of insurance, in his evidence before the banking and commerce committee of the Canadian House of Commons in March, 1929, showed had been paid for by transfers from policyholders' funds.

According to returns made by the Sun Life to the government at Ottawa on March 1, the unpaid death and other claims of policyholders are too large, amounting in all to over $10,000,000. The Journal asks the following question:

Why should these unpaid accounts of policyholders be allowed to accumulate, while a dividend of 75 per cent in cash is paid to the stockholders who have contributed less than one-fifth of one per cent of the assets of the company against 99⅘ contributed by the policyholders?

One of the most serious charges is made against the president of the Sun Life Assurance Company. Mr. Macaulay is charged with scuttling the ship, as it were, and then, to use a slang expression, getting out while

the getting was good. The article in the Journal continues:

Why did Mr. Macaulay in such trying times as the present, pay such a large dividend to stockholders as 75 per cent? There is evidence to indicate that one of the effects of his policy was to enhance the price of the Sun Life shares on the stock market. Although these represented payments into the treasury of the company of less than $50 each, so much of the policyholders' funds have been diverted to their credit that the market price of these shares rose to the fabulous figure of over $4,000 per share. Unloading caused the price to drop to $1,350, but immediately after the handsome dividend was declared, the price went up to over $1,800 per share. After the dividend was paid they fell rapidly and are now selling at $550.

According to the records filed on the 1st March, 1931, with the Superintendent of Insurance at Ottawa, the holdings of Mr. Macaulay and his private company, the Macaulay Securities, during the last five years, of the shares of the Sun Life Company, are as follows:

T. B. Macaulay—Shares	
December 31, 1923	2,113
December 31, 1924	647
December 31, 1925	50
December 31, 1926	25
December 31, 1927	25
December 31, 1928	28
December 31, 1929	233
December 31, 1930	55

Macaulay Securities—Shares	
December 31, 1923	——
December 31, 1924	1,520
December 31, 1925	2,126
December 31, 1926	2,541
December 31, 1927	2,416
December 31, 1928	1,476
December 31, 1929	284
December 31, 1930	9

From this it would appear that Mr. Macaulay is getting from under the consequences of his own acts with a full pocket, and will leave the policyholders and stockholders to extricate themselves from the wreck as best they can.

And finally on page 7 of the January issue of the Journal of Commerce we find this indictment:

Sun Life Insurance Company has become insolvent through its speculative investments that have benefited the directors and their friends.

According to the Journal of Commerce:

The funds of the Sun Life have been so dissipated through stock manipulation that at the present market value the common stocks alone are worth over $100,000,000 less than was paid for them. The preferred stocks show a deficit of over $11,000,000 and the bonds a serious deficit also . . . It should be stated that the deficit in the preferred stocks and bonds invariably occur in the case of promotions engineered by directors of the Sun Life and their friends. The present total deficit in the funds of the Sun Life aggregate well over $130,000,000 and this does not take into account the serious writing up of such assets as the head office building of the company already mentioned. This means that over $130,000,000 of the good money of the policyholders has been given to a few stock manipulators for their inflated securities. The manipulators have the policyholders' money and the Sun Life holds their worthless paper.

According to the Policyholders' Association —a copy of whose letter I received this morning—the stocks and surpluses of the Sun Life are entirely wiped out and there is a heavy impairment of the policyholders' reserves. Brought up to date, the policyholders' funds in the company are invested as follows:

Common stocks	$302,496,289 02
Preferred stocks	35,413,206 03

Most of these stocks are of overcapitalized industrial companies—watered stocks—which the Policyholders' Association think must be wiped out entirely if these industries are to be put back upon a sound financial footing. It is estimated that when the aforementioned stocks are valued in accordance with the terms of the Insurance Act they will show a loss of over $160,000,000.

The Sun Life and the North American Assurance Companies are the two greatest dabblers in stocks. Of all the common stocks held by all Canadian life insurance companies, the North American and Sun Life hold over 95 per cent—

Mr. STEWART (Edmonton): What is the hon. gentleman quoting from now?

Mr. LUCHKOVICH: I am basing my remarks upon the Journal and a letter sent to me to-day by the Policyholders' Association. Every member has received a copy, and therefore I think I am quite justified in using it. Of the preferred stocks held by all life companies, these two companies hold over 74 per cent. The small percentage of stocks held by the other companies are mostly of banks and trust and loan companies that show little, if any, depreciation in value.

A fair example of the class of securities in which the Sun Life has invested the funds of its policyholders is illustrated in a $9,000,000 loss on the securities of the Canada Power and Paper Corporation—a Holt-and-Wood-Gundy promotion; an $8,500,000 loss on the securities of the Abitibi Power and Paper Company; and an $8,300,000 loss on the St. Regis Power Company. Of the $31,500,000 of policyholders' funds which the directors and their friends took in exchange for the worthless securities of these three companies alone, over $25,800,000 has already been lost according to the Journal of Commerce. In fact it says that the whole investment may be considered to be gone already, since there is practically no market for these securities, and

if any attempts were made to sell, the price received would not be any more than the value of the printed stock certificates.

An examination of the financial statement for 1931 will reveal a strange method of computing the liabilities of the Sun Life. Since 1928 the total receipts of the company show substantial increases each year, but the amounts put by each year as government reserves or actuarial liabilities have been rapidly growing less, as will be seen by the following table:

Year	Total receipts	Amount put in government reserves
1928. . .	$139,442,610 32	$68,624,857 58
1929. . .	173,090,107 16	56,736,512 10
1930. . .	186,913,572 99	51,081,561 95
1931. . .	197,840,344 84	44,561,437 78

These figures would make the aforementioned deficit still larger.

The royal commission of 1907 severely condemned the methods by which the management of the Sun Life transferred in the books of the company the policyholders' funds to the credit of the shareholders, yet we find in the report which the Sun Life has filed with the government that the following sums were transferred in the same way during 1931:

Interest earned on capital.. .	$ 183,191 30
Transferred from participating fund..	1,425,082 74
From surplus in non-par. fund.	1,269,164 99
Total..	$2,877,439 03

This amount which was transferred during 1931, raised the total balance now standing to the credit of the shareholders to the sum of $17,962,989.87. As suggested by the Journal of Commerce, out of this a dividend of 50 per cent on the capital stock was declared at the annual meeting of the company held in Montreal eight weeks ago, and the Montreal Gazette of a few days ago carried an announcement that the dividend would be paid on the first of the month. On page 4 of the letter issued by the Policyholders' Association I find this statement:

> According to the Sun Life's statements filed with the government, the total revenue of the company in 1931 was $56,397,374.52 greater than in 1928. But the disbursements in 1931 were $61,849,809.30 greater than in 1928. That is, the management spent all the increase and $5,452,434.78 besides. Is this the reason why the company borrowed $5,650,000 a few days before the end of December, 1931—so as to avoid having to report a heavy bank overdraft? No mention is made of this item in the statement handed out at the annual meeting; but it appears in the statement filed with the government.

[Mr. Luchkovich.]

As the Journal of Commerce suggests:

> No wonder the amount put by in the reserves was less in 1931 than in any previous year since 1928. The expenses are increasing more rapidly than the income. Will the overdraft at the bank be increased by the 50 per cent dividend to the stockholders?

This ends my résumé of the case against the Sun Life, and I shall now discuss the North American Life Assurance Company.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. LUCHKOVICH: Mr. Speaker, I shall have to condense the remainder of my remarks because of the short time remaining at my disposal.

At six o'clock I was about to give a short résumé of the allegations made against the North American Life Assurance Company. The charge made by the Journal of Commerce against this company is that $1,275,000 belonging or waiting apportionment to the policyholders thereof has been withdrawn under the guise of making the company a mutual, and that the manner in which said withdrawal has been done has all the earmarks of a swindle. When the North American Life Assurance Company was incorporated by an act of parliament in 1879 it was to have no stock; but provision was made for a guarantee fund which could be retired upon the establishment of the company, and which was to be liable for the payment of losses. It is to the holders of this guarantee fund that the aforementioned $1,275,000 recently was paid, and it is in this connection that the Journal raises so great a commotion, even to the extent of charging Mr. Gundy and his associates with having swindled the policyholders. The Journal says that steps should be taken, first, to compel the directors of the North American Life Assurance Company to put back to the credit of that company the sum of $1,275,000, and second, to compel the holders of the guarantee fund to make good the loss which the funds of the North American Life Assurance Company have suffered since the guarantee fund passed to the control of J. H. Gundy and his associates.

The terms and conditions of this deal are set forth in a letter which D. E. Kilgour, general manager of the North American Life Assurance Company, addressed to the holders of one original share or unit of the guarantee fund. I have not the time at my disposal to read this letter, but it may be found on page 8 of the March issue of the Journal. The con-

clusion which one draws from it, according to the Journal, is that without the payment of a single cent the man to whom the aforementioned letter was addressed received $127.50 plus $215 plus 35 cents plus $10, in all $352.85 for his one original share for which he had paid the sum of $20. His net profit on this share amounted to $332.85.

The charter of this life assurance company, as amended in 1897 by 60-61 Victoria, chapter 79, distinctly specifies the class of securities in which the funds of the company may be invested. During the time the company was under the control of Messrs. Gundy, Bradshaw and others, many investments were made in unauthorized securities. The company still has $9,810,667.94 invested in these unauthorized securities, which show a loss of over $2,000,000. As the charter of the company distinctly states that the holders of the guarantee fund are responsible for losses, the Journal claims that both the directors and holders of the guarantee fund—including J. H. Gundy, who sold most of these securities to the company—are responsible for these losses and that no time should be lost in determining the amount of these losses and in making an attempt to recover them for the policyholders.

Briefly put, this is the sum and substance of the allegations against the Sun Life and the North American companies.

As I have said already, my reason for placing this resolution on the order paper was to ascertain the truth or falsity of the charges made by the Journal of Commerce. In the attainment of this objective I thought that nothing less would suffice than a strict investigation into the business transactions of these two companies. The great alarm created by the allegations made by the journal, the intense worry of many people over the insecurity of their holdings and the general state of uncertainty and lack of confidence in the stability of our insurance institutions, are, in my opinion, valid reasons for bringing this matter up for the serious consideration of hon. members and the urgent attention of the government. There are individuals who will disclaim any justifiable grounds for alarm, but if the allegations alluded to are true, then in all seriousness I ask hon. members:

First, is there not good ground for alarm in regard to the investment of policyholders' funds in highly speculative and worthless propositions?

Second, is there not good ground for alarm when hundreds of millions of dollars belonging to hundreds of thousands of policyholders are misused to benefit a few individuals?

Third, is there not good ground for alarm when profits are appropriated in an arbitrary manner without regard to equity or to the rights of the policyholders?

Fourth, is there not good ground for alarm when princely dividends are paid to shareholders which are not justified by the income of the companies?

If the allegations are true, there is something radically wrong in the way the funds of these companies are being administered and in the manner in which their affairs are being managed. The business of life insurance needs investigating, and the most expeditious method of doing this is by means of a committee of the house. The parliament of Canada is the protector and custodian of the rights of the people, and these rights should not be jeopardized by a few greedy individuals.

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the business of life insurance is one of the largest in Canada. It affects not only our own country but other countries where Canadian enterprises are carrying on their operations. The privy council has held that the business of insurance belongs solely to the provinces. There are limitations upon that statement which are questioned, but in the broad and general sense the business of life insurance has been declared to be under the control of the provincial legislatures. The dominion parliament has placed upon the statute book an act dealing with insurance—life, fire, accident, and other forms—and one of the provisions of that act is that an annual statement shall be made by the companies licensed to transact life or other forms of insurance in this dominion. The validity of those enactments has been questioned. It is contended by the proprietors of the Journal of Commerce, from which the hon. gentleman who has just taken his seat (Mr. Luchkovich) has read, that parliament has no jurisdiction and that these matters are solely to be determined and dealt with by the provinces through their legislatures and various departments set up by statutory enactment.

It is not my purpose to traverse that ground this evening, but to point out that the life companies of the country have for many years been making these returns to our superintendent of insurance, and these returns are from time to time published and the reports are laid upon the table of this house. Particularly it may be said that the Canadian life insurance companies have undergone the

strictest form of examination and the most rigid inquiries have been made not only as to the character of their investments, but as to the manner in which their business has been conducted; and they have withstood the closest scrutiny of actuaries and of those charged with the duty of inspection.

For some years past the largest of Canadian life insurance companies has been the Sun Life Assurance Company of Canada. It has transacted its operations in almost every part of the world. Its policies are held by leading citizens of India and Japan, of Australia and Great Britain, and I think, in over forty states of the American union, in each of which countries it has to undergo the most careful and rigid examination. Its business—not only its business within the state or country in which its operations are carried on, but the entire financial structure of the corporation—is closely and carefully examined, and the questions that affect its solvency are of course, considered and determined. If the hon. gentleman who has just taken his seat, instead of referring to the Journal of Commerce of this year, had referred to the Journal of Commerce of July or June, 1930, he would have seen exactly the same charges being made in somewhat the same language, only in one instance it was charged that certain provisions which now find place in our statute law were introduced by the then government of the day for purposes other than the public good. Those charges have been made and remade throughout this country. We now as a parliament are called upon, on the strength of statements read by a member of this house, to decide whether an investigation shall be held by a committee of this house into the operations of the largest financial corporation we have in the dominion.

Under normal circumstances one would have said that charges such as were read this afternoon should be closely scrutinized and carefully examined. But when you realize that similar charges have been made for a long time, and that the only effect has been to dishearten to some extent the policyholders and to create suspicion in their minds as to the sufficiency of the examination carried on by the Department of Insurance, I think you will appreciate why I suggest to the house to-night that it is most undesirable that we should enter into a lengthy discussion touching matters about which we have before us no authentic information. And when it is suggested that the courts are open to the company, I need hardly remind the hon. gentleman and hon. members of this house that the same has been true for upwards of a year or two years with respect to the same enterprises. The delicate mechanism that has to do with the business of life insurance, when mixed up with matters that involve the theory and practice of investment by these enterprises, makes it possible that mistakes which are common to humanity may have occurred in connection with the transaction of this business; and if the matter were ventilated in the courts the result would be that the mistakes would be apparent and that partly, at least, criticism might be well founded.

Now let us look at what the business of insurance really is. I think it is well, before we proceed hastily to judge or prejudge this matter, or to draw inferences or form conclusions upon ex parte statements by those who for upwards of a year, in season and out of season, have been making charges which we have heard in part this afternoon, that we should have a clear appreciation and understanding of just what the business of life insurance is. Life insurance is fairly old. It involves the payment of a premium by the insured and an undertaking on the part of the insurer that at a given time, or on the happening of a given event, a certain sum of money will be paid either to the insured himself or to the persons designated by him for that purpose. Now obviously that involves the investment of money, for it is perfectly clear that the small sum paid by way of premium cannot, if it is put away year after year without earning anything, make it possible for the insurer to honour its obligations at maturity. If an endowment policy is written, providing for the payment of $1,000 at the age of sixty, and the premium is $50 per annum, it is obvious that if the insurance is taken out at the age of thirty-five there will be twenty-five payments, amounting in all to $1,250, and no question at all would arise with respect to interest earnings. But that is not how the business of insurance is transacted. First, tables of mortality, which have been arrived at after long years of patient effort and the assembling of figures indicating the numbers of people who died at given ages out of 10,000, or whatever unit may be taken, have had to be drawn up. These tables of mortality in Great Britain date back to the days of McCulloch. In modern times the great American companies have been able, from their experience on this continent and elsewhere, to prepare tables of mortality; and we in this country have prepared some tables of mortality, because our expectation of life in Canada has been somewhat greater than that of people who live in a less temperate

zone. In other words, in this country hardy men and women live longer than the people in some other parts of the world, and our rates of mortality, when we have adopted the tables of other countries, as we have—because our population is small and our opportunities for developing such tables is limited—have enabled our life insurance companies to show a longer span of life for their insured than is the case in most other communities. That is an important factor to keep in mind.

Let us see what the factors are that have to be considered. First is expectation of life, and secondly is the question, what rate you may expect money to earn during the period of expectation of life of the insured. In other words, if he pays $25, what may you expect in reason during a period of thirty years, which is the expectation of life of the insured, the money will annually earn? Now in order that there might be no misapprehension on the part of the insured, we have placed upon our statutes, in chapter 101 of the revised statutes of Canada, provisions which determine the rate of interest that insurance companies may expect to earn during the period of expectation of life of their insured. It used to be, for instance, that we set up reserves—that is the technical name—applied on the basis of money being able to earn four and a half per cent, four per cent, three and a half per cent, and latterly three per cent per annum. Now, there is an actuarial problem and a very simple one. The life of John Smith is about to be insured. John Smith is of the age of twenty-five. By the tables of mortality, which represent the average experience of practically all the countries of the world, the expectation of life of John Smith is known to within a reasonable number of months; that is, the average of the figures and the experience of the companies indicate that John Smith should live a given number of years. Upon that basis the company has computed the rate of premium that will insure him for a given sum, on the assumption that that premium will be invested by the company at a rate not exceeding three per cent, and that thereby the company will be enabled at his death or at the expiration of the period mentioned in the policy to pay to him or to his beneficiaries the sum thus insured.

It is obvious from that statement, which will not be challenged, that in a new country such as this there must be large profit made by companies whose average earnings upon the premiums received are greatly in excess of three per cent. That is fairly clear, is it not? That is, if they bought nothing but Dominion of Canada four per cent securities, as I once suggested from my seat in this house, they would thereby unquestionably always be in a solvent position, but the profits accruing either to the policyholders or to the shareholders would necessarily be limited. As a matter of fact the interest earnings have far exceeded four per cent. The interest earnings of some of our Canadian companies have exceeded on an average six per cent. Why? Because we have determined by statute the investments in which their moneys may be made, and parliament is responsible for defining and limiting the type of investments in which the accumulated premiums of Canadians and others may be placed for investment in order that the obligations of the company may be met at maturity, having regard to the expectation of life of the insured, whether it be an ordinary risk or an annuity. Mortgages on real estate are permitted under certain conditions. Some of the companies have chosen real estate mortgages as the form in which they place a very large part of their earnings from premiums and investment moneys; also bonds—government and railway bonds, municipal securities. We have in our statutes a provision that enables companies to invest their moneys in common stocks and in preferred stocks. It is true that that provision has been upon our statute books for many years. It is true that in 1927, as is suggested by the article in the Journal of Commerce, there was a modification of the law as it then stood. But the discretion lodged by the law in those charged with responsibility for the investment of the company's funds is limited to the class of investment described and mentioned in detail in the Insurance Act.

The next step is this: The business of insurance contemplates obligations payable many years hence—twenty-five, thirty, forty or fifty years hence. Investments are permitted to be made within the terms of the statute, provided always that the company shall set up, with respect to each policy as it is written, such reserves as will enable it, at a rate of interest not exceeding three or three and one-half per cent, to meet that obligation at maturity. These reserves, to which the hon. gentleman referred this afternoon, must be invested, whatever else happens, by the company in the securities provided by the statute. The insurance department here has millions, literally hundreds of millions of securities, representing the reserves which by law are set up for the purpose of enabling these various companies to meet their obligations. Inasmuch as these obligations mature many years hence, it follows that there will be

ups and downs in the curve of the value of the securities. Mortgages have depreciated in value. Stocks in great depressions depreciate in value. Aye, but more, bonds have depreciated in value. The bonds of the United States of America, regarded I fancy by most people as the foremost security in the world, their gold bonds carrying a low rate of interest, have so depreciated in value that the fall in some instances has been as much as ten per cent during the last year. A valuation of the securities at the low point of the curve would indicate a very great fall from the values they had in 1929 before the great depression. Those are factors that are always considered in connection with the business of life insurance. They must be, because the liability is one in futuro; the valuation is in the present. The valuation is based upon what the market demand is for the security at the moment. Well, if you applied that in a period of great depression, the position would be intolerable from the standpoint both of the company and of the insured. In the United States, where insurance is carried on upon a larger scale than in any other country in the world, as I pointed out the other day the representatives of forty-seven states, every state of the union except Connecticut, met together and agreed that, having regard to past experience and what reasonably might be expected in the future, the valuation to be placed upon the securities should be the average for the five preceding quarters, which would bring it down to the average price on June 30th last. It was considered that that would be a fair way in which to measure the value of the assets of the companies in which, of course, had been invested the premiums of all those millions of people who had paid in their money for the purpose of securing policies. We in this country followed the same course exactly.

There were two reasons for that. One was that our companies were carrying on business side by side with the American companies in practically the same states and would be subject to the operations of that law within those states, and uniformity was desirable in the balance sheets of the enterprises. The second reason was that we believed that Canadian companies carrying on a vast world-wide business should have the same opportunity as their competitors to place their balance sheets on a proper basis, having regard to all the fluctuations that have taken place during the years and will continue to take place, representing a curve up and down, with values high and low, provided always that in the opinion of the actuaries and of the inspectors of our department the department could certify that these companies were solvent. Those who know Mr. Finlayson, the superintendent of insurance in this dominion, realize that we have in him a first-class actuary. Every company with which I have spoken—and I have had occasion in times past to know something of insurance, having been for many years a director of the Metropolitan Life Insurance Company, and knowing something at least of the conduct of business by the largest of the American companies—hold an opinion of our insurance department, of our actuaries and of our superintendent of insurance which leaves nothing to be desired. They believe that we have as fine a department, as well administered and as well officered, as any department of insurance in the world. That was their settled conviction as expressed to me, and I can only pass it on to this house for what it may be worth. Faced with that position, we entrusted our superintendent of insurance with the onerous and responsible duty of determining what the situation really was, and on the strength of his investigation he issued a certificate that the Sun Life was a solvent enterprise.

I have no policy in the Sun Life Assurance Company, nor have I any policy in the North American Life Assurance Company. Therefore I hope I may be credited with speaking with some degree of disinterestedness with respect to this matter. I need hardly say to the house that no matter with which I have had to deal in my official position gave me more concern than this. Why? Because it touched the lives of hundreds of thousands—yea, almost millions—of people, as well as of many yet unborn, and my duty was not to hazard anything to a mere guess, but to endeavour, by every means in my power, having regard to the fluctuations which have taken place in past years and the reasonable expectations as to the future, to see to it that without further instructions than those which I have indicated to the house as to values—that apart from that our officials should make a report which would enable me to say to the people of Canada and elsewhere, who were dependent upon the solvency of this great enterprise, that it was solvent. On that report I made my statement. I believe it is true. I believe the Sun Life Assurance Company is as solvent as any company transacting the business of life insurance need be. I believe it to be solvent because those charged with the responsibility have assured me that on any calculation of liabilities, based upon any tables of mortality and the earning power of money, that is true. I have said that to my fellow

citizens, and I continue to say it, I believe it is wrong—wrong to the Canadian people and to the insured in many other lands than our own, people under other flags altogether—that in this parliament a malignant and malicious attack should apparently be given credence by being read in this house by any member of it, whoever he may be. That is my feeling with respect to the matter, and I make my statement with due regard and respect for the opinions of others.

Let us look farther. When we came into office these matters had been engaging the attention of the press. That was in 1930, not 1931. What did I do? I found that the Sun Life Assurance Company had not at that time any restrictions upon its purchases of common stocks. It is no secret; the late Minister of Finance prepared a bill to place a limitation upon it, but the bill was not submitted to parliament. I saw some of the directors of the Sun Life and asked them to pass a by-law to restrict their purchase of common stock shares. They passed a by-law at once and limited their purchases to 25 per cent, which was the figure mentioned in the bill of the former Minister of Finance. They did that, and they have observed it. More than that, however, they have not since we came into office bought any common stocks except those which they had contracted to purchase, and the common stocks which came to them by way of dividends, and otherwise, in connection with their operations.

A year ago the common stock holdings of the Sun Life Assurance Company of Canada were 51 per cent of its assets, to-day they are 47 per cent. At the end of the year they were 47 per cent. But more than that, when we came into office the Sun Life held a negligible quantity of Canadian bonds. To-day the Sun Life has Dominion of Canada bonds valued at $23,000,000, representing the investment reserves of policyholders. May I say to the hon. member who has just spoken that it is not for me here to discuss the business of individuals, even if they occupy positions of importance in the enterprise to which our attention has been directed. The president of the Sun Life, however, has himself been the greatest loser in connection with stocks of any man I know in this country. Probably I should hesitate to make that statement, but in view of the observations made I feel I am justified. Sun Life investments in common stocks have fallen from 51 per cent to 47 per cent. A negligible investment in Dominion of Canada bonds has grown to an investment of $23,000,000, and the avowed policy of the company is to have not $23,000,000 but at least $100,000,000 and perhaps $200,000,000 in securities of this dominion as the backlog of their investment policy. Probably some hon. members will recall that in this house I suggested this practice should be adopted by all insurance companies. I was denounced by some financial papers as one who was compelling companies to do what they should not do, and thereby confiscating their properties.

That is the position of the Sun Life Assurance Company at the moment. The business of that company is carried on in practically every section of the globe. Here in this parliament we are giving voice to representations read from newspapers which not only do Canada an injury in foreign lands, but certainly do not help the unfortunate man who in the midst of this great depression looks to his insurance policy as the sheet anchor for the future safety of his wife and family.

Let me go a step farther, so that we may have no misunderstanding. If these investigations had rested with us alone, hon. members might, perhaps, have reason to cast some doubt upon the accuracy of our conclusions and the soundness of our investigations. However, when investigations are carried on by other states, by other communities, by other inspectors, and similar certificates are given, surely we should not lightly embark upon a policy of sowing seeds of disaffection, distress and disturbance.

A few months ago my atttention was directed to the fact that one of the largest policyholders in the Sun Life Assurance Company, holding a policy for £340,000, maturing in June next, had been approached as a result of statements such as the one to which we have listened, and an endeavour made to induce him to believe that his endowment policy was risky and uncertain, and that long before June next the company would be in a condition where it could not make payment. The suggestion was made to him that he should sell his £340,000 policy for £300,000. As best I could I expressed my views with respect to the matter, the result was that he did not sell his policy, and on June next, if he is alive, he will receive his £340,000. He happens to be a man of great importance in his country; he does not belong to our race, but his position is one of commanding importance among his people. I consider a very distinct injury was done to the Dominion of Canada by the procedure I have just described. The basis for his doubt arose from just the sort of thing to which we have listened, as read from a newspaper this afternoon. Those statements might have been read a year ago.

Let me go a step farther. I say to hon. members, sir, that I am not in accordance with the investment policy as defined by the statute at the moment. I have long held, as those who were in the house when I stated my views will recall, that a more stringent restriction of investments by life insurance companies is desirable. That is my view, and I assured hon. members I would endeavour, within the scope of our power—and I put in that qualification, particularly after the judgment of October last—to place those restrictions upon the statute books. Remember this, though, sir. In England they have no statutes with respect to investments, none whatever. They rely upon the wisdom, the discretion and the vision of those who control the enterprises to see that the investments are sound, as it is seldom that life insurance companies meet disaster in Great Britain, or for that matter in any country, for the reasons I have indicated in the earlier part of my observations.

I think I will leave the Sun Life there except to make this further observation. As to the wisdom of some of the investments to which reference has been made I entertain no doubt; they are not investments that I would make. But they were investments which the law permitted to be made, and being legal—not illegal as has been suggested, and being within the law—not without the law as has been suggested, the making of those investments can at best be said to be an error of judgment. Well, Mr. Speaker, I wonder how many members in this house have made slight errors of judgment in their investments? Ah! I wonder if you have allowed for the human equation in dealing with this problem; if you have allowed for the fact that the best judgments in the world have made investment mistakes in the past five years? Would you have thought it possible that securities of the United States of America would depreciate as they have? Would you have thought the securities of our own country would have fluctuated as they have? Would you have thought that the securities of Great Britain would have fluctuated as they have? Would you have thought that one security I happened to hear of to-day in consequence of an event that occurred yesterday could have fallen to less than $2? These are events which I ask this house to bear in mind. They happen under the very best circumstances and to the wisest investors in the world. As I have said, there are some of these investments that I would prefer to see not made; but the law says they were legally made; and after making the valuations on the basis I have mentioned this company shows a very substantial surplus.

[Mr. Bennett.]

Now, I think this house will agree with me that the banking and commerce committee is not the committee at the moment to deal with a matter of that kind. It may well be that it is desirable that in the future, when conditions have steadied and the fluctuations are less marked, when the curve is not so well-defined, a calm, dispassionate investigation of the whole business of insurance in Canada should be held. I am hopeful that some of our provinces, uniting with the dominion, will agree that it is to the public interest that there should be a central control of insurance rather than control by every province in this confederation. In the United States the forty-eight supervisions of insurance have not always been found to work satisfactorily, for their laws are not uniform, and while the state of New York, in which is domiciled the greatest aggregation of insurance companies in the world, has laws that are admirable and do not permit many of the investments that we permit to be made by insurance companies, yet there are other states in which the laws are entirely different and the difficulties to which I allude have not been overcome.

I leave the Sun Life for the moment and I turn to the North American Life. With respect to that company, I have a very accurate and complete knowledge. It was brought to my attention last year that the company was about to be mutualized. The history of the North American Life I am aware is known at least to my old friend from South Huron (Mr. McMillan) because the great Blake family had much to do with its establishment. It provided in its articles of incorporation that it might be mutualized. Funds were set up for the purpose, with limitations upon dividends and matters of that kind. It is true that the control of the company passed out of the hands of the former shareholders to Mr. Gundy and, I think, to Mr. Bradshaw and to one or two others. The capital stock was increased by calling up the uncalled capital. Then Mr. Bradshaw—who many of you know was treasurer of the city of Toronto for several years, and who, I believe, enjoys a reputation for probity, for honour and for integrity second to that of no man in this country—conceived the idea that it was desirable to mutualize the North American Life. Out of the funds which had been collected for that purpose Mr. Bradshaw proposed to pay to the owners of the shares the price which they had fixed as the value of their holdings, and thereby to mutualize the company. He sent out the notice to which the hon. member who has just taken his seat. (Mr.

Luchkovich) has referred. That notice in my judgment at the time was not as full and ample as I wished to see it. At the instance of the superintendent of insurance I asked Mr. Bradshaw to come to Ottawa. He came, accompanied by his solicitor, and together we revised that notice and made it so complete that he who ran could read and ascertain exactly what was meant. I asked Mr. Bradshaw, and Mr. Bradshaw at once agreed, that that revised notice should be sent to every policyholder of the North American Life—not to every shareholder, but to every policyholder,—indicating that the company to be mutualized no longer would have any shareholders except the policyholders, fixing the date, the hour and the place at which the meeting was to be held, and giving notice as to the terms under which the mutualization was to be effected. My information subsequent to that meeting—and I inquired again to-night since recess to verify it from the superintendent of insurance—was that those resolutions passed unanimously; not a single policyholder raised any question or offered any objection. Where then was your Policyholders' Association? What were they doing? Why are they here now in this house talking about these conditions when they were afforded an opportunity to make objections, if they had any, against the mutualization of their enterprise? And the Department of Insurance, which at the moment was under the direction of the then Minister of Finance, saw to it that complete information was given to every policyholder. Is it right or fitting that in this house this Canadian enterprise should be thus referred to when the policyholders themselves without a single objection accepted its mutualization?

The annual statement of the North American Life does not indicate what was said this afternoon; the entire holdings of common stocks held by the North American Life do not amount to five per cent of its assets. Of course, Mr. Bradshaw has been naturally concerned about all this. His company has assets of $46,000,000. He has the pride that a man has in his enterprise, and he deprecates these statements which are not warranted, because Mr. Gundy no longer controls the company, Mr. Bradshaw no longer controls the company; it belongs to the policyholders, it is a mutual company, accomplished under the circumstances to which I have referred.

Now, sir, if I suggest to this house that we have a grave and great responsibility, I think I am not suggesting aught but what is apparent to us all. If I say that during the weeks that intervened since August, 1930, up to the time at least that I ceased to be Minister of Finance this whole matter has given me much concern, I think perhaps there is no member of this house will disagree with me. But I have asked myself, and I have re-asked myself: What purpose has been served by reading upon the record of Hansard this story from the Journal of Commerce? If it were something new I could understand it, but it is not. Shall we give the sanction of the authority of parliament to something that will cause distrust and bring disaffection to thousands of men and women whom we do not know and have not seen, who are aliens living under strange flags in various parts of the world? Shall we discredit our own institutions? For I say to you, my fellow members in this house, that as far as it is possible for one to satisfy himself, having no interest as a policyholder or otherwise in this enterprise, I am satisfied that these enterprises are solvent. I say that to you, Mr. Speaker, and I say it to the public of Canada. That is my profound conviction, my fixed and certain conviction, and I believe that nothing but injury can be done by any endeavour to send to the committee on banking and commerce an investigation of the character suggested. Mistakes have been made and will be made; I suppose almost everyone of us will admit that, but so long as solvency is maintained I am content. My concern is with the solvency of these enterprises, not only for Canadians but, as I have said, for people in every part of the world where these vast enterprises carry on their great operations.

Might I just make one further observation and I have concluded. It is amazing how many people rejoice in the success of others but how quickly they condemn them if, by the accident of circumstances, success becomes failure. Only a few short years ago, when enormous dividends were being paid to policyholders because of the enormous appreciation in values and returns of the investments which, so far as the Sun Life Company was concerned, were made as part of a fixed policy; everyone was speaking of the magnificent profits and returns that were being made. There has been no sale of those shares, mark you, because the policy of the enterprise was not to make money by buying and selling; the president announced that the policy was to buy and hold. If they had bought and sold the fortune of the enterprise would have been enormous, but they bought and held until, as I say, we asked them to reduce their holdings, of course without taking losses that would be incommensurate with the situation. As I have

said, now they are down to 47 per cent as compared with 51 per cent a little over a year ago.

Now we condemn. Who could have foreseen, and who did foresee? As I have said, I have talked to some of the wisest of our investors and some of the shrewdest of our people, and there are very few of those with whom I talked who have not found themselves in difficulties. Some of you, I doubt not, saw the directions given the other day in the will of one of the foremost men of the United States as to the investment of his fortune by his representatives. He indicated that a certain percentage should be invested in various forms of shares and stocks, preferred and common; in bonds, in railway securities, in the securities of various countries of the world, including Canada, and so on. All this indicates the desirability in the minds of many prominent men of the diversification of investments. That principle at least governed in the investments made by the enterprise to which we have referred, and I should like to feel that we would not consciously, in a period of world depression, do an injury to two great Canadian enterprises; I hope that we will not bring distrust and suspicion upon two great enterprises that hold in trust the collective savings of millions of people. For that reason—and I say it to this house with great diffidence—I trust that we will not engage in a discussion of the merits or demerits of the investment or other policies of these enterprises, when their investments have been made within the provisions of the law for which we, as members of parliament must accept the responsibility. I trust that we will dispose of this resolution quietly and expeditiously, and decline to refer it to any committee at this time so that no injury may be done either to the enterprises, to the policyholders—the men, women and children in every part of the world—or to the credit of our country.

Mr. M. F. HEPBURN (West Elgin): Mr. Speaker, I shall not take up very much of the time of the house to-night in discussing the resolution now before us, as I should like to see this matter settled in some way or other in order to end the uncertainty that seems to permeate the minds of the people throughout the province of Ontario and, I believe, throughout the dominion as a whole.

I listened with a great deal of interest to the very excellent presentation of the case by the hon. member for Vegreville (Mr. Luchkovich), and I listened with equal interest to the excellent discourse on insurance by the right hon. Prime Minister. I want to assure him that he made a profound impression upon those of us who sit on this side of the house. We fully appreciate the tremendous responsibility that is his at this time in trying to maintain the financial stability of our great institutions. I agree in part with all that was said by the Prime Minister; and, I agree wholly with what he said with reference to the North American Life Assurance Company.

In dealing with this resolution I believe we should differentiate and draw a sharp line of demarcation between the two companies which have been charged. I believe the North American Life is solvent, but on the other hand I believe the Sun Life is insolvent. In order to bear out my statement that the North American Life is quite solvent I have only to refer to the balance sheet of the company itself, as presented to the policyholders on December 31, 1931. As the Prime Minister has said, only a very small amount of the investment of the company is in common stock; the depreciation which this company would take in liquidation would be very small indeed, so I do not think there should be any question at all as to the solvency of the North American Life Assurance Company. With reference to Mr. Bradshaw, the president of the concern, I believe he is an honourable, capable gentleman, and I think he showed his unselfish spirit when he mutualized the company for the benefit of the policyholders. Charges have been made that in that mutualization process some of the directors and other shareholders of the company benefited, and it is quite true that on the face of things only $200,000 was paid into the treasury of the company while something like $1,275,000 was taken out. But I might point out that this increased amount taken out was largely made up of profits from non-participating policies which, in effect, belonged to the shareholders of the company.

While I have the floor I wish to make another statement, and that is with regard to the charges which have been made against the premier of this province. I want entirely to dissociate myself from those charges. It has been said that Premier Henry paid in something like $1,660 and drew out of the company something over $10,000, making a profit for himself of about $8,900. On the floor of the provincial house Mr. Henry has denied these charges, and as a parliamentarian I fully accept his denial. I believe he is an honest gentleman, and I think the charges against him were wholly unwarranted. The only criticism I might make, in all kindness, not only with regard to Premier Henry but with

regard to Premier Taschereau as well, has to do with a matter of principle. I think it is wrong for either of these gentlemen to occupy the position of director upon the board of the North American Life Assurance Company, and I believe the right hon. Prime Minister will agree with me in that. I know he does not parctise that policy himself; we all appreciate the fact that when he accepted the leadership of the Conservative party he resigned from the directorates of the many companies with which he was then connected. As the Prime Minister said, however, according to the decision of the privy council the supervision of insurance companies ultimately will fall to the lot of the provinces, and I think it would be much better if the premier of Ontario and the premier of Quebec were to detach themselves from the directorate of not only this company but of the Sun Life company as well.

That is all I have to say with regard to the North American Life, and I hope the standing of that company has not been impaired in any way by the charges which have been made.

It is a different matter entirely in the case of the Sun Life Company, and I shall ask the indulgence of hon. members opposite while in my humble way I explain to them my view of the situation in respect to that company. I hold no brief for Mr. Harpell and I do not intend even to take cognizance of the statements which have appeared in his publication known as the Journal of Commerce. On the other hand, I am not going to criticize Mr. Harpell. I believe he is an honourable gentleman, certainly he is possessed of indomitable courage when he will attack publicly one of the greatest financial concerns in the Dominion of Canada. It is well known that Mr. Harpell never has been friendly to the government which I supported when I sat on the other side, so I hold no brief in any way for him, and anything I have to say with regard to the management of the Sun Life Assurance Company has not been derived from any of his statements.

I should like to read from the evidence taken in connection with the investigation made by the royal commission into the affairs of the Sun Life company. I might state that the same management was in charge of the company at that time as is in charge to-day; I refer particularly to Mr. T. B. Macaulay, the president.

Mr. BENNETT: His father was president at that time.

Mr. HEPBURN: In referring to the Sun Life company the report states:

The theory of this company has always been that the capital stock was entitled to interest besides its ascertained share of profits.

And again:

In many respects the methods of bookkeeping adopted by this company are not only defective but likely to mislead and deceive.

Assets and securities in respect of which there has been depreciation, anticipated loss or loss in fact, have been treated as made good out of profits shown upon the credit side of this account.

Expenses which ought to have been included in the expense account and returned as expenses in the government returns, have been similarly wiped out and concealed by them being taken out of profits.

Balances due from agents, which were not entitled to be treated in assets have been made good out of the same source.

It is to be observed that the management of this company have had differences with the department as to their investments, and as to the classification of accounts and with other matters. The company has consistently adhered to its own view without regard to the view of the department.

Mr. BENNETT: I hope my hon. friend will not mind if I point out that that was in 1910, twenty-two years ago. The insurance act has been revised since that day and is the statute under which we now operate.

Mr. HEPBURN: I stated that the same management was in control then as is in control to-day—I refer to Mr. T. B. Macaulay. I am pointing out that this company was charged as far back as 1910 with certain crimes or misdemeanours with respect to its conduct. The report continues:

It is plain to your commissioners that the large interest of the Sun Life Assurance Company in these various enterprises is greatly in excess of the limits of reasonable investment.

The report concludes by stating:

The accumulation of so large a contingent fund, earned by the speculative use of the moneys of the company, including for the most part policyholders' money—especially without giving the present policyholders the benefit thereof—is, in the opinion of your commissioners improper.

Summed up the charges made in 1910 by the Royal Commission on Insurance against the Sun Life company were:

1. Improper transfer of funds.
2. Defective methods of bookkeeping.
3. Dangerous investments.
4. Total disregard of the supervision of the Department of Insurance.

I have every confidence in Mr. Finlayson, and it is to be regretted that any company operating under a dominion charter should wholly disregard the supervision of the executive head of the department of insurance.

This has some bearing on the first relationship I had with the company when it appeared

before this house in 1927 and asked for an increase in capital from $2,000,000 to $4,000,000. Any fairminded hon. member of this house will realize that in 1927 there was no need for an increase in capital. There was an ulterior motive and that motive was apparent to all. The shares of the company had been issued at par—I will not go into the financial set-up of the company—and then stood on the open market at about $4,000 per share. The company had had transferred to the shareholders' account the sum of $12,000,000, and it was the intention of the company to issue to the old shareholders two thousand additional shares at par. These shares would have a highly speculative value in view of the fact that the company wrongfully had transferred a huge sum of money from policyholders' to shareholders' account. Had these shares been authorized they would have had a speculative value of about $2,500 each. In other words, the $2,000,000 issue would have a marketable value of something like $50,000,000; Mr. Macaulay and his associates would have benefited to the extent of $48,000,000 while the policyholders from then on would have had to pay the interest in order to ensure that high market valuation of the new issue.

Mr. BENNETT: I hope my hon. friend knows that what he is saying is inaccurate. The provisions of the statute cover all these matters, and I am sorry he should make the statements he is making.

Mr. HEPBURN: As a member of the banking and commerce committee I remember hearing Mr. Macaulay say that the reason for the application for increased capital was that Americans were secretly getting control of the capital stock of the company. We made an investigation, and Mr. Finlayson's evidence was to the effect that the president of the Sun Life Assurance Company, Mr. Macaulay, transferred to New York 780 shares of his own stock in order deliberately to misrepresent the situation before the banking and commerce committee. I ask hon. members what they think of the head of a great financial institution who would deliberately transfer his own shares in trust to the United States and then come back and misrepresent the whole transaction to a committee of this house in order to obtain an increase of capital. As I said before, this increase of capital would have had a marketable value of about $50,000,000, and the old shareholders would have benefited to the extent of about $48,000,000.

After that time this company indulged in a wild orgy of speculation, and I do not think even the right hon. the Prime Minister will deny that assertion. Like all other speculative concerns, they came to grief. What was the action on the part of Mr. Macaulay? When he saw the thing heading for a crash he began to get out from under, and this same gentleman who a short time before had something like 2,500 shares, gradually reduced his holdings until he has something like 25 shares to-day, just sufficient to qualify him to sit as a director of the company. As the hon. member for Vegreville (Mr. Luchkovich) said, he deliberately plunged the company into a wild orgy of speculation, and now he is out from under after having, so to speak, scuttled the ship.

Mr. ERNST: I wonder where my hon. friend heard those words before?

Mr. HEPBURN: In order to bear out the statement that the Sun Life Assurance Company to-day is insolvent, all I have to do is to take the financial statement of the company as presented in its annual report of December 31, 1931. May I say that the values given here are inflated because of the action taken by the right hon. the Prime Minister and his cabinet under the provisions of the farm relief act when in effect, by an order in council dated December 31, they gave to the company the right to value their speculative common stocks as at June 1, 1931. The action of the Prime Minister can be taken only in one way; the company was insolvent; he resorted to the powers given him by parliament to save the situation, and so the statement was presented in its present form. I am dealing with this statement of the company and not with anything said by Mr. Harpell. It will be found that the company has invested in preferred and common stocks $326,000,000; in other words, over one-half of the company's assets are tied up in highly speculative stocks.

Mr. BENNETT: That is not correct.

Mr. HEPBURN: I do not propose to go into details regarding the nature of these stocks. The Prime Minister has made the statement that they were of a class which he would consider for his own personal investments.

Mr. BENNETT: I stated some of them were.

Mr. HEPBURN: Well, that is right in part, anyway; I give the right hon. gentleman credit for that. There has been, as nearly as I can estimate, a depreciation of $160,000,000 in the stocks held by the Sun Life Assurance Company. I doubt whether to-day they could liquidate with a depreciation of but $160,000,000. On bonds and real estate mortgages there is another $136,000,000, which would show or-

dinarily a depreciation of $20,000,000; and they have their own real estate which is inflated to twice its value, as nearly as I can figure, which would show a depreciation of $13,000,000. In other words, the Sun Life Assurance Company, according to its own statement, not Mr. Harpell's, would show a depreciation of approximately $200,000,000 of its assets, which total $624,000,000. So that the company's assets are impaired to the extent of between 35 and 40 per cent.

We can sympathize with this company in some respects; it probably had more faith in the future of these stocks than more conservative investors had. But this is the point to which I object—and if the Prime Minister will assure the house that he will have the matter corrected, I think we shall agree to his suggestion that there be little or no further discussion of this subject. The shareholders of the company, as the royal commission pointed out, have had more interest in making profits for themselves than in operating the company for the benefit of insurance, and I agree with everything the Prime Minister has said with respect to protecting the rights of widows and orphans and of children unborn, especially when you look at the kind of advertising they put out, "Human lives at stake," and so forth. When you think of this, it behooves us all to take cognizance of what has been taking place with respect to the company since it became insolvent a year ago. If the shareholders were sincere in their desire to repair some of the damage done as a result of that wild orgy of speculation, they would not have tampered with the reserves of the company. But in 1931, after this impairment, the company transferred to the credit of the shareholders three sums of money, one supposed to be interest on capital amounting to $183,000, another transferred from non-participating policyholders amounting to $1,425,000, and a surplus from non-participating policyholders amounting to $1,269,000. In other words, they added to the shareholders' reserve the sum of $2,877,000.

Mr. ERNST: According to Harpell's circular?

Mr. HEPBURN: These are facts.

Mr. BENNETT: I suppose the hon. gentleman knows that the statute provides that the profits from non-participating policies belong to the shareholders, as well as a portion of the profits earned by participating policies and on the capital itself. Our law, unfortunately, I think, provides that up to ten per cent of the profits may be appropriated to the shareholders. They never have appropriated ten per cent, nor half, of such profits; no company in Canada has. Some of them paid 100 per cent dividend the year before last just on that basis, because the profits on non-participating policies are very substantial, owing to length of life of the insured and other considerations of that sort, and that money has gone to the shareholders.

Mr. HEPBURN: Let me say this to the Prime Minister. He is a lawyer and I am a layman, but I realize that no law has been framed through which a team of horses and a wagon could not be driven. I am not speaking of the legal, but of the moral aspect of the matter. The shareholders have added to their own reserve, with an original capital to the extent of $2,000,000, of which only $300,000 cash has been paid up, further sums totaling $17,962,000; and on top of that, with the assets of the company impaired as they were in the year 1931, the company paid a dividend of 75 per cent to the shareholders—a further raid on the policyholders' fund. Anyone would realize that with this depreciation of common stocks, no profit was earned by the company, and this 75 per cent dividend, or a million and a half dollars, was obviously taken from the profits of the policyholders or taken out of capital account, further weakening the position of the company.

Mr. CAHAN: That is absolutely untrue.

Mr. HEPBURN: I verified that from the vice-president of the company this morning. I understood that they had divided stock bonus and dividend to the extent of 75 per cent last year; and this year, according to the Canada Gazette, there is notice of a further dividend to be disbursed among the shareholders of the company. We are spending a good deal of time arguing this question back and forth. Let me ask this question: Why is this company not permitted to do business in the state of New York?

Mr. BENNETT: It has never registered there.

Mr. HEPBURN: It is because of the methods employed by the company.

Mr. BENNETT: Our law permits the holding of common shares, and no Canadian company that does so is permitted to carry on business in that state. The laws of the state do not permit it. In fact, they compelled companies in New York to sell bank stocks, because they are not allowed to hold them under the laws of New York.

Mr. HEPBURN: That is the point I am trying to make. The laws of New York do not allow this company to do business there because of the methods it employs. Now, as I understand it, this company has been forced to deposit in other countries, in order to do business there, larger securities than are demanded by the Department of Insurance in this country; and if the assets of this company continue to be impaired, the residue we shall have left will be little, particularly if we let the company go on declaring dividends and transferring out of capital account —because they cannot transfer out of profits when there are no profits—huge sums to the credit of the shareholders. The only thing to be done by the company is to mutualize. There is no way of satisfying public sentiment without taking action in that direction. I hesitate to bring this to the notice of the parliament of Canada—

Mr. ERNST: Are you a policyholder?

Mr. HEPBURN: The hon. gentleman asked me that question four years ago. I am one of 250,000 policyholders in Canada, but to satisfy him I may say that I am cashing in my policy in the Sun Life because I sincerely believe that the assets of the company are seriously impaired, and I do not like the management.

Mr. ERNST: I am keeping mine.

Mr. HEPBURN: Well, that is the difference between us. I do not think the people of this country will be satisfied until some more definite action is taken by this parliament.

Hon. C. H. CAHAN (Secretary of State): In the year 1927 I introduced the bill regarding the Sun Life company. I attended every meeting of the committee which had that bill under consideration. I listened throughout to every word of the evidence given in that case, and I must say that the statements made by the hon. member for West Elgin (Mr. Hepburn) as to what took place, and the reasons which were urged why the capital stock of the company should be increased, are not in accordance with the facts. Furthermore, before introducing that bill, although not interested in the Sun Life in any way except that I have a policy of $2,000 or something like that, paid up, I went into its returns and examined into the facts; and I am thoroughly convinced that never up to that time—I do not know about last year, but never up to that time—had one dollar of money which had accrued for the benefit of policyholders been diverted from those policyholders by that company. On the floor of this house or in the committee, I do not remember which, because I discussed it in both places, I pointed out to hon. gentlemen that one reason why I urged that the capital stock of the company should be increased was that in my opinion, under the charter as it then existed, the company had the right to issue stock up to $4,000,000. It is true that some other hon. gentlemen took a different view.

Mr. HEPBURN: What view did the Department of Insurance take?

Mr. CAHAN: The privy council has determined that the Department of Insurance and hon. gentlemen who took the opposite view were entirely in error, and has decided that, under the charter as it existed at the time I introduced the bill, the company had the right to issue stock up to $4,000,000. Further —and my memory is clear—I drew the attention of that committee to this fact, that in England a judge of the High Court, after considering the matter, had stated that in view of the volume of business carried on by this company, its capital stock should be increased. That was the main ground upon which I urged that the bill should be adopted, giving the opinion of the English court to that effect. So that up until 1927 when that debate took place, I am personally absolutely sure that there had been no diversion of the funds of that company from the policyholders' account to the shareholders' account, and I do not believe, in view of what I know of the gentleman in charge of the operations of that company, of the character of the board of directors and of the gentlemen who are managing the company, that any such diversion has since taken place. I think it most inopportune in view of present conditions in this country that an attempt should be made to destroy a great financial institution such as that doing business throughout the entire world, upon allegations which have no basis in truth and which cannot be substantiated. That is the view which I take.

Of course, there has been depreciation in stocks and in bonds as well, but remember this, that under the law this company, with its head office in Canada, is bound to maintain a large investment in the United Kingdom, is bound to maintain a large investment in Australia and in other dominions, and in colonies of Great Britain. When the pound sterling on the 21st of September last went off the gold basis the values of those securities shrunk nearly one-third by reason of the value of the pound sterling shrinking. Their accounts in Canada are kept upon the dollar basis. I do not mean to say that that shrink-

age represented a loss to the company, because the company has outstanding thousands of policyholders in Great Britain to whom its liabilities are paid, not in the Canadian dollar, but in sterling currency, so that the ultimate liability of the company in Great Britain, due to the depreciation of the value of the pound sterling, was reduced in proportion as the assets of the company were reduced from the same cause, if the liabilities and the assets are to be determined on any particular date in 1931. But the liabilities of that company were not payable in 1931. The liabilities of that company are payable in five, ten, twenty, thirty and forty years, and the solvency of the company must be determined, not by a sudden reduction in its stock or bond values by reason of a depreciation in currency in Great Britain or Australia or any of the other dominions or colonies of the empire, but by the prospective condition of the company in the years to come when those labilities will accrue and become payable. My firm opinion is that that company is as solvent as any other insurance company that is doing business on the American continent. Of that I am confident. I believe that that company is as solvent as any of the great American companies, and any person who attempts without a thorough knowledge and personal investigation of the facts to paint any other picture than that, a picture of disaster, a picture of insolvency, a picture of bankruptcy before the whole world, is doing the greatest possible injury to Canadian credit and to the credit of Canadian financial institutions.

Mr. HEPBURN: May I ask the hon. gentleman this question? He states that the financial standing of the company is not impaired. May I ask what would have been the effect had the government of Canada not passed an order in council allowing the company to value their stocks as of date June 1, 1931?

Mr. CAHAN: All I can say is that the company would have shown a surplus, and when the Canadian government took that attitude it made the same regulation as was made by the American government and the state of New York in regard to its own companies.

Mr. HEPBURN: That does not answer the question.

Mr. CAHAN: The regulation was applicable to all companies, and when the Canadian government took that position it adopted exactly the standard of measurement by which the American companies are measured as to their solvency at the present time. My hon. friend from Quebec South (Mr. Power) shakes his head. I am stating what I know to be a fact, and the shaking of his head does not impair my confidence in the fact.

Mr. POWER: I am shaking my head in sorrow that that argument should come from hon. gentlemen opposite, that they should seek inspiration for their legislation in the United States of America.

Mr. CAHAN: I think the reply to that is that one does not seek inspiration, but at least one may judge of insolvency or bankruptcy or stability by the same standards as are in vogue in the United States and in Great Britain itself for establishing the solvency of great financial institutions in those countries.

Mr. H. E. SPENCER (Battle River): I rise to say a few words in support of the resolution placed before this house by the hon. member for Vegreville (Mr. Luchkovich). I was not at all surprised to hear the hon. Secretary of State (Mr. Cahan) taking the opposite side to the hon. member for West Elgin (Mr. Hepburn). The hon. Secretary of State referred to what took place when the Sun Life bill was before this house some years ago, I think in the years 1927, 1928 and 1929. I well remember what took place at that time, and in support of the hon. member for West Elgin I would refer the hon. Secretary of State to those discussions. I am not at all surprised that the hon. Secretary of State opposes this resolution; for I well remember that he had the honour, if honour it was, of introducing the Sun Life bill in this house in one of those years. What interested me at that time was that each year the Sun Life would have a different sponsor for their bill, and they tried both sides of the house in introducing it. The hon. Secretary of State was rather pleased to say that eventually, by a decision of the privy council, the Sun Life was given power to increase its capital by two million dollars and, from that he argued that those who opposed the bill at that time were wrong. If we were wrong, we were supported for three years by the House of Commons of Canada, supported also by the exchequer court and the highest court of Canada, and supported also, I am very glad to say, by the superintendent of insurance, Mr. Finlayson, who was praised to the skies to-night by the Prime Minister (Mr. Bennett) and also by the finance minister of that day.

I was much interested in the excellent discourse of the Prime Minister. I made a few notes while he was speaking, to which I should

like now to refer. He started off by saying that the privy council had decided that the provinces had the right of control of life insurance in Canada. I thought that he was going to take cover behind that and say that therefore we had no right to send this resolution to a parliamentary committee. If he had said that, I would have said that there was some reason for it, but when he did not take that cover but said that it would not be in the interests of this country or of parliament to send this resolution to a committee, I could not agree with him. If the condition of that company is absolutely solvent, as we have been told from the government side of the house, what is there to fear from sending the resolution to the committee? As far as advertising is concerned, the company will get far more advertising on the floor of this house than if the resolution was sent to a committee, and I think that members on this side of the house would be prepared to let it go to the committee with very little discussion indeed if consent to that course were given.

We were told that the company's books stood the closest scrutiny of the actuaries, and yet later on we were told the companies had invested in certain ventures in which he, the Prime Minister, would not have cared to speculate. We have been told and are fully aware that the Sun Life is the largest life insurance company in Canada. Therefore as the largest life insurance company in our country surely it should be more careful in its investments, and should take care to avoid conditions such as those laid bare by the hon. member for Vegreville. We are told by the Prime Minister that we have no authentic information, and yet he, in his discourse, admitted that the matter of insurance, particularly with regard to these two companies, gave him considerable worry during his term as Minister of Finance. For the Prime Minister to use the words "malignant attack" was certainly not at all fair.

I well remember that in the year 1917 information was brought to the Department of Finance concerning the serious conditions in the Home Bank of Canada. At that time the Minister of Finance of the day thought it would be in the best interests of Canada to cover up the matter for the time being, and to help a more or less lame duck to get along. The result was that the bank continued operations for a further eight or nine years, and eventually had to close its doors. Millions of dollars were lost by the people of Canada, who through their taxation had to pay out money to the depositors who lost through the failure of that bank. Even then some of the depositors lost money because the country helped out only the smaller depositors.

We have before us another instance where public men think it is in the best interests of Canada that conditions in this company as described by hon. members on this side of the house should be rectified. The government in its wisdom seems to believe the best thing to do is to close down the lid, say that everything is perfectly all right, tell this house that the companies named are perfectly solvent and that everything will be well. I sincerely hope they are right. If in a few years however we have a repetition of the Home bank disaster I hope we will not be uncharitable enough to say, "We told you so." A repetition of that disaster of course would be most regrettable.

I understood the Prime Minister to say that the Sun Life Assurance Company holds Canadian government bonds valued at $23,000,000. I believe that investment was made only within the last year, and no doubt under pressure from the Department of Finance. I was rather amused, however, when we were told by the Prime Minister that the head of this life insurance company had been the heaviest loser from investments in common stocks. If that is the case—and I have no doubt it is so—he is the last man who ought to be at the head of the largest life insurance company in Canada. If he cannot handle his own affairs better than that, certainly he ought not to have charge of valuable trust funds.

I was rather amused when the Prime Minister said it was not fair for any hon. member to quote from newspapers, and that we should not base our judgments on newspaper articles. If that were the case matters such as the one now before us might not reach a committee of the house. I should like to remind hon. members that only a few weeks ago a special committee of this house was formed at the expense of the public to investigate charges made by certain public newspapers. The conditions complained of at that time were not nearly as important as those now before us.

I am pleased to support the resolution for a further reason. When several years ago the Sun Life bill was before the house very extensive lobbying was carried on. In that instance the lobbying was carried to the greatest extent. I have always felt that a bill heavily lobbied should be very seriously questioned. Good legislation of real value to the public needs no lobbying.

The field so far as figures and particulars are concerned has been so well covered by

the hon. member who introduced the resolution that I am not going to take up further time of the house. I repeat, however, that if, as we have been told from the other side of the house, these companies have nothing to fear, they should welcome investigation, and the very fact that they do not want an investigation makes one suspicious. I understand there have been gentlemen around this House of Commons doing their level best to oppose the motion now before us. If they do not want it to go to a committee of investigation it would seem that they have something to hide.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Mr. Speaker, I agree fully with the remarks of the mover of the resolution (Mr. Luchkovich) with regard to the importance of a subject which affects hundreds of thousands, perhaps millions, of beneficiaries under insurance policies. I happen to be a policyholder in the Sun Life Assurance Company; about one-third of all the insurance I hold for the benefit of my family happens to be in that company. Due to the circumstances to which the Prime Minister (Mr. Bennett) has delicately referred, namely the events of the last two or three years when everybody has come to realize that investments can go down, my investment in those policies is rather important, from a personal point of view.

I rise to express the conviction that having examined this matter with care I do not feel either myself or my family have anything to fear with regard to the policies I hold in that company. I make that statement after a good deal of deliberation and thought. What has been said to-night was reminiscent of what we heard two or three years ago in this house. There was a good deal of old straw threshed. The royal commission of 1910 is a long time ago.

Mr. BENNETT: Hear, hear.

Mr. RALSTON: And the legislative fight which took place in this house three or four years ago with regard to the capitalization of the Sun Life Assurance Company is past history. I should be the first to want to examine with the greatest care the standing of any company holding, as it does, the happiness and the future of many citizens not only in this country but, as the Prime Minister has said, in other countries, in the hollow of its hand. My reasons for coming to the conclusion I have reached will be manifest when I refer to a few matters some of which have already been touched by the Prime Minister.

In the first place, with regard to what has been said about the diversion of the policyholders' money, I went down to my constituency in January, and at that time the statement which has been referred to by my hon. friend who moved the resolution had been circulated there. A number of my constituents came to see me about it, and on my return here I made it my business without loss of time to go to the company to find out just what their story was with regard to it. I need not assure the house that I have no professional interest in the matter whatsoever, but in view of my position as a policyholder and in the interests of my constituents I did feel it was worth while to look into the matter. As I understand it—and hon. gentlemen will correct me if I am wrong—of the profits made by insurance companies in connection with their investments, to which the right hon. Prime Minister has referred, and which are not needed for the purposes of administration or paying claims or setting up reserves, ninety-five per cent is put into an account to be applied in reduction of premiums on policies for the benefit of the policyholders, and the remaining five per cent is set aside for payment to the shareholders. Now, as I understand it, that is all that has been done by the Sun Life. Out of the five per cent which has accumulated I am advised that dividends have been paid to the shareholders. I am not very much concerned with regard to those dividends so long as my policy participates in the profits and my premiums are being reduced. Only a day or two ago I had the opportunity to devote my parliamentary cheque to paying the premium on one of my Sun Life policies, and I found that although the dividend to the policyholders is somewhat less, the dividend to the shareholders is less as well. That, is the situation so far as I can find with regard to the alleged diversion of policyholders' money for the purpose of paying the shareholders. Apparently there has been no such diversion and any money paid to the shareholders has been paid out of the five per cent set aside for the purpose.

That brings me to what has been mentioned to-night, that two or three sums had been transferred to the shareholders' account. Those, as I understand it, are sums which properly go to the shareholders' account, and, as the Prime Minister has said, represent the profits on non-participating policies and the five per cent profits on participating policies—

Mr. BENNETT: And the interest on the capital.

Mr. RALSTON: —and in addition the interest on the capital. By law that portion of the profits is apportionable to the shareholders.

With regard to the other matters mentioned, I am not concerned to-night. There has been considerable discussion about the business administration of this company and about its head. I think I have met the president only once. I know nothing about him except that apparently a marvellous Canadian financial institution has been built up under his presidency and that of his predecessor, and under the aegis of the board of directors. I do not know who were the board of directors in 1920, and I am not going to take up the time of the house to put on Hansard the directorate for 1932, but I think if hon. gentlemen will take occasion to read the list of directors they will not have much trouble in coming to the conclusion that those are not the sort of gentlemen who would divert the policyholders' money for the benefit of the shareholders or do anything which is at all wrong in connection with the administration of the institution with which they are connected.

With regard to the valuations which have been mentioned, may I say to the right hon. Prime Minister that I do not agree he should have used the Unemployment and Farm Relief Act for the purpose of making a valuation of those stocks. I do agree he had the power to do so. I do believe, if he had to value the stocks at all—I am not sure he had to do so in view of the privy council's decision, —that it was perfectly proper to assess them at the value at which they were assessed, for the reason I shall give in a moment. In the first place, let us remember that the valuation was not applicable to the Sun Life Assurance Company and the North American Life Assurance Company only, it was applicable to every insurance company in Canada, fire, life and accident; every company which had stocks had them valued on exactly the same basis.

Considerable use has been made of the words "solvent" and "insolvent." A company, like an individual, is solvent if it can pay its debts as they fall due. That is the test. The test is not whether to-morrow a man has to sell out on the auction block every security he holds in order to pay off his liabilities. The test is if the company has liabilities falling due over a period of months or years is it in the normal course of business going to be able to liquidate those liabilities. On that basis I think there is no question as to the solvency of the Sun Life or any other insurance company in Canada. That is the reason of course why the actual market value as of midnight December 31, 1931, is not the proper basis on which to value stocks held by insurance companies, because all the policies are not going to fall due on midnight of that date. Those policies will fall due at any time within the next thirty years. The policies may fall due in one, two, three, four, five, ten, fifteen, twenty-five, thirty years hence, and the test of the value of the investments which have been made is, what is the average value taken over a reasonable period of time which those securities or properties would realize if liquidated under normal conditions? That is the test which has been applied in this case, and that is the valuation which has been put on the securities not only of these two companies, but of all other insurance companies as well.

The right hon. Prime Minister mentioned United States bonds—probably the premier security in the world. Those bonds on August 31 last were at par. A company which had bought those bonds at that date and had to liquidate them in the middle of October would have been insolvent by the test which some hon. members would apply, because those bonds had fallen to eighty-nine in that short time. The same is true of the Canadian conversion loan. In May the bonds were worth 104, in December they had dropped to 87.75. On that basis a company could have been perfectly solvent when it bought these bonds in May but eight short months later it might have been insolvent. It is almost unthinkable that that could be the real test of a company's standing.

Why else do I say that I have come to the conclusion that as a policyholder my investments in premiums in the Sun Life over a number of years and the benefits which I expect to accrue to my family are safe and secure? For this reason: These charges, as the right hon. Prime Minister has said, are not new; they began in 1927 or 1928; they were made in 1929 before a committee of this house and were thoroughly discussed at the time. If hon. gentlemen will take the trouble to read the records of that committee they will find that most of the points dealt with to-night were then brought out. Not only so, but in 1929 the officers of the company tell me the gentleman who now makes these charges through members of this house was at the meeting of the shareholders and policyholders. There these things were threshed out; there a full opportunity was given him for discussion, so full indeed that I understood one policyholder finally moved that he had been given his fair share of the time, after he had

spoken for quite some time. After all that the annual report of the company was passed unanimously except for the single dissenting vote of that gentleman. In 1930 he advertised and asked everyone to come to the meeting of shareholders and policyholders. He did not attend himself, and the shareholders and policyholders passed the annual statement notwithstanding the fact that those charges had been published. They seemed very well satisfied with the management to say the least.

Let me pause here to remind the house that not only shareholders attend these meetings, but that every holder of a policy for $2,000 or over is entitled to attend. I think hon. gentlemen will find, if they happen to have policies in that particular company, that as a matter of fact every policyholder gets notice of the annual meeting. In 1931 the same thing happened; another meeting was held and no one at all appeared to bring up these charges, although they had appeared in the press. Then we come to January, 1932, when the charges were made once more; they had been made during the previous December, I believe, but at any rate they appeared again in January of this year. The meeting was held in February, and would you believe, Mr. Speaker, that no one appeared there to make a single objection to the way the management of the company had been carried on? I understand there were about four hundred policyholders and shareholders present, but the annual report was passed unanimously after those statements had been broadcast all over this country. It seems to me, Mr. Speaker, that that was a good forum where these matters could have been brought up; that is where I would have gone had I been interested and had I felt these charges worthy of investigation. I do not think I would have come to this house to air them until at least I had brought them before the people who were germanely interested, namely the policyholders and shareholders. So that there has been ample and full opportunity to substantiate these charges in the proper place if there was anything vital to the interests of the policyholders.

But that is not all. It has been well said by the right hon. Prime Minister that we have, with all due respect, about as rigorous an administration in our insurance department as exists at least on the North American continent. The gentleman who is in charge there happens to be a native of my own province. Everyone knows his ability; it is equally recognized by those who are supporting this resolution and by those who are opposing it. I think the policyholders can feel fairly safe with the inspection, the investigation and the supervision which is constantly exercised by that department.

Mr. SPENCER: Is the hon. gentleman aware that the gentleman about whom he is speaking was for many years the greatest critic of Sun Life activities?

Mr. RALSTON: That is all the more reason, if he has been the greatest critic of the Sun Life, why I should not worry. If he has given these valuations, and has reported that the Sun Life is solvent, I would think that would be sufficient evidence for me to believe that my position was sound.

Mr. HEPBURN: The valuations were given by order in council.

Mr. RALSTON: Certainly; I dealt with the valuations, and I pointed out the circumstances under which they were given and the principles under which they were made. Now I say that the fact that year after year this company has undergone the supervision of the superintendent of insurance and of his investigators must mean something. I understand it takes something like two months to make an investigation of any particular company; the men go directly to the head office, where they examine and actually handle the securities and check over every payment and every voucher. Under those circumstances, Mr. Speaker, it seems to me that we can feel fairly easy in our minds that we are not doing any very great injustice to the policyholders if we see fit to have them take the benefit of the supervision which is afforded by the superintendent of insurance.

May I further remind you, sir, that investigations are made by insurance supervisors from other countries. I am told that not very long ago no less than twenty-two insurance examiners came from across the line, representing something like thirty-eight states in which the Sun Life company does business. They went through the administration of that company from stem to stern, in the light of the charges which had been made and which have been repeated here to-day and they gave the company a clean bill of health.

Under those circumstances, it would seem to me that this matter has been fairly well looked into, and all I want to add is this: As a policyholder of the Sun Life company I feel that notwithstanding what I know are the conscientious motives of my friend who moved this resolution, my interests and the interests of policyholders generally would be a great deal better protected if my hon. friend would desist from spreading upon Hansard the sort

of propaganda which has been read to-night, and would permit us to accept the supervision which has been given, the principles which have been adopted in the administration of life insurance companies and the benefit of the business capacity and the experience of the men who we know are at the head of these institutions. I think he might permit us policyholders, if we do desire to air our grievances, to air them in the proper place, and that is at the annual meeting of the company where we have the officers of the company before us.

Something was said about the courts this evening by my hon. friend who introduced this resolution. As a policyholder I am not concerned with going to the courts, but if there is any policyholder who feels that his interests are not being looked after, who thinks any swindling is taking place, or any stealing, or anything like that going on, I would think that he is the one to go to the courts rather than that the management and directors should be expected to adopt the very unsatisfactory courses of bringing libel action against anybody who sees fit to say anything derogatory to their administration. The courts are wide open to any policyholder or any policyholders' association to take advantage of judicial investigation if they desire so to do.

That just reminds me of another point. This Policyholders' Association which has been referred to is rather a nebulous sort of institution. We do not know who are the members of the association. Back in 1929 they tell me that the same gentleman appeared before the committee, saying he represented the Policyholders' Association. He admitted that it consisted of 138 members, most of whom were his own employees. When asked how many of them were Sun Life policyholders he replied that probably there were half a dozen. I do not know whether the Policyholders' Association has increased in size since that time, but I want to say that as a substantial policyholder in the Sun Life I have heard nothing about it and have not been invited to join. Speaking of lobbying and propaganda and all that sort of business, I have had what every member has had, a great deal of literature sent to me through the mails, but I want to assure you, Mr. Speaker, that it has not caused me to lose any sleep.

The most specious argument of all was presented by my hon. friend who just sat down. He said, "If there is nothing wrong, why not have an investigation?" Well, Mr. Speaker, are we to take the time of the committee of this House because someone makes a charge and gets an hon. member to bring it into this house? Is this house to invest itself with judicial robes and try that charge just because someone says, "Let them prove themselves innocent?" That sort of thing would have no end. It just is not done, that is all. Generally you must have some foundation for charges of this kind. I know my hon. friend who moved this resolution would not for an instant himself pledge the truth of the charges he has made; he is simply repeating something which has been told him. As I have stated, plenty of opportunities have been afforded for trying out these charges but they have not been taken advantage of. In the second place I think that a meeting of policyholders and shareholders is the proper place to try out charges of this kind.

Miss MACPHAIL: Would the hon. member mind telling us where the policyholders' annual meeting is held?

Mr. RALSTON: The annual meeting of the policyholders is held with the meeting of shareholders at the head office of the Sun Life company.

Miss MACPHAIL: In Montreal?

Mr. RALSTON: In Montreal.

Miss MACPHAIL: Does the hon. member know how many policyholders can afford to go to Montreal to attend the annual meeting?

Mr. RALSTON: I have not the faintest idea, but I understand there were about 400 present at the last meeting. That is a fairly representative group, and I should have thought if they had felt that their rights were being infringed upon, some policyholder would have taken up the matter and would have reviewed the facts which have been presented to-night.

Mr. BENNETT: The largest policyholders reside in Montreal.

Mr. RALSTON: Thirdly, as a policyholder I submit that it is not exactly in the interests of the passengers for someone to rock the boat during a storm. Do you think it is a good time to put an institution on the spot when there is a depression, when we have to face so many difficulties, and when confidence is the first essential if we are to come through successfully?

With all due deference to the views of those who have spoken, and with every appreciation of the motive which has prompted the bringing up of this matter, I say that as a policyholder—and I believe most policyholders

throughout Canada will agree—I am satisfied to have this parliament keep its hands off the matter referred to in the resolution and leave it to the proper authorities to be dealt with should any necessity for action exist. I think the right hon. the Prime Minister (Mr. Bennett) has made a clear, concise, mature, considered and reassuring statement. While I do not agree with him in many things, I do agree with the point of view which he has expressed, and I think that point of view meets with the approval not only of this house but of the people of Canada generally.

Mr. J. EARL LAWSON (West York): Mr. Speaker, the fear that some of the extravagant statements made by the hon. member for Vegreville (Mr. Luchkovich) and the hon. member for West Elgin (Mr. Hepburn) may be given too much credence by policyholders in the Sun Life Assurance Company or by potential risks among the public, compels me to take up a few minutes of the time of the house in a brief discussion of this subject.

Like the hon. member who has just preceded me (Mr. Ralston), I am a participating policyholder in this company, but I think I have at stake a proportionately larger risk than he has, because two-thirds of my total insurance is in the hands of the Sun Life. I am one of those who have not been lobbied or approached in connection with this matter. In fact, being a policyholder and having an interest in the matter, on behalf of myself and some of my friends I made a personal investigation into the situation some time ago. When I saw the resolution of the hon. member for Vegreville on the order paper I wrote voluntarily to the company, advising them that I was much concerned and stating that from my previous personal inquiries I did not believe an investigation by a committee of this house would be beneficial either to the policyholders or to the public. Other than a formal acknowledgment of my letter and the assurance that the officials of the company would be glad to give me any information desired, they did not even take the trouble to lobby one whom they must have known was predisposed or favourably inclined to their cause.

Extravagant statements which are not backed up by evidence sometimes cause serious damage. I will give one or two illustrations. The hon. member for West Elgin (Mr. Hepburn) stated that half the company's assets were tied up in highly speculative stocks, thereby leading the policyholders and the public to believe that their security was being jeopardized. The hon. member neglected to state that the stocks which have been invested in by this company are specified by the provisions of the Insurance Act to be common stocks which have had a record of seven continuous years of dividends or preferred stocks which have had a record of five consecutive years of dividends. Surely such stocks cannot be considered as highly speculative, promotion stocks. When I recall the speeches which have been delivered from the far corner of the house condemning any government for driving capital out of industry into bonds and so forth, I am amused to find some of these hon. gentlemen now condemning the Sun Life company because in its judgment it invested in dividend-paying securities and common stocks of industrial and railway corporations at a time when those stocks were paying good dividends and had had a continuously favourable record.

The allegation was made that funds had been transferred wrongfully from policyholders' account to shareholders' account. Suppose they have, why bring that matter to this chamber? It would seem obvious that the course any policyholder should follow who held that view would be to bring action in the courts and have the question determined. If there is any truth in the statements made, then I ask: Why has not this supposed Policyholders' Association, which has such a vital interest in the policyholders of the company, taken such action? I regret I have not before me the circular which I received from this organization. My hon. friend has handed me a copy. It will be noticed that the president of the association is Mr. J. J. Harpell, the same gentleman who apparently edits and publishes this Journal of Commerce which has been making the allegations and charges read to the house this afternoon by the hon. member for Vegreville. If this association was formed for the protection of policyholders, I am surprised that the hon. member for Shelburne-Yarmouth (Mr. Ralston), who is a policyholder, and I have not received a request that we join the association or even a notice that such an association was being formed for our protection.

Much has been said about the increasing of the capital stock of this company. I ask hon. gentlemen whether the policyholders would have suffered from that increase in capital stock, even if the stock had been issued to the then shareholders at the par value instead of at the higher market value? The only result of such an issue would be to put more cash assets into the treasury of the company. The policyholders would of necessity have priority over the shareholders in respect to any additional cash assets should the company

at any time be faced with insolvency. I ask hon. gentlemen to consider who suffers or who gains by investments of the Sun Life Assurance Company. Surely only two classes of persons can gain and only two classes of persons can suffer, namely, the policyholders and the shareholders. And, I would ask, who of either of these classes is now coming forward and asking parliament to interest itself, through its banking and commerce committee, in an investigation of this kind?

As a participating policyholder I was highly delighted with the policy of the Sun Life company in its investments in common stock, because I received such substantial dividends on my participating policies that my premiums were greatly reduced. And surely it little behooves me now, because, by a turn of the wheel and a change of time, the market value of these stocks has depreciated, to come forward and howl about a policy of which I so heartily approved, and the dividends resulting from which I so readily and gladly received.

What is causing this agitation? I think it has been fairly well demonstrated that it comes very largely from one source—from Mr. J. J. Harpell and this Journal of Commerce. I have no personal knowledge of the gentleman or of the Journal of Commerce, but if I can accept the record published in the Financial Post of January 30, 1932, in reply to a letter from a policyholder in the Sun Life Company, this journal seems to be one which is published intermittently and which is apparently not supported either by the public or by the business community, to the extent of having advertising in its columns, or a published and sworn subscription list of paid subscriptions. It seems to me that before this parliament or any committee of it is asked to take upon itself the onerous task of making such an investigation we should at least have complaint from a substantial number of persons interested, and we should at least have the hon. member who sponsors such a resolution come forward and establish in this chamber a prima facie case. But, as against that, what have we? Instead of having presented to us a prima facie case in favour of an investigation we have the record of the actuarial investigation of all jurisdictions under which this company does business. Their report is: They are solvent. We have the report of our own superintendent of insurance, of whose qualifications much has been said this evening, and his report is: They are solvent. And last but not least we have the word of the Prime Minister of this country (Mr. Bennett), a gentleman whose qualifications and knowledge of business in general and of insurance in particular, I am confident, will be conceded by all members on both sides of the house irrespective of their political views, and he says that, after investigating the matter thoroughly, he is of the opinion that this company is solvent.

To my mind, Mr. Speaker, to pass this resolution in view of the evidence before the house and in view of the records we have available, would be highly detrimental to the interests of the only people who stand to suffer by the insolvency of the company, if it ever became insolvent, namely, the policyholders.

Hon. CHARLES STEWART (West Edmonton): I, too, have a vital interest in the resolution before the house, because I happen to be a policyholder in the North American Life Assurance Company. I fail to see, after what has been said this evening, why that company should have been brought into the resolution at all. I have not very much to say with respect to the position which the North American company occupies, after what has been so well said by the Prime Minister (Mr. Bennett), but I notice in the pamphlet issued by the so-called Policyholders' Association a statement that Mr. Bradshaw and Mr. Gundy held 1,415 shares of North American Life stock and that evidently it was held in trust by one Mr. Martin. That should be cleared up. We who are policyholders happen to know all about this transaction, and the Mr. Martin who held these shares in trust for the gentleman mentioned was Mr. Martin of the Imperial bank. When they were able to pay him, the shares were transferred. May I say further, with respect to these very shares, and others held by these two gentlemen, that the average cost was $127. That was the price they received for the shares when the company was mutualized. I can hardly conceive that hon. gentlemen in that corner of the house would have any objection to the mutualization of the North American Life Assurance Company. I felt it was in the interests of the policyholders, and as an interested party I was very glad to see it accomplished.

There is one other matter with respect to this company's standing, and that is the statement made by the Prime Minister that only five per cent of the securities of the company were held in ordinary stocks. One-half of one per cent only is invested in common stocks, so I think, after all that has been said about this company, there can be no question about its solvency and standing in the community.

Mr. CAMERON R. McINTOSH (North Battleford): May I make a few observations on the resolution before the house; and in the beginning of my remarks may I also touch upon the presentation of the subject by the hon. member for Vegreville (Mr. Luchkovich) this afternoon. I thought he should have separated the two companies which he included in his remarks to the house; and I thought he should have done so for the simple reason that thereby he could have been fairer to each company. I do not believe in that method of debate. I care not whether it is carried on in this chamber or elsewhere, by which one throws half a dozen things together and treats them all alike. Each should stand on its merits, and I believe that the North American Life Assurance Company can readily do this—meet this test. Consequently, it would have been better, perhaps, to separate the two companies and discussed them individually.

The hon. member for Vegreville stated, and I think rightly, that there has been a great deal of apprehension abroad with regard to the affairs of life insurance in general, and some hon. members regarded this as perhaps a great danger. I do not think so. I am one of those who believe that if you cannot have a dispassionate discussion of public questions, if you cannot confer about them and discuss and debate them, there must be something which you are holding back; and I do not believe that is an asset to any democracy, whether in the realm of insurance, finance or industry. Therefore I am not greatly perturbed about the apprehension which prevails in connection with the question of life insurance throughout Canada, because I believe that just as in the physical realm, there is to every action an equal and opposite reaction, so also is there an equal and opposite reaction to every action in the realm of finance and economics. Although many of these securities have gone down, I like to have faith in Canada and I am inclined to think there will be a comeback, and that the comeback will be one of equality. If it is not, I can only hope that it will be. If that should be the case we are greatly disturbed about perhaps nothing very serious after all.

The Prime Minister this evening emphasized two or three very important points. He touched upon the question of jurisdiction. I would like to see the day come when the great business of life insurance would be wholly under federal jurisdiction. I do not believe that insurance jurisdiction should be divided between the provinces and the dominion. The question is big enough and has within it possibilities great enough to make it advisable that jurisdiction should be centred at Ottawa, and in reorganizing our insurance department and amending our insurance law and in opposing the provinces with a view to getting federal control of insurance I believe that we are on the right track. As far as I am concerned, I hope the day will come and come quickly when insurance jurisdiction is centred in the capital city of Canada.

The Prime Minister also said that no doubt in the future greater restrictions would be placed upon insurance companies in the matter of investment of insurance funds. I think that is only right. I believe that the people of Canada generally, as was said by members on both sides of the house, are anxious to see greater restrictions placed upon the investment of insurance funds, because greater restrictions will bring greater security to the policyholders.

The Prime Minister also stated that in his opinion the Sun Life Assurance Company was solvent. He also stated that in his opinion the North American Life Assurance Company was solvent. On the other hand, we have members on this side of the house, the hon. member for West Elgin (Mr. Hepburn), for example, who is firmly convinced in his own mind that one of these companies is not solvent. We have other hon. members who take the stand that both companies are solvent. We have a division of opinion in that respect, and I believe that there is a division of opinion on that question throughout Canada. That being the case, I think that the time should not be far distant when without militating against either company or other companies the government should take action. I do not say that there should be an investigation held by the banking and commerce committee, but as far as such an investigation is concerned I believe that we have men competent enough to look after it. I will never take the stand in this house, I hope, that we have not within our ranks the necessary ability to conduct such an investigation if we want to do it, but the government is responsible, and it is for them to determine what action it is best to take. The Prime Minister intimated this evening that action would be taken in this respect in the near future, in order to assure the people of Canada just where each insurance company as a matter of fact stood. I believe that is sound action to take.

Life insurance, Mr. Speaker, is a very, very important thing. It is the only investment that the ordinary man ever makes, and when the average man invests in life insurance he wants the investment to be absolutely sound, one hundred per cent gilt-edged. In the United

States 87½ per cent of the estates consists of life insurance. When one realizes that in a country of one hundred and twenty millions of people 87½ per cent of the estates is made up of life insurance, one comes to a full appreciation of the importance of life insurance to the average home. The money invested in life insurance will look after the widows and orphans, and will assure the aged a pension in their declining years. More than that, we are told by competent authorities that life insurance has reduced pauperism by 33⅓ per cent in thirty-five years. That is a very important statement and I believe it is true. It gives us an idea of the sound value in the average man's having an investment in life insurance. It puts homes on a sound financial basis, and that is very important when we consider the number of homes in Canada today that are practically bankrupt and the number of unemployed throughout this dominion.

Again, life insurance acts as an economic flywheel in times of depression. By that I mean that it is an important factor in stabilizing economic conditions. In a time of depression a man can borrow money on his life insurance policy when he cannot borrow from the bank. He can get cash and credit on his insurance policy, and that cash and credit help to keep business moving, and aid in the stabilization of conditions. If life insurance is that important, I would say that we ought to do our utmost to safeguard the good name of life insurance in Canada. There should be no gambling with the assets of the company because they are trust funds and they should be protected for the benefit of the widows and the orphans and the homes of the nation. That is why we planned our Insurance Act and made it what it is. The Insurance Act restricts insurance companies in the investments they may make and tries to safeguard every one of them. At the present time according to our Dominion Insurance Act, I understand the only investments in common stocks which a Canadian insurance company may make are in those companies which have paid dividends of five per cent for at least seven consecutive years, and in preferred stocks only in those companies which have paid five per cent for five consecutive years. I would go this far. I would limit the investments of insurance companies in common stocks, not to a maximum of 15 to 20 or 25 per cent of their assets, but to a maximum of 5 per cent of their assets.

I have a statement of the investments of the North American Life Assurance Company here, and it shows that their total investments in common and preferred stocks do not amount to five per cent of their assets. In common stocks they have an investment of 4·29 per cent of their assets, and in preferred stocks an investment of ·47 of their assets, or a total combined investment in common and preferred stocks of 4·76 per cent, or less than five per cent of their total assets. I believe that the North American Life Assurance Company, so far as their investments in common stocks are concerned, is on solid ground, and I believe that the people of Canada ought to know what the record of the company is in that respect. Experts in every civilized country have been telling us for the last quarter of a century that too much of the policyholders' money is being invested in common stocks and that to follow such a policy was to tread on dangerous ground. In times of depression that dangerous ground will become more and more apparent.

I would state further that every insurance company should be operated not for the benefit of the shareholders but for the policyholders, and once a company gets on its feet there should not be allowed any large increases in stock investments or stock bonuses. The quicker a company is mutualized the better for those concerned and for the people of Canada generally. In this connection may I say the North American Life Assurance Company was mutualized over a year ago, and I believe it ought to be commended for taking such action at that time and thereby putting itself into its present satisfactory condition.

As a policyholder in the North American Life I have not the slightest doubt about the future of that company, and had I half a dozen policies in it I should continue to feel that its future is safe. So far as the Gundy charges are concerned, may I say I have looked into the record of the company and find no profit was made on the transaction to which reference has been made. True, he along with Mr. Bradshaw had control of the company during the years 1928, 1929 and 1930. Although the company was in their control for that period of time I do not believe investments were in any way affected or influenced because Mr. Gundy and Mr. Bradshaw controlled 51 per cent of the stock. I believe full care was given to every investment and no investments were made until passed upon by the finance committee of the company and later sanctioned by the board as a whole.

I believe Mr. Bradshaw ought to be commended for taking a lead in the mutualization of that company. He considered from the first that it ought to become a mutual com-

pany. It was not to his private benefit that the company should be mutualized, but looking to its future, as a man who had studied life insurance from his early years he took the stand that the quicker the company was mutualized the better. I believe hon. gentlemen will admit to-day that he took the proper stand. The history of the North American Life demonstrates the importance of having a man in control who can see into the future as well as appreciate the past, and know what is best to do.

Having studied the investments of the North American Life Assurance Company throughout the last year I have come to the conclusion the company is financially sound, that its financial standing is rated high. The following statement shows the distribution of the company's assets as at December 31, 1931:

	Amount	Per cent
Government and municipal bonds	$13,167,786	28·10
First mortgages on real estate	12,995,457	27·74
Policy loans	7,768,927	16·58
Corporation bonds	5,747,255	12·27
Bank, trust, loan and consumers gas stocks	2,418,735	5·16
Preferred stocks	2,010,746	4·29
Outstanding and preferred premiums (reserve therefor in liabilities)	1,004,541	2·14
Real estate	574,450	1·23
Accrued interest	496,623	1·06
Cash, etc.	270,014	0·58
Common stocks	220,513	0·47
Interest due	180,066	0·38
	$46,855,113	100

In closing may I say I have absolute faith in all the insurance companies in which I have policies. I hold a policy in the North American Life, and I am not a bit afraid of it. I have two policies in the Mutual Life of Canada, and I am not the slightest bit concerned about them; I believe that company is absolutely sound. I have a policy in the Confederation Life, and I think that company is sound. I have another policy, in the Great West Life, and I believe that company is sound. The fact that these particular companies would seem to be in good condition is no argument that every insurance company in Canada is in the same happy position. I believe there is some apprehension about that fact, and I am of opinion that the quicker the government can give consideration to this very important matter, the better for the insurance companies, the better for the investors in them and the better for the financial life of the country.

I wish to direct a few remarks to the Journal of Commerce. May I say that I did not see published in any other paper of Canada the charges which appeared in that journal. I did not see them published in the leading metropolitan dailies of Canada, or in our leading magazines. They did not appear in the leading weekly newspapers of the country, the combined circulation of which is very high. True, charges were published in the Journal of Commerce, and since they appeared therein the matter is placed before the whole country and cannot be thrust aside. The charges must be met, and the confidence in our insurance companies must be upheld. It has occurred to me that confidence in mutual companies—all companies in fact—would be greatly enhanced if they did not confine their annual meetings, in the main, to the cities of Toronto and Montreal. In my view the mutual life insurance companies, with policyholders from one ocean to the other, should hold their annual meetings at different points in the dominion, both west and east. In that way all the policyholders throughout the country would have an opportunity at one time or another to attend these annual meetings, hear the problems of the company discussed and the financial conditions generally reviewed. Such procedure would help to develop greater confidence in our insurance companies and increase business, thereby benefiting the companies concerned as well as the whole nation.

I believe the publicity policy of our life insurance companies is not the best. I am not finding fault with publicity in the daily newspapers, but I believe that since there are so many rural policyholders no daily newspaper can reach them all. I am of the opinion that the annual statement and monthly appeals for insurance of life insurance companies should not be confined to any one class of publication, but ought to be spread throughout all publications of the country. In that way the information from the company headquarters would be brought into practically every home where there is insurance, and as a consequence there would be built up sounder insurance companies throughout the dominion.

Mr. MacMILLAN (Saskatoon): Would the hon. member allow me a question?

Mr. McINTOSH: No, sit down; there is no use wasting time with you. Concluding my remarks, Mr. Speaker, may I anticipate the day about which the Prime Minister spoke this afternoon, namely, the time when the national authorities will give adequate attention to the problem of life insurance. When the government will do this, will take steps to investigate the entire problem of life insur-

ance in Canada, I am satisfied that the apprehension which is abroad to-day will to a very large extent cease.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I wish to congratulate the right hon. Prime Minister (Mr. Bennett) on his very able and comprehensive speech. I do not know how far the sponsor of this resolution would like to go, but from what we have heard it is evident that a gentleman with whom this house is very familiar, Sir Herbert Holt, is rather a reckless driver, and because he was one of the three gentlemen in charge of the investments of the Sun Life Assurance Company I think it is a good thing that this house should give warning to him and to others of his kind that in future it will be well for them to apply the brakes when they are in charge of such investments. I desire to assure the government that any step they may take in that direction will have my full support. I do not attack any man because he is rich and is interested in many companies, but in my opinion Sir Herbert Holt has been largely responsible for the unfortunate investments which have been made by the Sun Life. It was refreshing to me to hear the words of the Prime Minister and of my hon. friend from West Elgin (Mr. Hepburn), the leader of the Liberal party in Ontario.

An hon. MEMBER: Has he inside information?

Mr. POULIOT: He has some inside information which would be good for my friend across the way. As a policyholder of the North American Life I feel reassured after listening to what has been said. Nevertheless people throughout the country are very anxious to hear something definite about the real business which has been done by these two companies. The fact that the president of the Sun Life has transferred a very large part of his interest in the company is pretty hard to explain. All I ask the government to do is to keep a very careful watch over the manner in which the directors of these insurance companies discharge their trust to the policyholders, for by so doing the government will render a real service to the country.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I happen to be a policyholder in the Sun Life Assurance Company. Many of my constituents have appealed to me during the last six or seven months to obtain for them some assurance as to the actual position of the company. I have exercised such ability as I possess in analyzing its balance sheet and have satisfied myself completely that my policy is perectly safe, as it has sample assets behind it, particularly in the way of cash reserves.

The hon. member for Southeast Grey (Miss Macphail) raised the question as to the possibility of policyholders being represented at the annual meetings. Subsection 3 of section 93 of the insurance act provides that not less than one third of the directors of an insurance company shall be elected by the policyholders and represent the policyholders at the annual meeting.

It has been freely stated that the Sun Life is insolvent. The hon. member for Shelburne-Yarmouth (Mr. Ralston) dealt with that statement, supplementing very fully what the Prime Minister had said with regard to it.

Statements have been made, particularly by the hon. member for West Elgin (Mr. Hepburn), with regard to amounts improperly withdrawn from the earnings of the company during the past year. I am not going into the balance sheet in detail, because it is a rather involved document setting forth all of the assets, securities and liabilities of the company, but I would point out that of the total liabilities of $624,000,000 no less than $512,000,000 is represented by cash reserves held against the policies of the company itself. In other words, the policyholders are guaranteed to this extent.

Perhaps 1931 was one of the most difficult years that business has ever passed through in this country. We find that the total income of the Sun Life last year was $197,000,000. Out of that sum was paid to policyholders direct on their policies at maturity, or to their beneficiaries in case of death, a total of $93,235,849.08, and $27,000,000 odd of that was paid directly in the form of dividends to the policyholders—not the stockholders—or credited to them on their policy premiums. Going through the schedule I find that reductions on premiums from the application of dividends amounted to $3,798,000; dividends and other accounts and deposits withdrawn $4,000,000 odd; interest on the capital of the company credited to policies $1,128,625. The total sum either credited to or paid to the stockholders of the company out of that total income of $197,000,000 was $1,000,000. In other words, all the sums that were alleged to have been improperly withdrawn from the earnings or reserves or assets of the company during 1931 boiled down to $1,000,000 while the policyholders received all told $99,000,000 odd by way of matured policies, dividends, annuities or sums paid direct to the beneficiaries.

It has been stated also that more than one half of the total assets of the Sun Life were

held in common stocks. I have before me some of the investments of the company earning dividends against these policies: government, municipal, rural, gas, electric and other bonds, $119,233,348.11; stocks, preferred and guaranteed, $32,374,985.04; loans and real estate, first mortgage, $30,836,684.80. It is true that during this trying period these loans and mortgages may not be liquid, but that applies all over Canada. I happen to be a policyholders' director of an insurance company in Canada, and I know what are the investments of that company. They have very substantial investments in mortgages; that particular company invests practically all its funds in mortgages or in bonds, federal, provincial or municipal.

Mr. GARDINER: What is the amount of loans on collateral?

Mr. NICHOLSON: The amount of loans on collateral securities is $7,011.82. Loan on company's policies, that is, loans against their own policies, amounts to $87,174,773.14, and those are the policies which are protected by the cash reserve of about $512,000,000, so there is not much danger of loss on those loans. Follow it down through the list, and you will find that the Sun Life Assurance Company has some $200,000,000 in stocks, but like the hon. member who spoke a few moments ago, I was one of those who were very proud of the dividends they received during 1923, 1924, 1925, 1926 and succeeding years, either by way of cash dividends or by way of reduction of premium.

Mr. MITCHELL: But you would not call that sound insurance practice, would you?

Mr. NICHOLSON: Well, all I have to say is that the parliament of Canada has set it down as sound insurance practice.

Mr. MITCHELL: That does not make a bit of difference; it is not sound.

Mr. NICHOLSON: The law provides, as has been clearly stated, that the stocks purchased by an insurance company must have a continuous dividend record of seven years before the company may buy them, and then they can buy only a fixed percentage of such stocks. However, that is not the point; the company has been acting strictly within the letter of the law. The judgment of the management may have been at fault; it may not have been infallible with regard to the stocks, but I repeat what has been said many times: A man who could determine to what extent any stock or any investment of any kind, mortgage, bond or anything else, was going to appreciate or depreciate the period through which we have passed since 1929, certainly would be infallible. Ten years ago, eight years ago, five years ago or even four years ago, it was thought that no better investment could be found anywhere for an insurance company, a mortgage company or any company whose funds were trust funds, as insurance funds are, than mortgages in Alberta, Saskatchewan and Manitoba, but if any individual or company was called upon to liquidate to-day and realize on mortgages held on western lands, what would be the result? They would be insolvent overnight, certainly, because they could not secure the return from these mortgages, but that does not mean that western Canada is insolvent. When conditions right themselves, as we hope they will within a short time, these mortgages again will become good investments.

With what the Prime Minister said as to the desirability of parliament considering the whole question of life insurance, if parliament had the authority to consider it, I quite agree. I for one am sorry that we have not that power, because I think if there is one subject in this country that should be brought under the aegis of the parliament of Canada in the interests of all the people, in exactly the same degree as banking is under our control, it is life insurance.

Mr. SPENCER: You do not hold with the decision of the privy council, then?

Mr. NICHOLSON: I understand the privy council has ruled that insurance comes under the jurisdiction of the provinces, but let us hope that in time we may get away from such decisions of the privy council in relation to matters of this kind. If we have an organization such as the Sun Life Assurance Company, or any other large insurance company, doing business all over the world, surely it is essential that there should be some one body in Canada having control and direction of the law under which these companies operate. That seems to me reasonable common sense from a business standpoint, and I repeat that I am looking forward to the time when the provinces will get together with the dominion and work out a reasonable plan by which this may be done.

Let me say just once more, Mr. Speaker, that as one of those who found it absolutely necessary not only personally to investigate these things but to have the bank controlling his business also investigate them, I am perfectly satisfied to have the policy I hold remain with the Sun Life Assurance Company.

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

END OF VOLUME I