

DOMINION OF CANADA
OFFICIAL REPORT
OF
DEBATES
HOUSE OF COMMONS

FIRST SESSION—NINETEENTH PARLIAMENT

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OTTAWA
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1940

CANADA

House of Commons Debates

OFFICIAL REPORT

Friday, July 26, 1940

The house met at eleven o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 115, for the relief of Lilius Augusta Shepherd Harris.—Mr. Bercovitch.

Bill No. 116, for the relief of Forest Wentworth Hughes.—Mr. Factor.

Bill No. 117, for the relief of Margaret Florence Stewart Corley.—Mr. Casselman (Grenville-Dundas).

PRIVILEGE—Mr. TURGEON

PRESS REPORT WITH RESPECT TO REGISTRATION OF FIREARMS

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, I rise to a question of privilege. I would not do this did I not feel that it should be done in justice to the members of the committee on the defence of Canada regulations. My question of privilege is with respect to an item which appeared in the *Ottawa Journal* of this morning, and which is to the same effect as one published in the morning *Citizen*. It says:

Plan to Register all Firearms

J. G. Turgeon (Liberal, Cariboo) said Thursday night the House of Commons militia study committee, of which he is secretary, had recommended to the government a national registration of all firearms by September 15.

That is completely and utterly untrue. No such statement was ever made by me. The Liberal party study club on militia matters never discussed at any time the defence of Canada regulations, and never discussed, even incidentally, the question of the registration of firearms. As every hon. member knows, the recommendation relating to the further registration of firearms was presented to the House of Commons yesterday by the chairman of the committee on the defence of Canada regulations, and anything done with respect to firearms was done by that committee.

95826—125

INTERNED ALIENS

TREATMENT OF THOSE ALLEGED TO BE OF ANTI-NAZI SENTIMENT

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to direct a question to the Minister of Mines and Resources (Mr. Crerar). I received by air mail yesterday a lengthy letter from an organization called the "Council of Austrians in Great Britain", among whose patrons are: His Grace the Archbishop of York, His Lordship the Bishop of Chichester, Viscountess Rhondda, the Right Hon. A. Duff Cooper, M.P., Mr. D. N. Pritt, K.C., M.P., and others, drawing attention to the fact that among the Austrians and Germans transported from England to Canada are a number of anti-nazi civil internees. The organization states:

We are most anxious to know about their fate and to ascertain that the welfare that has been carried out for them by refugee organizations in this country—

That is Great Britain.

—should be continued in Canada.

They implore me to press for discrimination as between the nazi prisoners and quite a different kind of refugee of Sudeten, Czech, Austrian and German anti-nazi sentiments.

Will the government give immediate attention to this matter?

Hon. P. F. CASGRAIN (Secretary of State): Mr. Speaker, among the people who came here from England recently there would appear to be some people in the category of which my hon. friend has spoken. These people are in separate camps. I am given to understand that some liaison officer of the British government will be coming soon to Canada and the matter will be submitted to him upon arrival by the department.

Unemployment Insurance

UNEMPLOYED MINERS

SITUATION IN CUMBERLAND COUNTY, NOVA
SCOTIA—CANADIAN NATIONAL RAILWAY
ORDERS

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I be permitted to direct a question to the Minister of Public Works and Transport (Mr. Cardin) arising out of a telegram I received yesterday from Mr. Silby Barrett, international board member of district No. 26, United Mine Workers of America, setting out that 450 miners in the River Herbert and Joggins district, Cumberland county, Nova Scotia, are working only two days a week, due to lack of orders for coal. I understand that a copy of this telegram was sent to the minister. Orders for coal to that section come largely from the Canadian National Railways. Is the department familiar with the situation as described in the telegram, and if so, can any action be taken for the purpose of alleviating distress in that particular district?

Hon. P. J. A. CARDIN (Minister of Public Works and Transport): I have not seen the telegram to which the hon. member refers, but I shall see the officers of the department in about half an hour and I will look into the question.

UNEMPLOYMENT INSURANCE

FUND TO BE ADMINISTERED BY COMMISSION
ASSISTED BY ADVISORY COMMITTEE—PROVISION
FOR EMPLOYMENT SERVICE

Hon. N. A. McLARTY (Minister of Labour) moved that the house go into committee on Bill No. 98, to establish an unemployment insurance commission to provide for insurance against unemployment, to establish an employment service, and for other purposes related thereto.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

On section 1—Short title.

Mr. HANSON (York-Sunbury): Mr. Chairman, there seems to be the most indecent haste in getting this measure through parliament. I have no doubt that all of us are anxious to close the session, either by prorogation or by adjournment. But this measure, one of the most important to come before the house this session, was introduced only in the very late stages of the session. It had some discussion here in the resolution stage and at succeeding stages; then it was referred to a special committee, as suggested, for study. When the

[Mr. Casgrain.]

committee's report was presented yesterday afternoon the evidence had not been printed and was not available to hon. members, especially the evidence of certain independent witnesses, including Mr. Wolfenden, upon which I lay a good deal of stress. I received this evidence at three minutes to eleven this morning. I have had opportunity only to skim through, during the preliminary stages of this morning's session, some of the observations which Mr. Wolfenden made.

It cannot be said that this bill has had adequate study by the membership of this house, whatever may have been the time devoted to it in the committee, and I understand there was considerable discussion there; the evidence which has finally reached us is indicative of that. But certainly there has not been time to study the evidence which was taken before the special committee.

The government is bound to put the measure through now, and I am not going to take the responsibility of holding it up. But I do say this, and I want it to reach the country, that this house is not given adequate time to discuss it, and members have not had opportunity to study the suggestions and the contribution which was made by Mr. Wolfenden, whom I regard as perhaps the outstanding authority in Canada in this field.

Let me, however, take the opportunity while I am speaking from this place to put on the record certain correspondence between the chief commissioner under the 1935 employment and social insurance commission and the Prime Minister.

It will be recalled that under the 1935 act Mr. Harrington was appointed chief commissioner, Mr. Tom Moore was appointed as representative of labour, and a gentleman from the province of Quebec was appointed as representing employers. The act was given royal assent, and the commission was set up. An election followed and the government of the day was defeated. The attitude of the Prime Minister and the gentlemen supporting him was that the act was unconstitutional. The decision of the courts has confirmed them in that view, and I am not going to review it or traverse the issue at all. But I do desire to lay before the house the correspondence to which I refer, which was directed after the election by the then chief commissioner to the Prime Minister; correspondence between one gentleman and another; correspondence which, I think, was treated with scant consideration by the Prime Minister. I shall leave the matter to the house to judge.

I may say that we asked for this correspondence through the ordinary channels, and I had hoped that it would be tabled before

this bill got its second reading and went to the special committee. I am not saying that it was delayed, but it is a strange coincidence that it reached me only after the second reading had been completed and the bill had been sent to the special committee. That coincidence was unfortunate.

This is the letter which was addressed by Mr. Harrington to the Prime Minister on the first day of November, 1935, within a fortnight or so after the election:

My dear Mr. Prime Minister:

The employment and social insurance commission has several duties confided to it, amongst them and of primary importance being the organization of an employment service throughout the dominion and the institution of a national system of unemployment insurance.

It has been estimated that the insurance scheme alone will embrace between 1,500,000 and 2,000,000 workers in the dominion located everywhere from the Atlantic to the Pacific. These workers and their employers contribute weekly to the insurance fund and particulars of them and the types of employment must be recorded currently.

It has been estimated that this joint fund towards which the government contributes 20 per cent will amount to over \$40,000,000 a year, and approximately this total will be disbursed annually by this commission in small weekly benefits to an average of 150,000 to 200,000 unemployed.

This subject naturally divides itself into two phases, namely, one of organization and the other of administration.

It will easily be seen that the organization necessary to administer these provisions must be widespread and intricate. It must provide facilities for recording particulars of the workers covered by the act and allow them access to some office or agency to register their unemployment in order to obtain positions or to establish their claim to benefits. The Employment and Social Insurance Act requires the whole permanent staff under this commission, not merely the officers and clerks, but also all other employees to be selected in pursuance of the Civil Service Act. While the work of organization may be delicate, it is no more so than the administration of the scheme when once it commences to function.

Questions will continuously arise as to the validity of the claims made, anomalies affecting somewhat similar classes but in different employments and procedure for running the offices methodically and with the highest degree of precision. It is unnecessary to mention that 2,000,000 clients contributing towards the fund are potentially 2,000,000 critics of any inefficiency or shortcomings in the staff or administration.

Two of the commissioners to be appointed are selected as representing what may be termed special interests affected by the act, namely, workers and employers. The chief commissioner, on the other hand, represents no particular interest but is presumed to be able to hold an

even balance and give a fair and efficient administration. The act contemplates continuous and sympathetic access by the chief commissioner to the government. Regulations fixing classes to be included or excluded; regulations relative to procedure; regulations relative to the establishment of claims, in short all regulations require the approval of the government, and the necessity for them will arise very frequently. In addition, there are a number of other points that will arise from time to time which it is the duty of the commission to submit to the government for approval. These measures are endangered by many pitfalls that can be avoided only by the exercise of great care and painstaking administration.

For many years organized labour and many other bodies have considered unemployment insurance an advanced social measure as tending to relieve workers from the fear of want due to temporary lay-offs. On the other hand, it has, especially in its contributory form, what might be termed natural enemies, and its operation is at all times delicate.

This commission was appointed on July 20, held its first meeting on July 26, and at once proceeded, in collaboration with the organization branch of the civil service commission, to design an organization necessary to carry into effect the provisions of the act. The plan or organization as finally agreed was approved by the governor in council in the month of August and it was decided to fill the eleven major posts in it. Ten of these were to be filled by advertisement and competition by the civil service commission. The eleventh was to be filled by a transfer of the director of employment service from the Department of Labour. The competitions for these positions closed on the 9th of September but no appointments have as yet been made. The chairman of the civil service commission, however, under date of October 30, now advises that his commission is in a position to make five of the appointments if it is the desire of the employment and social insurance commission and the policy of the government that they should do so. In his letter, a copy of which is enclosed, the chairman further states that his commission hesitates to make appointments which might conceivably be abruptly terminated either by government policy or by decision of the courts and that before taking action in the matter he desires to receive any advice or comments which I might deem proper under the circumstances. It has been no part of my duty as chief commissioner to participate in or interfere in any way with the selection of the staff nor have I done so. Such staff as we have at present has been furnished us temporarily through the kindness of the civil service commission.

Quarters have been engaged at the Jackson building and a floor there has undergone alterations to suit the requirements of the commission.

This commission reports to the President of the Privy Council and I trust this brief statement of our position may be of some value to you in the circumstances in which a new government is bound to find itself with many pressing problems from many different directions. At

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the moment, however, I find that delay in making appointments to the staff has brought the work of the commission practically to a state of suspension and would therefore welcome a statement at your convenience as to the future of this commission which will enable me to reply to the questions submitted by the chairman of the civil service commission.

Yours faithfully,

G. S. Harrington.

Right Honourable W. L. Mackenzie King,
C.M.G.,
Prime Minister of Canada,
Ottawa, Canada.

That was a decent letter from one gentleman to another, and it was never acknowledged so far as the file shows, and I assume that the file is correct. Apparently there must have been some oral communication between the Prime Minister or his secretary and the chief commissioner, but no acknowledgment of that letter was ever given, and especially the last part of it, which I think in all fairness and justice requires some answer.

The chief commissioner and the other two commissioners stayed on in Ottawa during the months of November, December and well into January. Nothing was heard from the Prime Minister with regard to the matter, except, as I suggest, by inference from the correspondence that there had been a verbal communication between the Prime Minister's secretary or himself and Mr. Harrington, with an indication that the matter would be taken up at a later date and discussed. Nothing was done.

On January 21, 1936, Mr. Harrington addressed a further letter to the Prime Minister which I propose to put on the record. He says:

You will remember my letter of last November which set out matters affecting the employment and social insurance commission to that date and inquiring as to the commission's future. It was your wish then that as you were leaving the city the affairs of this commission should stand until after your return when you would discuss them with me.

It is a fair inference from that statement that there was some verbal discussion with the Prime Minister and an understanding that as he was leaving the city he would take these matters up on his return.

It was my desire in my former letter to give you a summary of the situation and to make clear that not only would the creation of an organization necessary to carry out the provisions of the Employment and Social Insurance Act be an extensive and intricate piece of work but the administration of the scheme afterwards would be at all times exacting.

Since the government assumed office in October last no member of it has communicated with this commission concerning the matters confided to us by the statute. The government's course of action and statements relative to this commission have been taken and made without any reference to or inquiry of us.

[Mr. R. B. Hanson.]

I hope the house will note that statement.

When departments of government were requested to draft estimates of expenditure for the coming fiscal year this commission was not notified to do so.

That seems to me to have been a matter of discourtesy.

The solicitors preparing the case for the validity of our act did so without consultation or contact with us.

That is a serious statement. Why was Mr. Harrington, himself an outstanding member of the Nova Scotia bar, never consulted as to the constitutionality of this act so that a fair statement of the position might be put up to the courts? I would ask the Prime Minister to answer that question.

In short, there has been a complete absence of intercourse between the government and this commission, while at the same time government statements given the press have intimated that some of the matters confided by statute to this commission are to be administered by a new commission yet to be set up.

I ask the house whether that was a courteous way of handling this matter. Here was a man who had been premier of his province, a man who had a gallant record overseas, a gentleman in every sense of the word. It is not like the Prime Minister to treat such a man in that way; it is not his usual practice, I want to say that. But I do think that by ignoring Colonel Harrington he treated him with scant courtesy.

A reference to determine the legal status of the present act must be subservient to the general questions of whether the government desires to institute national labour exchanges and a national system of unemployment insurance and, if so, whether it will administer these provisions by an independent commission or departmentally. The Minister of Justice is reported recently to have said in effect that the government desires either to be satisfied that the present act is valid or to ascertain the constitutional amendments necessary to constitute a valid system. If that is the government's attitude then much valuable time has passed unused. A reference to determine the validity of the levy of contributions will not be final until the judicial committee of the privy council has passed upon it. In any event it would be impossible to impose such levies for many months. If on the other hand it is intended ultimately to proceed with the scheme all these many months are required for preparatory work necessary before any system can be brought into effect with an expectation of working satisfactorily.

The enumeration of some of these preparatory matters will illustrate the point: The type and location throughout the dominion of regional, district, branch and sub offices, and arrangements for agencies; the procedure to be followed in these offices with the drafting of the necessary forms and returns, details concerning the collection of contributions and the disbursements of benefits; the methods for the collection, maintenance and transference of particulars of information concerning some two million individuals; drafting essential regulations governing

employers and employees; and the consideration of a myriad of similar details necessary to transact such an intricate business before it can be expected to function with any degree of satisfaction. All of this requires some staff and organization, and since this commission is dependent upon the civil service commission for the appointment of all our officers, clerks and employees, and has so far received none, our business has been practically at a standstill for some three months.

It has been possible for the two commissioners appointed on behalf of working people and employers respectively to occupy their time with matters of special concern to these two groups, but for the chief commissioner, not charged with the duty of representing any particular interest and therefore without any special business to administer, there has been a period of over two months of almost complete idleness.

With this background you will appreciate my feeling that the situation lacks evidence of that cordial cooperation between the government and the chief commissioner without which it would be difficult if not impossible for anyone successfully to administer such a delicate business. Appreciating the difficulties confronting a new government and realizing the importance of this measure to so many people in Canada it was my desire to pursue a course that would cause no embarrassment and would not jeopardize the future of the plan. Reluctantly it has been borne in upon me, however, that neither pressure of business nor accident explain the total failure of communication for a period of three months, and that my association with the commission may not be helpful to the cause of social improvement provided in this measure. I have decided therefore to terminate my connection with the Employment and Social Insurance Commission. To leave the field free for such action as the government may wish to take appears the course best suited to the circumstances that have developed.

You may accept my assurance that I have no feeling in this matter but quite the reverse and shall be glad, if you desire me, to assist my successor as far as lies within my power.

Yours faithfully,

G. S. Harrington.

That letter is addressed to the Prime Minister.

I wonder what the committee think of this correspondence, and what the country will think of it, in the light of the fact that to neither one of those letters did the Prime Minister, entirely contrary I think to his custom, contrary I am sure to his own better judgment, to his own sense of courtesy, send any reply.

I shall not comment further on these letters. They speak for themselves. They were written by a public servant with a high sense of his responsibilities who felt not only that he had been absolutely ignored but that the system of social legislation, of social improvement which he was earnestly desirous of serving, and which he was perhaps better able to serve than any other layman in Canada, was prejudiced. I made the statement advisedly the other day—

I have since had additional evidence to sustain it—that no man in Canada has given more serious consideration to social questions, questions of sociology, of social insurance, than had this gentleman who was selected for that position. Yet the Prime Minister, for some reason which has never been divulged—so far as I know this is the first time these letters have been made public—for some reason unknown to us, unknown to Colonel Harrington, has never yet answered or acknowledged them, and the public are left to judge, to take whatever inference they may from the Prime Minister's silence. I suggest to the Prime Minister—and I am speaking as one gentleman to another—that he as a gentleman and Colonel Harrington as a gentleman has a right to know from him why he treated him in this manner.

Mr. MACKENZIE KING: Mr. Chairman, first let me clear up any matter of discourtesy between my hon. friend the leader of the opposition and myself in relation to the correspondence which he has just read. It is true my hon. friend asked for a return of the correspondence. I was as much surprised as he was when I found that the correspondence had not been tabled on the afternoon on which he asked for it. I immediately sent over to my own office to ascertain why the correspondence had not been tabled when the return was asked for some days earlier. I was told that the correspondence had been sent from my office to the Department of the Secretary of State, which is the department which makes the returns of correspondence when it comes from two or more different departments. I found that the Department of the Secretary of State had been holding it to table it at what the department evidently believed to be the right time. The return may have called for correspondence from more than one department in which event it would be held till all departments concerned were heard from. I then sent word to my secretary to secure the correspondence so far as it related to the Prime Minister's office from the Department of the Secretary of State so that I could table it myself without further delay, and the correspondence came to me during the afternoon while my hon. friend was speaking. Before six o'clock I tabled it, explaining that it was the correspondence that had been asked for in the afternoon.

As a matter of fact, my own staff had not spoken to me of or shown me the communications that were on the files; I had no personal knowledge of the request. If I had had, I would certainly have tried to follow the matter up immediately. Those are the facts with respect to the delay. However, the delay has not in any way prejudiced the position of my hon.

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friend, because he has this morning been able to place the contents of the letters on the record of the day's proceedings.

Mr. HANSON (York-Sunbury): It would have been very much better if I had been furnished with the letters for the purpose I had in mind originally. I acquit the Prime Minister personally of delaying the thing, but I do not acquit the Department of the Secretary of State.

Mr. CASGRAIN: What complaint does my hon. friend make against my department?

Mr. MACKENZIE KING: I am quite sure the delay was wholly unintentional and not inspired by any wish to embarrass my hon. friend.

With regard to the matter of proceeding with this legislation, as my hon. friend says it is quite true that the evidence was not complete until late last night, and was not available in final printed form until this morning. But the essential parts of the evidence have all appeared in the press during the last couple of days, and I imagine my hon. friend has read the press reports, as I have read them, and I have no doubt he is already familiar with them. So I do not think he or others will be embarrassed if we proceed with the measure to-day. I believe it is the desire of all hon. members to see this bill pass this house as soon as may be possible, among other reasons that we are told it is likely to meet with a long delay in another chamber. That expectation was my sole reason for calling this order this morning ahead of some of the other bills that appear on the order paper. I did so in order that the unemployment insurance bill might get over to the other house and leave no excuse for saying that the bill had not arrived there until every other measure had been disposed of in this house.

Now let me come to the correspondence my hon. friend has just read. To understand that correspondence, one has to recall the circumstances concerning the appointment of Mr. Harrington and the commission. As hon. members will recall, when my hon. friend's predecessor, Mr. Bennett, introduced in this house the measure called the employment and social insurance bill, it was just prior to the general elections of 1935. The Liberal opposition of the day took the position very strongly that the legislation was unconstitutional, and that no one knew that better than the Prime Minister of the day himself who was introducing it. We pointed out that there was a special clause in the Supreme Court Act which gave the government the right to refer to the supreme court for an opinion as to its intra or ultra vires any bill that might be

[Mr. Mackenzie King.]

presented to parliament. This enactment was made for the very purpose of avoiding the embarrassment that might arise if a bill were enacted and later found to be unconstitutional. We asked the then Prime Minister to submit his bill to the supreme court. He had every reason to believe, as we pointed out, that an opinion could have been obtained within a day or two, so that a reference would not have unduly delayed the passage of the legislation before the end of that session had it been made and the bill declared to come within the competence of this parliament.

Mr. HANSON (York-Sunbury): The Prime Minister is optimistic when he says a day or two. I never heard of that being done.

Mr. MACKENZIE KING: No; that is quite true. At any rate Mr. Bennett would not agree to submit the bill for an opinion. He would not take any chance one way or the other, but persisted in having it passed. More than that, after parliament itself had been dissolved, he then undertook to set up the commission, of which he appointed Mr. Harrington the chairman, or chief commissioner, and this commission began to appoint a number of officials and to send out forms for one purpose and another.

The whole business to my mind, if I may be permitted to use the expression, was a pure election bluff, nothing more or less. It was an effort to have the people of Canada believe that the Conservative party of that day were determined to place a measure of unemployment insurance on the statute books; and that they were giving evidence of the good faith of their belief in its constitutionality by appointing the commission, appointing a staff, starting a lot of machinery to work at great cost to the country—and all this during the period of an election.

During that election campaign I took the position, which was also taken by the members of my party, that the enactment was ultra vires and the steps being taken to set up the commission a waste of public money; that in reality there was no authority to appoint the commission because there was every reason to believe that the act was unconstitutional. We stated that as soon as we were returned to power, if we were returned, we would ignore all that Mr. Bennett had done until the legislation was referred to the supreme court. We promised to take the first available opportunity to see that this legislation was so referred. We stated that if the supreme court decided that the measure was ultra vires, as we believed it would, we would then immediately seek to enter into correspondence with the several provinces of Canada to see if we could not—with their consent, instead of by the method

of coercion which the then Conservative leader was adopting—bring about an agreement between the provinces in regard to the enactment of an unemployment insurance measure, as we have since succeeded in doing.

Mr. HANSON (York-Sunbury): Did the right hon. gentleman ever say that to Colonel Harrington after the election?

Mr. MACKENZIE KING: Just a moment, my hon. friend; I am coming to that. It must be remembered that Colonel Harrington is not inexperienced in public affairs. As my hon. friend has pointed out, he was premier of Nova Scotia, and he has had long experience in public life. Colonel Harrington does not need to take any political lessons from me, either in the matter of constitutional procedure or as to personal behaviour. I think he understands these matters quite as well as I do. For that matter neither do I feel that I have anything in particular to learn from him as to what is appropriate in such circumstances.

That was the position during the 1935 campaign. When the election was over, the question that to my mind was most important of all was the matter of getting an agreement between this country and the United States with respect to reciprocity in trade, and I took the very first opportunity to endeavour to bring about such an agreement. That was the first matter to which I and the government gave attention, and it involved, as the correspondence which my hon. friend has read bears out by inference, that I had to be absent from Ottawa part of the time in connection with those reciprocity negotiations. I must confess that I was a little surprised to receive the particular communication from Mr. Harrington which my hon. friend has read. I can perhaps best express the reason for my surprise by a reference to what Colonel Harrington said in his last communication. If I recollect aright, his words were something to this effect: "I am going to resign in order to leave the government free to take what action it thinks proper."

Why was that step taken by Colonel Harrington three months after the present administration came into office, rather than on the first day that the Liberal administration took office? That was the step Colonel Harrington knew was the correct one to take in view of the fact that the government which had been returned had said that the whole legislation was unconstitutional and that it would pay no attention to the legislation until it had been referred to the courts and a decision had been rendered. Colonel Harrington's proper course was to have said at once, "I tender my resignation to the

government so that it may be perfectly free and not embarrassed in dealing with this matter." Instead a letter was written to embarrass me. That was the reason for the letter, and that was why no answer was given to it. What Colonel Harrington was looking for was some word from the Prime Minister which would enable him to say that before the matter had been referred to the courts Mackenzie King had dismissed him as chairman of the commission. I was not going to be placed in that position, and I let Colonel Harrington know it. I did not do that by correspondence, as my hon. friend says, but I sent word to him. This whole matter was five years ago; I cannot remember the details, but I have a recollection that I telephoned Colonel Harrington myself and said to him that I had these important negotiations under way with the United States, and that I had other matters to deal with that were more important than the questions he had raised, so his matter would have to stand. At any rate that word was sent to him; whether by myself over the telephone or whether by someone in my office under my direction I cannot say at the moment. But Colonel Harrington understood, just as well as I understood, that the government had no intention of dealing with the legislation other than by referring it to the supreme court, and then taking action after the supreme court had given its decision.

I could elaborate on this matter further if it were desirable to do so, but I can assure my hon. friend that no discourtesy to Colonel Harrington was intended. As a matter of fact, if there was discourtesy at all, to my mind it was in the circumstance that Colonel Harrington, knowing the position in which I was placed as Prime Minister of a government that had been returned in opposition to the legislation that had put him in office, did not immediately tender his resignation to me instead of waiting for three months to take that step.

All of this stuff that was recorded—and I call it that, because it really was nothing more than stuff—was pure bluff. Colonel Harrington knew as well as any hon. member in this house knows, that to go ahead to proceed with the appointment of clerks, and the setting up of machinery, and all that sort of thing, when the matter was to be referred to the supreme court before further action was taken, was not the kind of procedure which he or anybody else would be justified in taking, at all.

And may I point this out, as well. The Department of Labour was the department which had to do with these matters though the commission was to report to the president

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of the council. My late colleague, Mr. Rogers, was the minister at the time. At the moment I cannot say what passed by way of communications between Mr. Rogers and Colonel Harrington, but I know that Colonel Harrington was made fully aware of the reason that no communications were passing between the government and himself, which would give countenance to anything which might appear like assent on my part to his continuing on before the court itself had taken action. I think that is probably all I have to say on the matter.

I hope my hon. friend's good opinion of my politeness will not have suffered as a result of the explanation, which I am making quite frankly to him. All I have to say is that when any gentleman who has no right to be in office holds on to that office waiting for correspondence from me which may appear to justify his action, he may have to wait a long time.

Mr. HANSON (York-Sunbury): One word. My right hon. friend has been very polite to me, and I have tried to be very polite to him. I hope so far as I am concerned that that relation will continue, because I must say I do not intend to live in the midst of a dog fight the rest of my life. I may have been so constituted at one time, but if so I have learned better. That is all I am going to say about that.

However, I do not think the other argument of the Prime Minister is conducive to the best conduct of public business, and so far as I am concerned I am not going to descend to it, unless I lose control of my better judgment.

I do not think the Prime Minister had any right to characterize this letter as a bluff. Nobody knows better than the Prime Minister about the use of bluffing, in political tactics. I believe he has attained his present high level in the course of the last twenty years more by bluffing than by anything else I know of.

Some hon. MEMBERS: Order.

The CHAIRMAN: Order.

Mr. HANSON (York-Sunbury): If it is out of order, I will withdraw it; but I am using the Prime Minister's own term.

The CHAIRMAN: I do not believe that that language should be used.

Mr. HANSON (York-Sunbury): Just hold yourself.

The CHAIRMAN: Order.

Mr. HANSON (York-Sunbury): Just hold yourself a moment.

[Mr. Mackenzie King.]

The CHAIRMAN: I am concerned exclusively with the application of the rules of the house.

Mr. HANSON (York-Sunbury): If I have violated the rules of the house, then I am sorry.

The CHAIRMAN: Thank you.

Mr. HANSON (York-Sunbury): There is no internal evidence of bluffing in those letters; there is no internal evidence of anything of the sort. Those letters are a true statement of the facts—and I do not believe they were dictated by guile, or anything of the kind. They were dictated by a sense of futility—by the belief that people were not getting anywhere. The object which the person in question had at heart was not being furthered by the delay; in fact it was being retarded.

It seems to me the proper course for the Prime Minister to have pursued was to ask Mr. Harrington to see him, to talk the whole matter over with him as to what was happening, and what was going to happen, and to suggest to him that it would be better if he would resign. If the Prime Minister had done that he would have had that resignation on the same day, because I want to say right here that Colonel Harrington is a proud man. He is poor, but he is proud. He would not have stayed for one minute, under the circumstances.

Mr. MACKENZIE KING: May I say to my hon. friend that I agree with him that that is exactly what Colonel Harrington, to my mind, was angling for at the time. He wished me to send for him to tell him I wanted his resignation.

Mr. HANSON (York-Sunbury): But you did not.

Mr. MACKENZIE KING: No, I did not. I did not do that, and Colonel Harrington sent in his own resignation without my asking for it.

Mr. HANSON (York-Sunbury): But you wanted him to resign.

Mr. MACKENZIE KING: It took him three months to do something which he ought to have done at once. Anyway I was not going to be left in the false position to which I have referred. I have had a good deal of experience of sending for gentlemen and talking pleasantly with them, and then later having differences arise as to what the conversation was, or what it amounted to.

I am quite content to leave the communications to speak for themselves. The people of Canada had spoken. They had spoken in the general election of 1935, and had made it perfectly clear to the government taking office

that they regarded the legislation in question as unconstitutional, and that it should not be on the statute book at all; and I was accepting the decision of the people of Canada.

When my hon. friend talks about bluffing, in connection with my record, I will just ask him to consider the view the people of Canada have taken with respect to my position concerning public matters, and he will see whether or not that position has been regarded by them as one of bluffing or of reality.

The CHAIRMAN: I would ask hon. members again to direct their attention to the rule I read last night, namely standing order 58, in reference to speeches in committee. Subsection 2 of that standing order is as follows:

Speeches in the committee of the whole house must be strictly relevant to the item or clause under consideration.

As I understand the situation, the correspondence to which reference has been made was tabled, and there was some understanding that reference might be made to it in committee. Last night in connection with another measure and again to-day the discussion has been absolutely out of order, because it has been in flagrant violation of subsection 2 of rule 58. I take this opportunity of drawing the attention of hon. members to the necessity of avoiding tedious repetition of arguments by sticking to the section of the bill under consideration. In my opinion we ought to take each item of the bill and limit the discussion thereto.

In several of the debates of this session the habit has developed of making a general statement on the section covering the short title. May I point out that the calling of the short title does not open the way for such general discussion. While I am sincerely desirous of giving as much latitude as possible to hon. members in debate, I must point out that it is extremely difficult for the chairman to draw a line between what is reasonable latitude and what is an abuse of a privilege. Therefore I invite all hon. members to give me their cooperation by adhering more strictly to the rules and to the section under consideration.

Mr. McLARTY: Mr. Chairman, in the remarks I am about to make I shall endeavour not to transgress your ruling or to violate the provisions of standing order 58.

Undoubtedly it will be a matter of gratification to the committee that the report of the subcommittee was a unanimous one. The committee was of course agreed in principle. But not only was there unanimity in the form of the report but there was the same unanimity in the

spirit with which the committee approached its work. We felt we were there to analyse the bill, to improve it, and not to change it in principle unless in fact some principle appeared which could not be justified. It was our endeavour so far as we were able to present to this committee and to the house as fair and effective a measure as it was possible to obtain.

In the course of our consideration of the bill we made twenty-two amendments. In the majority of cases those amendments were merely by way of clarification. Through them we attempted to clear up certain sections of the bill which might have been regarded as vague. However we did make certain additions, and I would ask permission of the committee to deal briefly with them.

The first amendment which might be regarded as important is to section 14 of the bill. A second subsection is being added at the request of the Railway Association of Canada. It was contended that an anomalous position was created by reason of certain transportation systems operating on both sides of the international boundary line. At present any employee of the railroad whose head office is in the United States, such as the New York Central, is covered, not by the United States social security act but by the railway unemployment act. This applies to employees who reside in Canada. I would point out that this amendment is only permissive in order to clothe the commission with power to deal with any anomalies that might arise in view of this situation.

Mr. HANSON (York-Sunbury): That is in connection with international employment generally.

Mr. McLARTY: Yes, that is the purpose of this new subsection. The next amendment to which I might refer is to section 17 of the bill. This amendment was also made at the request of the Railway Association of Canada. Under the provisions of the bill it is assumed that wages are paid daily or weekly; in order to bring other payments within the purview of the bill it was necessary to give the commission some discretion. For example, under the Railway Act it is provided that payments to employees must be made not less than twice a month. It was pointed out that if we compelled the railways to make a weekly return and to pay their employees on a weekly basis the expense of changing their bookkeeping systems would be enormous. The result of this amendment will be that they will be able to make their payments as at present and the commission will have the power to direct the basis upon which payments shall be made into the fund.

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The next amendment is to section 43 (f). This paragraph provides that a person shall be disqualified for receiving benefits while he is in receipt of pension under the Old Age Pensions Act. The committee was impressed with the soundness of the argument advanced some time ago by the hon. member for Comox-Alberni (Mr. Neill), that a man who had paid his contributions should receive his benefits under this legislation as a right and should not be precluded from exercising and enjoying that distinctive right because of some other benefit he might be receiving by what might be regarded more or less as an act of grace.

The next amendment is to paragraph (g) of the same section. This relates to those who come under what is known as the zero section of the schedule. Persons under sixteen, while they may accumulate rights, cannot draw benefits. However, they can draw benefits when they are employed for a number of weeks in a higher category. This amendment is merely to clarify that provision.

The next amendment which I believe is of sufficient importance to mention to the committee is to subsection 8 of section 83. This amendment provides that some measure of remuneration, the amount of which may be determined by the governor in council, may be paid to the members of the advisory committee. It was pointed out that certain representatives whose services might be valuable on that committee might not be able to afford to serve without remuneration. It was pointed out also to the committee the importance of this committee under the general scheme of the bill. Consequently it was thought advisable to leave it discretionary with the governor in council as to whether and in what amount payment should be made for such services.

The other amendments to which I might refer are somewhat detailed. In section 102 the word "fixed" has been changed to "prescribed." This is made necessary by the fact that section 93, subsection 1, requires that before the regulations of the commission become operative they shall have the approval of the governor in council.

An amendment has been made to the first schedule in order to add "wood processing plants" to those which come within the bill. This was done at the request of hon. members from British Columbia; and the committee felt that this amendment would more clearly define the situation.

Mr. HANSON (York-Sunbury): Would wood processing plants include saw mills and planing mills?

[Mr. McLarty.]

Mr. McLARTY: Saw mills and planing mills are now included in any event.

Mr. HANSON (York-Sunbury): Saw mills that operate three, four or five months in the year?

Mr. McLARTY: An amendment to which I was just going to refer leaves to the discretion of the commission the decision as to what would be continuous operation. Saw milling was under the legislation originally, and this amendment was suggested by certain British Columbia members because they felt that saw milling was not sufficient to cover all processing of lumber.

Mr. REID: Sash and door factories, for instance.

Mr. HANSON (York-Sunbury): Saw milling in New Brunswick is usually limited to a seasonal period. The standard saw mills do not operate more than six months in the year, while the so-called portables usually operate in the winter for about three months.

Mr. McLARTY: That situation is taken care of by leaving to the discretion of the commission the decision as to what will be reasonably continuous operation.

The only amendment to the third schedule which I think is worthy of mention at this time is to paragraph (iii) of section 1. The suggestion is to add the words "widow or widower" after the words "married person". The Department of Justice was of the opinion that this was essential in order that a widow or widower with a dependent might be covered by the schedule.

In the same paragraph the age of a dependent is increased from fifteen to sixteen years. I believe that these are the only important amendments which need to be referred to at this stage.

As the report indicates, during the sittings of the committee representations were made by numerous bodies but I believe that these representations can be boiled down to a few definite categories.

There were those who said that this bill should not be passed while we were at war. They paid no attention to the fact that we are now at the all-time high of employment. They paid no attention to the fact that after the war we shall have to make some provision to meet the situation which will almost inevitably arise, if not immediately after, at least a reasonable time after. They forgot also that it will take time to put the machinery of this bill into operation. It is not a matter simply of this house passing this bill to-day or to-morrow or some other day and then

having it immediately function. That cannot be done. The machinery to be set up is quite complicated and to put it in operation will take some time.

The second representation urged against the bill was that sufficient time had not been given for its consideration.

Mr. HANSON (York-Sunbury): Hear, hear. That is right.

Mr. McLARTY: My hon. friend says "hear, hear." I will endeavour to indicate to him the consideration which the bill has received.

As he knows, agitation for unemployment insurance has been a live issue for twenty-one years. As he knows, in 1935 a committee was appointed to consider a bill which, while it contained some differences, was generally the same in principle as this one, save principally for the graded rule. He knows too that in 1935, when our bill was passed, we did not have the advantage of the consolidated British bill which was passed after the act of 1935. We did not have the advantage of the United States security act and its operation in fifty-one states and federal districts of that country. But since then this matter has been studied. It is not as if, the resolution addressed to the imperial parliament, having passed on the 25th of June, next day the resolution was put on the order paper, and the bill was not produced in the meantime. It is the product of intensive study for the last five years.

In the first place, my predecessor in office asked to come from Geneva Mr. D. Christie Tait, recognized as one of the world's best informed experts both on the legislative and administrative aspects of unemployment insurance; and he spent considerable time revising it. In addition there has been continuously in the Department of Labour a committee which is studying it, comparing it, compiling data which is available from all possible sources, including many other countries. I venture to say that no bill which has ever been presented to the parliament of Canada has had more full and complete consideration than the bill which is now before this committee.

Mr. HANSON (York-Sunbury): That may be true of the department, but certainly it is not true of this parliament. After all, we are making the law.

Mr. McLARTY: May I point out to my hon. friend that we are here to-day to study it in committee. We can give it all the consideration we wish, right here. That is what we are here for.

There was a third representation made, by those who felt that while the measure was a

good one, they had been so careful in looking after their employees that it was not necessary that they should be included under the bill. These were largely financial institutions. May I say that these institutions painted an impressive picture of the provision they have made to look after their employees when unemployed, and also in the matter of a retirement fund. It is possible that their employees may not benefit as much as employees of other industries under the proposed bill. But if you remove from this bill what may be called the sheltered employments, and cover only those in which the unemployment record and experience are weak, what becomes of your insurance principle? Surely the broader the basis of the act the better and more actuarially sound it must inevitably become. Undoubtedly some institutions treat their employees with preferred care, but I suggest that if institutions and industries which look after their employees properly, guaranteeing them against any loss of time or of money due to unemployment, were withdrawn from the act, you would destroy its actuarial basis.

In addition, the fundamental purpose of this bill as I see it is to promote the economic and social security of our people. If that be the case, is it asking too much of our financial institutions and good employers that they shall spend at least a fraction of their revenues in promoting that economic and social security of the country?

A fourth point was raised in committee, namely that some of those in the excepted employments should be brought under the terms of the act. Perhaps it will be suggested that certain employments of this class should properly be included in the benefits of the bill, but I would ask that in considering the matter the committee remember three or four principles upon which the bill is established.

In the first place it is only fair to remind hon. members that this is an unemployment insurance act. It is not a health insurance act. It pays no benefits for sickness.

In the second place it is not an unemployed aid or assistance act. In other words it does not pretend to cover by any means the field of unemployment. As hon. members are aware, both the national employment commission and the dominion-provincial relations commission have recommended that to supplement the national unemployment insurance bill there should be passed what was called by one a national assistance bill and by the other a national aid bill. But that is subject to certain definite negotiations and arrangements whereby the responsibilities and duties as between the provinces and the dominion are properly allocated; and it is deemed unwise to hold up this bill, which, if it is

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actuarially sound, can do no harm in any event and will remove at least a certain number of our population from the necessity of receiving unemployment aid.

There is another reason why some of the industries may be excluded. After all, the whole fabric of this bill is built around the employment offices. It is necessary that reports be made to, and constant contact kept with, the employment offices.

Mr. MacNICOL: May I ask the minister if that is along the same line as in Great Britain?

Mr. McLARTY: I cannot answer, because I am not sufficiently familiar with the practice there, but I believe it is practically identical.

Mr. MacNICOL: Well then, it is all right.

Mr. McLARTY: I will withdraw that. At a later stage I can deal with the differences.

Mr. MacNICOL: I just made the observation that if it is along the same line, it is all right.

Mr. McLARTY: I think it is pretty close to it, but I used the word "identical", which I should like leave to withdraw.

Certain industries do not lend themselves to the application of the employment office system. Take for instance the case of school teachers. If a school teacher is seeking employment, naturally he or she would not go to an employment office but to the secretary of a board of education or some other employment agency of that board.

Again, certain classes are excepted by reason of difficulties in the matter of administration. For instance, if domestic servants were included, it would make the administrative machinery in the matter of inspection so top-heavy and complicated that the cost would be altogether out of proportion to the good which would be accomplished.

Then, too, there was a suggestion to the committee that the amount of coverage should be increased through raising the limitation of \$2,000 to \$2,500. I believe the view of the committee was that if we did so at this time we might upset the whole structure of the act, and if that were the result, it might not become law for a long time. And as those who were pressing for this amendment were those most eager to have the bill acted upon immediately, the choice was between one consequence and the other. I have no doubt they will feel satisfied with the decision of the committee that we should proceed with the bill as it is.

Because the actuarial matter is a complicated one, and because in treating it one

[Mr. McLarty.]

must be extremely careful, I will ask the committee to allow me to make reference rather freely to my own notes.

Mr. H. H. Wolfenden, consulting actuary of Toronto, was called before the committee to give evidence. It is just possible that owing to the necessarily incomplete reference in the press to his remarks, a cumulative misunderstanding may get abroad. On considering Mr. Wolfenden's evidence and representations as a whole, the evidence shows that he is not now and never has been opposed to the principle of unemployment insurance.

Mr. MacNICOL: Did he not support it in 1935?

Mr. McLARTY: I believe he did. He is not opposed to it.

Mr. MacNICOL: My impression is that he supported the principle in 1935.

Mr. McLARTY: I think the hon. member is right. He is not opposed to the present bill and he does not recommend delay in its passage. I have thought it proper that these aspects of Mr. Wolfenden's evidence should be on record lest there should be some misunderstanding. Mr. Wolfenden recommended that specific steps be taken before the act is brought into operation to see to it that all concerned have an adequate understanding of its implications before it becomes effective. I should explain that it has been in mind all along that just as soon as the preliminary organization work of the commission to be set up under the act is completed it will be necessary to undertake extensive educational work among employed persons and employers, and for that matter the general public, concerning the main features as well as the details of the measure.

Perhaps the main portion of Mr. Wolfenden's evidence and remarks was concerned with the financial foundations of the bill and his reasons for believing that, although he certified the financial provisions of the bill of 1935 as being entirely safe, he regards the situation with reference to the 1940 bill as being actuarially indeterminate. It would appear that he takes this position mainly as a consequence of the present state of war, because the financial foundations of the 1935 act are in the main the same, with certain additional safeguards which should make for added financial strength.

The rates of contributions in the present bill have been recommended by the chief actuary of the Department of Insurance, and he has furnished a comprehensive report showing in detail how the rates of contribution are arrived at. From examination of Mr. Wolfenden's evidence and of Mr. Watson's

report on the bill, together with the statements which he made in the committee, it would appear that they may be using a somewhat different terminology or a slight shift in emphasis in saying substantially the same thing. In his evidence Mr. Wolfenden several times referred to his certifications of the 1935 bill as having been given with confidence as to the actuarial solvency of the rates of contribution in that bill, but he had in mind, in his own words, "the ever-present power and possibility of the advisory committee making such amendments as seem to be necessary"—and this with reference to a period of eight to ten or twelve years, over which he thought the scheme might continue actuarially solid. In other words, it would seem that notwithstanding his certifying to the actuarial solvency of this scheme he had in mind that the advisory committee would be continually and actually on the job to make sure that that state of solvency was not impaired. Mr. Wolfenden also put forward the view that the certification of the unemployment insurance fund must be according to the best judgment and experience of the actuary, and he must make his calculations with reasonable certainty but not with excessive margins of safety.

As already noted, Mr. Wolfenden's view with reference to the present bill is that it is to be regarded as actuarially indeterminate. From statements made in the committee by the chief actuary of the Department of Finance, and also from a perusal of his report made on this bill and the bill of 1935, it would appear that his view is that the position of the unemployment insurance fund, in fact of any insurance fund, must always be actuarially indeterminate. He put forward the view that actuarial science is not an exact science in any practical insurance field. In illustration of this he referred to the position of life insurance, pointing out that the indeterminate factor in that business is the so-called dividend to policyholders. He represented that for the great bulk of life insurance a premium rather higher than believed to be necessary is charged and then at the end of the year the company balances its books, balances its assets and makes actuarial valuations of its insurance obligations and thence arrives at the surplus. It is out of the surplus that the "indeterminate" for the companies changes their dividends from time to time. Most of us are perhaps aware of the fact that the companies have made some reduction in dividend scales in recent years as a consequence of reduction of earnings.

It would be of course wholly impracticable to take unemployment insurance on the basis

of contributions substantially on the high side with annual or other revisions in any year for which the contributions might be proved to be in excess of the claim.

In Mr. Watson's view the only reasonable and practicable procedure in the circumstances is to make provision for a reasonable average standard of unemployment, having regard to experience over a period of say ten years with a reasonable margin, and in setting up rates of contribution it should always be kept in mind that they must in the nature of things be subject to review as and when it may appear necessary or advisable to make the review. It is one of the key provisions of this bill that the unemployment insurance advisory committee shall make a review at least once every year.

I should like to refer the committee specifically to one part of section 36 bearing on this matter. Subsection 1 of section 36 reads:

The committee shall, not later than the end of February in each year, make a report to the governor in council on the financial condition of the unemployment insurance fund as of the 31st day of December next preceding, and shall make a report to the governor in council on the financial condition of that fund whenever the committee considers that the fund is or is likely to become, and is likely to continue to be, insufficient to discharge its liabilities, and may make a report on the financial condition of the fund at such other times as the committee may think fit.

An examination of Mr. Watson's report shows that his report in 1935 and his report on the present bill were founded on the data of unemployment for the eleven years from 1921 to 1931, the average rate of unemployment over which period, as shown by data used in making the calculations, having been 12 per cent. A good deal was made in the committee of the fact that although the unemployment for that period might have been satisfactory for the basis of his 1935 report, it almost necessarily follows that it would not be found satisfactory as the basis of the present report. I find however in Mr. Watson's report that the average number of benefit days for insured persons, as computed on that basis of 12 per cent, was increased by 30 per cent, with a view in part to making provision for higher unemployment than that shown by the period of 1921 to 1931. In addition, a number of other adjustments were made with a view to computing rates which might reasonably be considered sufficient.

An element of substantial strength in the present bill, which was not in the act of 1935, is the ratio rule for the computation of benefit days. Under the 1935 act insured persons who might qualify for benefit by making the minimum number of contributions each year would be entitled to a minimum

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of seventy-eight days benefit in the year. There was really not much incentive under that bill for insured persons to try to improve their benefit status by keeping in employment every possible day. It is true that additional days' benefit might be paid to those who had a good employment record over the preceding five years. In the present bill the benefit days of the insured person are definitely related to the employment record of the individual. Those with poor employment records receive benefits, but they get lesser benefits than those who have a better employment record. The practical workings of the ratio rule may be well illustrated with reference to persons who work uniformly any given number of weeks per year.

It is interesting to note the manner in which the ratio rule works out for insured persons who have regular employment. Some cases are given as illustrations.

Two important aspects of the ratio rule which it is believed will strengthen the financial structure of the bill are that for the majority of insured persons the benefit days increase gradually during the first three or four years, but during those years on the average will be substantially below the average number of benefit days on which the rates of contribution were based. The other point is that if the insured person's record of employment becomes bad he will not claim for seventy-eight days in every year in which he works for the minimum number of weeks, as under the 1935 act, but will on the average draw three days' benefit for every week he works. Thus an insured person working twenty weeks per year will be entitled to sixty days' benefit, whereas under the 1935 act he would be entitled to seventy-eight days, but he would not be entitled to more than seventy-eight days even if he should work considerably more than twenty weeks in the year.

In the committee Mr. Wolfenden made representations concerning the possibilities of cataclysmic rates of employment, as a consequence of the war. Mr. Watson did not think it necessary or justifiable to assume any such rates as were given. In support of this he states that following the last war the rate of unemployment as shown by trade union figures continued low until June 1, 1920, being in fact 2.1 per cent for the six months ended on that date. For the next eighteen months the rate averaged about 13.5 per cent. For the first six months of 1922 it fell to 5.6 per cent and continued fairly low until towards the end of 1924. Although Mr. Watson recognizes that trade union percentages of employment are lower than insurable claims as a whole, nevertheless he feels that they do not

[Mr. McLarty.]

justify the assumption of cataclysmic unemployment rates. Mr. Wolfenden represented in committee that under the unemployment scheme set up in 1935, which was a time of fairly high employment, by reason of that employment those then not employed would in fact show a low rate of employment.

On this point the data for 1921 and 1931 given on pages 10 to 14 inclusive of Mr. Watson's 1935 report show the contrary to be true. Obviously it can hardly be possible that an unemployment insurance fund could attain a position of prosperity if it were being set up in a period of heavy unemployment. Furthermore it is not likely that unemployment throughout the whole of Canada would ever at any time attain the cataclysmic proportions which might be stated to have occurred in any particular locality or any particular industry in this or any other country.

We had on this committee, Mr. Chairman, representatives of every section of this country. It is I believe a splendid commentary that in a country as wide and as varied in its resources and in its industries, such a committee representative of every section could bring to this house a unanimous report.

Mr. MacINNIS: Mr. Chairman, as discussion on the report of the committee has been considered necessary—

The CHAIRMAN: I would point out to the committee that I assumed the minister had the unanimous consent of the committee to give a general bird's-eye view of the bill as amended by the special committee so as to facilitate its study by this committee. But under the rules of the house I do not believe I could allow a general discussion to continue on clause 1 of the bill. We are now on clause 1, short title.

Some hon. MEMBERS: By unanimous consent.

The CHAIRMAN: Is there unanimous consent?

Mr. McLARTY: Yes, I ask for unanimous consent.

Mr. MacINNIS: It is not my intention to go into the amendments to the bill as extensively as did the Minister of Labour (Mr. McLarty). Indeed my remarks will be brief. Before proceeding with what I have to say, and without engaging in platitudes, I should like to say a brief word about the committee itself. I have been on a number of committees since coming to this house about ten years ago, and all of these committees took their duties seriously, but I was never on a committee that took its work as seriously as this committee. We were working under

great difficulties, but the cooperation and the temper of the members of the committee was of the very best throughout. The Minister of Labour, who was made chairman, succeeded in the difficult task of getting the bill through the committee in record time without having once, as far as I can recollect, asked a member to shorten his remarks or unduly hurrying the committee's work. This is something of an achievement.

I think also that a word should be said for the members of the Department of Labour who were present at the committee meetings to inform its members. I wish to refer particularly to Mr. Hodgson and Mr. Stangroom, who I believe should be on the floor here when we deal with the various sections of the bill. I am sure that their assistance will be as much appreciated by the members of this committee of the whole as it was by the special committee.

It is of course regrettable that the bill was not introduced earlier in the session, and it is possible that if it had been, more study could have been given to it and more amendments proposed. But although it is possible it seems to be doubtful that such would have been the case. In saying this I am not condoning the bringing down of the bill at this late time.

Mr. MacNICOL: Better late than never.

Mr. MacINNIS: I think all the members of the committee will agree with me when I say that I believe the utmost care has been given to the drafting of the bill. As hon. members are aware, the bill with a few alterations is the same as the 1935 act. But in addition to following the 1935 Canadian act the draughting officials gave close attention to the form and administration of the unemployment insurance act of Great Britain, and the long experience in administering that act, since 1911, must be taken into consideration by members of this committee in dealing with the bill.

I think I am also correct in saying that the committee refrained from making amendments to the bill, amendments which I believe appeared reasonable to a majority of the committee, for three reasons: First, the committee was anxious not to do anything which might delay the passing of the bill. Second, the committee was aware that important additions to the employments included in the bill, or important deductions from the employments covered by the bill, would upset the actuarial calculations on which the contributions and benefits are computed. Undoubtedly this would lead to some delay and for that reason, and in my opinion very properly, the committee refrained from interfering with

the bill to any great extent. Third, the committee was impressed with a realization of the magnitude of the task of building up the organization necessary for the administration of the act. I doubt if anyone, except those who have been closely associated with the drafting of the bill, realizes the extent of that organization and the great care with which it will have to be created. As a consequence the committee felt that it should not impose too great a burden on the commission at a time when it would be engaged in very, very difficult work. I think that sums up the spirit in which the committee dealt with this measure. In any case, that was the way it appeared to me.

A number of organizations appeared before the committee, organizations which can be classed largely in two categories; that is, employers' organizations and workers' organizations. The employers' organizations, the Canadian Manufacturers Association and the Canadian Chamber of Commerce, asked for postponement of the bill to a more opportune time, and also for investigation or study of some other nebulous schemes they had in mind. Personally I was not impressed with their arguments. I agreed with the representative of the Trades and Labour Congress of Canada when he said that he never knew of an opportune time to bring in social legislation, so far as these organizations were concerned.

We had the benefit of the independent opinion of Mr. Wolfenden, an actuary of some note. Again I must say that personally I was not impressed with Mr. Wolfenden's evidence. It seemed to me that his submissions were too extreme, and extreme statements are always suspect. I should like to quote very briefly from what he had to say, first from page 216 of the minutes of proceedings and evidence before the committee:

On this test, which I believe to be a fair and professionally acceptable appraisal of the problem, it is my conviction that the scheme set out in bill 98 is, at the present time, "actuarially indeterminate".

Then he goes on to give his reasons for that statement:

In this case—in the year 1940, in respect of any estimate of future unemployment—it is, it seems to me, wholly impossible to formulate methods of calculation "with reasonable certainty, and with adequate margins of safety." It is quite impossible to assume with any reasonable certainty what the basic rate of unemployment, on which all the calculations must be based, is likely to be.

If at this time it is impossible to base our calculations on what the unemployment will be for a number of years following 1940 then the inference is that we should not go on

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with the bill until a time when we can find a satisfactory basis. However, Mr. Wolfenden denied that this was his contention. He then went on to say what might be a fair assumption, as he stated it, as to the rate of unemployment, after pointing out that the actuarial soundness of the bill was based on a rate of, I think, 12 per cent. At page 217 he continued:

To give a second example, suppose that the fund experiences the following rates—say in 1941, 6 per cent; in 1942 as low as 4 per cent; in 1943, at the end of the war, with its dislocation, 25 per cent; and in 1944, a rate which has been shown in the United States at certain times, 35 per cent; and in 1945, 35 per cent. In that five year term, which again I would emphasize is not a full cycle as it is ordinarily understood, the rate of unemployment which the fund would have to bear would be basically 21 per cent; and again in that case the fund would become insolvent at the end of 1943 on the assumption of a 12 per cent rate—

Then at page 230, in answer to a question I asked, Mr. Wolfenden said:

By Mr. MacInnis:

Q. Do you know of any country where insurable employment went up as high as 35 per cent?

A. No. I cannot quote these figures offhand, but a rate of that kind may have been shown in some of the European countries. It is entirely possible, but certainly not in any of the English speaking countries.

At the depth of the depression, if my memory serves me rightly, though I have not the figures before me, the employment reported by the employers of Canada to the Department of Labour was about 22 per cent. All that would not be insurable employment; and at the present time, since we are accepting the best risks, I am quite sure that the employment would not go to that extent, unless of course there was a terrific dislocation for which you cannot make provision in any case. That is my reason, and I think it is sound, for discounting the evidence given by Mr. Wolfenden.

Four different labour organizations appeared before the committee. In their ordinary affairs sometimes there are violent differences among these organizations, but in the matter of the unemployment insurance bill and in the desirability of putting it into effect at the earliest possible moment, there was the utmost unanimity. All these organizations—the Trades and Labour Congress of Canada, the All-Canadian Congress of Labour, the Congress of Industrial Organization and the Catholic Federation of Trade Unions—were agreed that, despite its limitations and many imperfections, the bill should be passed and made law at the very earliest possible moment.

Mr. MACKENZIE (Vancouver Centre): And the locomotive firemen.

[Mr. MacInnis.]

Mr. MacINNIS: Yes, the locomotive firemen as well.

Just a word in conclusion: I am sure there will be no attempt in this chamber to delay the passage of the measure, and I hope there will be no attempt to delay or postpone it in another place. I say that because the working people in Canada have waited for a long, long time for this small measure of social justice. They will not take it kindly if the matter is further postponed. Even if we did postpone it there is no certainty that the information we may have next year or the year after, or even the year after that, would be a more reliable basis than the one we have to-day for the passage of a measure of unemployment insurance.

This bill will not end unemployment. No man or woman who understands anything about social conditions expects it to do that. But, as I pointed out the other day on the second reading of the bill, it will give a large number of individuals when unemployed the right to certain benefits without having busybodies prying into their private affairs. Surely that is something worth while.

I may have something to say when the various sections are under consideration, but I hope it will not be necessary to say very much. I repeat that I considered it a distinct privilege to have had the opportunity to serve on the committee which considered this measure. Going through life I have got my education in little bits, here and there; so in the eleven sittings of the special committee which examined this bill I added to my education.

Mr. GRAYDON: Mr. Chairman, I have no desire this morning to delay the deliberations of the committee in connection with a subject as important as that of concurrence in the report of the special committee which considered this unemployment insurance measure. However I do wish to say a few words respecting some matters which were discussed in the committee, of which I had the honour to be a member.

Unemployment insurance legislation during the last number of years in Canada has experienced a tortuous and difficult course. It has encountered legislative, political and constitutional difficulties which fortunately to-day have been largely overcome. As a result we have before the House of Commons a concrete measure which in my opinion will be of advantage to the working man of this dominion.

This is not the first time a bill of this kind has been before parliament. The enactment of a measure of this kind has always

been a policy of the Conservative party, and one of the factors in my entry into public life was that the late administration headed by Right Hon. R. B. Bennett had been sufficiently farsighted and sufficiently forward-looking to evolve a broad scheme of social legislation for Canada. In that social legislation unemployment insurance formed a major part.

Under the guidance of the party in power in 1935 there was enacted in parliament the first unemployment insurance measure introduced into Canada. I would point out to the committee and more particularly to working men throughout the dominion that too many false hopes must not be raised respecting the actual benefits and advantages which may be derived from this measure. For many years I have had the pleasure of being in close contact with the working men and their families in that part of Ontario from which I come. I have been able, through close examination of his problems, to sympathize with him in the economic and social burdens he has had to bear. I know something of the thoughts in the mind of the working man, and am confident he believes that in the main unemployment insurance will be a measure which will provide a fairly complete solution for the problem arising from his possible unemployment in the future, and will give to him and to his family a measure of security of which hitherto he has only dreamed, and certainly has not experienced.

I think it only fair to point out to the working men of Canada that the provisions of the measure are somewhat limited and restricted. I am afraid that some false hopes may have arisen in their minds, hopes that may ultimately be, at least in part, unrealized when the limitations of the bill are fully known. I would hasten to point out also that that is no reason for anyone taking a defeatist attitude respecting the measure itself. I regard the proposed bill as a step in the right direction, and one which should be taken now, regardless of what opposition to that view may have been encountered in the committee or outside it.

In my opinion security for our workers, limited though it may be, must not be postponed any longer. On another occasion in the house I have discussed the length of time democracies seem to take to bring about much needed reforms, and to bring necessary legislation into operation. I regret that we in Canada have spent so much time talking about unemployment insurance, and that it has taken so long to implement the principle by legislation.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. GRAYDON: Mr. Chairman, when the committee took recess I was referring to the delay which had occurred in the years since the close of the last war in bringing in this very necessary legislation. On a previous occasion I dwelt at some length on that point and I have no desire to labour it at this time, except to make one observation. Despite the arguments which have been advanced by members of the government in justification of the introduction of this measure into the house in the closing days of the session, I still am not convinced that there is any real excuse for the delay. I have felt and I still feel that a good purpose would have been served had the address been passed by this house and sent to the British parliament at the beginning of the session so that we could have had this bill much earlier. Had this been done, some of the complaints which have been advanced with regard to the length of time available for the discussion of this matter would have been removed.

We might as well be frank about this question of unemployment insurance. While we had the benefit of the advice of two actuaries of note when the bill was considered in the committee. I think we all realized that the actuarial advice is governed to a large extent by the conditions which may prevail. While I am not one of those who believe it will happen, there is the possibility that after this war we shall be unfortunate enough to have another long period of extreme depression. In that event, it would seem to me that before the end of that period is reached the fund will be exhausted and the government will have to provide additional means of keeping the insurance plan in operation. It is quite possible that there will be men who have worked through the major part of the depression and will be laid off just when the fund has been depleted. Having contributed to the fund they will be entitled by law to the benefits. Looking at this matter from a business standpoint, I consider this to be one of the dangers which will have to be faced. We might as well be prepared to face realities and be ready, should another period of depression come to Canada, to make additional provision in this regard.

Mr. GOLDING: Would not the government be called upon to provide for them anyway?

Mr. GRAYDON: I am not objecting to the bill on that ground because I realize that what the hon. member for Huron-Perth (Mr. Golding) has suggested is only too true. Through the years we have been called upon to provide for these people from the public

funds. But when we consider unemployment insurance from a business and actuarial standpoint we must keep in mind the probability I just mentioned.

Despite the fact that a large number of workers will come under the provisions of this bill, a considerable number of exempted persons will not benefit. I realize the difficulties with which the department is faced when deciding on these exemptions. I am encouraged by the fact that an advisory committee is to work with the commission and is to have the power to limit these exemptions. After careful scrutiny and investigation that committee will have the power to bring within the provisions of this act some of those now exempted. Whether that is a practical way of dealing with the matter I am not sure, but it does provide that encouragement which is so essential when dealing with those industries which are now exempted. I have in mind the horticultural industry, which I referred to in committee. This industry takes in several types of employment, and it is now exempted from the operations of the bill. I agreed to that particular section going through on the understanding that it would be subject to thorough review as quickly as possible, so that those in horticulture the nature of whose employment is such that would reasonably make them eligible to come under the provisions of the act, may be brought in.

Hon. members no doubt are familiar with the several sections of the bill which deal with entitlement to benefits. Section 28, paragraph (iii), states that any worker drawing benefits must satisfy the commission that he is capable of and available for work but unable to obtain suitable employment. I know beforehand the answer that will be made to my objection to this section. The objection I raised in the committee, and I raise it again now, is that this strikes in an inhumane way at workers who may draw benefits for a couple of weeks and then take ill. According to that section they would be no longer "available for work." I know the answer will be that no scheme of health insurance is envisaged by this bill, but I do not think that is a complete answer. I should like to direct the attention of the committee to some of the serious consequences which might arise should a man take ill and his insurance benefits stop just when he and his family need money the most. According to the section such a man would not be available for work. It seems to me that this test is one which will not be acceptable to the workers generally.

Hon. members are aware that there is a difference between the 1935 act and this bill. The main distinction between the two acts

[Mr. Graydon.]

turns on the question whether the contributions are to be on a graded scale or on a flat rate. The United States, because of constitutional difficulties, have fifty-one different schemes of insurance. In Great Britain the flat rate is used, and because of the experience over there, this parliament, in 1935, with the unanimous consent of all parties, adopted provisions establishing a flat rate. Now, upon the information and advice of the departmental officials, the flat rate has been discarded and replaced by the graded scale.

Mr. MACKENZIE (Vancouver Centre): Not in Great Britain, although Sir William Beveridge favours the graded rate.

Mr. GRAYDON: Perhaps my hon. friend did not hear what I said. I said that the flat rate was in effect in Great Britain.

As members of the committee will at once recognize, wide powers are given under the act in the matter of administration. The commission and the advisory committee are clothed with an extremely broad responsibility. This puts upon the government a heavy obligation to see to it that the proper men are appointed to these executive positions. There are sections of our population coming under this measure who will look with close scrutiny upon the type of men chosen to administer measures which will so closely affect them and their families. I have had the assurance—and I believe that an assurance from a minister, especially from the Minister of Labour, will be sufficient—that no politics will be practised in the selection of men to fill these various posts. I assume that he meant by that, party politics: at least that is what I meant. In this regard may I suggest that he carry out this laudable ambition and see to it that the commission is devoid of criticism on the score of partisanship in the appointments of its personnel.

Mr. McLARTY: I do not wish to interrupt my hon. friend, but may I say that, while the government has the appointment of the chairman of the commission, the two other members are appointed, one on the nomination of labour and one on the nomination of industry.

Mr. HANSON (York-Sunbury): That does not mean a thing if the government does not want to act on it.

Mr. McLARTY: I cannot agree with my hon. friend.

Mr. GRAYDON: Perhaps I did not make myself sufficiently clear. In my early remarks with regard to the commission I had particularly in mind the chairman, because those who read the act will recognize that he has

exceptional powers. For that reason, I believe, he should be chosen, not merely from the ranks of the party but from among the best citizens of Canada, irrespective of politics, so that his qualifications shall not be open to criticism.

Another thing I would like to bring to the attention of the committee is the matter of appointments of those to be attached to the advisory committee and to the commission who are not technical and professional men. We were assured in the committee that these men will be chosen in accordance with the provisions of the Civil Service Act. I want to congratulate the minister and those who had charge of the arrangements in connection with the legislation for having made that decision.

In closing my remarks I shall make just a brief allusion to the developments which have taken place in our social, economic and political life. The country is moving steadily towards providing better conditions for many of our citizens. I should like to see further advances in this direction. After all, while unemployment insurance was a major part of the social legislation of the Bennett government, it was only a part, and so far we have not heard at any time during the last few years that it is the intention of the present administration to reimplement any of the other social reform measures which were passed by the former government. However, steady even though slow progress is being made in bettering the conditions of the working men and their families and those who are in unfortunate economic circumstances.

I am proud to belong to a parliament which seems to be almost unanimous in supporting this reform. I was proud to belong to the special committee which showed such singleness of purpose in attempting to adopt a workable plan in the interests of the working men and their families. It seems to me that industry and business will cheerfully shoulder their part of the burden. I am not one of those demagogues who believe that business and industry are the enemy of every other class. We have no right to assume that merely because there may be found in their ranks, as among other sections of our people, men who do not always play the game. The future of Canada depends upon the close relationship, the cooperation, the marching and advancing together of industry and labour, working in that true British spirit of harmony which has brought Canada and the empire to the great position which it now holds. I am convinced that industry will willingly accept the obligations which are laid upon it by this

bill. I further believe that the bill, when it becomes law, will open a better era for many of the less fortunate but deserving citizens of our land.

Mr. JOHNSTON (Bow River): I want to take this opportunity of commending the government upon its action, although it is somewhat late, especially late in this session. It is high time that this legislation was carried through. It is indeed unfortunate that so many years have been allowed to elapse before legislation as this could be enacted. For a long time the hope of the people that an unemployment insurance scheme would be put into effect has been encouraged. Those who will benefit by it will greatly appreciate the fact that at last it is coming to realization.

One unfortunate circumstance relates not to the terms of the legislation but to the time at which it is being introduced. At this late stage of the session it is utterly impossible for hon. members, particularly those who were not members of the special committee, to study in detail the evidence which was produced before that committee. Here we have three or four large volumes of the committee's evidence, as well as proposed legislation with regard to the Prairie Farm Assistance Act, and the terms of this most important bill. We have also the amendment to the wheat board act, another extremely important measure. All these are brought down in the last three or four days of the session, making it impossible for hon. members to give them the consideration warranted by their importance.

While the classes of people who are included in the scope of this unemployment insurance bill will be delighted that it is—at last—brought down, it is disappointing to find that so many groups of employees are not to share in the benefits of the measure. It was mentioned that school teachers would not be included. It will be said that there are other provisions that can be introduced whereby they may have a form of unemployment insurance. I submit however that this question should be considered now, because if we wait another four or five years the teachers will be so much the worse off. They belong to a profession that is doing a great deal of good work, and that work is being carried on under most difficult financial arrangements, so that they need this protection while they are employed. The longer we delay making provision for them the less benefit they will receive.

There is another branch of labour which will be greatly disappointed. I refer to domestic servants. They work under a

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depressed wage scale, almost an insufficient allowance to allow them to maintain even a low standard of living.

Then there is that other great body of labour, the western farm labourers. They will not get any benefit under this scheme, and I do not know of any class that work under more difficult conditions than farm labourers. They have only limited employment in the fall and in the spring—in the spring possibly for a month or six weeks when seeding is carried on and, in the time of harvest, another four or six weeks, a maximum of twelve weeks' employment. And they get an exceedingly low wage. They will not be able to get any direct benefit from this unemployment insurance scheme, and it will be another four or five years before anything is done for them. I suggest that now, when the house has the ambition and the intention to put into force a form of unemployment insurance, the time is opportune to make provision at once for these other classes.

Then there is another type of unemployed—at least they are not unemployed just now—who will not come under this bill. I refer to the soldiers. I do not know of any type of labourer throughout the dominion who is contributing more to the welfare and safety of Canada than the soldier, and a great many of the boys who enlisted came from the ranks of the unemployed. Some of them have never had a day's work, week in and week out, month after month and year after year. Now they are fighting in defence of the country and most definitely they should have some assurance that they will be entitled to participate to some degree in the benefits of this insurance plan. It should be done at once and not left until after the war, or these fellows will be given the same treatment as was given those who took part in the last great war. When they come back from the front they will be disbanded and scattered throughout the dominion without a thing to do. Employment conditions will be terrible after the war, especially if these men have not the privilege of coming under this legislation. This is a serious matter which should be given some thought at this time.

In view of the fact that there are so many exemptions among the labouring classes, it seems to me that this bill is rather inappropriately named. It is not insurance against unemployment; it is employment insurance. Only those who are employed will be able to derive any benefit from it. I am not belittling the bill, because I can see the benefit which those who are employed will receive. But the name is entirely misleading. I very much fear that if the public at the time of

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the election had known that this was not an unemployment insurance scheme but merely, as was stated in this house some time ago, a means of distributing poverty, they would not have been quite so enthusiastic in voting for the Liberal party.

I am surprised at the representations made by the banks and their endeavour to get out from under the obligations which the act imposes. They are objecting to it. I do not know of any industry in the country that pays worse wages, considering the profits they make, than the banking industry. It is true that the young fellows in the banks have comparatively steady employment, but their wages are most miserable, and these young fellows spend their entire life in that work. I think the bankers association should be ashamed of themselves for trying to get out of their obligation under this bill. I hope the government will stand firm in their resolve to see that they come under the bill.

There is one unfortunate part of the bill that affects every individual in Canada. The bill will definitely raise the prices of consumable goods. There is no question about that. It is all very well to say that the worker contributes his share. He will do that because he is forced to do it, and in making his contribution he will be thereby reducing his own purchasing power and his standard of living, because his contribution is taken directly out of his wages, so that he has that much less to go on. True, it provides him with insurance against unemployment, but so far as the industries are concerned, they have never assumed that financial responsibility themselves. They have always included anything of the sort in their prices and there is nothing in this bill to make sure that they will not do it again.

In this connection I would refer to a question asked by the hon. member for Macleod (Mr. Hansell) on July 23, as reported at page 131 of the evidence. The witness was Mr. Norman J. Dawes, president of the National Breweries. It is surprising, as you go through the evidence, to find that all these industries are objecting to unemployment insurance. They come out and give you a nice talk about how much interested they are in the unemployed and how glad they are to see that the government are taking steps to legislate for unemployment insurance, but that is all on the surface, because every one of them objects to it. They can give you no good and sufficient reason for their objection. At page 131 of the evidence the hon. member for Macleod asked this question:

Would your share of the contributions be inclined to increase prices to the consumer?

The answer was:

No. The cost of our product is so high now that we cannot increase it.

That may be true in this particular industry because, as all hon. members know, the increase resulting from the industrialist's contribution in this case would probably be a fraction of a cent per glass of beer. If beer is selling at ten cents a glass he cannot very easily make it 10½ or 11 cents.

Then the hon. member asked:

Q. I mean generally speaking. In the manufacturing industry, for instance, would it be inclined to increase the price to the consumer?

A. The manufacturer cannot stand all these taxes; he has to do something with them. They reduce wages or else add it to the price.

That is clear and concise; there is no misunderstanding. The manufacturers, so far as their contribution is concerned, are going to add it to the price of the goods. It means an indirect sales tax. Every man who buys manufactured goods is going to pay the manufacturer's share of the contribution towards this fund. So that the term is misleading to the public. When the government say that the manufacturers are going to contribute so much, that is definitely not right, because the manufacturers have no intention of assuming this extra cost. Eventually it will come out of the taxpayer in the form of this indirect sales tax, and it will lower the standard of living of every citizen in Canada. The taxes put on this year are exceedingly high; all taxpayers, especially those in the lower income brackets, are going to feel this tax increase tremendously, and any additional taxation on the public will not be received with too great pleasure.

I am not against the bill at all. I hope the government will ignore the presentations made by the chamber of commerce—I do not know what industry they represent; I have never been able to find out—and the boards of trade and some of these industrialists who think now is not the proper time to give effect to this measure. They say, "You should not rush this bill through, because they have not had time to consider it." I doubt if they would consider it any further if it were left for another ten years. Their only concern, as I see it, is that business is now being stimulated a little and in some instances it might affect their profits. If the bill is to be enacted at all, now is the proper time, not when the employment situation is worse, not when industry begins to subside, not when the war is over and we know definitely that industry will close down extensively. Now is the time. I hope the government will complete the legislation at this session and put it into force immediately.

Mr. GILLIS: I have not very much to say with respect to the technicalities of the bill. I rise merely for the purpose of associating myself with those who have identified themselves with the general principles of the measure now before us. One observation came to my mind as I listened to the discussion when the resolution was first introduced. Having been associated with organized labour for a long period of years, and knowing something of the struggles of the people who desire the present legislation, I thought I was familiar with practically everyone who was actively interested in having measures of this kind enacted for the benefit of the people. I was surprised to hear the claims made from one side of the house and the other; therefore I made it my business to examine *Hansard* to find out exactly how much certain people who claim to have been advocating legislation of this kind had been interested in it from as far back as 1922. I do not want my remarks on this particular angle to be construed as partisan, or as seeking to take away any credit from those who claim that for years they have been actively associated with this class of legislation. What I say I say not because I am a member of this group. But I think the man who stands out head and shoulders over everyone in Canada in respect to this class of legislation and with particular reference to this bill is the man who heads this group, the member for Winnipeg North Centre (Mr. Woodsworth).

In 1922 Mr. Woodsworth entered the house on March 8, and on March 14, in the first address he delivered, as reported on pages 84 to 92 of *Hansard* of that year, he painted a vivid picture of the evils of unemployment and urged unemployment insurance. Carrying the examination of *Hansard* through until the last session I find that repeatedly, session after session, the hon. gentleman, with the assistance and cooperation of members of his group, introduced the question of unemployment insurance, and while many others have given it lip service and would lead us to believe at this time that they were utilizing their power and authority for the purpose of bringing about this measure, the hon. member for Winnipeg North Centre demonstrated his interest, and to him I give the credit for the bill that is before the house at this session. He used his authority as a member of parliament to bring to the attention of those who had the responsibility and the prerogative the necessity for a measure of this kind. He celebrates his birthday on the twenty-ninth of this month. I consider the measure before the house at the present time a fitting gift from the government of Canada to the hon. member on the occasion of that anniversary.

I have no intention at this time of making a detailed examination of the clauses of the bill; it would be a waste of time. As the bill is considered clause by clause we shall have opportunity of registering our objections, expressing our opinions and getting answers to questions.

Two classes that I am sorry are not included in the measure are the seamen and the fishermen. I have some knowledge of their problems, and I believe there is no class of workers in Canada more in need of the protection of such a measure. This was forcibly brought to my attention only this morning by the receipt of a telegram from the Canadian Seamen's Union, which reads:

Canadian Seamen's Union on behalf of thousands of seamen and fishermen protest discrimination in proposed unemployment insurance bill in leaving us out from benefits of said bill. Seamen and fishermen are greatly affected by unemployment and we urge you give serious consideration to rectify this injustice.

I realize that to attempt at the present time to inject other classifications into the bill would upset the whole actuarial basis on which the bill is worked out. Perhaps it is not possible to have these classifications included. Nevertheless I put myself on record as deprecating the fact that these men, who have a serious unemployment problem year in and year out—with particular reference to the fishermen—are left out. As the leader of the opposition very well put it a few days ago, the fisherman appears to be the forgotten man as far as parliaments and legislative bodies throughout Canada are concerned. I know no other class of workers in Canada more afflicted by unemployment than that group. I presume that we shall have an opportunity to propose amendments later, looking to the inclusion of these groups.

There is another class of people who probably do not come to the minds of many members of parliament, but because of the fact that I have been associated with them over a long period of time I am very familiar with the conditions affecting them. I am referring now to men who are in positions of leadership in trades unions, of whom there are thousands across Canada. They leave their regular occupations to accept office in the unions, but under this bill they are given no protection against unemployment. Every year or two they must take part in an election, with the chance of being defeated. Once they leave their position with the union, by reason of being voted out, they enter the ranks of the unemployed but though they have given of their services to the benefit of the people of Canada over a period of years, when through no fault of their own they become unemployed they do not come under

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the benefits of this bill. This is particularly unfortunate, because for a long period of time these men have been fighting for the very measure now before the committee.

There is another aspect of the bill which I should like to stress, and about which those who are interested in having the terms of the bill implemented should be most concerned. I refer to the administration of the act after it is finally passed. I have had considerable experience with compensation boards and similar organizations set up by governments to administer acts. Once a commission is appointed it becomes a law unto itself. The act may read all right, as our compensation acts read all right; the bill may be made as perfect as possible, yet when that commission is appointed it has full jurisdiction over the administration of the act. In my experience it inevitably happens that a three or four man board interprets an act as it sees it and as it wants it to function, and in the final analysis perhaps seventy-five per cent of the material good that should accrue to the people for whom you are attempting to legislate is lost through these people placing their own interpretation upon the terms of the act. We have had many unhappy experiences of this kind with compensation boards, because the English language can be construed to mean almost anything. That is why I say this bill should be discussed section by section, so that the minister can give us his interpretation of the different provisions of the bill. Then, when the commission is set up, at least we shall have *Hansard* to show what was the intention of the government in connection with the bill.

I do not want to occupy any more of the time of the committee. I merely wanted to identify myself with the measure, and to say that as representing an industrial constituency—

Mr. MACKENZIE (Vancouver Centre): Many of the sections are fully explained in the report of the committee, and this is something very unusual in committee proceedings.

Mr. GILLIS: Would the report of the committee be taken as an authority in regard to the interpretation of the act later on?

Mr. MACKENZIE (Vancouver Centre): It would be a guide.

Mr. GILLIS: I think the minister's answers would contain the proper interpretation. As I started to say, I do not want to occupy any more of the time of this committee, though I may have a good many questions to ask as the different sections are dealt with. I merely want to put myself on record as being perfectly satisfied with the

measure, and I want to commend the government on the courage and initiative they have shown in bringing in and piloting through this bill at this time. I know that every agency that is opposed to the interests of the common people of Canada has utilized every available means to defeat this bill, and I pay tribute to those who had the courage to bring it in and have it enacted.

Mr. HANSON (York-Sunbury): I have a very few observations to make with respect to the bill, and I should prefer to make them now rather than later. I apologize to the hon. member for Trinity (Mr. Roebuck) if I intervened ahead of him.

What has been said here to-day with respect to the administration of the act lends a good deal of force to what I said a few days ago, and I particularly commend to the attention of the minister the remarks of the hon. member for Peel (Mr. Graydon). But more important than that, or at least just as important as the administration of the act, is the question raised by the hon. gentleman who has just taken his seat (Mr. Gillis), in regard to the interpretation of the act by the commission. I was amused at the question and answer that passed between the hon. member and the Minister of Pensions and National Health (Mr. Mackenzie). The hon. member for Cape Breton South is not a lawyer, but the Minister of Pensions and National Health is a lawyer, and I am sure he knows—if he does not he should—that nothing that may be said in a parliamentary committee or during a parliamentary debate will have the slightest influence on the interpretation of any statute by any court of law in this country. They repel even the suggestion that they are bound or even influenced by anything we may say here as to the interpretation of a particular section of a statute.

Mr. MARTIN: It is inadmissible.

Mr. HANSON (York-Sunbury): Even a reference to it is not permitted, as I know to my own cost. Once, when appearing before the Supreme Court of Canada here in Ottawa, I had the temerity to refer to what Mr. Fielding once said with regard to the effect of a section of a particular act. They were very gentle with me, since I was just a country lawyer, but I never forgot the lesson.

Mr. REID: That must have been years ago.

Mr. HANSON (York-Sunbury): That was quite a number of years ago. It is folly to say that the report of the committee, or anything we may say with respect to the interpretation of any section of this act, will be given effect to by the commission. I am sure the Minister of Labour, as a sound lawyer,

will agree with that. The situation was epitomized by a great jurist in the United States in a book he wrote on the constitution of that country. During the course of a discussion of Mr. Roosevelt's attempt to increase the membership of the supreme court this jurist said, "The constitution is what the judges say it is." That statement created a great furore in the United States, but it was true. The interpretation of the constitution was for the judges, not for the legislative branch or the executive branch of the government. And the interpretation of any law in Canada is for the courts. In this instance the high court of this commission will interpret the law without reference to anything you or I may say, Mr. Chairman. There is no doubt about that.

Mr. MACKENZIE (Vancouver Centre): But my hon. friend will admit that this parliament has the right from year to year to revise the statute; and there is a recommendation in the report of the committee that the report of the advisory committee be reviewed by a standing committee of this house.

Mr. HANSON (York-Sunbury): That is so; that is the exercise of the legislative function, and it is fortunate that we have that power. If we did not have it we would be bound by the decisions of those who have the responsibility of interpreting these statutes but who have not any responsibility to the public such as we have. That is a fortunate feature of our constitutional set-up. It is the safeguard of democracy.

I was impressed by the tribute paid by the hon. member for Cape Breton South to his leader. It is true that in season and out of season the hon. member for Winnipeg North Centre (Mr. Woodsworth) has advocated the principle contained in this measure; and having regard to his physical condition I should like to reaffirm what the hon. gentleman said as to his devotion to a principle. Perhaps he was a good many years ahead of his time. So is every pioneer who advocates a great reform. In days gone by many of these men were referred to as advocates of lost causes. I have known some of them. Many of them have not lived to see the fulfilment of a cherished ambition in connection with reform. Let us hope that in his declining years, and in that period of ill health through which he is passing, the hon. gentleman will find much satisfaction in the thought that the principle for which in season and out of season he has fought is finally to triumph.

I had hoped the hon. member who has spoken would have given us the benefit of his further examination of champions for this cause. Had he done so I am certain that

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with the honesty of purpose which has characterized all his utterances in the house he would have paid tribute to a former leader of the Conservative party. It is true that Mr. Bennett was not in the house in 1921. Perhaps it is unfortunate for the house that he was not here. But let me point out that Mr. Bennett was the first statesman in Canada to give concrete proof of his earnestness for reforms in this connection; and it did not take him twenty-one years, either, to give evidence of that proof.

Mr. ROWE: Twenty-one years is a long time.

Mr. HANSON (York-Sunbury): It is true that his efforts were frustrated; but the fact remains that he was the first champion who, in practical and legislative form, gave effect to the principles of unemployment insurance. I am confident that if the hon. member had pursued his research further he would have done justice to the memory of that man, who is not here to-day.

The hon. member then referred to the exclusion of certain employees from the operation of the bill, and referred particularly to seamen and fishermen. I appreciate that there is a difficulty in bringing within the ambit of this measure the general class of seamen and fishermen. But in certain respects that need not be true. Fishermen on the east coast who are employed in connection with the operations of steam trawlers, and who have steady employment for twelve months of the year, could be brought within the ambit of the measure. They do have steady employment—unless, of course, the Minister of Fisheries, (Mr. Michaud) refuses further licences to steam trawlers; and I must say I do not think he will ever have the courage to do that. I know that is a vexed question on the eastern coast. These men are entitled to be brought within the ambit of the bill.

I quite agree that it would be difficult to bring in the fishermen who fishes in his own boat. He is not an employee. But there are men along the shores of Nova Scotia and elsewhere who are employees, and I would hope that the advisory committee, or whatever group may have charge of the operation of the measure, will give at least some consideration to this matter. I say that because those men are wage earners, and if we are going to set up a form of social legislation for employees in Canada we cannot draw a distinction so fine as to exclude them from the provisions of the legislation. Certainly their position ought to be examined.

Then the position of seamen has been raised. It is true that the old-time sailor has disappeared in Canada. To-day everything is done

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by steam or some other form of power. But there are men in employment who go down to the sea in ships, and consideration ought to be given to them. What about the men on the liners, under Canadian registry?

Mr. MacNICOL: The British seamen are included.

Mr. HANSON (York-Sunbury): I realize that most of the seamen now employed on the big liners are working in ships under British or foreign registry, and obviously we cannot take them in. But the British seaman is taken in under the British act.

Mr. NEILL: Is he?

Mr. HANSON (York-Sunbury): I am subject to correction in that regard, but I am sure he is.

Mr. MacNICOL: I know he is.

Mr. HANSON (York-Sunbury): I commend that suggestion to the ministry. This may be a limited class, but I suggest they have just as much right to be under the provisions of this measure as have their brethren in England. There may be difficulties; I am sure there will be charges of discrimination, but that sort of thing must be expected. The operations of this act are strewn with difficulties. Yet, having decided to go on, those difficulties must be faced in a manly fashion.

Reference was made by an hon. member who spoke earlier to the incidence of the cost of contribution. I notice that the officer of the Department of Labour who appeared before the committee has revised his estimate of the quantum of contribution. A while ago we were told that the total cost of the bill in the first year of operation would be \$73,000,000. I believe that was the estimate handed to me, in which was included cost of governmental administration. The minister shakes his head, but I have added up the figures, beginning with the \$56,000,000 from employers and employees, and working from that point. That figure has been revised downward to the extent of \$8,000,000. Is that any criterion of the correctness of the estimate the Department of Labour has made concerning this measure? In two weeks' time they have sliced off to the extent of \$8,000,000 the quantum of the total contribution, and are still adhering to the number of beneficiaries and their dependents. That caused me to pause and to wonder—and I have wondered a good deal about the soundness of this measure. If I am correctly informed, the deputy minister, or some other gentleman from the Department of Labour giving evidence before the committee, has reduced the actual quantum by \$8,000,000, or perhaps

more. It will be realized that I have not had the time to go through these long books of evidence to verify that statement.

The contributions are not going to be nearly as high as was estimated. No matter what the cost of contributions by industries may be, that cost is going to be passed on to the consuming public. Economically it cannot be otherwise. To suggest any other course of procedure would be pure folly, and contrary to every economic law ever heard of. Let us not get away from the fact that the cost is going to be carried by somebody. I am going to pay it and you are going to pay it, no matter how infinitesimal our shares may be.

In the last analysis, what is the result? In this life we never get something for nothing. On many occasions I have proved that to be so, and if the hon. member for Westmorland (Mr. Emmerson) were in his seat I would remind him that I heard his father say that when he addressed us at the time of my graduation. It is a truism which I have never forgotten.

May I now refer briefly to Mr. Wolfenden's evidence. I regret exceedingly that I had not the benefit of at least an interview with him before I made my remarks on a previous occasion respecting this measure. I call the attention of hon. members to his evidence as it appears at page 215 in volume 3 of the minutes of proceedings and evidence of the special committee which considered this measure. He is there reported to have said the following:

If I may, sir, I should like to place on the record first of all my own interpretation of a phrase which has assumed a great deal of importance in these discussions. That is, the meaning of "actuarial soundness". I understand, and I am very glad to hear, that it is the intention of the government, so far as may be possible, to make sure that this bill is "actuarially sound".

Then he goes on to say that he would like to explain the meaning of that expression. If it was the intention of the government that this scheme should be actuarially sound, will the minister explain why there has been such a tremendous differential in the estimated cost of operating this scheme in only two weeks. Was the department's estimate correct two weeks ago? If so, then it is not correct now. If the department's estimate is right now, then it was unsound two weeks ago. If I read the evidence aright, they have changed their position. I do not know whether that was done to soften the blow to the employers, but there is the position. I am not attributing any motives at the moment, but there has been a change of base. I should like to have some explanation from the minister with regard to this important matter.

The whole bill is important and that is why I think the ministry could have been at least a week earlier in introducing it. I was intrigued at the suggestion made a little while ago by the minister that this bill had been under study practically continuously since 1935, that it was not the result of a hurried preparation since the address to the imperial parliament was passed. I assume that that is correct. That being so, they had ample time in the department to deal with this question of actuarial soundness. Is this scheme sound? If it is not, there is going to be trouble in store for somebody, and that somebody will be the taxpayer of Canada; make no mistake about that.

Why do I make that statement? The treasury of Canada is going to be considered the most convenient place to which to go to make up deficits. I am afraid that there will be great unemployment after the war. Should that unemployment be as high as 33½ per cent, which I certainly hope will not be the situation, how long will this scheme stand up under the burden of the financial strain caused by such unemployment? Properly speaking, additions to the fund should be made by those who are primarily interested, that is, the employers and employed. But will that happen? I know what will not. Whatever government is in power at the time will be pressed by both classes to help out the fund by contributions from the general taxation of Canada. Under our democratic form of government no administration will be able to resist that plea.

We have an illustration of this in the processing tax provided for in the wheat bill now before the house, about which I shall have something to say a little later. In theory this processing tax is an effort on the part of the government to load on the general taxpayers of the country a portion of the cost of carrying the wheat crop. I cite this merely as an example of what we may expect under this measure if what I predict comes true and if this plan is not actuarially sound. What does Mr. Wolfenden say about that? I am informed that he is probably the best man in Canada to deal with a question of this kind. At page 216 of the evidence given before the committee he goes on to say:

I should like therefore to explain the meaning of that phrase "actuarially sound". To do so I may quote from the following explanation which I included in an address on the financial implications of compulsory health insurance in Vancouver in 1938. Actuarial soundness can be claimed for any plan only when all of the following conditions are fulfilled: (1) The benefits offered by the plan must be defined, and the conditions for their payment must be clear.

So far as I have been able to study this bill I think that condition No. 1 has been fairly well fulfilled. The benefits offered have been defined and the conditions of their payment are clear. I just want to make one passing observation with respect to the benefits. I hope the employed public in Canada have not raised their hopes too high with respect to the benefits to be obtained under this measure. If they have, the time is going to come when there will be a lot of mighty disappointed people in Canada. It has been said, and it is a trite saying, that this bill is no cure for relief. It is not a cure for unemployment; it is simply a palliative intended to soften the blow. I am sure the minister will agree with that statement.

Mr. POTTIER: That is something.

Mr. HANSON (York-Sunbury): Yes, that is something. I am not condemning the principle of the measure, and my hon. friend will not find that I have said anything at any time or anywhere against the principle of the bill. I think I made it clear in the statement I made the other day that having regard to its advantages and disadvantages, having regard to our duty as Canadians to raise the standard of living of our working people as high as possible, this measure commends itself to me. That is the position I take, and that is the position which I think must be taken by any man who has a realization of the responsibilities of his position—unless, of course, he is entirely hostile to the principle, in which event he should say so. I am prepared to stand or fall on the position I have taken, no matter what some of my friends may think. If they do not like it, it is just too bad, both for them and for me.

Mr. KUHL: Will the hon. gentleman explain just how this raises the standard of living?

Mr. HANSON (York-Sunbury): I was referring to the general principle of social legislation. Surely the eight hour day, which I helped put through this house in 1935, gives opportunities for recreation, for study and for education which are not available when a man must work nine, ten or twelve hours a day. That is an illustration of what I mean. All the social legislation of the so-called new deal of Mr. Bennett was designed to better the condition of the working people. What thanks did we get for it from the public? I ask that question not in any spirit of pique but rather in a spirit of disappointment. We got no reaction at all.

Mr. KUHL: How does this provide more purchasing power?

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): I do not want to get into a discussion of social credit, if that is the intention of my hon. friend. I would say most politely to him that I prefer not to be cross-examined until some other occasion. Then I will take him on, at any time.

Mr. KUHL: The hon. gentleman made a point.

Mr. HANSON (York-Sunbury): I made the point that this and all other measures of social legislation are, I believe, in theory, and I hope will prove in practice to be, an effort to raise the standards of living of the Canadian working man. If there is nothing like that in the bill, if this is not going to benefit the working man, his family and his dependents, then we had better reexamine the whole position. I do not think I need argue that question any further. To me it does not require any demonstration. And I do not believe I can convince the hon. gentleman. I am going to leave it at that.

Mr. Wolfenden's second point in connection with actuarial soundness is this:

The corresponding contributions, or other financial arrangements, by which the costs of such prescribed benefits are to be met, must be determined by proper actuarial calculation.

That, I think, is fundamental. That was built up in the old act on what I believed at the time and still believe was a proper basis. I have never yet been told—it may be in this evidence which I have not been able to read—the basis upon which this principle of proper actuarial calculation is determined. I confess my inability to discuss the question with any degree of intelligence because I have not the necessary data to do so, but I believe that that is a correct statement of one of the principles upon which such a bill should be based.

Then he goes on to say:

(3) Any power to alter the basis, terms, or conditions of the scheme must be subject to an actuarial certificate that the cost of such alterations are within the financial capacity of the plan.

I understand that Mr. Watson of the insurance branch has given such a certificate. I have not been able to find it in the report, but I am told that it is there.

Mr. MACKENZIE (Vancouver Centre): Appendix A, the last report.

Mr. McLARTY: On page 271, the second paragraph.

Mr. HANSON (York-Sunbury): Well, I will not take time to read it. If Mr. Watson has given such a certificate, I am content to the extent of his authority, but I should

have preferred that it had been done by more than Mr. Watson. That is not a vote of want of confidence in Mr. Watson. I have heard nothing but good of him. But it does seem to me that we would be surer, shall I say, of the position if a man who is not in the government service, who is absolutely independent and free from the trammels of his personal employment and in a position to criticize or suggest, had given such a certificate, or jointly with Mr. Watson. That was the plan which was adopted by the late government. We felt sure that by having the advice of two experts our position was strengthened. However, I am not in any position to controvert anything Mr. Watson may have said. This is a very technical subject. Only experts, really, are entitled to analyse or criticize it. I have to be content with this. I hope Mr. Watson is correct and that time will justify the confidence which has been placed in this certificate and will vindicate the soundness of the position he has taken.

Mr. Wolfenden goes on to say:

(4) Adequate machinery must exist for the certification, inspection, and control of claims for benefits, in order to make certain that they fall within the terms and conditions of the scheme, and for the impartial and judicial interpretation of the numerous and difficult administrative problems which inevitably arise.

Well, I can see trouble for every one of my hon. friends in the House of Commons, in relation to the subject matter of that observation. There is not one of us who lives in an industrial community but will have man after man out of work who has been denied the privileges of the unemployment insurance act, coming to him and saying, "I want more benefit under this law," and he won't believe you when you tell him that you can't get it for him. I recall some of my own experiences in times of pressure through unemployment. For five years I was, as a member of parliament, little better than a labour agent. That is why in a measure I welcomed my release in 1935. I could say with an honest air and an honest spirit and an honest heart that I was through and I could not do a thing for them. I could say, "Go to Mr. Clark." That is what will happen to members of parliament.

Mr. ROWE: Probably that is why Mr. Clark is not here.

Mr. HANSON (York-Sunbury): Let us be realistic about the operation of this act. I pity my hon. friend from Essex East over there—whom I see following me with a degree of interest—in the community in which he lives. I hope that employment will increase in his community and that he will not be bothered.

Mr. MARTIN: My constituents are very reasonable.

Mr. HANSON (York-Sunbury): I see men coming into his front door and filling up his waiting room.

Mr. ROWE: He might be "released" too. You can't tell.

Mr. HANSON (York-Sunbury): That is true. But I had not visualized that at the moment. If he continues, as he will for four years at least, let us all pray, he will know exactly what I am trying to get at in this little bit of by-play.

The evidence goes on:

If any plan of insurance cannot meet these tests, it cannot be certified as being "actuarially sound." It must then obviously be classed as being either "actuarially indeterminate," or "actuarially unsound."

I know what is meant by "actuarially unsound", but if I interpret correctly the expression "actuarially indeterminate", it means just this, that neither Mr. Wolfenden nor anybody else can say that the scheme is sound. He is an agnostic; he does not know. That exactly sums up Mr. Wolfenden's position: he does not know.

If the actuary cannot set out the benefits, conditions, contributions, powers of alteration, and methods of organization and control in such a distinct manner that he can, according to his best judgment and experience, formulate his methods of calculation with reasonable certainty and with adequate (though not, of course, excessive) margins of safety, then it is obvious that the basis of the plan must be "actuarially indeterminate"—

Then he employs a phrase which is well known to lawyers,—"void for uncertainty." How often we have used that expression in connection with a given position. I do not attach much importance to the finding of the committee on a point like this. Of necessity the members of the committee cannot know. They must be guided by what is told them. Is this scheme going to be "void for uncertainty"? It seems to me that is the verdict of one who I understand to be the best authority in Canada. That seems to me to be damning the scheme with faint praise. I hope the gentleman is wrong, because if he is not the act will be back here. It will be back anyway. I venture to suggest that next year and the year after that, if we are all alive and well and back here in our places, this measure will be back in the lap of the House of Commons. I do not think there is any question about it. After all, is it not the verdict of all of us who are considering the matter that, so far as Canada is concerned, this bill is an experiment? It is an

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experiment to which we have given our adherence in principle. Let us hope that it may be made workable.

Mr. Wolfenden gives his reasons for saying that this scheme is actuarially indeterminate. He says that in this case, in the year 1940, in respect of any estimates of future employment, it is wholly impossible to formulate methods of calculation, "with reasonable certainty and with adequate margins of safety". I quote:

It is quite impossible to assume with any reasonable certainty what the basic rate of unemployment, on which all the calculations must be based, is likely to be.

And he draws a distinction between this year of grace 1940 and the year 1935. He says that at that time the world was at peace, and then obtrudes the ugly head of war:

At that time, with the world at peace, it was a perfectly reasonable assumption that a 12 per cent rate of unemployment, being the percentage of idle time to total time, as shown by the records of eleven years from 1921 to 1931, would represent adequately the unemployment rate to be anticipated over a cycle of years commencing in 1935 or 1936. In fact, in my opinion the assumption of that basic 12 per cent rate in 1935, and the rate of contribution for the specified benefits which were calculated by Mr. Watson and myself on that rate, and in conformity with the terms of the 1935 act, were based on a wholly reasonable certainty, and did contain an adequate margin of safety.

For that reason he certified the bill. On page 217 he makes this statement, having regard to the fact that we are at war:

The conditions which we now face are utterly unpredictable.

And then he goes on to give examples. About the middle of the page he says, with respect to this very question:

. . . and again in that case the fund would become insolvent at the end of 1943 on the assumption of a 12 per cent rate—and the advisory committee would again have to effect a drastic readjustment.

Then he refers to another aspect of the question to which he believes insufficient attention has been paid. I will not go into the various ramifications of that.

I do not think I should take up the time of the house further. I voted for the bill. I suggested that it should go to a committee for study. I think we have had the benefit of evidence and opinions which we could not possibly get across the floor of the house, and that is why I made the suggestion. I am glad the Prime Minister accepted it. The bill comes back practically unaltered. I must conclude, I think, that either the bill was perfect when it went to the committee, or that there has been inadequate study of it while in the committee. I do not think it can be

[Mr. R. B. Hanson.]

said that this bill is actuarially sound, having regard to the criticism that has been levelled against it by one who is considered to be the best authority in Canada.

Mr. ROEBUCK: I rose a few moments ago on the conclusion of a speech by the hon. member for Cape Breton South (Mr. Gillis) and my intention was to agree with him very strongly on his suggestion that we get down to the clauses of the bill. Let us make progress in connection with this bill and get it passed. It is a strange thing that talk makes talk and the more speeches there are the more there are to come until they are all wound up, and yet I will violate my own principle by making one or two observations.

The hon. member for Cape Breton South paid what I think is a deserving tribute to the leader of his group, and I wish to join with him and with the leader of the Conservative group in that respect. I am also prepared to give credit to the extent that credit is due to the former leader of his own Conservative group and to do it without carping criticisms of motives or that sort of thing. But I do think that after all it is results that count, and the one man to whom this bill will stand as a monument is the leader of our group, the present Prime Minister. But there is credit enough, let me say, for all of us. The difference between some of those who have advocated the measure and who should be credited for having done so and the present Prime Minister of Canada is that by good judgment and action at the right time he has brought the matter actually to fruition, and here it is a success.

Mr. MacNICOL: Don't forget it was here before.

Mr. ROEBUCK: Yes, but not successfully.

Mr. MacNICOL: It passed the house.

Mr. ROEBUCK: It would be better had the hon. gentleman not raised the point about its having been here before.

Mr. MacNICOL: I am proud of it.

Mr. ROEBUCK: Perhaps so, but it was here before when the hon. gentleman must have known that it could not have been a success at that time in the form in which it was brought forward, because it was unconstitutional and known to be unconstitutional at the time it was brought forward, on the eve of a general election. Let us not argue that but give credit to all who have played any part in bringing the measure to a success. There is plenty of credit to go round.

I want to make an observation with regard to a statement made by the leader of the opposition, that the cost of this measure will be passed on to the consuming public. He

stated it with great emphasis and very dogmatically, but with all deference and respect I beg leave to differ, not perhaps wholly but at least in part. A similar statement was made by one of the witnesses before our committee. The witness detailed the various social services for which he was responsible in his own organization, such for instance as protection against accidents, accident control, sickness benefits and that sort of thing. He said that the cost of these services had been passed on by him to the consumer. I challenged it at the time; I asked him if it was not a fact that these social services which he had given in the limited community to which he referred had paid for themselves. He immediately corrected his statement and said yes, that certainly the cost of his accident insurance, his sickness provision and the care of his staff and so on had not been passed on entirely, at all events, to the consumer; that it had paid for itself. It is true that the consumer is the last well out of which we must draw. But in computing the cost of this measure to the consumer, as you put down on one side the price that will be charged against the payrolls of the dominion, on the other side you must list the value in a better satisfied working community and all that goes with greater security to working people. Of course the figures are large in the gross, but in the individual case they are small, and when you contemplate the very small figures involved I very much doubt whether in the last analysis anything will be passed on to the consumer. But nobody knows.

It has been said that this concession to the working people will only result in further demands. Well, I suppose the working people are not likely to be easily satisfied; nobody else is. I presume we shall have further demands in consequence of this concession. But hon. members must remember that we have had workmen's compensation laws in effect. We have had further demands, but nobody has run to excess. We have old age pensions, we have mothers' allowances, and we have the present forms of relief. Surely if granting something in the way of a social service but adds to the demands upon parliament, we should already have been swamped by these demands. Why should we anticipate greater difficulty in resisting unreasonable demands upon this particular fund than we have in resisting unreasonable demands in the various categories I have mentioned? And more might be added. Of course we shall have demands: let us hope that we shall be able to satisfy some of those demands as time goes on and they appear to be reasonable.

I have in my hands a telegram addressed to me by the Seamen's Union. It is somewhat similar to that already read by the hon.

member for Cape Breton South. I should like to put myself on record, with him, as saying that I wish this group—and also the stevedores, and I might mention many more—had been included in the bill. The reason why these particular men were not included is that they are seasonal workers—very much so. It was felt by the department and those who have studied it that were they included the bill would be greatly complicated, much more than it is at present, and that it is wiser under the circumstances to take the steps that seem clear rather than enter upon doubtful steps which might vitiate the whole bill if we tried to go too far at once.

But we have provided in this bill a means whereby we may extend it as time goes on. The advisory committee and the commission may take the initiating steps which will in due season include these and others now exempted from the measure. Meantime it is, as someone said, a first class start on what we hope to accomplish from year to year. Of course as time goes on the measure will be bettered.

Another point which has not been mentioned in the discussion in the house is that this bill is an admission on the part of parliament that the disastrous conditions of unemployment that have prevailed in Canada in the past will continue in the future. I do not think it is. It is true that because of the stupidity of ourselves, this generation, we have not successfully wrestled with or solved that terrible problem of unemployment. We have not even discussed the fundamentals of the problem, we have weakly set it aside. The time is coming when the business people of this community, the great middle class, must tackle that problem courageously; no matter where the chips may fall, we must settle the question in due season.

I want it understood, by my constituents at all events, that in voting for this measure I do not give up the hope that has been with me as long as I can remember, that the time will come when the Canadian people will attack this problem effectively and abolish the anomaly of an industrious and progressive people, living in the midst of great resources, yet with large numbers of their population unable to support themselves by their labour. Stupidity, nothing else! Nature intended that we should all be busy and that we should make our living by applying our labour to the resources of nature. But in some way or other we have got into a jug-handled condition—stupid beyond measure—in which we waste practically half the productive power of our people. Perhaps we of this generation have not enough intelligence or brains to solve that problem; I hope our children will be wiser.

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I am not admitting that passing of this bill means that we have accepted that undesirable condition, which has existed particularly during the last five or ten years; I take it we will go on trying to cure it. There will always be a certain amount of seasonal unemployment, and the changing of people from one employment to another. There will always be some out of work for a short time, so that a measure of this kind can always be useful, at least for many years to come. But to say that we accept as a permanent condition the mass employment contemplated in this bill does not conform to my notion of common sense, and I want that reserved so far as I am concerned.

Mr. McIVOR: The first reason why I think this bill should pass now is that a former government, who thought they were just as intelligent as we are, wanted to pass a bill of this kind. I think they were reasonable and showed good sense, although they may not have been as alert as the present government.

There are objections to this bill; there will be objections to any measure introduced in parliament to help the men who are down at the bottom of the ladder. I should like to pay my tribute to the Minister of Labour (Mr. McLarty) and to those who in days gone by stood for the betterment of the men who toil. The hon. member for Davenport (Mr. MacNicol) paid tribute to great men in this house and in other places; I would pay my tribute to another man, formerly in this house, whom I admire very much, the late hon. member for Parkdale, Mr. Spence—first because he was an Irishman, the second because he was a good one. He was always willing to help the man who was at the bottom of the ladder.

The leader of the opposition (Mr. Hanson) said that every member of this house will be in trouble if this bill passes. I would rather take the risk of being in trouble on account of the passing of this bill than in trouble for failing to do my duty. I think this legislation is long overdue. It is true that it was passed by the previous government, but perhaps because of lack of foresight, or for some other reason, the bill did not become law.

I should like to state one reason why I think this bill should pass, and I will give the highest possible authority for saying this bill is sound; that is, the teaching of the Master Workman. I think of the time when he worked in a carpenter shop. When young farmers would come to that shop looking for jobs he would say, "Well, I have not enough

[Mr. Roebuck.]

work on hand." At any rate he could not employ everybody who came; and I see the look on the face of that young carpenter as youth after youth left his shop because he could not employ them. Later he put his teachings on record when he told the story of the man who was employed at the eleventh hour. That story teaches you and me that even though a man works only one hour a day, he needs to eat, as his wife and family need to eat. To me the principle of unemployment insurance is sound because of human need, and I do not think there can be any stronger argument in favour of a bill of this kind.

Undoubtedly there will be unemployment after the war is over, and for that reason I should like to have seen our soldiers brought under the provisions of this bill, just as I should like to have seen the seamen brought under it. I believe our soldiers should be given employment after the war. Surely if we can raise the money to keep them in the army now we should be able to raise money with which to keep them employed after the war is over. I am sure the government will do something to see that these men, who are risking so much now, are given employment when the time comes.

I realize that there are objections to this bill on the part of the manufacturers' association, and perhaps those objections are reasonable. I know, too, that there are objections on the part of some taxpayers, but I wonder how many of these men do without a meal occasionally, like the men who find themselves out of work. It has been stated that this bill is not a cure for unemployment, but we believe it will help some. As the Scot would say, many a mickle makes a muckle; if a good many small contributions are put together, it will help cure unemployment.

I congratulate the minister on the form in which this bill is presented. Undoubtedly it will be up for improvement some time later; it is not possible for the human mind to draft an absolutely perfect bill. But if old England can take time out to pass legislation of this kind, when they are almost taxed to death, surely Canada should step up and show England that we are looking after our unemployed. This is part of a gradual trend toward a better day; after all we cannot change our economic and governmental systems all at once. But to me it is a step in the right direction, because it will help the man who, out of work after having been employed for a long time, cannot find a job. I intend to lend my support to this bill, and I shall help out as best I can when it is passed.

Mr. MARSHALL: It may be a little difficult for me to follow my fellow countryman in some of the statements he has made. The Irish are always noted for having differences of opinion, so I hope my hon. friend will forgive me if I do not agree entirely with what he has said this afternoon. I should like to commend the hon. member for Trinity (Mr. Roebuck) on some of his remarks. I do not find myself entirely in agreement with him, but certainly I agree with what he said in regard to unemployment. May I say to him that wishful thinking or flowery language at this time will never solve this problem. The hon. gentleman belongs to a party which has been in power for many years, yet to-day the problem still remains unsolved. I would suggest that he bring his influence to bear within his party in order that something may be done about the matter.

I agree that unemployment insurance is a good thing. I have already made that statement. I should like, however, to emphasize further two points I stressed in a previous speech: first, that all workers should be included under the scheme and, second, that we should find some means of financing this proposition without increasing prices or raising the debt of the country. When what I suggest is carried out, we shall have a very satisfactory scheme indeed.

I should like to touch on one part of this bill which does not appeal to me at all. During the committee proceedings the hon. member for Macleod (Mr. Hansell) asked:

Q. When a man becomes sick he is unemployed; what effect would this have on such men?

A. He would still obtain sick benefits, but under unemployment insurance a man would not receive benefit if he were sick; he would not be available for or capable of work, which is one of the fundamental qualifications required under unemployment insurance. A man must be able to accept a job which is offered to him.

That is not the impression held by most people in Canada to-day in regard to this measure. I should like to read a short article appearing in a newspaper published in California. The article is headed, "The little cheque that wasn't there when it was needed."

Mr. MARTIN: Twenty-five dollars a month.

Mr. MARSHALL: My hon. friend knows better than that. The article reads:

San Francisco:—Persons who thought that unemployment insurance was something they could fall back on in times when they needed the payments most, are having a rude awakening. Take the case of L. D. Holmes—who has been unemployed for some months. He was receiving his unemployment insurance payments regularly until recently when serious illness sent him to the hospital for two weeks. Unable to

appear in person at the state unemployment insurance offices—he had Mrs. Holmes call. She was told her husband was not entitled to any payments during his illness.

In vain Mrs. Holmes pleaded that she depended on this small sum to pay living costs for herself and child. The attendant announced that the law said "No!"

Payments were resumed when Holmes left the hospital and he was advised that he would receive the amount covering the period of his illness at the end of the time during which he is eligible for the jobless payments.

May I digress for a moment to say that so far as I can learn from a study of the bill, to a large degree it is based on the social security plan of the United States.

Subsequently the following question was asked of M. E. Lewis, claim agent of the state unemployment insurance division:

"Why may not a person receive his social security payments when he most needs them?"

Lewis explained that the law does not consider the welfare factor but was designed primarily to stabilize employment. Its benefits are available only to those persons who are jobless through no fault of their own, and when they apply for the payments they must show they are physically able to hold a job, and available and willing to take one.

Those are exactly the same as the provisions of the measure we are now discussing.

"But what about people who voluntarily leave their employment in order to live off their unemployment benefits?" he was asked.

He admitted there was a certain amount of chiseling of this sort, but that on the whole the law served its objective of stabilizing employment in that it enabled persons in sweat-shop type of work to quit, forcing employers to raise standards.

Holmes and other jobless persons may read this information with interest but they are still left wondering whether something is not cockeyed with a law which withholds financial assistance when it is most needed.

But that's the law, Lewis says, and payments are not based on need.

May I point out, Mr. Chairman, that that is the law as embodied in this measure, and that the payments are not based on need. Therefore there is no help for those people who fall ill during the period of their employment.

I hope I may be pardoned for again going over some of the ground touched upon by the leader of the opposition (Mr. Hanson). I feel, however, it is necessary for me to do so, because it was I who raised the point as to the soundness of this scheme. I have asked the minister whether or not in his judgment the scheme is actuarially sound. As reported at page 33 of the evidence taken before the committee, the hon. member for Macleod asked this question of the witness, Mr. Eric Stangroom:

In your opinion the scheme is then actuarially sound?

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And he received the answer:

The chief actuary of the insurance department has certified to its soundness, based on an eleven-year average from 1921 to 1931 inclusive, and from such material as is available since then.

In other words, according to the people who drew up the scheme, it is actuarially sound in all particulars. We have that upon the considered opinion of this one gentleman who is an actuary in the department of insurance.

Further along in the evidence Mr. Eric Stangroom quoted from a book entitled, *Unemployment Funds*, published by Mr. H. H. Wolfenden. Mr. Stangroom says that Mr. Wolfenden is "one of our outstanding Canadian actuaries." Then the hon. member for Macleod asked the following question and received the following answer:

Q. Who is Mr. Wolfenden?

A. Mr. Wolfenden is one of Canada's most prominent actuaries. He is at present in Toronto, I believe. He has written a number of books on employment insurance. He presented an actuarial report on the 1935 act. His most recent work on unemployment insurance is "The real meaning of social insurance." The work which I am quoting was prior in date to that.

Mr. Wolfenden was called to the witness stand to give his evidence. At this time I must voice my objection to the haste with which this measure is being rushed through parliament. The bill was given its second reading on July 16, and was debated during that week. Then, in the following week—and that is the week in which we now are—the committee discussed the bill and held sittings on July 22, July 23 and July 24. This is now July 26, and thus far I have not been able to get a copy of Mr. Wolfenden's evidence. Fortunately, just a few minutes ago the hon. member for Macleod handed me a copy of it. Because we have not had sufficient opportunity to study what has been said in committee, I must object to the haste with which the bill is being rushed through parliament. It does not give those of us who are interested in unemployment insurance but who found it impossible to attend the meetings of the committee, an opportunity to study the evidence given by the two actuaries whose names have been mentioned, namely, Mr. Watson of the insurance branch and Mr. Wolfenden, who is considered to be one of the leading actuaries in Canada.

It is essential that we should have a little time to study the evidence of those two gentlemen, so that we may be in a position now to say whether the measure is actuarially sound. At page 216 of the evidence, Mr. Wolfenden is reported to have said:

On this test, which I believe to be a fair and professionally acceptable appraisal of the

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problem, it is my conviction that the scheme set out in bill 98 is, at the present time, "actuarially indeterminate".

In other words, it is not sound.

Mr. REID: Not necessarily.

Mr. MACKENZIE (Vancouver Centre): No, not necessarily.

Mr. REID: Because it is indeterminate, it does not necessarily follow that it is unsound.

Mr. MARSHALL: Mr. Wolfenden's word is just as acceptable, or just as sound, as that of Mr. Watson.

Mr. REID: But he did not say it was unsound; he said it was indeterminate.

Mr. MACKENZIE (Vancouver Centre): He said it must be classed as either actuarially unsound or actuarially indeterminate; he makes a distinction between the two terms.

Mr. MARSHALL: I am reading from his evidence; but as I say I have not had an opportunity to consider the niceties of the language. It seems to me, however, that Mr. Wolfenden has as much right to say a thing is actuarially indeterminate or actuarially unsound as Mr. Watson has to say that it is sound. Surely that cannot be contradicted in any way.

As reported at page 217 of the evidence, Mr. Wolfenden says:

If the fund it set up on a twelve per cent rate it would become insolvent early in 1944, unless there is a reconstruction through the advisory committee.

The point I make is simply this, that I really hope the scheme is actuarially sound, and that time will prove it to be so. But there is a grave doubt in my mind, after casually reading the reports of Mr. Watson and Mr. Wolfenden with respect to this.

We are not opposed to unemployment insurance; but we want, first, to see it cover all classes of workers and, second, to know where the money is to come from which is to finance this scheme. I hope, before we go out of committee this afternoon, that the minister will give us an assurance that this scheme is actuarially sound and that it will not have to be bolstered up with further amounts from the treasury of Canada before 1944 is reached.

Mr. McLARTY: I wonder if the hon. member heard my remarks this morning on the actuarial soundness of the scheme.

Mr. MARSHALL: I was here all the time.

Mr. McLARTY: I do not wish to have to repeat it.

Mr. MARSHALL: I may not have heard what the minister said, and it will not do any harm if he repeats. We cannot hear very well in this section of the chamber. At times I find it rather difficult to hear some of the ministers. As I say, I hope the minister will tell us where the money to finance this scheme is to come from and give us an assurance that it will not mean an increase in taxation and prices.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Commission.

Mr. HANSON (York-Sunbury): Why is there a distinction between the term of office of the chief commissioner and that of the other commissioners?

Mr. McLARTY: The chief commissioner is to be appointed for a period of ten years and each of the other commissioners is to be appointed for five years. When the bill was drafted it was thought that, since the other commissioners are to be appointed after nomination by industry and labour, ten years might be a little too long. In that time they might lose their representative capacity. I would point out, however, that they are eligible for reappointment.

Mr. HANSON (York-Sunbury): The statement that the other commissioners are to be appointed by the workers and the employers is not literally true; they are to be appointed by the government after consultation. The government may or may not accept the representations of labour. For instance, the representative nominated by labour might be a strong Conservative worker. Will the minister say that such a man would be appointed?

Mr. McLARTY: I do not think a hypothetical question like that should be answered. If labour nominated a certain man as being the best to represent them and he was a Conservative, I do not think we would necessarily hold that handicap against him.

Mr. STIRLING: How does the government propose to ascertain the opinion of either the employers or labour?

Mr. McLARTY: That has not been determined.

Mr. HANSON (York-Sunbury): Would the minister listen to representations by the Canadian Manufacturers' Association, which has been referred to in such vigorous language by one of his supporters? They represent most of the industrialists of Canada. Then there is the Canadian Chamber of Commerce

which is supposed to represent all the industrialists of Canada, but the fact is that it is a somewhat smaller body.

Mr. McLARTY: I do not anticipate as much trouble in the appointment of the representative of the employers as I do in the appointment of the representative of labour. The system will have to be worked out, and I cannot be any more definite than I have been.

Mr. STIRLING: How many recognized organizations of labour are there in this country from whom the minister would expect to receive representations?

Mr. McLARTY: Roughly speaking, I would say four or five.

Mr. HANSON (York-Sunbury): Would the minister name them?

Mr. McLARTY: I would prefer not to do that until we get the plan worked out. I can assure my hon. friend that we shall do it in the fairest possible way, but until we work out the plan I would hesitate to say whom we shall consult. I have not given the matter sufficient consideration.

Mr. HANSON (York-Sunbury): Would the minister consult the congress of industrial organizations?

Mr. McLARTY: I would not want to say just whom I shall consult until the whole plan is worked out.

Mr. HANSON (York-Sunbury): The witness refuses to answer.

Mr. MacINNIS: Why should not the congress of industrial organizations be consulted? It is a legal organization which represents a considerable number of Canadian workers. It does not represent the organization to which I belong, nevertheless I think it perfectly reasonable that it should be consulted. Its representative appeared before the committee, and as far as consultation is concerned it should be considered as being on all fours with any other organization.

Section agreed to.

Sections 5 to 8 agreed to.

On section 9—Salaries of commissioners.

Mr. HANSON (York-Sunbury): What is the intention of the government with respect to these salaries? I am not asking this question in any facetious way.

Mr. McLARTY: I shall be quite frank and say that the government has not considered the question of what salaries will be paid to these commissioners, nor has it considered who the commissioners will be.

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Mr. HANSON (York-Sunbury): I accept the minister's statement without reserve. Stress has been laid upon the fact that this is an important executive position. The chairman and the other commissioners should be highly qualified. The chairman should be a man of talent, a student and a proven administrator. He should be paid a decent salary. I understand Colonel Harrington was paid \$10,000 a year, and if my memory serves me aright, the other commissioners received \$8,000 a year. This position is on the plane of that of a deputy minister, some of whom receive as much as \$15,000. I am not suggesting that that be paid, but I do say that these commissioners should receive decent salaries.

Mr. McLARTY: I agree without hesitation with everything the leader of the opposition has said.

Section agreed to.

On section 10—Officers and other employees of commission.

Mr. SENN: How many employees will be needed when the commission is fully organized?

Mr. McLARTY: We believe it will require a total of 3,200.

Mr. MacNICOL: That would include all the employees in the labour offices?

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): On another occasion I referred to this section, which reads:

Such officers, clerks and other employees as are necessary for the proper conduct of the business of the commission shall be appointed or employed in the manner authorized by law.

I suggest that the phrase "in the manner authorized by law," is either ambiguous or open to more than one interpretation. I suggest that the section which was in the 1935 act is much to be preferred. That is section 8, subsection 1, and it reads:

The commission may, subject to the approval of the governor in council, employ such officers, clerks and employees for the purposes of this act as the commission may determine, and all appointments of officers, clerks and employees so employed by the commission shall be made in pursuance of the Civil Service Act.

I suggest to the minister that that is a sound enactment, and that the phrase, "in the manner authorized by law," be amended to read "in pursuance of the Civil Service Act." There is nothing to prevent the government and the commission from putting a different interpretation upon the phrase in the bill unless it is specifically stated that the appointments shall be made in the manner prescribed by the Civil Service Act. I submit that there

[Mr. McLarty.]

is a loophole through which the government can crawl if they want to. Perhaps I should withdraw that word "crawl"; the minister, like myself, is too large to crawl through a hole. But the words, "in the manner authorized by law" should be given a definite meaning, and I suggest that the ministers adopt section 8, subsection 1, of the old act, which is clear, unambiguous and not open to any misinterpretation, and does not leave any loophole. I wish the ministers would say that they will give further consideration to that suggestion. I think it is important, and this is the one section in the bill to which I take exception.

Mr. McLARTY: In connection with the remarks of my hon. friend—I know that he mentioned this matter in a previous debate—at the time the War Services Act was being prepared the Department of Justice was consulted. It was their opinion at the time that this was the proper form, and it would necessarily follow that the appointments would be made by the civil service commission. The Minister of Pensions and National Health advises me that the civil service commission also was consulted.

Mr. HANSON (York-Sunbury): Has the minister that opinion with him?

Mr. McLARTY: I have not, no.

Mr. HANSON (York-Sunbury): Of course that is a distinct authority against me, but I have often known them to be wrong "over there"—they used to be in the east block; they are now in the new palace of justice. I am not saying they are wrong, but I assert that the provision in the old act was clear, distinct, unambiguous and not open to any mistake. Furthermore, it adheres to the principle to which all parties in the house have adhered notwithstanding the assaults which have been made upon it, namely, the maintenance of the provisions of the civil service law. It may be that the opinion is correct, but I submit that the other wording is preferable.

Mr. McLARTY: I can assure my hon. friend definitely that it is the intention that the civil service commission will make the appointments.

Mr. HANSON (York-Sunbury): That is a definite statement.

Mr. MacINNIS: I wish to associate myself with the leader of the opposition in the point he has just raised. If my memory serves me aright I raised this question in committee, and I got the answer which was given this afternoon by the minister to the leader of the opposition. I agree, however, that the manner

in which the appointments are to be made should be placed beyond doubt. There is more than one way of appointing persons to the civil service of Canada. They can be appointed by the governor in council, which is what we call the patronage system, or they can be appointed under the provisions of the Civil Service Act. In this section the wording is used, "in the manner authorized by law." The wording of the act of 1935 was clearer; it stated that appointments would be "by the civil service commission." If that is the intention in connection with this bill, why not put the matter beyond doubt? I believe that the minister should unhesitatingly invite his colleague the Minister of Pensions and National Health to move an appropriate wording of the section for this purpose.

Mr. STIRLING: The use of this wording is an innovation, is it not?

Mr. McLARTY: No; it was used, for instance, in the statute creating the national welfare services.

Mr. STIRLING: Until a few years ago, according to my recollection—

Mr. McLARTY: I do not want to interrupt my hon. friend, but I wonder whether this section could stand, and I will try to have by eight o'clock an opinion from the Department of Justice. If there is any question about the matter, we can consider an amendment.

Mr. STIRLING: If it appears that this is a modern wording, may we have the reason why it is being used? It is strange to use wording which supersedes a phrase that mentioned the commission itself.

Mr. GREEN: Will the minister explain how far it is intended to go under subsection 2, providing for temporary appointments to positions of a technical or professional nature?

Mr. McLARTY: I could not possibly answer that question. I imagine we shall have first to set up a commission. Until that is done, I could not give any estimate. I would not want to commit myself to anything in connection with the number of temporary appointments.

Mr. GREEN: But surely the government have some idea of the type and number of positions they have in mind.

Mr. McLARTY: For example, they may and no doubt will have to employ such experts as actuaries. It is pretty nearly impossible to forecast how many will be required.

Mr. HANSON (York-Sunbury): I suppose they will have a number of lawyers.

Mr. McLARTY: It is not intended to appoint a large number of temporaries. It is just such temporary appointments as the commission deems necessary.

Mr. MACKENZIE (Vancouver Centre): For instance, if we require a specialist we can ask the government to approve an appointment.

Section stands.

On section 11—Costs of administration.

Mr. SENN: Will the minister give an estimate of the number of employees who will be needed?

The CHAIRMAN: The number has just been given—thirty-two hundred.

Mr. SENN: Has any estimate been given of the cost of administration of the system when it comes into full operation?

Mr. McLARTY: An estimate which was given before the committee—and my hon. friend will realize that it is only an estimate—is five and a quarter million dollars.

Section agreed to.

Section 12 agreed to.

On section 13—Insured persons, et cetera.

Mr. STIRLING: Would the minister explain, with regard to the first reference, I think, to the phrase "excepted employments," how industries allied to excepted employments will be handled? Take a typical instance, the various handlings which take place of produce under agriculture. To simplify the matter further, I will refer to the fruit industry; to bring it down still further, I will refer to the handling of the apple. The apple is taken into a packing house, where six or eight different things are done to it, and they are operations allied to agriculture. It is a casual employment. Men and women are taken on and let out again; perhaps they return a second time in the same season.

Mr. McLARTY: The explanation may be found in the combination of two sections, namely section 14 and section 50. I quote the latter:

50. In determining any question as to whether any occupation, in which a person is or has been engaged, is or was such as to make him an insured person within the meaning of this act, regard shall be had to the nature of the work on which he is or was engaged rather than to the business of the person by whom he is or was employed.

Then of course section 14, subsection 1, enables the scope of insurable employment to be defined.

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Mr. STIRLING: That is quite interesting and illuminating, but it does not tell me what I want to know. Is the employee in a packing house, wherever it may be, an insurable person or not?

Mr. McLARTY: Yes, he is an insurable person.

Mr. STIRLING: Does that apply to canneries?

Mr. McLARTY: Yes.

Mr. GREEN: This is the section which sets out the employees who are to be covered by the bill. It is the control section, controlling the schedule. Could not further consideration be given to employees engaged in logging, particularly in British Columbia? The committee have recommended a change in paragraph (c) of part II of the first schedule which in effect makes employees in wood processing plants eligible for unemployment insurance only if in the opinion of the commission there is reasonably continuous employment in their operations. As the minister knows, in the logging industry conditions in British Columbia and conditions in eastern Canada are entirely different. In the east the occupation is seasonal; men work in the logging camps in winter and on the farm in summer. On the Pacific coast the situation is entirely different. The government in this bill have seen fit to go so far as to enable employees in sawmills, planing mills, shingle mills and wood processing plants to come under the plan. I would most strongly urge upon the minister that he extend that a bit further by including logging camps. Lumbering, which word describes the whole industry, is the main industry in our province, and as this bill now stands, many thousands of men in the industry cannot be taken in under the plan. In fact, three of our main industries are not adequately covered—lumbering, fishing and agriculture. Representations have been made to the government by the minister of labour of British Columbia. I wonder if the minister would read the letter he received from Mr. Pearson.

Mr. MACKENZIE (Vancouver Centre): It is a telegram.

Mr. GREEN: It will show the representations which the provincial government have made. A press report appearing in the *Vancouver Province* of July 20 states:

The minister of labour said B.C. is mainly concerned with putting workers in the lumber industry under the bill. They are now specifically excluded largely on the grounds that variation in unemployment in the industry would disrupt the financial aspects of the scheme.

[Mr. McLarty.]

He went on to say that he was telegraphing the Minister of Labour here to the effect that variations in lumber employment were not serious enough to impair the scheme. Mr. Pearson went on to make this significant statement:

We have information, for instance, that the lumber industries of Washington and Oregon are included in the U.S. scheme.

And they are working under practically the same conditions as our lumbermen in British Columbia. If that industry can be included in the Pacific coast states, it should be included in the Canadian scheme. The minister said further:

They have a basis for calculating the variance in employment and also for suspending the scheme when there is an enforced shutdown. These principles might be applied in covering the British Columbia lumbering industry. They also open the way for the inclusion of several of our other seasonal occupations.

That is the statement of a man in British Columbia who probably knows more about conditions in the industries in that province than any one else, and this government should pay attention to what he says and not omit to cover that great industry simply because in eastern Canada conditions are so different. This is one of the type of things that annoy the people on the Pacific coast. Conditions are different in the east, and therefore it is extremely difficult to get action here to meet conditions on the coast. There is too much red tape. There is no reason why this bill could not be so worded as to give the commission power to cover logging camps.

Mr. MACKENZIE (Vancouver Centre): They have that power.

Mr. GREEN: The Minister of Pensions and National Health says they have that power?

Mr. MACKENZIE (Vancouver Centre): They will have it.

Mr. GREEN: I suggest to him that with the amendment recommended by the committee it is doubtful whether they have that power, because the amendment to the schedule exempts employment in lumbering and logging exclusive of such sawmills, planing mills, shingle mills and wood processing plants as are, in the opinion of the commission, reasonably continuous in their operation. The very fact that the commission is given power in the case of sawmills and these other branches of the lumber industry mentioned, would, under the rules of interpretation, exclude the power of the commission to deal with logging camps. It would have been better to leave out the words "in the opinion of

the commission" if the minister intended to rely on the broad provisions of section 14. I can see no reason, apart from cumbersome administration here, why logging camps could not be added to paragraph (c) of part II.

Mr. NEILL: I wish to compliment the hon. member for Vancouver South on using almost the exact language I used a few days ago in connection with this subject.

Mr. GREEN: I assure the hon. member I did not copy his speech.

Mr. NEILL: His remarks had a very close resemblance to it. I am not kicking about that because it is all to the good. There is no question about the statements being correct.

Mr. MacNICOL: The hon. member ought to be flattered.

Mr. NEILL: I am flattered. The hon. member for Vancouver South put forward the argument I advanced a few days ago, that it is, possibly owing to a misconception or misunderstanding of, or indifference to, conditions in British Columbia, which differ from the conditions that prevail in the east, that things are as they are. Later on to-night I shall have an opportunity to illustrate the same thing in connection with fisheries.

We appear to live in two different countries east and west of the Rockies. We have a big lumbering industry, logging, where they work all the year round. They may stop a week or two in the hot weather, but it is only occasionally, and they may stop for a couple of weeks if the snow is very deep. But they may go on for years without stopping. That is not the condition here, and legislators in this part of the dominion do not appear to be able to understand conditions in British Columbia. This applies not only to one industry but to many things. The hon. member was right when he contradicted the Minister of Pensions and National Health. The minister said that they had the power now, but under this section lumbering is specifically excluded except for certain sawmills which are admittedly running more or less all the time. I hope the hon. member for Vancouver South will support me when I move the amendment that I intend to submit to the government. By the way, this discussion is out of order, but I suppose it was the hon. member's charming manner that allowed him to get away with it.

Mr. GREEN: On that point I was not out of order because section 13 expressly provides the classes that are exempt.

Mr. NEILL: I was going to take the matter up on the schedule.

Mr. McLARTY: That is the proper place.

Mr. NEILL: I intend to move this amendment; I can state it now and let it simmer in the eastern imagination:

That part II, paragraph (c) of the first schedule be amended to read

Employment in lumbering and logging which are not reasonably continuous in their operation.

Part II gives the list of occupations that do not come under the measure.

That gives the commission an opportunity not to take in little logging outfits running only a few months, but compels the entry of all the larger ones.

The CHAIRMAN: The hon. member is anticipating.

Mr. NEILL: I was just notifying hon. members so that they may be here to-night.

The CHAIRMAN: I am glad the hon. gentleman agrees.

Mr. STIRLING: If the reason for excluding certain operations in lumbering is that they are not continuous, I do not follow the minister's logic in his statement that the handling of apples comes under the provisions of the bill. If ever there were a casual sort of employment, it is the work in the fruit-packing houses. Do not let me be misunderstood; I am not at the present moment arguing for inclusion or exclusion, but I want to know which it is. The packing house work, for instance, starts with cherries; it goes on down through the plums and peaches, et cetera, and may go on until December, but the person employed may work only a matter of a few weeks on end.

Mr. McLARTY: If hon. members will refer to section 16, subsection 1, in which provision is made in the matter of seasonal work, it provides for a person who is employed in an occupation which is seasonal and does not ordinarily extend over more than twenty weeks in any year, and who is not ordinarily employed in any other occupation which is insurable employment.

Mr. STIRLING: That seems to me to counter entirely the minister's statement just now that undoubtedly the packing house employee is in.

Mr. McLARTY: If employed over twenty weeks.

Mr. GREEN: Would the minister make a statement in regard to logging?

Mr. McLARTY: I have no objection, but I understand the hon. member for Comox-Alberni is going to move an amendment dealing with exactly the same matter. It seems to me it is specifically referred to in the schedule. The committee has already

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brought in an amendment. Would it not be better to wait until we come to that amendment? The hon. member asked me to read a rather lengthy telegram received from the minister of labour of British Columbia. It is on the record on page 204 of the minutes of proceedings and evidence of the special committee, so I hope he will excuse me for not reading it.

Mr. GREEN: Well, I have it here; I will read it.

Mr. McLARTY: Does my hon. friend not think it would be better to wait until we come to the proper schedule?

Mr. GREEN: I am quite in order in raising this point under this section; I do not see why we should wait.

The CHAIRMAN: It is quite in order when, in a clause of a bill a schedule is referred to, to discuss matters relevant to the clause and the schedule, but it is not in order to suggest an amendment to a schedule before we reach the schedule.

Mr. HANSON (York-Sunbury): The hon. gentleman is only giving notice.

Mr. NEILL: Tentatively.

The CHAIRMAN: No notice need be given of an amendment. In the course of a discussion of a bill in which reference is made to a schedule, reference may be made to that schedule. But the schedule must be discussed separately from the various clauses and sections of the bill. In May's *Parliamentary Practice*, page 411, I read:

Schedules to a bill are considered, as a rule, after new clauses are disposed of, and they are treated in the same manner as clauses. When the schedules have been considered, new schedules are offered.

Therefore we must consider the schedules of the bill consecutively, as we consider the clauses of the bill.

Mr. GREEN: That is what I was trying carefully to do; it was the hon. member for Comox-Alberni who raised the question of an amendment to the schedule.

The CHAIRMAN: I pointed out to the hon. member for Comox-Alberni that his amendment was offered too soon.

Mr. McLARTY: Might I suggest, is it fair that we should discuss this matter at this time and then have another discussion when the hon. member for Comox-Alberni deals with precisely the same matter? Could it not stand and could we not later deal with both at once?

Mr. GREEN: I started this, not the hon. member for Comox-Alberni. Why should [Mr. McLarty.]

I have to wait until his amendment comes up, perhaps not before next Wednesday, in order to have a discussion on this subject? I think, with all due deference, that both the committee and myself are entitled to have an explanation from the minister at this time.

The CHAIRMAN: But I would point out to the hon. member that although reference can be made to the schedule, we must not accept the idea that the schedule is under consideration by the committee. Standing order 58, subsection 2, is always applicable. Reference can be made to the schedule because it is related to the clause of the bill, but the schedule itself is not yet before the committee.

Mr. GREEN: Mr. Chairman, this telegram which was sent by the minister of labour of British Columbia to the Minister of Labour here reads as follows: I shall not quote the whole of it, but that part which is vital states:

Newspaper reports indicate that the present measure provides insurance for less than one-half of the workers in British Columbia and excludes several of our major industries especially lumbering, fishing and agriculture. Our government believes that an effort should be made to cover a large number of workers and cannot see any good reason why the lumber industry should be excluded as returns made to our department by all branches of the lumbering industry including logging—

I stress those words.

—show that there is not an unreasonable variation in employment throughout the year certainly in our opinion not large enough to justify the exclusion of this industry. All branches of the lumbering industry are included in unemployment insurance measure in operation in states of Washington and Oregon and I find that they have employed a method of dealing with industry taking into consideration the variance in employment and also providing for exclusion under certain conditions and during certain periods which fully covers any objections that might be raised against the inclusion of the lumbering industry and which also makes it possible to include other seasonal industries which are not at present included in our act.

I would ask the minister now to give us the reason why logging on the Pacific coast cannot be included in the bill.

The CHAIRMAN: I do not think the question is at all in order, because the various classes of employees are dealt with in the schedule. The only point before the committee at this moment is whether section 13 as drafted is proper. I do not believe it is in order to discuss at the present time whether the schedule should be changed. The only subject matter of section 13 is that there should be a schedule of employments, and that the provisions of this bill should apply to the persons mentioned in these schedules.

With regard to the schedule itself, it will be considered in due course, like any other clause of the bill, under the provision I have read.

Mr. GREEN: Perhaps I would be in order if I asked the Minister of Labour if it would not be possible to word this section in such a way that where industries are working under entirely different conditions in different parts of the country, there would be more elasticity in the bill; this section should be wide enough to cover conditions governing industry in the maritimes as well as conditions governing industry on the Pacific coast.

Mr. McLARTY: I wonder if this section might be allowed to stand in the meantime, and I will give consideration to the suggestion of my hon. friend. I think the commission would have power to do what he has mentioned, because it has the right to remove anomalies, but I should like to look into that point and see how far that power goes. As I understand it, the hon. member's thought is that there should be schemes which would apply in certain areas of the country but not throughout the country generally.

Mr. GREEN: I think the government are attempting an impossibility in that they are trying to make the scheme too rigid. We have in Canada what is called a lumber industry. In the maritime provinces lumber industry means one thing; in British Columbia it means something else, and perhaps in Ontario still something different. The government have presented the bill in such a form that there is just one big blanket covering the entire industry, and there is no provision to meet the different conditions which exist in different parts of the country. Canada is so far-flung and conditions vary so much in different sections that I think the bill should be more elastic.

Mr. McLARTY: I would suggest that this section stand.

Mr. HANSON (York-Sunbury): Before that is decided, may I respectfully suggest that the Chairman should reconsider his ruling. This is perhaps the most important section of this bill; and to say that that under this section we cannot discuss the several items appearing in the second schedule as excluded employments is a ruling which to me appears quite impossible. A schedule is not part of a section. A section is referable to a schedule, but a schedule to a statute is not part of the statute itself. This is the very section under which this discussion should take place.

The CHAIRMAN: Then I can suggest a remedy which may meet the views of the

hon. gentleman. It is that, by unanimous consent, section 13 and the schedule be considered together.

Mr. HANSON (York-Sunbury): That is quite all right. That would be splendid.

The CHAIRMAN: By unanimous consent that may be done, if it is deemed advisable. I do not know if it is.

Mr. McLARTY: In that event I would suggest that the section stand. I have no objection whatever to that course being followed.

Mr. NEILL: Would that mean that the vote would be taken on the two together?

The CHAIRMAN: No. They may be considered together and discussed together; and if amendments are suggested by members of the committee, those amendments may relate to either the section or the schedule. In the meantime the minister moves that this section stand.

Mr. ADAMSON: I heard the remarks of the hon. member for Yale, who was discussing something the minister said with regard to packing houses. Do employees of packing houses come under this measure?

Mr. McLARTY: Yes, if they have employment for over twenty weeks in each year.

Mr. HANSON (York-Sunbury): Ordinarily in Canada a packing house means a meat packing plant, but of course that is a limited application of the term. We have apple packing houses in the maritime provinces. Do I understand that they will come under this scheme only if there is employment for at least twenty weeks?

Mr. McLARTY: They are not specifically mentioned in the exceptions, so they must be included; provided there is employment for twenty weeks.

Mr. HANSON (York-Sunbury): If there is twenty weeks of steady employment?

Mr. McLARTY: I do not think it even has to be steady.

Mr. GREEN: In order to make that point clear, will the minister state whether or not horticulture would cover an apple packing plant?

Mr. McLARTY: I would say not.

Section stands.

On section 14—Power to enlarge or restrict excepted employments.

Mr. MACKENZIE (Vancouver Centre): Copies of an amendment to this section were

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distributed among hon. members. This amendment, which was explained by the minister this morning, is to add as subsection 2 the following:

(2) Where it appears to the commission that, by reason of any law of a foreign country, a duplication of unemployment insurance contributions by employers or employed persons or both and of unemployment insurance benefits will result, the commission may, from time to time, notwithstanding anything in this act, by regulation, conditionally or unconditionally, wholly or in part, provide for including any employed person or class or group of employed persons among the excepted employments in part II of the first schedule to this act.

The CHAIRMAN: I should like to point out to the committee that the bill, as it came to this committee, already includes this amendment, which was adopted by the special committee; but inasmuch as the bill has not been reprinted, a mimeographed leaflet has been distributed among all hon. members, containing all the amendments, for their convenience. The bill that I have before me, which has been laid on the table of the house and which we are now considering, contains all the amendments which were adopted by the special committee, and which are contained in this leaflet.

Mr. MACKENZIE (Vancouver Centre): Hon. members have not these amendments before them unless they are read.

Mr. MacNICOL: Just what is the basis of this new subsection?

The CHAIRMAN: If any hon. members have not copies of these amendments, they are available at the table. I had been led to believe that these copies were distributed.

Mr. HANSON (York-Sunbury): Would the minister just explain this amendment?

Mr. McLARTY: This is the amendment to which I referred this morning. It was requested by the Railway Association of Canada, to meet the situation arising from the duplication of the railway unemployment insurance act of the United States.

Section agreed to.

Section 15 agreed to.

On section 16—Exempted persons.

Mr. GREEN: I should like to ask the minister whether a savings plan in an industry, to which employers and employees contribute, now goes by the board?

Mr. McLARTY: It is not affected in any way by this bill; they can proceed with it. They are, however, voluntary plans, and they would not be affected in any way.

[Mr. Ian Mackenzie.]

Mr. GREEN: But the firms which have voluntary plans cannot get exemption under the act, even though employer and employees wish to be exempted?

Mr. McLARTY: No, they cannot.

Mr. GREEN: And no type of firm scheme would entitle the firm to exemption from the provisions of this bill?

Mr. McLARTY: That is correct.

Mr. FURNISS: I had a letter this morning from a firm in my riding. The first paragraph reads:

Why should persons working for small salaries, day in and day out, fifty-two weeks a year, pay in any part of their salary to a fund from which they have only a remote chance of ever getting anything out?

This letter is from a coal dealer, I think, who keeps his men employed year in and year out. My inquiry is this: Is there any chance of firms like that being considered in connection with the exemptions?

Mr. McLARTY: The hon. member for Muskoka-Ontario is making the same plea as some of the banks' and financial institutions made. We could not release them, so I am afraid we cannot release the firms to which the hon. member has referred.

Mr. HANSON (York-Sunbury): The answer is no.

Section agreed to.

On section 17—Fund established by contributions by employed persons and employers.

Mr. MACKENZIE (Vancouver Centre): I draw the attention of the committee to the amendment to section 17, which appears on the mimeographed list. It is in the form of an additional subsection, to be numbered subsection 5.

Mr. HANSON (York-Sunbury): What is the effect of this amendment?

Mr. McLARTY: This is another amendment asked by the Railway Association of Canada, to which I referred this morning, and it provides for payment on the basis which they have been following. Its justification is a saving in expense.

Section agreed to.

On section 18—Employer liable to pay both employer and employee contributions.

Mr. HANSON (York-Sunbury): This section provides:

Except where regulations under this act otherwise prescribe, the employer shall in the first instance be liable to pay both the contribution payable by himself (in this act referred

to as "the employer's contribution") and also, on behalf of, and to the exclusion of, the employed person, the contribution payable by that person.

What is the necessity for the words "to the exclusion of"? Is it intended that the employee shall never have an opportunity to pay?

Mr. McLARTY: The intention is to avoid payment being made twice.

Mr. MacNICOL: Are the contributions going to be paid in stamps?

Mr. McLARTY: It is provided that they may be paid in stamps, or such other method as the commission permits.

Mr. MacNICOL: The minister knows that in Great Britain they have cards, and the manufacturer or employer puts a stamp on for himself and one for the workman. There is no stamp for the government. The government takes care of that when the card comes back.

Mr. HANSON (York-Sunbury): That would not be possible under this measure. It must be done by the employer.

Mr. McLARTY: He would have to affix the stamp.

Mr. MacNICOL: In Great Britain the employee does not put anything on; it is put on by the employer.

Mr. McLARTY: The same is true in this instance.

Mr. GREEN: Why is that exclusion made?

Mr. McLARTY: So that there would be no question of double payment being demanded.

Section agreed to.

Section 19 agreed to.

On section 20—Manager to be treated as employer.

Mr. MACKENZIE (Vancouver Centre): I move that the first paragraph of section 20 be amended to read as follows:

In any cases or classes of cases where employed persons work under the general control and management of some person other than the owner employer, such as the agent or manager of a mine or quarry, or the occupier of a factory or workshop, the commission may by regulation provide that—

Mr. HANSON (York-Sunbury): What is the change?

Mr. MACKENZIE (Vancouver Centre): It is a change in drafting.

The CHAIRMAN: And it is a new amendment, or one which does not appear in the list.

Mr. MACKENZIE (Vancouver Centre): That is correct. This is the only one which came in after the committee dealt with the matter yesterday. It is a change in drafting which has been suggested by the legal experts. The changes are these: The word "their" is changed to "the", the word "immediate" is changed to "owner", and the word "owner" in line 16 is stricken out.

Mr. HANSON (York-Sunbury): The object is to provide that no one shall escape?

Mr. McLARTY: Yes, precisely.

Amendment agreed to.

Section as amended agreed to.

Section 21 agreed to.

On section 22—Liability of employer of person with certificate of exemption.

Mr. MacNICOL: As I understand it, the employer of a person who holds a certificate of exemption under section 16 shall be liable to pay the like contributions as would be payable by him as employer's contributions. Why does he have to pay contributions?

Mr. McLARTY: The reason is to remove the incentive of the employer to employ those having exemptions. In this respect the present measure is the same as the British act. This provision is to prevent the employer from picking up employees who have certificates of exemption, so that he might be relieved from the liability of paying into the unemployment insurance fund.

Mr. MacNICOL: I am in accord with the principle, but I am wondering how the scheme will work out if there are many such cases.

Mr. MACKENZIE (Vancouver Centre): They are exceptional cases.

Mr. MacNICOL: I am referring to those cases where the employer would contribute, but not the employee.

Mr. McLARTY: I would suppose that would be a windfall for the unemployment insurance fund, but it is a situation which is not likely to arise often. It was found necessary to put that provision in the British act, and we thought that in this instance it would reduce the incentive to employ persons holding certificates of exemption.

Mr. MacNICOL: I agree it is necessary to prevent anything of that kind.

Section agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

On section 10—Officers and other employees of commission.

Mr. McLARTY: I promised the leader of the opposition that during the recess I would obtain an opinion as to the effect of the words "authorized by law". I have obtained from the law branch an opinion which is concurred in by the officials of the Department of Justice, to the effect that as the section now stands it does make the application of the Civil Service Act necessary. I can, if it is desired, read the memorandum which is about four pages in length. The hon. gentleman suggested that I find out when the phraseology had been changed. They refer specifically to such acts as the Patent Act, 1935; the Seeds Act, 1937; the Live Stock and Live Stock Products Act, 1939; the Department of Finance and Treasury Board Act; the Labour Department Act; the Penitentiary Act, and the Department of Railways and Canals Act. In all these acts a similar phraseology is used, and they advise that this wording will be sufficient to cover the point raised by the leader of the opposition.

Section agreed to.

On section 23—Sums deducted from wages deemed trust contribution.

Mr. MacNICOL: Subsection 2 reads:

In the event of the bankruptcy of the employer the commission shall in respect of any unpaid contributions be entitled to the same priority as is accorded wage earners with respect to wages under the Bankruptcy Act.

If there were only enough to pay the wages, nothing would go back to the employer.

Mr. HANSON (York-Sunbury): By subsection 1 the sums deducted are constituted a trust fund and must be accounted for. I think that is wise.

Mr. McLARTY: I did not quite get the question asked by the hon. member for Davenport.

Mr. HANSON (York-Sunbury): In the event of the bankruptcy of an employer there would be two claims, the claim for wages and the claim of this fund. They would be on an equal footing.

Mr. McLARTY: I would say they would rank *pari passu*.

Section agreed to.

Section 24 agreed to.

On section 25—Regulations as to manner of paying contributions.

[Mr. MacNicol.]

Mr. MacNICOL: Is it intended to use cards and stamps throughout Canada in connection with contributions by employers and employees? I found that in Holland, France, and particularly England, the working men took a great deal of pride in their cards. When a man walked into a labour office to present his card he would look at it three or four times to make sure that he would know the card when it came back.

Mr. McLARTY: Generally speaking, I think that will be the method, although there will be some exceptions where administrative difficulties occur. The commission has the power to determine whether cards and stamps shall be used, and I doubt if in the case of the railways with their 75,000 employees more or less, the commission will require the absolute use of cards and stamps.

Section agreed to.

On section 26—Regulations as to payment of contributions.

Mr. MacNICOL: Will the sale of cards and stamps be under the control of the government, and how will they be distributed to the employers?

Mr. McLARTY: Their distribution will be under the control of the commission, but there are a number of methods which may be used. For example, the post offices may be used as distributing points.

Mr. MacNICOL: I found that these cards were not easily obtainable in Europe. In a number of instances I had to identify myself as a member of the House of Commons before I could get one. These cards were not available to everyone.

Mr. McLARTY: Undoubtedly the cards will be issued by the employment offices.

Section agreed to.

Section 27 agreed to.

On section 28—Statutory conditions for receipt of benefit.

Mr. GREEN: This section refers in paragraph (iv) to courses of instruction or training. What is the function of the unemployment commission with regard to directing wage-earners to take courses of training?

Mr. McLARTY: I suppose, Mr. Chairman, it would be fair to say that there are a number of methods which might be used. For instance, there is cooperation with the youth training movement in the matter of training and retraining skilled employees. There has not been laid down a definite programme into which paragraph (iv) would fit, but it was

thought wise to add the clause in view of the wide training and retraining in which we are now endeavouring to be engaged.

Mr. GREEN: Was there any such provision in the act of 1935?

Mr. McLARTY: No. It is a new provision.

Mr. MACKENZIE (Vancouver Centre): It is in the British act.

Mr. GREEN: Will the commission have any personnel who are qualified to direct training or courses of one kind or another?

Mr. McLARTY: The answer would be, no. The provision simply gives the power to refuse to grant the benefits to those who will not take the courses to which they may be directed. As far as the commission is concerned, it will not set up any courses on its own account.

Mr. GREEN: How is it going to be decided or directed which course a man shall take?

Mr. McLARTY: It will be purely a matter of cooperation between those who are prescribing courses and the officers of the commission.

Mr. GREEN: Will they advise as to what kind of training a man should take?

Mr. McLARTY: I imagine that when the plan is working there will be a definite connecting link between the various bodies which direct training and retraining, and the commission. I must be a little vague about that because, as my hon. friend will appreciate, it is an administrative matter which has not yet been worked out.

Mr. GREEN: Will the commission be taking over the youth training programme?

Mr. McLARTY: No, not at all.

Mr. MacNICOL: With reference to the 180 days, it is assumed, of course, that the worker obtains his card. He might work for twenty days for one firm; then turn his card in, and be sent out to work for another firm for thirty days, or he might work for two or three days. The whole total of 180 days in two years is what he bases his claim upon.

Mr. McLARTY: That is correct.

Mr. CASTLEDEN: In paragraphs (ii) and (iii) of the section it states that the insured person has to prove that he has been unemployed "on each day on which he claims to have been unemployed." Who will decide what the nature of that proof is to be?

Mr. McLARTY: He proves that by registration at the exchange.

Mr. CASTLEDEN: With regard to the word "suitable" in paragraph (iii), by which

he is required to prove that he has been "unable to obtain suitable employment," who will decide whether the employment is suitable for that particular man?

Mr. McLARTY: That word "suitable" will be covered, I believe, when we come to section 31.

Section agreed to.

Section 29 agreed to.

On section 30—Period of unemployment to begin on date of application.

Mr. MacNICOL: I do not see it here, but I read somewhere that a period of nine days had to elapse before a man can begin to draw benefit.

Mr. McLARTY: That comes under section 36.

Mr. MacNICOL: Does the benefit start on the day of his application?

Mr. McLARTY: No.

Mr. MacNICOL: A period of nine days must elapse?

Mr. McLARTY: Yes.

Mr. MacNICOL: Under most acts, I believe, the period is six days. I believe that in England it is six days.

Mr. MACKENZIE (Vancouver Centre): In the United States it is fourteen days.

Mr. McLARTY: Yes, much higher. I believe that the waiting period in this bill is the same as in the 1935 act.

Mr. MacNICOL: In other words, he will be really unemployed for nine days before he receives any compensation?

Mr. McLARTY: That is correct.

Mr. NEILL: Will the minister tell us about this date: "A period of unemployment shall be deemed to begin on the date on which the insured person makes application." He may be a hundred miles away from the place to which the application is sent. Is it the date he mails the letter or the date when the letter arrives, or what? It is all very well in a town like Montreal, but suppose the man is at a place a hundred miles away from the government office to which this application should be given. Does the period begin on the day the application reaches the office, or the day the letter is mailed, or when?

Mr. McLARTY: May I refer the hon. member for Comox-Alberni to section 92, paragraph (g). The applicant can use the post office as well.

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Mr. NEILL: As long as he gets the application in the post office?

Mr. MACKENZIE (Vancouver Centre): Yes.

Section agreed to.

On section 31—Fulfilment of third statutory condition.

Mr. CASTLEDEN: I should like an explanation of section 31(b).

Mr. McLARTY: Has the hon. member's question particular reference to a labour dispute?

Mr. CASTLEDEN: Yes.

Mr. McLARTY: If the hon. member will refer to section 43, I believe he will see the significance of this paragraph.

Section agreed to.

Section 32 agreed to.

On section 33—Periods not counted in computing unemployment, et cetera.

Mr. MACKENZIE (Vancouver Centre) moved:

That the word "remuneration" in line 10 be deleted and the word "wages" substituted therefor.

Amendment agreed to.

Mr. MACKENZIE (Vancouver Centre) moved:

That the word "of" in line 22 be deleted and that the word "or" be substituted therefor.

Amendment agreed to.

Section as amended agreed to.

On section 34—Period in respect of which benefit is payable.

Mr. MACKENZIE (Vancouver Centre) moved:

That the word "stated" on the last line of page 11 be deleted and that the word "afore-said" be inserted on the first line of page 12 after the words "three years".

Amendment agreed to.

Mr. MacNICOL: Just one word. I have been trying to figure out this matter, but I do not want to hold up the proceedings, and the minister can give me an answer more quickly than I can figure it out. Assuming that a workman has been employed in the past five years for 200 days a year, or, in all, a thousand days, and then he becomes unemployed, for how many days will he receive compensation?

Mr. McLARTY: Perhaps the hon. member for Davenport would let me explain without giving such large figures.

[Mr. McLarty.]

Mr. MacNICOL: I used those figures because they are easy to reckon.

Mr. McLARTY: Suppose in the first year a man worked for thirty weeks, he would then be entitled, under what is called the one-fifth rule, to six weeks' benefits. Suppose in the following year he worked for another thirty weeks, he would be again entitled to one-fifth, or six weeks, but with a deduction of one day for every three on which he had drawn benefit in the previous year. That means that in the two years he would be drawing one-fifth of sixty, which is twelve, less one-third of the benefit he drew in the six weeks which he had taken in the first year, which would be two weeks; so in the aggregate in the two years he would have ten weeks.

Mr. MacNICOL: But my question was, assuming the man had worked steadily for five years?

Mr. McLARTY: One year's benefit.

Mr. MacNICOL: That is very good.

Section as amended agreed to.

Section 35 agreed to.

On section 36—Waiting days not counted for benefit.

Mr. GILLIS: Our problem in Nova Scotia is not one of total unemployment but rather one of partial employment. During the winter months the men work for three days a week. Do I understand that in order to come under this bill the worker must have been totally unemployed, or in what way is the number of days computed?

Mr. McLARTY: I do not know whether I get the significance of the question. In this bill it is not altogether a matter of weeks; it is 180 days in the year. Does that answer the question?

Mr. GILLIS: It does not. This is an unemployment insurance bill. Do I understand that in order to qualify one must be totally unemployed?

Mr. McLARTY: That is correct.

Mr. GILLIS: As far as the mining industry in Nova Scotia is concerned, the men will receive no benefits under this bill—that is, the men employed at the present time—for the simple reason that, so far as I can see, at no time will they be totally unemployed. During the summer they do work steadily, five or six days a week, but in the winter months they lose fifty per cent of their employment owing to the fact that coal cannot be shipped, and notwithstanding that they will

be contributing to the fund. They will be contributing, although for half the year they will be losing fifty per cent of their time. It seems to me, therefore, that at no time can they come into benefit under the bill as worded.

Mr. McLARTY: The commission would have to determine what the normal working week was. If it determines that a man has been working his normal working week, then he will be entitled to the benefits of the measure.

Mr. NEILL: There is a coal mine in my district and, as I doped out the Bennett legislation, the men would get no benefit, for the same reason which my hon. friend has given. At times when things were dull they worked for only three days a week, but they had to be idle for nine days before they could get any benefit, although they would be paying their full contribution. This was brought to Mr. Bennett's attention, and he inserted a clause to provide that the idle days should be lumped together and carried on, so to speak. I understood the minister to say that some arrangement was being made under this bill to meet the objection which the hon. member has raised.

Mr. McLARTY: I understand that under the continuity rule of 1935 the situation which my hon. friends have brought up arose, and it was to meet that situation that we put in the number of days. I am advised that such a difficulty will not arise.

Mr. JACKMAN: If a man is employed for three days a week for a number of weeks; that is, if he is out of a job for three days and then gets a job and the next week he is out again, the three days of unemployment in each week will count as part of the nine days so that after three weeks he will be able to receive the benefit?

Mr. McLARTY: Yes, that is correct.

Mr. DOUGLAS (Weyburn): It does not have to be nine consecutive days?

Mr. McLARTY: No.

Section agreed to.

Section 37 agreed to.

On section 38—Only periods of bona fide employment to count in computing benefits.

Mr. CASTLEDEN: Would he not get the benefit of his contributions unless his employment were proved to be bona fide?

Mr. McLARTY: He could not. He could not put a stamp on it and thereby obtain the benefit as if he had worked. It must be bona fide work.

Section agreed to.

Sections 39 and 40 agreed to.

On section 41—Benefits inalienable.

Mr. HANSON (York-Sunbury): This means it shall not be attachable?

Mr. McLARTY: Yes.

Section agreed to.

On section 42—Regulations in respect of special classes.

Mr. MacNICOL: Will the minister explain this section?

Mr. McLARTY: The purpose of the section is, of course, to give the commission the right to deal with certain situations that arise, which cannot be thrown into a general class and cannot be classified in categories, and which consequently can be deemed to be anomalies. This gives the commission power to deal with such situations as piece-workers, those working for less than a full week, and various other factors which we could not cover completely in the bill itself.

Section agreed to.

On section 43—Disqualification through loss of work due to labour dispute.

Mr. MACKENZIE (Vancouver Centre): I would point out that paragraph (f) has been deleted and paragraph (g) now becomes paragraph (f).

Mrs. NIELSEN: I wish to say something about paragraph (a), (i) and (ii). I have always understood that it was the right of labour in this dominion to organize. This paragraph may be in the best interests of the employer but not perhaps in the best interests of labour, if we leave it as it stands. It is not always so much the use of different clauses but the abuse of them that has to be guarded against when it comes to administration. I did not have an opportunity to attend the committee where the various organizations came to present their case, but I have had various letters sent to me from different organizations in this country. I have a letter from the secretary of the Canadian Textile Workers Union, and I should like to quote a small portion which has to do with this particular clause. This is an official statement signed by the secretary and chairman. They say:

"Insured" workers are automatically disqualified from benefit if discharged for "misconduct" or participation in a labour dispute with employers. This means that workers who would build their unions are in constant danger of being discharged for "misconduct", the declarations of the government to the contrary notwithstanding. This also means that the members of trade unions would be subjected to a newer and more widespread system of espionage and hence intimidated from discussing grievances at meetings of their trade unions.

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Another one comes from the Canadian Full Fashioned Hosiery Workers' Association, in reference to the same clause. They say:

The real joker, as far as the workers are concerned, however, is that provision which disqualifies the worker from any benefits: loss of job for "misconduct" or participation in a labour dispute. It is probably all right for Mr. McLarty to state that "union activity" is not "misconduct" but his employer friends do not agree with him. Last week, after the settlement of the celanese strike in Drummondville 150 workers who took a leading part in this historic struggle were discharged. Some were even given notices informing them that they were being dismissed for union activity.

There is another one from the National Union of Domestic and Industrial Gas Workers, to the same effect:

There are other aspects to the present proposals which we are very much opposed to. In the first place the provision that an employee dismissed because of a labour dispute, should be ineligible for benefits.

Therefore, Mr. Chairman, I wish to move an amendment:

That in paragraph (a) of section 43, in line 29, after the word "continues" the following words shall be struck out:

"and shall not apply in any case in which the insured person proves

(i) that he is not participating in, or financing or directly interested in the labour dispute which caused the stoppage of work, and

(ii) that he does not belong to a grade or class of workers of which immediately before the commencement of the stoppage there were members employed at the premises at which the stoppage is taking place any of whom are participating in or financing or directly interested in the dispute."

I am sorry I have not a copy of the amendment at the present moment.

Mr. McLARTY: Shall the section stand? I very much regret this amendment. The provision is identical with that in the British act ever since the British act started. It is a section which was considered carefully in the committee, and one who has a right to say that he represents labour, the president of the Canadian Trades and Labour Congress, Mr. Tom Moore, approved it. We heard representatives from the major trade unions of Canada; they all approved it. It has the approbation of labour, and I think if the hon. member for North Battleford will give consideration to the matter she will realize that, instead of extending the rights of labour, she is taking them away. I appeal to the hon. member to give serious consideration to the amendment she proposes, because rather than adding to the rights of labour, my belief is that it would take them away.

[Mrs. Nielsen.]

Mr. HANSON (York-Sunbury): Would the minister say that the proposal of the hon. member for North Battleford would be in effect a premium on striking? Would that be the effect of it?

Mr. McLARTY: I would not want to go so far as definitely to answer yes until I see a copy of the amendment. But I think to amend this section would be most inadvisable. It is one that has stood the test in Great Britain for many years; it is identical with the section in the 1935 act; it was referred to in the special committee by representatives of labour, who said, "We are being somewhat generous perhaps but we believe we should be." I think it would be a grave mistake for any amendment to be made to section 43.

Section 43 stands.

Section 44 agreed to.

On section 45—Period of disqualification limited in certain cases.

Mr. MacNICOL: The word "umpire" has appeared several times, but I have not seen how it is defined.

Mr. McLARTY: It is defined later on, in section 52.

Mr. HANSON (York-Sunbury): It is not in the interpretation section?

Mr. McLARTY: No.

Section agreed to.

Sections 46 and 47 agreed to.

On section 48—Commission or umpire may revise decision.

Mr. MACKENZIE (Vancouver Centre): I direct attention of hon. members to line 29; after the word "him" insert the word "respectively." I so move.

The CHAIRMAN: The last line will then read:

... decision given by it or him respectively. . . .

Amendment agreed to.

Section as amended agreed to.

Section 49 agreed to.

On section 50—Regard to nature of work of insured person.

Mr. HANSON (York-Sunbury): Will the minister explain the operation of this section?

Mr. McLARTY: This refers to a person who is in a particular category in a particular industry; for instance, the secretary of some

agricultural project, a bookkeeper or an accountant, is deemed a bookkeeper or an accountant, not an agriculturist.

Section agreed to.

Section 51 agreed to.

On section 52—Insurance officers.

Mr. HANSON (York-Sunbury): What is intended to be set up by this section?

Mr. McLARTY: This section sets up the officers that will be employed by the commission: an insurance officer who will be attached to the employment office, a referee to whom an appeal can be made from the insurance officer, and the umpire and deputy umpire. In connection with the latter, there are generally very few of them; probably there will not be more than one or two umpires in Canada.

Mr. HANSON (York-Sunbury): The intention is to use a judge of the court?

Mr. McLARTY: It is an important position.

Mr. HANSON (York-Sunbury): Briefly what will be their duty?

Mr. McLARTY: They have the final adjudication in matters of claims.

Mr. HANSON (York-Sunbury): All classes of claims?

Mr. McLARTY: Yes. In Great Britain, for example, the decisions of the umpires are published, like supreme court judgments.

Section agreed to.

On section 53—Court of referees.

Mr. MacNICOL: Will there be a limitation on the expenses and allowances of officials under this statute? It always amuses me, when the government sends three men to Geneva or some other place, to find them come back with different expense accounts. There should be some uniformity, I think. I do not like to see half a dozen men, doing the same work, show a great variation in their expense accounts. I would be in favour of the smallest account, not the largest.

Mr. McLARTY: I will bear in mind the observations of the hon. member. In the meantime, so far as the statutory powers and rights are concerned in the matter of payment, they are dealt with in subsection 5 of this section.

Mr. HANSON (York-Sunbury): I think the hon. member for Davenport has done a

good job in calling attention to this point. I remember the expense account of Hon. Peter Heenan when he went to Geneva.

Section agreed to.

Sections 54 to 58 inclusive agreed to.

On section 59—Associations which may appeal on behalf of a claimant member.

Mr. MacNICOL: What is the significance of an association conducting an appeal?

Mr. McLARTY: I suppose, so that where an association wishes to take up the cudgels, shall we say, on behalf of a claimant who feels he has been mistreated, it will have the privilege of doing so.

Section agreed to.

Sections 60 and 61 agreed to.

On section 62—Decisions of umpire final.

Mr. HANSON (York-Sunbury): The umpire is a judge, is he not?

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): And it is not intended that there shall be any appeal from his decision?

Mr. McLARTY: Not beyond the umpire.

Mr. HANSON (York-Sunbury): I think that is reasonable.

Mr. MACKENZIE (Vancouver Centre): Except that the claimant may perhaps sue the statutory body of the commission.

Mr. HANSON (York-Sunbury): Would there be a review of the decision of the umpire by way of a crown writ?

Mr. McLARTY: I imagine there would be, as in the ordinary case if it were suggested that the commission or the umpire were exceeding its or his power. I imagine the usual right of a mandatory order by the court could be applied for.

Mr. HANSON (York-Sunbury): On the ground of excessive jurisdiction or lack of jurisdiction?

Mr. McLARTY: Precisely.

Section agreed to.

Section 63 agreed to.

On section 64—Authority to rescind or amend decision.

Mr. CASTLEDEN: I see that an insurance officer has power to amend any decision given in any particular claim. Will there be any appeal from that decision?

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Mr. McLARTY: Yes; the regular appeal would obtain. This is merely in connection with new facts being presented. For instance, a worthy claim for benefit may have been wiped out in mistake. That claimant could come along and show new facts, and the claim could be reopened.

Section agreed to.

Sections 65 and 66 agreed to.

On section 67—Penalty for misrepresentation.

Mr. HANSON (York-Sunbury): Why is this section under the general heading "legal proceedings"? Why not just call it a penalty, as it is? I think that heading is misleading.

Mr. McLARTY: I cannot take any exception to what the hon. gentleman says, but the heading is there.

Mr. HANSON (York-Sunbury): That is the answer we always get when we offer a good suggestion.

Mr. McLARTY: Not at all. It may be that the word "penalty" would make it a little clearer. There is no objection as far as I am concerned, except that some sections following may be affected.

Mr. HANSON (York-Sunbury): Then take them out from under that heading.

Mr. McLARTY: This heading would be proper for section 70, for example, but there are certain civil debts dealt with as well.

Mr. HANSON (York-Sunbury): It does not make any difference to me; "a rose by any other name."

Mr. MACKENZIE (Vancouver Centre): The heading affects about ten sections.

Section agreed to.

Sections 68 to 71 agreed to.

On section 72—Civil proceedings by employee against employer for neglect to comply with the act.

Mr. MacNICOL: Who will institute the proceedings on behalf of the employee? The average worker would not know just what to do or to whom to go.

Mr. McLARTY: I think the best answer I could give is that it will have to be a matter of regulation as to who shall proceed against the employer. I should think the commission would have to lay down some regulation about that.

Mr. MacNICOL: The government could not expect an employee to pay the cost of going to a solicitor.

[Mr. Castleden.]

Mr. McLARTY: I think that is quite right. Perhaps I have not answered the question satisfactorily. As far as I can see, it would be pretty much a matter to be determined by regulation. That is what is done under the British act.

Mr. GILLIS: I think the hon. member for Davenport has raised an important question. The answer that it is done in this way in the British act does not make it applicable to Canada.

Mr. McLARTY: That was only the last part of my answer.

Mr. GILLIS: In Great Britain the people who come under the act are largely members of trades unions, and when a dispute arises with respect to the unemployment insurance act they have their unions to take up the cudgels for them and fight the case. That is not so in Canada.

Mr. McLARTY: I do not want to interrupt my hon. friend, but has he read the section? It states:

. . . the commission may pay to such person the benefit so lost and shall be entitled to recover from the employer as a civil debt a sum equal to the amount of the insurance benefit so lost and on recovery shall, unless payment already has been made, pay the same to such person.

Mr. HANSON (York-Sunbury): This is taken from the British act, is it not?

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): In Britain I think the union would fight the battle of the employee in almost every instance. I am just wondering if something should not be done to help the employee who may not be organized, who may be in an isolated position. It is difficult for one working man to take action. If the minister says this could be done by regulation and that such regulation will be framed, I am content.

Mr. McLARTY: Of course, as I read subsection 1 of section 72, it is the duty and obligation of the commission to do so.

Mr. HANSON (York-Sunbury): No, not exactly; it is, I submit, in the discretion of the commission. The word "may" in line 28 is not mandatory.

Mr. McLARTY: I believe we have debated that before. However, the fact that it is there, as I think the leader of the opposition will agree, would mean that that word "may" would in this instance be interpreted as "shall". It would be difficult to imagine conditions in which the commission empowered to act would refuse to act.

Mr. HANSON (York-Sunbury): I agree with that.

Mr. MacINNIS: It seems to me that the misunderstanding in respect of section 72 arises from the wording of the marginal note. But when one reads the section itself, it seems to be perfectly clear that the commission will look after the benefits of any employee or insured person with regard to whom an employer fails to make the proper collections and proper contributions. I believe it is the marginal note that is at fault.

Section agreed to.

On section 73—Powers of the inspectors.

Mr. MacNICOL: How many employees does a factory have to have before it comes under the bill?

Mr. McLARTY: One employee brings it under the bill.

Section agreed to.

Sections 74, 75 and 76 agreed to.

On section 77—Unemployment insurance fund.

Mr. HANSON (York-Sunbury): The intention is that the funds shall be kept in a special account in the consolidated revenue fund, and that that account shall be known as the unemployment insurance fund. The section states:

77. (1) There shall be a special account in the consolidated revenue fund called the unemployment insurance fund (in this act referred to as "the fund"), to which the Minister of Finance shall from time to time credit all moneys received from the sale of unemployment insurance stamps and all contributions paid otherwise than by means of such stamps (including penalties payable to the fund) under the provisions of this act.

The next subsection states that the moneys provided by parliament shall be credited to the fund. Then section 78 provides that the Bank of Canada shall be the fiscal agent, and states in part:

Provided that credits in the fund not currently required for the purposes of this act shall, as provided in this section, be invested by the commission in obligations of, or guaranteed by, the government of Canada, and investments so made may be sold or exchanged. . . .

And so on. I suppose those are senior securities of Canada. I was wondering if there would be diversification.

Mr. McLARTY: No; they must be in Canadian government or Canadian government guaranteed securities.

Mr. HANSON (York-Sunbury): Perhaps that is the safest procedure. Of course, my

mind travels rapidly to the case of the Manitoba savings bank. After all, Canadian government or Canadian government guaranteed securities are the senior securities of Canada.

Section agreed to.

Sections 78 to 82 agreed to.

On section 83—Constitution of committee.

Mr. MACKENZIE (Vancouver Centre): This section is amended by deleting subsection 8 and substituting the following therefor:

(8) Each member of the committee shall receive such remuneration and travelling expenses in connection with the work of the committee as may be approved by the governor in council.

Mr. HANSON (York-Sunbury): This part of the bill, which deals with the unemployment insurance advisory committee is, of course, a very important part. We find that section 82 provides for the appointment of the committee, to perform the duties specified in the measure. Then section 83 provides for the constitution of the committee and its tenure of office. Just what class of persons will be included in the advisory committee? What would be the nature of their duties? I notice there is a provision stipulating that no member of parliament or of a legislature shall be eligible. I believe that is a proper provision. We have seen it in other acts, and of course the purpose of it is that of protecting the independence of parliament.

Mr. ROWE: And to leave it open for defeated candidates.

Mr. HANSON (York-Sunbury): Yes; would the minister insert a provision that no defeated candidate or ex-member of parliament might serve? It would appear to me that this committee would be a haven of refuge, and that defeated government candidates would not be able to resist it.

Mr. MACKENZIE (Vancouver Centre): We did not have any defeated candidates.

An hon. MEMBER: How about the leader of the opposition?

Mr. HANSON (York-Sunbury): Thank you, no, not for me, nothing like this. I am serious about this, when I say that I have no hope that the minister will put in such a provision. However, it should be in.

Mr. McLARTY: No evil intent, then.

Mr. HANSON (York-Sunbury): To be serious, just what class of persons does the minister think he would have on this commission? What do they do in England?

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Mr. McLARTY: I was just going to refer to that. After all, this is a most important committee. We have heard a good deal said about the actuarial soundness of the scheme, and to keep it sound we must have a most capable advisory committee. In England they obtained the services of a man of the highest type, namely, Sir William Beveridge, to act as chairman of the advisory committee. As will be seen in subsection 3, one representative shall be appointed after consultation with organizations representative of the employed persons, and an equal number after consultation with organizations representative of employers.

It seems to me that perhaps when the measure was first drawn we might have underestimated the importance of the advisory committee, and that is the reason for the present change. However, we do not now underestimate the importance of the advisory committee. It seems to me that probably a person who could be most usefully chairman of such a committee might be a most capable actuary. I feel that we shall not treat it as a haven of refuge, as has been suggested by the leader of the opposition. Rather we would be inclined to obtain the judgment of the soundest and best representative of industry and labour, and one of actuarial attainments, that we can obtain.

Mr. HANSON (York-Sunbury): So long as subsection 8 remains in the section, there would seem to be no necessity for subsection 4, or even for the suggestion I made about defeated candidates.

Mr. MACKENZIE (Vancouver Centre): As I pointed out earlier, subsection 8 has been changed.

Mr. HANSON (York-Sunbury): Speaking seriously, if we are to have any benefit from this measure, then we shall have to obtain qualified persons, and pay them properly.

Mr. MACKENZIE (Vancouver Centre): That is the effect of the amendment.

Mr. MacNICOL: I am always afraid of these provisions respecting travelling expenses, unless some limitations are imposed. I have in mind two accounts which were paid—not during this session, but during the life of the present government. One of the gentlemen working on a certain matter came from town X, and he took the longest way round to come to his duties. He could travel in two ways, one short and one long. Another man on the same mission, whose expenses were also being paid by the government, lived some twenty-five miles farther away. However, he

[Mr. R. B. Hanson.]

travelled the short route and his expenses were less than the man who actually lived twenty-five miles nearer. I do not like to see this travelling expense business left wide open.

Mr. McLARTY: If you put a ceiling on it, it must be high enough to cover a man from Victoria in the west or from Charlottetown in the east. That might prove an encouragement to those who live within a shorter radius to see if they could not keep up with the Jones'.

Mr. NEILL: I do not see why the suggestion of the leader of the opposition cannot be accepted. Subsection 4 states that no senator or member of parliament shall be eligible. However, once a member has been defeated, he is eligible. What halo falls upon him simply because he is a defeated candidate? I think the section ought to read "member or defeated member".

Mr. McLARTY: I suppose all I can do is to refer the hon. member to the Independence of Parliament Act. Once a member has been defeated, he is no longer in a position to influence by his vote in the House of Commons any action of this commission. He is as free and independent a citizen as if he had never been a candidate for parliament.

Mr. NEILL: In one instance, the man has proven himself capable of being elected, in the other he has been defeated and may be hungry for the plums.

Mr. HANSON (York-Sunbury): This can easily be overcome by a member or senator resigning his seat on the understanding that next day he may walk over to the unemployment insurance commission. It is just a farce.

Section agreed to.

Sections 84 to 87 agreed to.

On section 88—Organization and maintenance of employment service.

Mr. MacNICOL: This and the next three sections deal with the same matter. I assume the government proposes to take over all labour and employment offices operated by the various provinces. Will this government have to compensate the provincial governments for the buildings or equipment taken over? Will they take over the staffs now employed in the offices operated by the various provinces?

Mr. McLARTY: I do not think an answer of "yes" would be adequate for the questions asked by the hon. member for Davenport. As he knows, we now make a grant of \$150,000 to the provinces for the maintenance of employment offices. To say that we shall take them all over would be misleading; this will

be a matter of careful inquiry and investigation. Some provinces may wish to retain some offices even though they may not find it profitable to do so. This is something which will have to be worked out. Generally speaking, we will absorb the provincial employment offices in so far as it suits the purposes of this legislation and in so far as the provinces are willing to have us absorb those offices.

Mr. MacNICOL: Then the matter has not been thoroughly discussed with the provincial labour departments?

Mr. McLARTY: It was taken up with the provinces by the national employment commission when they were functioning in 1937. I am advised that no objection was raised at that time by the provinces to our taking over the functions of the employment offices. Incidentally, we have obtained from the Department of Justice an opinion that in so far as it may be necessary to implement this legislation, we are entitled to operate employment offices in the provinces. What would happen in practice should a province decide to operate its own employment offices without agreement? Every insured man would come to the dominion office to get his card stamped. He would become accustomed to doing that, and by mere force of circumstances the provincial employment office would be pretty well forced out of business.

Mr. HANSON (York-Sunbury): I hope that care will be taken in connection with this matter. There has been no suggestion of politics, from me at any rate, in connection with this measure, but here is a chance to hand out a great deal of patronage. I do not want to stir up anything to-night, but as far as my province is concerned it is well known that all the employees in the employment offices are there because they have been vote-getters; in most instances they are ward heelers. That is not an ideal situation in the running of an employment bureau. It may be that after a certain term of experience these men would be of some worth, but I think it is too much to suggest that they be taken over holus-bolus.

Mr. McLARTY: I wonder if my hon. friend realizes that the employees in the employment offices will be under the civil service commission.

Mr. HANSON (York-Sunbury): If the minister says that they are to be appointed by the civil service commission, I am content.

Mr. McLARTY: Under section 10.

Mr. HOMUTH: Does this mean that the government will discontinue all assistance to the provincial offices?

Mr. McLARTY: Yes.

Mr. HOMUTH: Is that to be the policy of the government?

Mr. McLARTY: While no decision has been definitely arrived at, I think it will follow inevitably that when the dominion government is setting up its own system of employment offices it would be rather far-fetched to make contributions to the provinces for the same purpose.

Mr. HOMUTH: I have been given to understand that Ontario is jealous of its position with regard to employment offices, and that it intends to continue operating those offices.

Mr. McLARTY: It can.

Mr. HOMUTH: A number of workers will not come under this legislation. This will mean another duplication of services in Canada and we have too much of that already. We have nine ministers of agriculture and we have a federal Minister of Agriculture. There is an unnecessary amount of duplication throughout the whole set-up of the administration of this country. Apparently no arrangement has been made with the provinces in connection with the setting up of these employment offices. I think the federal offices could look after those unemployed who do not come under this bill. This could be done by working in conjunction with the provincial authorities. We shall have to have more employment offices in Ontario than we have at the present time, and I feel that we as a federal authority should have full control of this matter, working in conjunction with the provincial departments of labour. This matter is important. I understand there is the possibility of a little cleavage as between the provinces and the federal authority. We should be careful to avoid anything of the kind. I was alarmed at being told within the last day or so that Ontario has no intention of closing its employment offices, that it intends to continue them. I do not think that should be the situation. Of course we have no power to stop it, but representations might be made in such a way that if the provincial government insists on operating the offices it will be clear that it is doing so to its own injury. Let me repeat that we dare not have a continuous duplication of services throughout the country.

Mr. McLARTY: I think the hon. member for Waterloo South is right when he suggests that there should be some measure of co-ordination with regard to employment offices as between the provinces and the dominion. I do not believe there will be any difficulty in that regard. Of course we have the power to open our own offices, but the natural and logical way to deal with the matter is by

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individual agreements with the provinces. Might I express the thought that I do not believe there will be a great deal of difficulty in arriving at such an agreement.

Mr. DOUGLAS (Weyburn): In the event of the dominion joining with the provincial employment services, shall we take over the provincial staffs?

Mr. MACKENZIE (Vancouver Centre): Not necessarily. If they can qualify.

Mr. McLARTY: They would have to qualify under the Civil Service Act.

Mr. MacNICOL: But this government would not want to take over all the staff which is now employed in Ontario?

Mr. MACKENZIE (Vancouver Centre): That is a leading question.

Mr. MacNICOL: I will qualify that. This government would not want to take over all those who are now employed in Ontario in all the districts where offices are operating, because we now have four labour offices in the city of Toronto—I speak subject to correction.

Mr. McLARTY: I believe there are four.

Mr. MacNICOL: The hon. member for Trinity will know exactly how many there are. If I say there are half a dozen in and round about Toronto, is that too many?

Mr. ROEBUCK: Yes.

Mr. MacNICOL: I know there is one in South York and one down-town on Lombard street. Are there just the two?

Mr. ROEBUCK: That is the only one in the city of Toronto.

Mr. MacNICOL: Is there not one out at Mimico, or in that direction?

Mr. ROEBUCK: Yes.

Mr. MacNICOL: I would not be far wrong if I said that around Toronto and York suburbs there are about half a dozen labour offices. That is as many as there are in greater London, with about eight million people to take care of. Surely under this system we are going to set up, we are not to be loaded up with political offices such as are scattered around Ontario?

Mr. GREEN: In this section there is no reference to placement work. Subsection 2 stresses the collecting and disseminating of information. Is it the intention of the government that there shall be a special staff working on placements? In other words, whose duty will it be to get in contact with firms and try to persuade them that they

[Mr. McLarty.]

have room for more men, in order to find jobs for the unemployed? This is one branch of employment service work which is not at all adequately covered by the present service. I hope the system to be set up under this bill will be of a more modern type, putting more emphasis on placements, which means finding jobs. Is there any intention that work of that kind shall be done?

Mr. McLARTY: No programme has been worked out as to the exact scope of the work which will be undertaken by the employment offices when they start to function. For that reason all I can say is that the suggestion he makes will, of course, receive consideration as and when the offices are to be opened.

Mr. GREEN: I believe that the minister will find, if he refers to the report of the national employment commission, known as the Purvis commission, that they stressed this feature.

Mr. McLARTY: Yes; I remember.

Mr. GREEN: They held that more placement work should be carried on in these employment offices.

Mr. JACKMAN: Will the youth training scheme come under this bill?

Mr. McLARTY: No; it will be entirely independent of this bill, but there will be cooperation with it in the matter of placements, and of training.

Mr. NEILL: It is not the intention of the government to occupy exclusively the field of employment offices?

Mr. McLARTY: We cannot do that. The provinces will still have the right to maintain and operate their employment offices. We have the right only to the extent of employments which are covered under this bill. To attempt exclusive operation would be to transgress the powers which we have under this bill and under the British North America Act.

Mr. HOMUTH: These three sections are most important, almost as important as the provisions for insurance. The big work is going to be the placement of men. Half a dozen men are laid off, and come under the Unemployment Insurance Act. The duty of the offices is to see to it that these men are placed as quickly as possible, the quicker the better; for the sooner they are placed in work, the more actuarially sound the insurance fund will be. Therefore the job of the employment offices is to get unemployed men back to work as quickly as possible. Supposing the office in Kitchener, if one is established there, finds work in the city of Toronto for

eight men who are laid off in Kitchener; will their fare to Toronto be paid? There is nothing in the bill which makes any provision for that. Is it a matter of regulation?

Mr. McLARTY: Perhaps section 91 will provide an answer to the question of the hon. member for Waterloo South.

Section agreed to.

Sections 89 and 90 agreed to.

On section 91—Advances to workers seeking employment.

Mr. HOMUTH: Whatever is advanced to these workers is simply a loan, which they will have to pay back?

Mr. McLARTY: Correct.

Mr. HANSON (York-Sunbury): Is this in the British act?

Mr. McLARTY: Yes, it is.

Mr. HANSON (York-Sunbury): To what extent is it operative in Britain?

Mr. McLARTY: I am advised that it amounts to about £4,000 a year.

Mr. HANSON (York-Sunbury): Of course Britain is a country of short distances.

Mr. McLARTY: Yes.

Mr. HANSON (York-Sunbury): I had forgotten that there was such a provision in this bill. This is a rather dangerous provision, yet I can see that there may be a necessity for it.

Mr. McLARTY: I am advised that in Great Britain the recovery has been about 95 per cent.

Mr. HANSON (York-Sunbury): Good. Excellent.

Mr. MacNICOL: In Great Britain the head office is in London, and London is connected by teletype with the branch offices. The worker goes into one of these offices and hands in his card, and every office in London is notified that such and such a man is available for service. In the same way they are connected with offices in Manchester, Birmingham and other centres. The question asked by the hon. member for Waterloo South is quite pertinent. His city is a manufacturing centre. Suppose eight rubber workers are laid off in Kitchener; by what means will the head office in Toronto be notified; and if there is work in Toronto for five, six, seven or eight rubber workers, how are they going to get in contact with the expectant employer? Would the fare be advanced for them to go to Toronto? They would need more than that; they would need something to tide them over until they had received their first pay.

The system in the old country has been operating since 1911, and in my judgment it is the finest in the world. I have sat and watched the officials for hours working both in branch offices and in the central office. It is a pleasure to see men coming up to the counter and being addressed by their first name. The officials in all the offices get to know many workers by their first name, and I hope that will happen here. In the old country on one occasion a teletype statement came in saying that a number of boiler makers were wanted. A good many of them had to have their fares advanced to enable them to go to other offered work. The question asked by my hon. friend is, what provision is being made in that regard?

Mr. ROEBUCK: On the question of the efficiency of the British system, the committee might be interested in a letter received by one of the employment offices in the old country. It reads something like this: "My daughter Gladys has paid into your scheme for four years and every time she tries to get a bit of benefit you find her a job. It isn't fair."

Mr. HOMUTH: Under subsection 3 of section 91, suppose an employer asked for an advance, which he might do under the clause; he might ask for an advance for the worker.

Mr. HANSON (York-Sunbury): The employer?

Mr. HOMUTH: The potential employer. If he asks for an advance and the money is given to enable the workers to come to his plant, which is some distance away, I do not see anything that gives him the right to deduct the advance from the wages of the men so hired.

Mr. McLARTY: Subsection 2 covers that:

Any sum advanced in accordance with such regulations shall be a debt due to the commission recoverable by process of law.

Mr. HOMUTH: Recoverable by the commission. But under this clause an employer can ask the commission to advance money to an employee.

Mr. McLARTY: Does it not then become a debt owing to the commission if the commission advances to the employee, at the request of the employer?

Mr. HOMUTH: The employer is responsible for it and it is recoverable from the employer but not from the employee.

Mr. HANSON (York-Sunbury): There is no provision to take it out of the wages of the particular employee.

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Mr. McLARTY: The employer requests the commission to advance certain moneys to a prospective employee to transfer him to the employer's plant. In the event of the commission complying with the request and advancing the money, that becomes a debt from the employee to the commission.

Mr. HOMUTH: Not according to the bill

Mr. McLARTY: I think so.

Mr. HOMUTH: Subsection 3 reads:

Any such advance may be made at the request either of the employer or of the worker, and the person on whose application the advance is made shall be liable to repay the same.

In the case I suggest it is the employer who is making the application.

Mr. McLARTY: Perhaps what the hon. member has in mind is the case where the employer actually makes the advance and not where the commission makes it, because in that case it is not a debt due to the commission. The question may be easily answered. If the employer chooses to advance the money to the employee, just where does the commission come into the picture?

Mr. HANSON (York-Sunbury): And he would have the right of set-off.

Mr. HOMUTH: But where the employer asks the commission to advance the money—

Mr. McLARTY: Then it becomes a debt to the commission, because the commission makes the advance.

Mr. MacINNIS: The hon. member for Waterloo South drew attention to subsection 3, which reads:

Any such advance may be made at the request either of the employer or of the worker, and the person on whose application the advance is made shall be liable to repay the same and give such undertaking with respect to repayment of the advance as the commission may, from time to time, by regulation prescribe either generally or as regards any specified district or class of applicants.

This section is perfectly clear. I cannot understand how anyone can misconstrue it. If there is one section that is clear, it is this one. The employer asks for an advance for the employee and the employer is liable to the commission. Under subsection 4 all advances of the kind discussed shall be made out of moneys provided by parliament for the purpose. If they are repaid before the end of the fiscal year, advances may be made any number of times without the necessity for the sanction of parliament. It seems to me that the section is the acme of clarity.

[Mr. R. B. Hanson.]

Mr. HOMUTH: I insist that if the employer makes the request, he is liable to the commission for the money.

Mr. HANSON (York-Sunbury): There is no doubt about that.

Mr. HOMUTH: There is no provision whereby the employer may take these advances, for which he is liable, out of the pay of the potential employee.

Mr. HANSON (York-Sunbury): What the hon member says is absolutely correct, according to a careful reading of the bill. If the employer makes the request, then he is liable to the commission and there is no express provision as to his being repaid by the employee. There is, however, a declaration that if the moneys are advanced by the commission they become due to the commission, whoever makes the request. I have a suggestion which might protect the funds of the commission, to a limited extent at any rate. Subsection 2 leaves the recovery of advances as a matter of process of law. It makes it an ordinary debt. It ought to be a crown debt and have priority. After all, it is the money of the taxpayers. They stand in a preferred position, as the minister knows.

Mr. McLARTY: My hon. friend means only to the extent that such sums are advanced by the commission?

Mr. HANSON (York-Sunbury): Yes; the minister leaves it an ordinary debt. If he makes it a crown debt, the board is in a better position.

Mr. McLARTY: Perhaps we should consider this: This commission is a corporation; it is not a branch of any department of government. Could we create the right in an incorporated body to recover a debt as if it were one due the crown?

Mr. HANSON (York-Sunbury): That is a good point; in one sense that is true. Supposing the debt is not recovered, by what fund or what portion of the fund will the loss be borne?

Mr. McLARTY: I refer the hon. leader of the opposition to section 71; does he think that would help us out?

Mr. HANSON (York-Sunbury): Yes; that certainly is covered. I think that would be satisfactory.

Section agreed to.

Section 91 agreed to.

On section 92—Regulations.

Mr. HANSON (York-Sunbury): Is this our own, or is this taken from the British act? These provisions are pretty wide. I object to paragraph (i) on page 30, of the bill, "generally for carrying this act into effect." That is too wide. You cannot apply the *ejusdem generis* rule there because it is intended to be an omnibus clause in addition. It would be all right if it were limited to regulations of similar nature to those preceding it. But a general omnibus clause like this is not good legislation.

Mr. MACKENZIE (Vancouver Centre): It is the same wording as the act of 1935.

Section agreed to.

Sections 93 to 98 agreed to.

On section 99—Reciprocal arrangements.

Mr. MACKENZIE (Vancouver Centre): There is an amendment:

The governor in council may notwithstanding anything herein contained enter into agreements with the government of another country to establish reciprocal arrangements on questions relating to unemployment insurance.

It was amended at the suggestion of the law officers by putting in the words "notwithstanding anything herein contained."

Mr. MacNICOL: This is a really good section, if I understand it rightly. I found in investigating the question of migration that workmen who have established a claim to unemployment insurance in the old country pooh-pooh the idea of coming to Canada because all they had paid into the unemployment insurance fund in the old land would be lost if they came here to live. Do I understand this section rightly when I interpret it to mean that the government or the commission can enter into an agreement, say with the unemployment insurance board or commission in the old land so that if a worker wishes to come to Canada to live he does not lose his rights; that is, they will be carried on here?

Mr. McLARTY: That is correct.

Section agreed to.

Sections 100 and 101 agreed to.

On section 102—Contributions under part II payable on date to be fixed by commission.

Mr. MACKENZIE (Vancouver Centre): I direct the attention of hon. members to the amendment; delete the word "fixed" and substitute the word "prescribed."

Mr. BRUCE: Why are the provisions in regard to health insurance not in this bill?

Mr. McLARTY: In the 1935 act they were entirely permissive and provided for the commission to investigate and report upon the feasibility of establishing national health insurance. I know the hon. member for Parkdale is familiar with the provisions of the report of the commission on dominion-provincial relations relative to the distribution of federal and provincial powers, which makes the suggestion that the matter of health is one which should be absorbed by the provinces. The unlikelihood of its being used in this bill was the reason why the permissive clause is not included.

Mr. MACKENZIE (Vancouver Centre): Further may I suggest that it is a specific section in the health act, that the dominion health authorities are instructed to cooperate with the provinces, just as the permissive section in the 1935 act provided.

Mr. BRUCE: But in the act of 1935 certain duties and powers were given to the commission. One of the duties of the commission was to assemble reports and collect information and data. I presume that the idea of that was ultimately to enact a health insurance act, following the lines of this Unemployment Insurance Act. In view of what the hon. member for Peel said this morning, I join him in regretting that some such clause or section is not incorporated in this bill. I think this legislation now being enacted is exceedingly important, and I hope it is only the first step in similar social legislation which will ultimately be enacted in regard to national health. Therefore I urge upon the minister the necessity of adding a section to empower the commission to do what was contemplated in part IV, sections 39 to 41, of the Employment and Social Insurance Act of 1935.

Section agreed to.

On section 43—Disqualification through loss of work due to labour dispute.

Mr. McLARTY: I believe an amendment was moved by the hon. member for North Battleford.

The CHAIRMAN: The amendment is that section 43 (a) be amended by striking out the words after the word "continues" in line 29.

Mr. McLARTY: Of course I think the committee should realize that should this amendment be accepted, it would cut out that part of this section which gives rights to those not responsible for the strike. In addition, this section has pretty well stood the test of time in the old country, where it has been in force for twenty-nine years. It was approved by labour during the proceedings of the special committee, and I suggest that it would be

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extremely dangerous and undesirable to adopt this amendment. I believe such a step would be resented by labour.

Mr. ROEBUCK: I of course would be one of the first to protest if I thought the right to strike or the advantage of labour was greatly interfered with in cases of strikes. I have always advocated the rights of labour, but here one comes up against difficulties which must be met in a practical way. When Mr. Tom Moore was before the committee he was asked a question with regard to these very clauses. No one ever questioned the loyalty of Mr. Tom Moore to the labour movement, or his common sense in dealing with matters affecting labour. As reported at page 116 of the proceedings of the committee he said:

The question of labour disputes, the people being involved; that is where labour is trying to be fair and saying that perhaps it would be asking too much to ask the employer to contribute to a fund that would finance our fight against him. In other words, the unemployment insurance benefit would not be used to strike against the employer.

A little further down on the page I made this comment:

My view of it is that while it is not entirely satisfactory, one might criticize it in detail, there is no other alternative scheme that is workable that we can substitute for what we have here with regard to labour disputes.

Mr. Moore replied:

We think it is a workable act, sir.

Of course I should like to put the labour forces into a position of advantage. It would be nice to say that in cases of strikes their unemployment insurance would continue, but it would not be common sense. It would array against this measure all the employer forces of the dominion. It would make the legislation unpopular, because it would involve it in these labour disputes, so much so that probably the measure would not remain on the statute books very long. As a matter of common sense and arrangement between these parties, I think we must leave this section as it is.

Mr. MacINNIS: This is one of the sections I spotted as soon as I began to give consideration to this bill. It came to my attention very quickly, of course, because of my long association with organized labour and labour disputes. Before the bill went to the committee I went over it as carefully as possible, in the time at my disposal after I received the bill, with representatives of organized labour and a legal gentleman who gave us legal interpretations as to the phraseology of the bill. We felt that organized labour was safeguarded as far as it was logical to attempt

[Mr. McLarty.]

to do so in this measure. However, I was not satisfied; that is, I did not wish to stop there, and when we were discussing this section in committee I brought up the matter once more. At page 173 of the proceedings of that committee I directed a question to the chairman which was answered by one of the young men now sitting in front of the minister. I put to him the hypothetical case of an insurable employee in one industry whose organization contributed to finance a strike in some other industry, and asked whether a member of such an organization would be barred from these benefits. I was assured that he would not. Mr. Hodgson read from a brief he had with him, part of which I should like to place on *Hansard*:

Mr. Hodgson: I think, sir, perhaps the best way to answer that issue is to read from a brief memorandum which we have on this specific point. It will take but a moment and I think it will show the principles that underlie the interpretation:—

Disqualification for participation in a labour dispute entails three preliminary conditions.

1. There must be a labour dispute.
2. The dispute must have occasioned a stoppage of work.
3. The claimant must have lost employment by reason of that stoppage, and the dispute must be at the premises where the claimant is employed.

I should like the committee to note particularly the next brief paragraph, because I think it contains the meat of the issue:

The fact that an employer without offering terms discharges a workman as not worth the standard rate, or not wishing to employ union members, discharges them without offering continued employment on any conditions, would not constitute a labour dispute.

It seems to me that is about as satisfactory as we can expect to get it with the imperfect social system under which we are operating. But there is another reason why I cannot support the amendment. If the hon. member had moved to delete paragraph (a), which disqualifies because of a strike, while it would not be very reasonable, at least it would be understandable. But the hon. member leaves that paragraph in and takes out what, in my opinion, are the real safeguards. Then at the bottom something else is left high and dry, entirely separate from the rest of the section. I do not know if that is intended to be left as it is or to continue from where the deletion commences. My humble opinion is that in respect of this matter the hon. member for North Battleford (Mrs. Nielsen) has been badly advised.

Mr. HANSELL: May I say a word respecting the amendment of the hon. member for North Battleford. I place myself in her position, and feel sympathetically disposed

to the principles she has expressed in moving the amendment. May I, however, point out one or two further matters to which attention might be drawn.

I direct the attention of hon. members to the evidence before the special committee, and turn particularly to page 115. May I observe at the outset that the official reporters have made a mistake in the name. I am sure the leader of the opposition (Mr. Hanson) does not want his name to be associated with anything I might have said. However, in the record the name appears as "Mr. Hanson" when it should have been "Mr. Hansell". I make this observation because some people in Canada might think the leader of the opposition is becoming a monetary reformer.

Mr. HANSON (York-Sunbury): It would be quite the contrary.

Mr. HANSELL: When I first read the measure I felt, as did the hon. member for Vancouver East (Mr. MacInnis), that perhaps this section was dangerous so far as labour was concerned. When Mr. Moore appeared before the committee to give evidence I thought perhaps he would spend a good deal of time in explaining the section, and might have some objections to make to it. However, he volunteered nothing, and for that reason I asked him some questions. I read from page 115:

Q. In your submission there was one thing which I expected you to comment on that you did not say anything about at all.

Then followed my question, to which he answered, as reported at page 116:

The question of misconduct is not left to local insurance officers to decide; he cannot just take the word of the employer. He has got to go to a referee; so there is a safeguard there, and it is up to the employer to prove it is misconduct, and not up to the man to prove it is not.

Mr. Graydon: The onus is on the employer.

Then the witness proceeds by further evidence to support the section. May I now call attention to a further paragraph at page 116, where the hon. member for New Westminster (Mr. Reid) interjected a question. I shall not read it all, but in part it is as follows:

My own view is that something specific should be placed in the act rather than left as to interpretation to the commission. I would like to have your views on that.

Then Mr. Moore proceeds, in a long paragraph, to state that the decisions of the appeal courts have been built up over a period of years. I shall read this small portion of what Mr. Moore had to say:

It is built up out of a mass of experience over a period of time, and that has been found much more effective than attempting to devise

strict regulations. In the light of that experience we were prepared to leave it to the development of decisions on appeals by referees and umpires in this case rather than to attempt to devise something in words that might defeat its own object before we got through with it.

Then the hon. member for Trinity (Mr. Roebuck) states:

My view of it is that while it is not entirely satisfactory, one might criticize it in detail, there is no other alternative scheme that is workable that we can substitute for what we have here with regard to labour disputes.

Then Mr. Moore said:

We think it is a workable act, sir.

The point I should like to emphasize is that the hon. member for Vancouver East and I have said that in the beginning this section attracted our attention. Then, the hon. members for New Westminster and Trinity were rather reticent to accept it without a little further evidence to show that in the eyes of labour it would be satisfactory. Therefore I believe the committee were generally agreed, on the basis of Mr. Moore's evidence, that the section should remain as it is.

Concluding my observations may I say that, should the amendment fail to carry, and in years to come should some difficulty be discovered which would bring about certain hardships on or discrimination against labour, we shall have to conclude that according to Mr. Moore's evidence, he and the people he represents must take some responsibility for it, because we were concerned about that portion of the measure. I believe I may say he assured us that labour was satisfied with the section.

Mr. GILLIS: I cannot understand what object would be served by the amendment. I should like to read the section as it would sound, were the section amended in accordance with the proposed amendment. It does not make sense. It states:

An insured person shall be disqualified for receiving benefit—

(a) If he has lost his employment by reason of a stoppage of work, which was due to a labour dispute at the factory, workshop or other premises at which he was employed, except where he has, during a stoppage of work, become bona fide employed elsewhere in the occupation which he usually follows, or has become regularly engaged in some other occupation, but this disqualification shall last only so long as the stoppage of work continues—

And the amendment affects the following part:

—and shall not apply in any case in which the insured person proves—

Then the rest of the section is eliminated down to:

. . . and where separate branches of work which are commonly carried on as separate

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businesses in separate premises are carried on in separate departments on the same premises, each of those departments shall, for the purposes of this provision, be deemed to be a separate factory or workshop or separate premises as the case may be.

Were I to read that in the public press I am afraid I would not understand the meaning of it. However, I have an opinion with respect to this section. While I have all the confidence in the world in my colleague who happened to be a member of the committee which considered this bill, and while I have confidence in Mr. Moore and the other labour representatives, I cannot agree with what is contained in this section. My experience with organized labour has been such that, when it comes to questions of strikes and matters of that kind, I do not trust the employer. I have very good reason for that stand. In the first place, the section assumes that the worker is responsible for strikes. I say that because under this section he is penalized. However, my experience has been the reverse. I have found that labour disputes have been brought about deliberately by operators to serve certain purposes of their own.

Within the last couple of years we had a good example of this in connection with the union to which I belong. A lockout was in force for thirteen months because of an admitted violation of contract by the operator. This lockout was fought by the international union and the district organization, but the union had to carry the load for thirteen months. In a situation like this, under the provisions of this section, a man who had been locked out in order to serve an operator's purpose would be disqualified.

I think this clause should stand in order that it may be reworded. As the section reads now, I know that organized labour across Canada will consider that it offsets all the good features of this bill. There will be a violent reaction against this section. Provision should be made for some sort of investigation in order to determine the responsibility for strikes, lockouts and so forth. Why should one side be penalized and not the other? In the lockout to which I referred the men used every reasonable means at their disposal to come to an understanding on the question of wages, but the operator took a most unreasonable stand. An operator may bring about a stoppage of work in order to serve his own purpose, and the men will be disqualified from the benefits of this section. I agree with the principle of this bill, but I am afraid organized labour will not be in favour of this section.

Amendment (Mrs. Nielsen) negatived.

Section agreed to.

[Mr. Gillis.]

First schedule, part I, agreed to.

Second schedule agreed to.

On third schedule—Insurance benefit.

Mr. MacNICOL: In the third column of the tabulation of weekly rates the range is from \$4.80 to \$14.40 for a married person with dependents. There is apparently no difference between the allowance to a man with one dependent and a man with five.

Mr. McLARTY: That is correct.

Mr. MacNICOL: In that respect this bill differs widely from the other act.

Mr. McLARTY: This follows the graded rule.

Schedule agreed to.

On first schedule, part II—Excepted employments.

Mr. NEILL: Part II deals with excepted employments, that is, people employed in these employments will not benefit under the bill. There are twenty-five of these, and I would say that they cover between 85 to 90 per cent of all industry in British Columbia. In other words, so far as British Columbia is concerned, this bill as it stands is little better than eye-wash. A man does not benefit from this scheme if he is employed in agriculture, horticulture, forestry, fishing, lumbering and logging, hunting and trapping, transportation by water, stevedoring, domestic service and many other types of employment. In order to test this part of the schedule, I intend to move an amendment dealing with logging, British Columbia's second largest if not the largest industry. In order to meet the wishes of those who wanted to deal with sawmills and other wood working industries which do not operate continuously, I have worded this amendment as follows:

Employment in lumbering and logging which are not reasonably continuous in their operation.

That is, in part, the exact language used in the amendment passed by the committee in connection with sawmills, planing mills, shingle mills and wood-processing plants. I have worded my amendment in order to put it up to the commission to allow employment in lumbering and logging—I have a further amendment to deal with stevedoring and domestic service—which are reasonably continuous in their operations. This afternoon the hon. member for Vancouver South explained most ably the difference between conditions in British Columbia and those in the east. The situation is not fair, or reasonable, or just, and I appeal to the good sense of hon. members in the east to back us up by not imposing upon us conditions

which are so destructive, so to speak, of any benefits under the measure, but which happen to fit conditions here. Surely the English language is capable of being put in such a way that both conditions can be met, and I think it can be met in that way. There are what are called "gyppo" logging outfits which operate for only two or three months. They would not come in because they are not reasonably continuous. But I could name some outfits which log practically continuously, and are stopped only by some condition of the weather, or lack of orders, which this amendment is intended to take care of.

Mr. HANSON (York-Sunbury): How would paragraph (c) read if effect is given to the present amendment along with the amendment of the minister?

Mr. NEILL: Paragraph (c) will now read, among the excepted employments, "employment in lumbering and logging which are not reasonably continuous in their operations." It meets the objection of those who have in mind these two-months logging outfits, and it will take in lumbering, logging and sawmills entirely, because the word "lumbering," according to the dictionary, includes taking the log from the tree into the manufactured article.

Mr. MACKENZIE (Vancouver Centre): I direct attention to the amendment recommended by the committee, and which will be found on page 2. It deletes paragraph (c) and substitutes therefor the following:

(c) Employment in lumbering and logging, exclusive of such sawmills, planing mills, shingle mills and wood-processing plants as are in the opinion of the commission reasonably continuous in their operations.

Mr. GREEN: I take it that the amendment to paragraph (c) which was moved by the hon. member for Comox-Alberni is the one before the committee, and not the amendment which has just been referred to by the minister.

Mr. MACKENZIE (Vancouver Centre): The amendment which I have mentioned is automatically before this committee. It is the bill as amended by the special committee which is before the committee of the whole.

Mr. STIRLING: This is an amendment to the amendment.

Mr. MACKENZIE (Vancouver Centre): The amendment moved by the hon. member for Comox-Alberni is the amendment before the committee.

Mr. HANSON (York-Sunbury): And is an amendment to the amendment.

The CHAIRMAN: Part II of the first schedule was amended by the special select committee by striking out paragraph (c) in part II and substituting what the minister has just read. Paragraph (c) therefore reads at present as follows:

(c) Employment in lumbering and logging, exclusive of such sawmills, planing mills, shingle mills and wood-processing plants as are, in the opinion of the commission, reasonably continuous in their operations.

To which the hon. member for Comox-Alberni now moves:

That paragraph (c), as adopted by the committee be struck out and the following substituted in lieu thereof, as paragraph (c): "Employment in lumbering and logging which are not reasonably continuous in their operations."

The effect of this amendment would be to add as employments covered by the bill (excluded from the excepted employments), employments in lumbering and logging which are reasonably continuous in their operations. Would remain excepted, to use the word of the bill, only such employments in lumbering and logging as are not reasonably continuous in their operations.

Mr. HANSON (York-Sunbury): I think that is right.

The CHAIRMAN: The effect of the amendment is, therefore, to add classes of employees or classes of employments; in other words, in my opinion, to add charges on the public in excess of those covered by the bill submitted to this committee.

Mr. NEILL: Will you allow me, before you give your ruling—

The CHAIRMAN: Before I give a ruling I should like to hear hon. members who desire to speak.

Mr. NEILL: By a strong adherence to technicalities, possibly the suggestion made by the chairman of the committee may be in order; but I recall, and we can all remember, that, not once or twice but three or four times in this chamber in the last few days, we have been assured under the word of the minister in charge of this bill that we would be allowed to make an amendment of this kind. It was by that means he got the resolution and bill through.

Mr. McLARTY: I do not want to interrupt the hon. member for Comox-Alberni, but I never heard it suggested that the hon. member even proposed to make an amendment until he spoke about it in the house this afternoon. As far as my suggesting the right to make an amendment, I have no such power, and as I say, I had no idea until the hon.

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member rose in his place at that time, that he had any intention of moving an amendment.

Mr. NEILL: The hon. minister interrupted me before I had finished what I had to say in regard to this particular point. The question was raised by several hon. members. I have not now the time to show it from *Hansard*. I never thought the point would be taken. We all know that there was a rush to get the bill through. We raised various points, and I remember this particular point being raised, because if somebody else had not done it I would have done it; and the answer, the assurance, which we got was, "You can take these things up later on; any hon. member will be at liberty to raise points about these matters." It was by this method of subtle encouragement that the bill went so quickly through the house the other night. I believe that if we look closely at the *Hansard* report of the proceedings in committee, we shall find that somewhat the same statement was made, "It will always be open." Somebody made the point "You cannot do that, because it will be said that the government will be required to spend public money"; but the answer was, "We won't be too restrictive about that; it will always be open."

Mr. McLARTY: Is the hon. member saying that I suggested that any member of this committee or of the house could move an amendment at any time, and that he had my assurance that he could? I regret any misunderstanding with the hon. member—

Mr. NEILL: Not in so many words.

Mr. McLARTY: —but I do not think I would take that authority upon myself.

Mr. NEILL: It was to be such amendments as we desired; and this was one of them.

Mr. McLARTY: I never made any such suggestion, Mr. Chairman.

Mr. NEILL: This is not an addition to the bill in the general sense; it is an addition to the classification of excepted employments. A word very much used nowadays is "clarify." This amendment is simply to clarify the excepted employments, and in that sense I do not think it involves the expenditure of public money. It may or it may not. We cannot tell. But I fall back on the statement I have mentioned. I will not say that the minister put it in black and white, or used those words in connection with this particular amendment.

Mr. McLARTY: Or, to be fair, any other amendment. I did not suggest such a thing.

[Mr. McLarty.]

Mr. NEILL: But we all understood that we would be allowed latitude.

Mr. McLARTY: I did not suggest it at any time, nor would I have the authority—and I try to keep myself within the limit of the authority I have—to suggest that any member of this committee could or could not move an amendment. I did not raise any point of order. You, Mr. Chairman, have dealt with the point of order, not at my request. I have no desire or inclination in connection with it. That, after all, is neither my function nor my duty, nor have I taken it on myself to extend to members of this committee or this house privileges which I would have no right to extend.

Mr. NEILL: On the question of misunderstanding, was there not a misunderstanding to-day at either twelve or three o'clock when this bill came into committee, and the chairman ruled that we could discuss only the individual items, that we could deal only with the first section, namely, the short title, and he proceeded to enforce that ruling? But it was put forward that there had been a distinct understanding with the minister that we would be allowed to discuss any phase of the bill on the short title.

Mr. McLARTY: I suggest to the hon. member for Comox-Alberni that if he will consult *Hansard* he will find that there was no such suggestion by any member of this committee. The hon. member for Vancouver South rose to speak after I sat down. The chairman rose in his place and said, "Only with the unanimous consent of the house," and I suggested that we give unanimous consent. I never said a single word, if I remember correctly, about my having agreed that a good deal of latitude would be given. I dislike intensely having this misunderstanding, but in fairness to myself the hon. member should not misquote me.

Mr. GREEN: The minister means the hon. member for Vancouver East; he said Vancouver South.

The CHAIRMAN: This morning the question arose as to whether the various sections should be discussed one by one. By unanimous consent, a general debate on the principle of the bill, as free as possible, took place, and there has been since then no restriction on the debate. The study of the bill section by section was commenced at five o'clock, this afternoon.

Mr. NEILL: You would not call this restriction now?

The CHAIRMAN: No. A point of order.

Mr. HANSON (York-Sunbury): The chairman has clearly stated the position. I understand the rule, but I understood that by a sort of silent unanimous consent the provisions of the rule were relaxed and that was why we were all enabled to make our statements. On the point of order raised by the chairman, I suppose it is a part of his duty to raise it on his own initiative, but I must say with great respect that I never saw a chairman so alert as our present chairman to raise these issues and relieve some member of the ministry of the odium of taking the issue. Really, that is where the direction should come from, and I say this with great deference and respect to the minister. I think the minister would be well advised—

The CHAIRMAN: May I, on that point—

Mr. HANSON (York-Sunbury): If you would hear me out, perhaps it would be better.

The CHAIRMAN: Pardon me. I should not like the hon. gentleman to go unchallenged on that point if the implication be that, by raising a point of order based on a rule of the house which binds me as well as any other member of the committee, I was trying in any way to relieve the minister of the odium of raising the point of order. I protest most energetically against such an implication.

Mr. HANSON (York-Sunbury): I do not think—

The CHAIRMAN: Order, please. It is the duty of the chair, in committee as well as in the house, to apply the rules. There was nothing further from my mind—and I resent the implication—than to relieve the ministry of any odium. And I am not trying now to relieve even the leader of the opposition of the odium of his implications.

Mr. HANSON (York-Sunbury): Having been sufficiently spanked by the chairman, I must confess to be still unrepentant.

The CHAIRMAN: I would refer the hon. gentleman to the rule of the house—

Mr. HANSON (York-Sunbury): I am quite aware of the rule of the house; I do not think we should proceed further with the matter. I have said on many occasions—

The CHAIRMAN: I think the hon. gentleman should withdraw his words.

Mr. HANSON (York-Sunbury): If the chairman will wait a minute and not be quite so heated, I was going to say that if there was a reflection on the chair I most cheerfully withdraw it. I, more than any other man in

this house, want to be within the rules. If I do not comply with the rules I cannot ask other people to do so, and if there is any offence where none was intended, if any offence is taken, I cheerfully withdraw it. Can I grovel in the dust any more than that?

The CHAIRMAN: It is not a question of groveling in the dust, but I think it is proper that the chairman should object to any implication of the sort. I accept the hon. gentleman's withdrawal of his remarks, and I declare that I am perfectly satisfied. Nobody, however, could accuse me of undue heat for resenting such an implication.

Mr. HANSON (York-Sunbury): I do not want to argue the point, but is the position not somewhat analogous to a case in a law court, as regards the admissibility or inadmissibility of evidence? In a civil action the rule is that the judge does not challenge the admissibility of evidence unless counsel on the other side does, but in a criminal case it is the duty of the judge to do so.

An hon. MEMBER: In both cases.

Mr. HANSON (York-Sunbury): In our courts, if there is competent counsel, the judge will not intervene in a civil action; but it is his duty to intervene in a criminal action. However, we may well let the matter go. But I will make a suggestion to the minister, that he do not stand on the point of order but allow this matter to be discussed and to be decided by the committee. If he cannot do that, I have nothing more to say.

Mr. NEILL: How many times in the last two weeks have we not passed by unanimous consent matters which would have caused great inconvenience to the government had we not given that consent?

The CHAIRMAN: I do not believe it is in the power of the committee to grant one of its members the right to introduce an amendment which has the effect of entailing the expenditure of public funds. The only way of overcoming the difficulty arising from this aspect of the amendment of the hon. member would be for a minister of the crown to present the amendment. If the minister does not see fit to do so, the committee has no power. I quote from Beauchesne, citation 551:

It is a fundamental principle that no resolution or amendment to increase a charge upon the people can be moved with the Speaker in the chair;—it must be initiated in committee by a minister acting on behalf of the crown.

I quote from May at page 531:

For instance, it was held, ninth March, 1863, that a member could not move an addition to the number of men stated upon the army

Unemployment Insurance

estimates, although apparently the grant for pay upon the estimates provided for a number of soldiers larger than the number therein specified—

Mr. NEILL: What year was that?

The CHAIRMAN: That was 1863. The rules have not been changed.

Mr. NEILL: Oh, yes.

The CHAIRMAN: I should like to be shown. I continue:

—and analogous motions have been ruled out of order, although the proposed increase in the number of men was nominal, designed only for the correction of an alleged error in the estimates.

I read in Beauchesne, citation 108, that the Speaker "is bound to call attention immediately to any irregularity in debate or procedure and not to wait for the interposition of a member."

Mr. HANSON (York-Sunbury): If the chairman has finished, I should like to invite the minister to accept the amendment, which I hope is in order. He could accept the amendment because it is right in line with the ruling. To suggest anything else is ridiculous. He could accept it and make it his amendment.

Mr. McLARTY: Let us get this clear. As far as I am personally concerned I have no objection to the amendment or to any discussion which would follow on it. Perhaps in the long run it would save time to do what is suggested by the leader of the opposition. But consider my position, a minister of the crown sitting through a committee, and then moving an amendment. Then I would have to rise in my place and speak against it. I do not suppose I am entitled to go into this matter now, but I think it is asking quite a bit for a minister of the crown after he has gone through the special committee to move an amendment and then immediately to talk against it. I want to make this position clear, that as far as I am concerned I did not suggest it was out of order.

Mr. GREEN: Perhaps we should get back to the unfortunate logger in British Columbia, and see what can be done to help him. I realize that it is the government who will decide whether or not a change can be made in this particular part of the schedule. I would ask the Minister of Labour, if he is unwilling to accept the amendment moved by the hon. member for Comox-Alberni, to consider changing this amended paragraph (c) by adding after the words "wood-processing plants" these words, "and logging camps". This means that we are asking that the government give the new unemployment insurance commission the power—not saying

[The Chairman.]

they must do so—to bring logging camps under the scheme. Of course we are particularly concerned about logging camps in British Columbia, because there the employment is far more permanent than it is in logging camps in eastern Canada. I believe every hon. member from British Columbia wishes to see loggers included in this unemployment insurance scheme. I am sure even the Minister of Pensions and National Health, a member of the government, would very much like to see loggers included.

Mr. NEILL: And the British Columbia government.

Mr. GREEN: And, as the hon. member for Comox-Alberni says, the British Columbia government have made representations to this government within the last day or two asking them to include the loggers of British Columbia in the scheme. The schedule as amended by the committee gives the unemployment insurance commission similar power to bring under the measure sawmills, planing mills, shingle mills and wood-processing plants if they are reasonably continuous in their operations. We ask the same thing for this other branch of the lumber industry, namely, the logging camps. In other words, we should like the government to make it perfectly clear that the commission can—not must, but can—if they see fit investigate logging camps in British Columbia. This means that all the parties concerned, the loggers and the proprietors, the British Columbia government, and anyone else interested can make representations to this commission on this question. If our suggestion is not accepted, I submit that such cannot be done. Acceptance of my proposal would mean that all the parties concerned can have a hearing. As I said, the commission cannot do it now because in this very amendment that the committee proposed other branches of the lumber industry are named, which by inference excludes logging camps. If the government give the commission power to make this investigation of the camps, the government are amply protected; they can lose nothing, for the commission will have the power to put the loggers in or to leave them out.

I point out that there are thousands of men concerned in British Columbia; our lumber industry is our biggest industry; the government of British Columbia are pressing for this change; the members are pressing for it, and the situation there is quite different from that in eastern Canada.

Mr. MacNICOL: All the British Columbia members?

Mr. GREEN: I think every member from British Columbia.

Mr. REID: It was fought out in the committee.

Mr. GREEN: Before the committee a learned counsel from British Columbia, Mr. W. B. Farris, K.C., appeared as counsel for certain logging interests, that is, for employers in the logging branch of the lumber industry of that province. He naturally did not want to have his clients included in the scheme, and he put up as strong, and may I say as extravagant a case as it would be possible to put up.

Mr. REID: Which we challenged.

Mr. GREEN: But even at that he did say, as found on page 201 of the report of the proceedings, when he was questioned by the hon. member for Shelburne-Yarmouth-Clare:

Q. You are against any extension of the act to include the loggers and are satisfied with it the way it stands?

Here may I point out that Mr. Farris was perfectly willing to have the sawmill and shingle mill men come under the scheme but not the loggers. The answer was:

A. We are satisfied with it. I would, however, go this far; if after investigation it was found that it was practical or desirable to bring the loggers in under the provisions of the act we would not be opposed to it.

The Chairman: That is, if the advisory committee investigated and made such a recommendation?

A. Yes. . . .

All we ask is that the government give power in this paragraph (c) to the unemployment insurance commission to make such an investigation, which would be perfectly satisfactory even to Mr. Farris. If the change we ask is not made, that cannot be done. I appeal to the Minister of Labour to show his great common sense and sense of justice in regard to this question. Our province is vitally concerned about it. I ask that he make the change requested.

Mr. McLARTY: There seems to be some misconception as to the reasons that prompted the committee in not making the amendment to part II covering the exceptions. It is in one part of Canada undoubtedly a definitely seasonal industry; in another part it is not. It is just a question of how far this parliament should go in regional legislation. But it was not by reason of the seasonal nature of the work that it was thought wise to exclude logging. It was largely because of the administrative difficulty involved; the matter of inspection, of attendance at employment offices, of the rapid turn-over of labour. The question was brought up at the subcommittee

meeting, and Mr. Watson, the chief actuary of the department of insurance, in dealing with the matter, stated:

. . . You have to keep in mind the whole scheme of administration, including inspection. . . . The difficulty is to know that the contributions have been properly paid; know they are at work when they claim they are at work, and all these things. You see how easy collusion would be. . . . Take administration for instance. They must have their employment book, and they must register, so that the inspection department may know or be able to check up to see if the stamps are kept on and to see that the persons are at work. . . . There is a certain amount of logging going on up the Gatineau. People could claim they are employed by so and so, and nobody in the world could do inspection. It would be too expensive.

It is not entirely the seasonal nature of the work; it is the administrative work.

I did suggest this to members of the committee, because they pressed me very hard to have this taken out of the excepted employments, but under the provisions of the bill itself I urged upon them that there can be accomplished something along the lines with which the hon. member for Vancouver South has suggested. If an opportunity is given to the commission to investigate this industry; if they find that it is possible properly to administer it under this act; if they find that the difficulties which I have suggested do not exist—I have no knowledge of the logging industry myself but am simply repeating what I am told—then I can see no reason why under section 86 (a) an extension could not be given and this industry taken out of the list of exceptions; I feel that this might reasonably be done. The reason why it was not inserted originally was not because of its seasonable nature, as hon. members from British Columbia seem to think. It was because of the difficulty of administering it under the present provisions of the bill. We are going to have enough difficulty as it is in setting up the administration. I suggest that an opportunity should be given the commission to investigate and see whether this industry can properly be brought within the administrative scope of the bill. If it can, there is no reason why it should not be.

Mr. GREEN: I do not intend to speak any more; I think it is up to the other members from British Columbia to speak if they have anything to say. I am not going to keep at it, but there are also great difficulties of administration in connection with the sawmill industry, for example. Under this proposed amendment to paragraph (c) you have said to the new commission, in effect, "You must go to British Columbia and investigate these sawmills, planing mills, shingle mills and wood-processing plants in order to see whether or not in your opinion they are reasonably con-

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tinuous in their operations." I submit to the minister that there is no reason whatever why you could not also say to the commission right in this paragraph, "When you are investigating the other branches of the lumber industry you shall also investigate the logging end of it." The commission is the body to decide whether or not there are administrative difficulties; it is not for the house to decide, or for the minister, nor was it for the special committee to decide. The question of administrative difficulties should be left to the new commission which is to be set up.

Mr. McLARTY: That is exactly where it is left now by section 86 (a).

Mr. GREEN: I do not see why you should say that the logging camps must come into the scheme under section 86 (a), that they cannot come in under paragraph (c) of this schedule, when you include under this paragraph sawmills, planing mills, shingle mills and so on.

Mr. NEILL: In regard to the statement as to the difficulties of administration, I would ask how the government expect to collect the national defence tax, which is to be collected from each of these men. I would point out also that the provincial government of British Columbia already collects from these men a tax of one cent a day under the workmen's compensation act, and every last cent of that tax is collected although the same administrative difficulties exist. There is also collected by the provincial government a one per cent tax on wages. There is no trouble in collecting any of these taxes, and I do not see why it should be any more difficult to administer this measure in the same way.

Mr. REID: In fairness to those hon. members from British Columbia who were members of the special committee, I think it should be pointed out that we put up just as hard a fight in that committee in regard to this matter as other hon. members have been putting up to-night. The difficulty we encountered—and it has been encountered here also—was because of the interpretation of the word "lumber". We pointed out to the committee when we were discussing the bill that in British Columbia lumbering included logging, logging railways, sawmills, shingle mills, planing mills, sash and door factories and wood-working plants. All these operations come under the word "lumbering", whereas in the central provinces and in the east the word does not cover all these branches. After a great deal of discussion it was decided to widen the bill a little by adding the words "wood-processing plants", in order to include veneer plants, sash and

[Mr. Green.]

door factories and all plants handling wood products.

As one of the members of that committee from British Columbia I was just as much disappointed as the two hon. members who have spoken to-night because it was not possible for us to have logging included in this bill. That is one of the foremost industries of our province. I felt it my duty, lest the wrong impression went out, to say that in that committee we did our best to have logging included, and that we are with the other hon. members in their fight to-night to have that done.

Mr. MacINNIS: I should like to say just a few words in this connection. As I pointed out earlier to-day, I think we should bear in mind that there will be many administrative difficulties in organizing the machinery under this bill. I do not suppose that one more occupation or ten or fifteen thousand men from any group will upset or make impossible that organization, but in the committee we were confronted with the fact that we were told by the actuary, Mr. Watson, that he could not certify the actuarial soundness of the bill without further investigation if we were to press for the inclusion of new groups. The hon. member for Rosedale suggests that he would certify it if the commission took them in, but in my opinion he did not say that. He certified the measure as it was drafted, containing these categories; and every other category or group brought in would affect the actuarial situation one way or the other. We discovered that when we were pressing for the inclusion of people receiving salaries of \$2,000 to \$2,500.

I wish the loggers had been included when the bill was being drafted. If the government would accept the amendment, I would vote to have them included now. But if including them would mean delaying the bill until the actuary could make another report, it would mean that the bill would not go through this session, and we would be defeating the end we are trying to bring about. I should just like to leave that thought with the committee.

Mr. JACKMAN: As far as the actuarial calculations are concerned, the commission already has power to consider taking in new industries or new companies out of industries, or omitting certain ones already included. So the logging industry of British Columbia could well be included under this bill for the coming year without seriously disturbing Mr. Watson's report. We have heard a good deal about the calculations and the

possibility of accuracy in regard to statements concerning payments into the fund and benefits under it. I think we have heard sufficient to know that of necessity there is a great deal of conjecture in an actuarial calculation concerning a measure of this kind. If one industry in British Columbia, or part of one industry, should be included under it, I do not think the actuarial calculations would be seriously altered. Furthermore, the whole fund, and the calculations which go to make up its soundness or projected soundness, are constantly under review and can be changed from time to time. So I cannot conceive that in a measure of this magnitude the inclusion of a single industry in British Columbia would affect the actuarial calculation to any substantial degree. I believe the present calculation would allow for that action being taken.

Mr. POTTIER: I am one who is in favour of leaving the measure as it is at the present time. One point clear in my mind is the magnitude of the burden which will develop in connection with the machinery required to set the legislation in motion. We are now discussing the greatest social expenditure which up to the present Canada has had to face. It will exceed the yearly expenditures for old age pensions, and in the measure as it now stands I think we have gone far enough.

From the evidence given before the special committee I got the definite impression that in setting up the machinery and working out the details of operation we have set ourselves a task the like of which no department in Canada has had since Canada became a nation, except possibly our war efforts. That point was emphasized before the committee by quotations respecting what had happened in the United States and Great Britain. In those countries the plan was so far as possible to bring about a formula as simple as could be found, one which would work with the least difficulty. I would refer hon. members to page 220 of the report of proceedings before the special committee.

Seeing that it is nearly eleven o'clock, I shall not take time to read the quotations, but at that point will be found the advice and the suggestions given to the committee. I say that we have gone far enough, and that we should leave the bill as it is, without taking the additional hazard of going any farther.

Mr. HANSON (York-Sunbury): I have a suggestion to make. It is quite evident that we cannot finish the bill to-night, because questions respecting stevedoring and domestic servants are to be raised. I have opinions

respecting those two groups. Then, hon. members for British Columbia feel strongly about those who are connected with logging, and I appreciate the position they take. We have had a full day, and I would suggest that we adjourn until eleven o'clock on Monday morning. I am not going to labour the matter longer, so far as I am concerned, but the minister might be good enough to consult with his colleagues over the week-end. Perhaps, as a result, they would agree to the requests of the members from British Columbia.

Schedule stands.

Progress reported.

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

Monday, July 29, 1940

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*MILITARY SERVICE—VOLUNTARY ENLISTMENTS

Mr. CRÈTE:

At the present time can one enlist voluntarily (a) in the Canadian active service for service overseas, (b) in the permanent active militia for service in Canada, (c) in the non-permanent active militia for home defence?

Mr. RALSTON: In the statement that I am going to make to the house I shall deal quite fully with the inquiries contained in this question. Perhaps the hon. member will allow it to be dropped.

Mr. SPEAKER: Dropped.

*MUNITIONS AND SUPPLIES—CONTRACTS

Mr. HAZEN:

1. What is the total value of the contracts let by the Department of Munitions and Supply and its predecessor purchasing bodies since war was declared to date, for (a) war material and supplies of all kinds, (b) construction contracts?

2. What is the total value of the contracts let by the Department of Munitions and Supply and its predecessor purchasing bodies since war broke out to date, to persons or companies in the province of New Brunswick for (a) war materials and supplies of all kinds, (b) construction contracts?

3. What are the names of the persons or companies in New Brunswick to whom contracts have been let by the Department of Munitions and Supply or its predecessor purchasing bodies since war was declared, what was the nature of the goods or services contracted for in each case, and what was the price of each contract?

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Mr. HOWE: I replied orally to this question on a former occasion, and the leader of the opposition said that he would consider the possibility of having it dropped.

Mr. HANSON (York-Sunbury): Will the minister let it stand for a day or two? It must have escaped my mind; I forgot all about it.

Mr. SPEAKER: Stands.

HOME DEFENCE

Mr. CHURCH:

1. What do military duties known as home defence consist of in this war, for which men are to be trained on land, sea and in the air, after registration in Canada?

2. Will it be in coordination or cooperation with Britain?

3. Does it include defence of Canada's neutrality from those who wish to use Canadian ports and territory for unneutral acts against another friendly power, as set out and defined by the government in the debate of 1938 on defence estimates?

4. Will voluntary enlistment for overseas be affected by this registration act?

5. Does home defence include defence of Canada outside three miles of Canada's territorial waters, or defence of France's islands in the St. Lawrence, or defence of Iceland, Greenland or the West Indies?

Mr. RALSTON:

1. As stated by Mr. Gardiner in the house on July 12, 1940 (see *Hansard*, page 1591), men called up under the National Resources Mobilization Act will be available for defence of Canada in Canada and everything pertaining to the military portion of that defence is included in the military duties.

2. Yes, as part of the whole war effort of the Dominion.

3. Yes.

4. No.

5. Not as regards enlistment for Military Service for home defence.

COST OF ESTIMATING WHEAT YIELD

Mr. JOHNSTON (Bow River):

1. What was the financial cost of estimating the average bushel yield of wheat per acre in the prairie provinces and the Peace River block in British Columbia?

2. How much was paid in wheat bonus to farmers, covering the same areas?

3. How much was collected from farmers under the one per cent levy?

4. How much was borrowed from the Finance department to help pay the wheat bonus?

[Mr. Hazen.]

Mr. CASGRAIN:

1. Cost to date of Prairie Farm Assistance Act in respect to the 1939 crop season: \$273,595.62.

It is not possible to segregate the costs involved in estimating the average yields of wheat.

2. Amount paid to date: \$9,713,511.99.

3. Collected to June 27: \$2,219,781.55.

4. Advances authorized from consolidated revenue fund: December 14, 1939, \$5,000,000. February 29, 1940, additional amount required, not to exceed a maximum of \$4,000,000.

RECRUITING OF MINE WORKERS

Mr. ADAMSON:

1. Are the recruiting officers accepting mine workers before the national registration scheme is completed and we have taken stock of our man-power resources?

2. What action has the government taken to the formation of a special pioneer corps of miners who would be trained together so that their specialized knowledge of rock, explosives and demolition work could be used to the best advantage?

Mr. RALSTON:

1. If the question refers to men highly skilled in mining operations, and with an extensive knowledge of their trade, then they may be enlisted by recruiting officers before the National Registration scheme is completed, provided they are recruited to fill vacancies in the establishment of a unit requiring such qualifications.

2. A special unit, No. 1 Tunnelling Company, has been formed in England from Canadian personnel selected from units overseas, and by the recent enlistment in Canada of 116 miners and diamond drillers.

The number of actual miners required in all engineer and pioneer units, which have been authorized to date, other than the No. 1 Tunnelling Company, amount to approximately 70, with reinforcements estimated at 25 to 30 per year. Specialized knowledge of rock, explosive and demolition work would be an asset to such units.

TUBERCULOSIS TESTS FOR CATTLE

Mr. BLACK (Cumberland):

1. In what counties of the province of Nova Scotia have tuberculosis tests for cattle been made since 1925?

2. How many such tests have been made, stating (1) the counties in which each such test was made, (2) the date when each such test was made, (3) the number of cattle tested in each such test, and (4) the number and percentage of reactors found in each such test?

3. In what counties or areas have such tests been authorized but not yet carried out?

4. Has any request been made by the government of Nova Scotia for such tests in the

counties of Cape Breton island? If so, what action has been taken?

Mr. GARDINER:

| 1 and 2. | No. of times tested | Dates of testing | No. of cattle tested | Percentage of reactors |
|-------------------|---------------------|--------------------------|----------------------|------------------------|
| Annapolis | 1 | April and May, 1928..... | 14,584 | 2.6 |
| Antigonish | 2 | Nov./27 to Feb./28..... | 14,103 | 1.0 |
| | | Jan. to Apr./40..... | 13,282 | 0.2 |
| Colchester | 2 | Oct./27 to Mar./28..... | 22,459 | 4.5 |
| | | May/39 to Sept./39..... | 25,035 | 0.44 |
| Cumberland | 2 | Oct./27 to Jan./28..... | 23,770 | 1.7 |
| | | Nov./38 to June/39..... | 25,030 | 0.49 |
| Digby | 1 | Jan. to May/28..... | 10,485 | 0.39 |
| Guysborough | 1 | Nov. and Dec./27..... | 6,924 | 0.17 |
| Halifax | 1 | Feb. to Apr./28..... | 10,725 | 3.0 |
| Hants | 1 | Feb. to May/28..... | 16,587 | 4.1 |
| | | (Retest in progress.) | | |
| Kings | 1 | May to July/28..... | 17,532 | 2.5 |
| Lunenburg | 1 | June to Aug./28..... | 17,024 | 2.0 |
| Pictou | 2 | Sept./27 to Jan./28..... | 21,513 | 1.2 |
| | | Aug./39 to May/40..... | 21,230 | 0.15 |
| Queens | 1 | Apr. and May/28..... | 3,650 | 1.6 |
| Shelburne | 1 | Feb. and Mar./28..... | 3,415 | 0.6 |
| Yarmouth | 2 | Sept./27 to Feb./28..... | 8,325 | 2.2 |
| | | Oct./38 to Jan./39..... | 9,708 | 0.1 |

3. By order in council P.C. 2355, Dec. 15, 1927, initial testing of all cattle in Nova Scotia, except the island of Cape Breton, was authorized. Retesting by counties is in progress and the counties of Yarmouth, Cumberland, Colchester, Antigonish and Pictou have been completed.

4. Yes, but no formal application in accordance with the restricted area regulations has been received.

MUNITIONS PLANTS

Mr. COLDWELL:

1. How many munitions plants financed by the governments of Canada and/or Great Britain have been or are being established?

2. How many of such plants are being or are to be operated by the department?

3. How many are being or are to be operated under arrangement with private interests?

Mr. HOWE:

1. Eight.

2. Three. (Arsenals, operated by Department of National Defence.)

3. Five.

SOLDIER MAIL

Mr. CHURCH:

Will the government give consideration to carrying free, through the post office, letters

of soldiers serving in Canada's army, navy and air force, for the period of the war, and also other classes of soldier mail?

Mr. MULOCK: The government has given consideration to this question.

All letters from soldiers in a theatre of war have been carried free from the time of the arrival of Canada's troops overseas.

The following concessions as variations from civil rates, have also been made,—

A special reduced rate of 12 cents per pound up to 11 pounds has been secured for parcels sent to the Canadian troops in the United Kingdom.

This special rate of 12 cents per pound has been extended to parcels for H.M. ships and H.M.C. ships abroad, as well as parcels for members of the official auxiliary services such as the women's auxiliary territorial service and the women's auxiliary air force, if addressed to units serving in the United Kingdom.

A reduced rate of 10 cents per pound has also been arranged for parcels posted to members of the Canadian troops in Newfoundland.

Ordinary letters, not exceeding two ounces in weight, posted to Canada by Canadian troops at Canadian army field post offices in

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the United Kingdom are accepted free of postage. If posted at a civil post office, the regular postage rates to Canada would apply.

As a result of negotiations entered into with the authorities in the United Kingdom and Newfoundland, concessions have been obtained under which gift parcels for Canadian soldiers will be admitted into these countries duty free.

WEIGHING OF RAILROAD CARS

Mr. DOUGLAS (Weyburn):

1. How many railroad cars were weighed empty to check the marked weight for the fiscal years 1938-39 in (a) western Canada, (b) eastern Canada?

2. How many cars so weighed were found (a) to be marked over, and (b) to be marked under, and what action was taken by the Department of Trade and Commerce to have such errors corrected?

3. Has the Department of Trade and Commerce checked coal or coke in carload lots in the fiscal years 1938-1939 and, if so, what results were obtained?

4. Has the department received any complaints regarding the weights of carloads of coal or coke during the same period? If so, from whom, and what action, if any, was taken regarding these complaints?

Mr. MacKINNON (Edmonton West):

1. The number of cars weighed empty by weights and measures service, Department of Trade and Commerce, to check the marked weights is as follows:

For the fiscal year ending March 31, 1938: (a) Western Canada, 129; (b) Eastern Canada, none.

For the fiscal year ending March 31, 1939: (a) Western Canada, 131; (b) Eastern Canada, none.

2. The number of cars so checked found to be marked:

(a) over the actual weight: For the fiscal year ending March 31, 1938, 9; for the fiscal year ending March 31, 1939, 21.

(b) under the actual weight: For the fiscal year ending March 31, 1938, 81; for the fiscal year ending March 31, 1939, 62.

Cars showing over 300 pounds error were restencilled by railway company.

3. No.

4. None.

MEDICINE HAT AIR TRAINING FIELD

Mr. AYLESWORTH:

1. Has the government purchased the old fair grounds at Medicine Hat for use as an air training field?

2. If so, from whom were they purchased?

3. What was the acreage purchased?

4. What was the purchase price?

5. Did the government sell the buildings on the fair grounds?

6. If so, to whom were they sold?

7. Did the government purchase any other property in connection with the air training field?

[Mr. Mulock.]

8. If so, from whom were such purchases made, and what was the acreage purchased from each person?

9. What was the price for such purchase?

Mr. HOWE:

1. No; but negotiations with the owners of the land, and of the buildings, are in progress with a view to the purchase of 40 acres for air-field purposes. Two other properties, in addition to the old fair grounds, are under consideration; also the possible purchase of certain buildings and trees forming an obstruction to proposed flightways. When negotiations are completed, and authority to purchase secured, full information will be available to parliament.

2 to 9. See answer to No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. LAWRENCE SUGAR REFINERIES

Mr. COLDWELL:

1. Is the St. Lawrence Sugar Refineries a dominion incorporated company?

2. Who are its directors?

3. What were its profits available for dividends in its latest fiscal year?

4. What is the amount of its capital and earned surplus?

5. What dividends did it pay during its last fiscal year?

Mr. CASGRAIN: Return tabled.

ATLANTIC SUGAR REFINERIES

Mr. COLDWELL:

1. Is the Atlantic Sugar Refineries a dominion incorporated company?

2. Who are its directors?

3. What were its profits available for dividends in its latest fiscal year?

4. What is the amount of its capital and earned surplus?

5. What dividends did it pay during its last fiscal year?

6. What was the price of raw cane sugar to the refineries in Canada in each month from and including August, 1939, till the present time, and in the corresponding month of the previous year?

Mr. CASGRAIN: Return tabled.

OLD AGE PENSIONS—NEW BRUNSWICK

Mr. HATFIELD:

1. How many persons were receiving old age pensions in the province of New Brunswick as at July 1, 1940?

2. (a) How many were receiving the maximum amount of \$20 per month; (b) how many were receiving \$17.50 or more, per month, but less than \$20; (c) how many were receiving \$15 or more, per month, but less than \$17.50; (d) how many were receiving \$12 or more, per month, but less than \$15; (e) how many were receiving \$10 or more, per month, but less than \$12; (f) how many were receiving \$5 or more, per month, but less than \$10; (g) how many were receiving \$2.50 or more per month, but less than \$5; (h) how many were receiving less than \$2.50 per month?

3. In which of the provinces of the dominion are the administrators of the Old Age Pension Act, acting under that statute, requiring or accepting a transfer of title to real estate, or other property of the pensioner, to the province at the time of granting, or subsequent to the time of granting a pension?

4. What is the average monthly pension paid in each province of the dominion?

CIVIL SERVICE EXAMINING BOARD

Mr. BRUCE:

1. Who are the members of the civil service commission examining board that interviewed applicants for such technical positions as armament examiners, motor vehicle examiners, gun carriage examiners, munition examiners and instrument examiners?

2. Were these all, or any of them, qualified to adequately question the skill and knowledge of applicants, and did they do so?

3. What percentage of applicants were 1914-18 veterans? (a) how many of them passed the examinations? (b) have any since been notified to that effect, (c) how many have been appointed to positions?

4. Were any veterans with references as to ability and integrity rejected, and for what reasons?

5. Were all references investigated where veterans were in apparent good health and not proven unskilled in the work applied for?

6. Were any applicants rejected who could prove satisfactory experience in the army on identical work of some services advertised for?

7. Was the age of some veteran applicants considered an obstacle in qualifying as an inspector?

8. Who were the successful applicants, and has each of them a record of technical education, skill and ample experience?

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS

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

That on Wednesday, the 31st instant, and all subsequent Wednesdays until the end of the present session, the sittings of the house shall in every respect be under the same rules as on other days, meeting at 11.00 o'clock a.m. and rising for intermission from 1.00 to 3.00 o'clock p.m., and from 6.00 to 8.00 o'clock p.m.

Motion agreed to.

COMPENSATION (DEFENCE) ACT

PROVISION FOR PAYMENT OF COMPENSATION FOR PROPERTY TAKEN FOR WAR PURPOSES

Hon. P. J. A. CARDIN (Acting Minister of Justice) 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 provide for the determination of compensation and the payment thereof for the requisition of vessels or aircraft or for the requirement of space or accommodation in vessels, requisitioned, acquired or required by or on behalf of His Majesty under the War Measures Act, or any other act of the parliament of Canada.

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

Motion agreed to.

TOURISTS

EFFECT OF FIREARMS REGULATIONS UPON HUNTERS ENTERING CANADA

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Will the Prime Minister, in his capacity as Secretary of State for External Affairs, inform the house what the position is with respect to tourists, who are hunters, coming into Canada? New Brunswick, which is a mecca for tourists who are hunters, is visited annually by a large number of citizens of the United States who go there for the purpose of hunting big and small game. I understand that under recent regulations firearms in the possession of our own citizens must be turned in by September 15. It is an anomalous situation that citizens of Canada should be obliged to turn in their firearms while foreigners can come in and hunt. Nevertheless I should like to see some arrangement worked out under which this very desirable class of tourists would not be precluded from coming into Canada. If any arrangement has been made I should be glad to have the Prime Minister tell us what it is and when it comes into effect. The duck shooting season in New Brunswick opens on the first of September.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of Finance (Mr. Ilesley) has a copy of an order in council passed in amendment of one of the defence regulations. It covers the point raised by the hon. member, and I would ask him to reply to the question.

Hon. J. L. ILSLEY (Minister of Finance): By regulation 37A aliens were denied the privilege of having firearms in their possession in Canada, but on July 16 an order in council modifying that provision was passed. The effective parts of it are these:

(7) The commissioner of the Royal Canadian Mounted Police shall have the power to make orders for the exemption of residents from the provisions of this regulation, and to make such provisions for licences or permits as may appear to be expedient.

(8) The commissioner of the Royal Canadian Mounted Police shall have power to make orders for the exemption from the provisions of this regulation of bona fide tourists and visitors from allied or neutral countries, and to make such provisions for temporary licences or permits for such person as may appear to be expedient.

That should answer the question.

National Registration

Mr. HANSON (York-Sunbury): This is just an enabling provision. What has been done under the order in council with respect to the regulations?

Mr. ILSLEY: The commissioner shall have power to make orders for exemption, and individual cases will have to be treated on their merits from time to time.

Mr. HANSON (York-Sunbury): But have the orders been reduced to writing? Perhaps the minister will look into it.

Mr. ILSLEY: There is nothing more to look into. This question has been up for several weeks. The normal case is that of the tourist who comes from the United States with a shotgun or rifle in his possession. Under the order in council of June 10 he could not be permitted to retain such firearms in his possession, but there was no power to make exceptions. It was thought best to give the Royal Canadian Mounted Police power to make exceptions in individual cases, and therefore these amendments were passed by order in council giving the police that power. They have that power now and there is no necessity for any further regulation. It is a matter for exemption from time to time in individual cases.

Mr. HANSON (York-Sunbury): The whole thing then is left to the police. Are they to operate at the border and are people to understand that they can bring in firearms if they are vouched for? I saw something more than that in the press, and that is what prompted me to ask the question.

Mr. ILSLEY: I do not know what the hon. gentleman saw in the press. He may have seen some reference to provision being currently made for the registration of firearms in the possession of anyone in Canada. Those arrangements have not yet been completed but they have no direct bearing on the question he has in mind. His question is whether tourists will be permitted to bring in and have in their possession firearms for hunting purposes, and that is provided for. That subject matter is covered by the regulations I have read.

NATIONAL REGISTRATION

CALLING UP OF FARM HELP FOR MILITARY TRAINING—QUESTION AS TO TIME OFF FOR REGISTRATION

On the orders of the day:

Mr. M. C. SENN (Haldimand): May I ask the Minister of National War Services a question? Some time ago it was indicated that farm help would not be called out for compulsory training during the busy season

[Mr. Ilesley.]

on the farm. I understand that certain farm organizations are doubtful whether sufficient information is asked for on the proposed national registration form to give effect to that assurance regarding farm help, and I understand further that certain questions have been submitted to the minister by some farm organizations. Will the minister say whether any additions will be made to the questionnaire? If not, what method will be followed to ensure the carrying out of this policy?

Hon. J. G. GARDINER (Minister of National War Services): Most of the criticism we have had up to date with regard to the questionnaire is that there are too many questions on it now. We have no intention of adding to it. The material including the questionnaire is now on its way for distribution to registrars in British Columbia and is to-day being shipped to Alberta. It will be impossible to add to it. I have had suggestions from a number of organizations, including one farm organization, that we place on the tables of the registrars a list of further questions to be answered at the same time. I have refused to consider that. Hon. members will understand that if we were to start adding other lists of questions to be answered in the registration booths the task of registering some 8,000,000 people in three days would be impossible.

Mr. CRUICKSHANK: In connection with the registration, will employers of labour be compelled to give their employees time off?

Mr. GARDINER: Arrangements have been made to have city registrars appointed by industries where there will be difficulty about labour getting off. We are arranging with them to have these appointments made.

Mr. CRUICKSHANK: In some places in my riding there are loggers up the lakes, and it is very expensive for them to get down; they will have to hire a boat and miss a whole day's pay. It is not possible to put a registrar in each one of the small camps. Will arrangements be made to let these men off, and have the firm supply a boat to bring them down?

Mr. GARDINER: Arrangements are being made as far as possible for everyone in Canada to be able to register within the three days.

UNEMPLOYMENT INSURANCE

FUND TO BE ADMINISTERED BY COMMISSION ASSISTED BY ADVISORY COMMITTEE—PROVISION FOR EMPLOYMENT SERVICE

The house resumed from Friday, July 26, consideration in committee of Bill No. 98, to establish an unemployment insurance commission to provide for insurance against un-

employment, to establish an employment service, and for other purposes related thereto—Mr. McLARTY—Mr. Fournier (Hull) in the chair.

On section 13—Insured persons.

Mr. HANSON (York-Sunbury): I understand we are on section 13 and on the schedules.

Mr. McLARTY: On part II of the first schedule. The other schedules have been passed.

Mr. HANSON (York-Sunbury): Then the only thing left is section 13 and the question of the excepted employment?

Mr. McLARTY: That is correct.

Mr. HANSON (York-Sunbury): The second schedule and part I of the first schedule have been passed?

Mr. McLARTY: Yes. When the committee rose on Friday night we were being urged to amend part II of the first schedule to include in its operation the logging industry. We had been similarly urged in the special committee which the house appointed to consider this measure.

Part II has been prepared with meticulous care. It would be extremely difficult to amend any part of it without affecting the whole act. Fortunately however the act has within itself provision made for including industries that are at present excepted under part II. That is under section 96(a). The logging industry is one which raises some peculiar difficulties, not only in the industry itself but in the manner in which it is carried on in various sections of Canada. The difficulty is not so much the seasonal nature of the occupation as it is the administrative difficulty that would arise if we endeavoured at the present time to bring it under this act.

However, representations have been made, and made forcibly, not only in the special committee but in this committee, and I suggest that the purpose might be served under section 86(a) if the governor in council, exercising the power under that section, proceed forthwith after the appointment of the commission and of the committee to recommend that the committee investigate this particular industry and ascertain whether those administrative defects can be overcome. If they can be overcome, no doubt the committee will recommend the inclusion of this industry in the act.

Mr. STIRLING: By "this industry" the minister means the logging industry?

Mr. McLARTY: I am referring specifically to the logging industry.

Mr. STIRLING: That does it.

Mr. McLARTY: I think that would meet the situation. I believe that if we make amendments to the "excepted employments" part of the first schedule the implications may go much wider than we anticipate. It is not the seasonal nature of this industry, as I say, so much as the administrative difficulties which will have to be overcome.

This suggestion would enable the committee to go into it, and, having regard to the representations which have been made in the special committee and in this committee, which will be passed on to the advisory committee, ascertain whether they can overcome these difficulties. If they can, there is no reason as far as I know why that particular industry should not be taken out of the exceptions in part II.

Mr. GREEN: Is the minister undertaking on behalf of the government that there will be such an investigation into the logging industry in British Columbia?

Mr. McLARTY: Yes.

Mr. NEILL: But he cannot because he has to consult the commission.

Mr. McLARTY: Perhaps I had better qualify it, as the hon. member for Comox-Alberni suggests. We will call it to the attention of the commission as soon as it is set up, with the request that they ask for a report from the advisory committee on the question of the admission of the logging industry.

Mr. MacNICOL: Referring to the paragraphs (e) and (f) of the schedule, part II, the former dealing with employment in transportation by water or by air, and the latter with employment in a club, I have it in mind that stewards on ships crossing the ocean come under the benefits of British unemployment insurance. I remember very well asking my steward on one occasion what he would do when he got to Liverpool. He said they were going to be laid off for two months while the ship was being repaired, but that he would not be too badly off because he would get \$4.14 a week for himself, \$2.19 for his wife and 49 cents each for his children—he said he had four—plus 25 per cent, or \$10.36 a week; and he could live on that sum. A steward in a club enjoys the benefits of the act but a steward on a ship sailing from Canada does not; yet both do the same work.

Mr. McLARTY: One difficulty is that most of the ships are under British registry. It is felt that there might be certain administrative difficulties that will have to be overcome. The hon. gentleman is correct in stating that a steward in a club comes under this act.

Unemployment Insurance

Mr. BLACK (Yukon): Is it not correct that the minister of labour of British Columbia has recommended strongly that lumbering and logging be included in this bill?

Mr. McLARTY: That is correct.

Mr. BLACK (Yukon): The minister of labour of British Columbia has the confidence of both employers and employees, and doubtless he has looked into the matter closely. I consider him perhaps one of the best qualified men in Canada to say whether or not lumbering and logging should be included.

Mr. McLARTY: The hon. member is quite correct. The minister of labour of British Columbia did represent that the lumbering and logging industry should be brought under this act. I dealt with this question in a general way by suggesting that the difficulties we face in connection with logging are largely administrative, and if these difficulties can be overcome provision is made in section 86 of the act to apply the act to that industry.

Mr. CRUICKSHANK: Will the minister suggest to this commission the difference between logging on the western coast and logging in the east? There is absolutely no similarity at all.

Mr. McLARTY: I think the answer would be that the committee would be bound to take notice of that fact, because it is a fact.

Mr. CRUICKSHANK: But will the minister point it out to them? It makes all the difference in the world.

Mr. McLARTY: We will endeavour to bring to the attention of the commission and the committee all the points that have been urged with respect to the logging industry, both in the special committee, where it was argued at some length, and in this committee.

Mr. NEILL: Over the week-end I have had an opportunity of looking into the evidence given before the special committee, and also of considering the arguments presented in the house last Friday. I notice that quite a number of alterations were recommended by the special committee, but they were of the most trivial character. They would seem to bear out the conception that I formed this session—perhaps improperly—that when a bill is brought into the house it has to go through, willy-nilly; that no amendments of any importance are allowed. This is suggestive of Prussian methods, which I deprecate.

I have taken note of the objections to including the logging industry under this bill, both in the committee and in this house. They are five in number, and I should like to state them briefly and say a word about each.

[Mr. McLarty.]

First it was said that logging is seasonal employment and that therefore it was impossible to bring it under the act. Then it was discovered by another official or another minister that it was left out because of administrative difficulties, and that point also was dwelt upon fully. The next suggestion was to "leave it to George", under section 86 of the act; it was suggested that some committee might look further into the matter, if it felt so inclined. The next objection was that it would upset the actuarial basis of the scheme. The final objection, which I think was urged by almost everyone, was that all-inclusive argument, "Well, this is the way it was done in the Bennett act." I never knew before that Bennett had such an appeal to hon. gentlemen opposite, but now the thing must be right because it was done that way in the Bennett act.

Let me deal briefly with these objections. First there is the seasonal question. Mr. Farris, who is one of the cleverest lawyers in British Columbia and who, the hon. member for Vancouver South (Mr. Green) said, was briefed by the loggers' association to come down here and put their views before the committee, dwelt at great length upon the seasonal nature of the work. But we find that Hon. Mr. Pearson, Minister of Labour in British Columbia, and who has occupied that position for a long time, wired the hon. member for New Westminster and also the government themselves, objecting very strongly to the exclusion of lumbering, pointing out that there is nothing to justify it and that with similar conditions prevailing in the state of Washington, across the line, logging is included under their act, and that it has worked reasonably well. He then mentioned that 13,000 people are employed in the logging industry, and in his wire to the chairman of the committee he said:

Our government believes that an effort should be made to cover a large number of workers and cannot see any good reason why the lumber industry should be excluded as returns made to our department by all branches of the lumbering industry including logging show that there is not an unreasonable variation in employment—

Then he goes on to speak of the situation in the state of Washington. These are the words of the head of the British Columbia department of labour, who must be in contact with these operations all the time. He should know the facts better than some actuary, or some man in the labour department here; and the minister quoted Mr. Pearson to a certain extent.

Then there is the question of the administrative difficulties. I cannot see any point

at all in that objection. If it was a case of two or three men here and there it would be different, but these logging outfits employ from 200 to 500 men. The government of British Columbia now collects one cent per day per man in connection with the Workmen's Compensation Act, and I never heard of any difficulty in collecting that money. The provincial government also collects a tax of one per cent on the payrolls. If there has been any trouble in collecting that, I never heard of it. Now the dominion government is going to collect 2 or 3 per cent of their wages; they will take that from these men whom they find it impossible to bring under this act. Administrative difficulties disappear like the manna of the bible when it comes to collecting money; but when it is a case of giving these men a measure of justice and not discriminating against them, then administrative difficulties pile up to an unknown extent. But they can be overcome, and they have been overcome in connection with the collection of the taxes I have mentioned.

Then we come to the minister's suggestion in connection with section 86, and I will admit that he has improved it by the promise he gave to-day. On Friday he said it might come under section 86, which states:

Whenever the governor in council, after consultation with the commission, considers it expedient to do so, it may direct the committee to investigate and report upon—

It is the committee, not the commission, that is directed to report upon a situation like this. In that connection I would point out that if the governor in council, which is the government, does not feel like doing it now it will not feel like doing it after we have gone home. And they need not do it unless they consider it expedient to do so. If they do not consider it expedient now, what is the use of saying they may do it when they feel like it? They may direct a committee to investigate and report. How long will it take that committee to get around to reporting; a couple of years?

The minister says he gave his word—and there is no man in this house whose word I would accept more readily—that when the committee or commission is appointed he will see that the committee is directed to investigate and report upon the situation. In the first place I would point out that this must be done after consultation with the commission, which has not yet been appointed. Therefore his word, however good it may be in itself, does not carry the weight it otherwise would carry. Nothing happens nowadays that I have not seen happen before in this house. A number of years ago I sat just about where the minister sits to-day. I asked a minister whether the

meaning of a section was so and so and whether the minister would so interpret it. His reply was yes, that he would, and I could take his word for it. On that assumption I went home happy. A few months later I had occasion to point out to the government that they were not carrying out that section in that sense, but I was told coldly and politely that what the minister said in the house did not bind them, that they were going to administer the section as they saw fit, according to the strict letter of the law. Therefore I do not have the same confidence and hope in the assurance of the minister, not because I have any doubt as to his integrity but because of the possibility of his being unable to do what I know he would like to do.

I do not think we can expect much under section 86. If we cannot induce the government to include this industry now, what hope have we of having it done later on? I think those members who hope it can be done later are very innocent indeed if they look for much success in the future. This is one of the largest industries in British Columbia. Why should it be discriminated against?

Then we come to the argument that the actuarial basis might be upset. Is that not just a quibble? They are going to take in under this act a million and a half or two million men—

Mr. MacNICOL: The figure they give is 2,100,000.

Mr. NEILL: —2,100,000; and they say it will upset the whole machinery if we include 13,000 more.

Mr. McLARTY: I think to be fair the hon. member for Comox-Alberni will admit that I did not use any argument to that effect. I said the difficulties were largely administrative.

Mr. NEILL: I was talking about those who opposed inclusion when the matter was discussed before the special committee. Of course I was not referring to the minister in that connection. However, the argument was used before that committee that it would upset the actuarial arrangements, and the same argument was made the other night by an hon. member who sits behind me. One has only to read the evidence taken before the committee to find where it was said repeatedly that, so to speak, the whole thing would go to blazes. That could not be the case. In the matter of such magnitude, such a trivially small deviation in the number covered would not affect it one way or the other. And there is no reason in the world to suppose that the inclusion of this class of men would increase the risk to the government.

Unemployment Insurance

Mr. HANSON (York-Sunbury): If the rates are sound, it would help.

Mr. NEILL: Yes, if the rates are sound, the more the merrier. The greater the basis from which the money would be obtained, the more likely is the proposal to be sound—on the principle that it is far safer to insure one hundred men's lives than it is to insure five.

Then we come to the position taken in the Bennett legislation. He has had many sins laid on his shoulders, but he has certainly been a godsend to the government in the last year or two. It has been thought, apparently, by those who oppose the inclusion which has been suggested, that if they put forward a number of poor reasons, those reasons will unite themselves into one good one. I contend however that that is not a good argument. If a lawyer is defending a man on a criminal offence he is better to have one good, solid alibi, than to have a number of general but vague defences.

Mr. HANSON (York-Sunbury): One good defence is much better.

Mr. NEILL: On one occasion I watched a lawyer defend an accused person. He appeared to pass over some points he might have made, in connection with inconsistencies in the evidence; but when he came to his defence he presented a good, solid alibi, and that alibi brushed away the whole case against the accused. The jury was content to accept the alibi. Those who are of the opinion that a number of vague suggestions are valuable when urged against an argument must have been reading Aesop's fables, where it is stated that a bundle of faggots gives more strength. That may be true of faggots, but certainly it is not true of arguments of this kind.

Of course the real reason is that there has been a big lobby put on against this measure. That is the fact, although hon. members have not had the courage to say so. If the government is going to do the fair thing, then it must not discriminate against one class of men—west forever on the scaffold, east forever on the throne.

Mr. McLARTY: The hon. member for Comox-Alberni has said something about the putting on of a lobby. I am absolutely sincere when I say to him that if there has been a lobby, certainly no one has ever approached me about it. I heard no statement of that kind in the special committee, and personally I know of no lobby. If there is one I wish the hon. member would make it quite clear that I have not been influenced in any way by any lobby, by any person, or at any time.

[Mr. Neill.]

Mr. NEILL: I accept the minister's remarks, but I did not suggest anything about him personally. I have reiterated my conviction that he is absolutely sincere in the matter. Nevertheless there is a strong feeling against this suggestion, put forward by those who do not want it. We are supposed to legislate for the whole mass of the people. If we are going to give consideration to one class, in one part of the country, we ought to do it for the rest.

Mr. HANSON (York-Sunbury): I do not rise for the purpose of prolonging the discussion, because the minister has already indicated that he will not change the exceptions, and that he will not amend further than he has already amended. I do not think any hon. member will accuse the minister of being the subject of a lobby. But if he does not know it, then I must tell him that everybody else knows that there is a lobby in connection with this section.

Mr. McLARTY: I do not know it.

Mr. HANSON (York-Sunbury): Everybody else knows it, and knows exactly what the spearhead of the lobby is, and the reason for it, and everything of that sort. The government must take the responsibility.

Mr. McLARTY: My hon. friends say there are no administrative difficulties in connection with the inclusion of the logging industry. They say further that it is done in Oregon. It is done in Oregon, and the administrative costs in that state are 38 per cent higher than the average costs throughout the United States. There is that difficulty to consider. If there has been a lobby, certainly I have never seen any evidence of it. This section was prepared two years ago. It is in the form it was in two years ago, because of the administrative difficulties which arose in connection with this particular industry. I call my hon. friend's attention to the fact that the industry in the province from which he comes is entirely different from the industry in British Columbia. As between two parts of the country, could this government make flesh of one and fish of another? That is an important point which any committee would have to consider.

Mr. CRUICKSHANK: I understand the minister to say that this section was prepared two years ago.

Mr. McLARTY: I will go further and say that it was prepared in 1935.

Mr. CRUICKSHANK: If it was prepared in 1935 am I to understand that this commission will in the future be able to rectify the situation when, with all its wisdom, the government could not find a way of rectifying it

since 1935? That is not reasonable. The commission will not have the slightest intention of paying any attention to British Columbia loggers, if it could not be done since 1935.

I am not saying there has been a lobby. But I would very much like an assurance from the minister that the government will pay a member of the house of Farris to come back and to represent the working men of British Columbia who cannot appear. If I can get the assurance that we can have representation for the poor workingman, I shall be satisfied.

Mr. POTTIER: I rise to a question of privilege. We have heard it said that there has been a lobby in connection with this matter. I have heard of no such lobby, and I resent the idea going out to the public that there has been lobbying on this measure. I sat on the special committee and heard the evidence, and I want to tell the leader of the opposition that I saw no lobbying and did not hear about it. No one has approached me or discussed the matter with me. There were three members from British Columbia on the committee, and while the hon. member for Comox-Alberni (Mr. Neill) and the hon. member for Vancouver South (Mr. Green) have said a great deal in the house, we did not hear a thing from them before the committee.

Mr. GREEN (Vancouver South): Well, Mr. Chairman, we were busy in other committees.

Mr. NEILL: That is going a little too far. I was not allowed in the committee.

Mr. CHAMBERS: Nor was I.

Mr. POTTIER: Then I withdraw that reference. But I protest against the idea of telling the public there was a lobby and that members were lobbied in connection with the exclusion of persons connected with the logging industry. That is not according to the facts. I was never interviewed; no one ever saw me in the matter, and I resent the implication that I was influenced in any way.

Mr. REID: I think it unfair to leave the impression that a member of parliament was denied the right to appear before the committee. I am somewhat surprised to hear hon. members saying they were denied a hearing. The hon. member for Nanaimo (Mr. Chambers) came to the committee when the evidence had been heard and we were sitting in camera. I suppose every hon. member knows that the committee sits in camera after the evidence has been heard. But had he or any other hon. member come earlier, we would have given him every courtesy.

Mr. MACKENZIE (Vancouver Centre): There were senators sitting in on the committee.

Mr. REID: It is not fair to say that there was a secret select committee of the house, and that people were denied the right to express their opinions before it.

Mr. BLACK (Yukon): We are now in committee of the whole house, and as such we have more power than any select committee could have. To discuss whether a special paid advocate is a lobbyist is only quibbling. Are you going to take the opinion of Mr. Farris, who may or may not be as splendid a lawyer as the hon. member for Comox-Alberni describes him? At all events he is paid to come down here and oppose the inclusion of the logging industry in this act. The minister of labour of British Columbia, Mr. Pearson, has nothing to gain except that he wants to see employers and employees in British Columbia who are engaged in this industry covered by the act. The minister may say that there are difficulties in the way of administration, but that is true of any industry. All the industries that are included under this act will have to remodel their office work; it will be much worse than making up income tax forms, but that is no reason why any industry should be exempted from the operation of the act, including the logging industry. If it is going to be difficult to administer, let us face the difficulty. The government of Canada is facing all sorts of difficulties much more serious than that. Personally I am prepared to take the advice of Mr. Pearson, minister of labour of British Columbia. The logging industry is probably the chief industry in British Columbia. Mining and fishing perhaps come first, but there are thousands and thousands of men employed and millions and millions of dollars involved in the logging industry, and it comes a close second. If unemployment insurance is good for workmen in other industries it certainly is good for the lumbering industry, and administrative difficulties should not be allowed to stand in the way of its inclusion in the act.

Mr. GREEN: The Minister of Labour stated a few minutes ago that section 13 had stood in its present form for two years.

Mr. McLARTY: I was referring to part II of the first schedule.

Mr. GREEN: I think the minister has overlooked the fact that paragraph (c) of part II of the first schedule was changed in the special committee.

Mr. McLARTY: Quite true.

Unemployment Insurance

Mr. GREEN: And that has stood for only a day or two. It was changed by adding the words "wood processing plants." It was also changed along the very lines of the minister's reference a few minutes ago, by adding the words "in the opinion of the commission." In other words paragraph (c) expressly says that the commission must decide whether or not these particular branches of the lumbering industry are reasonably continuous in their operations. That is a very marked change. I personally ask that the minister add after the words "wood processing plants" the words "and logging camps" so that the whole paragraph would read:

(c) Employment in lumbering and logging, exclusive of such saw mills, planing mills, shingle mills and wood processing plants and logging camps as are in the opinion of the commission reasonably continuous in their operations.

That would leave it entirely to the commission to decide whether or not logging camps in British Columbia are carrying on continuous operations. Then there would be no need for the governor in council to act, because instructions to the commission to investigate the logging industry would be contained in paragraph (c) and be part of the statute law of the country. Frankly I can see no reason why the minister should object to making that addition. If it is done, the right to investigation is statutory; it is not dependent upon an order in council, and the government are amply protected because if the commission decides that logging should not be included, it will not be included. At the same time the loggers are protected because they will automatically have the right to appear before the commission. I would ask the minister, apart from all the flurry there has been this morning, to make that addition. I think everybody would be satisfied if that were done. In spirit it is not really going any further than the minister has done already but it makes the right statutory rather than leaving us to rely on a possible order in council.

Mr. McLARTY: When I stated that part II of schedule I had been prepared some time ago, I had particular reference to the section dealing with logging and logging alone. As the hon. member for Vancouver South (Mr. Green) correctly points out, the special committee made an amendment enlarging the section to include "wood-processing plants."

In connection with the point which he urges to-day and urged with such ability on Friday night, the seasonal nature of the industry is not to my mind the important and vital point. The members for British

[Mr. McLarty.]

Columbia have made out a pretty good case so far as that province is concerned. The employment is apparently not what you would call seasonal. But throughout this whole debate I have been urging that the difficulty was not that it was a seasonal industry but that the administrative difficulties which we face stand in the way of our including this industry at the present time. If it was solely a question of the seasonal nature of the industry, then the suggestion of the hon. member for Vancouver South could be readily adopted, but until the committee has had the opportunity to ascertain and devise the best method of the administrative handling of this industry, I suggest to hon. members that it would be wise at present not to amend part II to include logging.

The suggestion has been made that the operation of the act will be delayed. Of course it will take a certain time to put the act into operation. That is inevitable. But so far as we can give the assurance to this committee I am prepared to give it now that forthwith, after the commission has been set up and the advisory committee appointed, the representations made both here and in the special committee will be brought to their attention and they will be asked to make an inquiry at the earliest possible moment.

Mr. GREEN: The minister is stressing now the administrative difficulties. Apparently there are no administrative difficulties with regard to saw mills, planing mills, shingle mills or wood-processing plants. So far as British Columbia is concerned there is not very much difference in administrative difficulty as between a saw mill, a planing mill, a wood-processing plant, and a logging camp. There is probably just as much variation in the one as in the other. Furthermore I think the minister will find that there are far more orientals employed in the saw mills and planing mills of British Columbia than there are in the logging camps, and if the act remains as it is these orientals will be able to get unemployment insurance, whereas the white men in the logging camps will not be able to get it.

Mr. MacINNIS: Mr. Chairman, if amendments made in the special committee are not inclusive enough to suit some hon. members, I should like to point out that those of us in the special committee who wanted to broaden the scope of paragraph (c) to bring more industries under this act accepted what we could get. If hon. members had been in the special committee they would appreciate some of the difficulties which the special committee faced. As everyone knows, questions

in a special committee have not the same political flavour that they have when they are discussed in this house, and that makes a great deal of difference. I have been amazed at the concern felt for the poor workingman of British Columbia by some hon. members who have spoken here to-day. The very fact that some of these members belong to the party they do is proof positive that they have no concern, except on very rare occasions, with the conditions of the working classes in British Columbia or anywhere else.

Mr. CRUICKSHANK: May I ask the hon. member a question? I have been working on a farm all my life. How long has he been not working as a politician?

Mr. MacINNIS: Mr. Chairman, I do not know whether there are administrative difficulties or not. I am told that there are, and in this respect, as in regard to many other matters connected with the bill, I must accept what I am told, because I am not an expert on the subject of unemployment insurance, and the government employed experts in the preparation of this bill. I should be very glad if the minister accepted the proposal made by the hon. member for Vancouver South, but I do not believe that it will help us very much. Paragraph (c) of the excepted employments reads:

Employment in lumbering and logging, exclusive of such saw mills, planing mills and shingle mills—

And woodworking, et cetera, was included in the committee.

—as are reasonably continuous in their operations.

If the commission finds that any or all of the employments are reasonably continuous in their operation they will come under the insurable occupations for the purposes of the bill, and if the commission finds that they are not reasonably continuous they will still remain excepted employments; so that we are not making very much progress whether we put that in or whether we leave it out. However, I see no reason why the minister could not accept the amendment provided that logging shall be one of the occupations which will be included after an investigation.

I think it appeared to the committee when Mr. Farris, representing the logging industry of British Columbia, was before it that he wanted the loggers excluded because of the intermittent or seasonal nature of the work. However, having read his evidence carefully, I do not believe now that Mr. Farris tried to make a case in that regard. On page 200 of volume III of the evidence and proceedings Mr. Farris states, in part:

I may also say that that logging group are a very transient number of employees. For instance, take our particular association which represents 70 per cent, as I said, of the log production in British Columbia. At the peak period last year there would be jobs for approximately 7,000 yet the placements for that 7,000 exceeded 12,000. In other words they are moving back and forth all the time. It is almost like being on a street car, they are getting on one place and off the next.

I ask hon. members to take particular notice of this:

And I might say that I happen to be director of the Union Steamship Company, the company which has practically all the ships doing to a large extent the transportation business on the west coast of British Columbia going from point to point; and we do a very large passenger business, and I have had an opportunity of watching, which I do every month, the list of passengers, and nearly that whole passenger list is made up of loggers going to and from these camps.

It may be that there is no connection at all between Mr. Farris representing British Columbia's saw mill and logging interests and also being a director of the Union Steamship company, and the large turnover in the logging industry. It would be interesting to investigate the subject a little further.

Let me come back again to the matter of administrative difficulties. My friends who say, and I assume sincerely believe, that there are no administrative difficulties in this connection will have to take the same attitude in regard to most of the other excepted employments. They will have to take the same attitude with regard to stevedoring.

Mr. NEILL: Why not?

Mr. MacINNIS: They will have to take the same attitude with regard to transportation by water, for the inclusion of which employees a very good case can be made as far as British Columbia is concerned. They will have to take the same attitude with regard to domestic servants, and, indeed, a whole batch of excepted employments. We shall either have to accept the word of those who framed the bill and who have a fairly comprehensive understanding of the difficulties, or we must ignore altogether all that expert evidence and report the bill in committee in the form in which we think it should be passed.

I said that I am very much in favour of the minister accepting the proposal made by the hon. member for Vancouver South. I do not believe any great difficulties would result, as in any event all the employments in the lumbering industry will have to be examined by the commission before they come under the operation of the act.

Mr. MAYHEW: I desire to say a word or two on this matter, largely because of some

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statements which were made on Friday, and also because of a suggestion which was made to-day about members being affected by lobbying.

In my district we have not very many loggers, although we have lumber operators. I am, as I said before, in favour of this bill, although I have objected to it as not sufficiently inclusive, and I mentioned the names of industries which I thought should be included if at all possible. One of them was that of the loggers, the other the stevedores or longshoremen.

By the way I should like just to mention that the longshoremen of my district, the city of Victoria, are contributing one dollar per month per man to the national finances in pursuance of the war effort—not a bad gesture on the part of our stevedores.

Referring to the logging industry, I believe that the committee have considered the whole industry from one end of Canada to the other, and having done so, have placed it on the borderline of inclusion or exclusion from this schedule, whereas if it were considered from the point of view of British Columbia standing on its own feet, as to whether our men should be included in it or not, most decidedly the committee would have placed it on the list of industries which should be included.

Probably I have not been as enthusiastic about this whole bill as have some other hon. members. That is not because I would not want any and all of the benefits which will accrue from what we are aiming at, to pass on to these people. But we must consider the measure somewhat from the point of view that this insurance is very much like any other insurance; you cannot get it if you have not anything to insure; and as a result of that, you are passing on a benefit to 2,100,000 people and you are excluding 600,000 people who need help a great deal more. In fact, instead of helping those 600,000 you are making their lot just that much worse. No matter how you look at it, no matter what tax you may put on the people, in the final analysis the consumer pays for it.

One speaker—I believe it was the hon. member for Trinity—said that this measure would not affect the living costs of the people. I maintain that, no matter how we look at it, it will increase the living costs of us all. There are some industries which will not want to pass on this extra cost to the people. There are others that will not be able to do so, because competition will not permit. There are others which will gladly pass it on if they possibly can. But, no matter whether they do or do not, it is going to affect the

income of the people. Surely by this time we realize that the three governing bodies, federal, provincial and municipal, take to-day fifty per cent of the earnings of all industry. In other words, we as consumers and as taxpayers have a fifty per cent interest in the profits of all business enterprise, and if it is above the average of income, we get seventy-five per cent. Therefore, if we do not take it in the increased cost of the product, it will be reflected in a reduction of the income which is received by the government, and then we must make up that income from some other source. Who supplies to-day the profits of industry? It is the consumer, you and I. Regardless of how you get it or where it comes from, it is ultimately borne by the consumer. I say that in this bill we are helping those who can help themselves and we are making heavier the load of those who are unable to help themselves, particularly those 600,000, as well as our farmers. To-day the agricultural industry is receiving a gradually decreasing percentage of the nation's income. It is carrying the load, but others are reaping the benefit.

I am also mildly in sympathy with this bill for another reason. Every time I have spoken in this chamber, and for years before I had any idea that I should be a member of a legislative body, I have advocated an all-inclusive, compulsory, contributory superannuation fund; and I believe that this legislation will to a certain extent stand in the way of what I believe to be a better type of social legislation. I hope this government realize that they have recently set on foot what I believe to be one of the best schemes for superannuation. Admittedly that scheme requires some development, but it has been started, in the form of the war savings stamps which they are putting out to-day, and by modification and development it should become something worth while, enabling the people to provide by careful saving for their own superannuation and giving encouragement to industrialists and others.

Also I am but mildly in sympathy with this bill for another reason. I am of opinion that if you took the sixty or seventy million dollars a year which this measure is going to cost the country, and put it into self-supporting projects throughout Canada, it would form the basis of an endowment to take care of our unemployed, besides furnishing them with employment.

It is not in my opinion an insurance scheme that we want; it is an assurance scheme to assure the people of employment. It is all very well to say that Great Britain and some other of the older countries have unemploy-

ment insurance systems and that the United States has recently followed their example. Compare the state of development of these older countries with the present stage of development of Canada. Compare the British isles with this country; reflect that all its huge population could be put on Vancouver island. What we here need is vision and courage. We would not need to provide for unemployment if we handled our affairs properly; and we do not need social credit to provide for it either.

For these reasons, although I would not delay another minute the passing of this bill, because it is the best we can get at present,—and I apologize for having spoken at all at this time—I believe there are more effective forms of social legislation than the present bill.

Mr. HANSON (York-Sunbury): I do not think that the hon. member for Victoria (Mr. Mayhew) need offer this committee any apology for the remarks he has just concluded. On the contrary, I believe we have listened to a thoughtful, perhaps all too brief, consideration of the principles of measures such as this. I personally listened with pleasure to his remarks, and I congratulate him upon his brief contribution to this debate. He left with the committee an illustration of what I should have said, and perhaps tried most inadequately to say on more than one occasion during the passage of this bill, namely that the House of Commons, in its discussion of this important measure, has not given as much consideration as it should to the underlying principles, not only of insurance but of assurance, as he so aptly termed it.

I have supported the principle of this measure, but I have been loath to think that we should force it through without having considered every angle, and I do not think that it has had adequate consideration. Now I am informed that opportunity was given through their leadership to the labour organizations who were right on the job, but that opportunity was not given to the employers to study the bill. I did not have opportunity to study it; I was promised the bill days before it reached me—and I do not say that in any spirit of fault-finding. The minister will know that I communicated with him and that he undertook to give me the bill on a certain date, but because the bill had not been finally approved by council or there were some sections which had not been finally settled, we did not get the bill in time to give adequate consideration to it. I understand the complaint is general among employers of labour in Canada that they did not get the bill in time to study it in all its ramifications.

I am certain, from the discussion that took place in this house on Friday last on the various sections, that many hon. members had not read the bill, or if at all, but cursorily.

I do not intend to revert to the question of the British Columbia loggers. The minister has given an undertaking which may partially satisfy those who have been advocating a better course from the point of view of the loggers. I am inclined to let the matter stand there. We are trying to close the house this week, and if the discussion continues with all the work we have to do, that will not be possible. I shall come immediately, therefore, to certain comments I wish to make with regard to other portions of the schedule.

I have had over the week-end a large number of representations with respect to paragraph (g). The effect of paragraph (g) of part II of the first schedule is to include hospitals within this measure, except as to the employment of professional nurses for the sick or probationers undergoing training. Now what is the position of our hospitals, at any rate as I know them in the maritime provinces? In general they may be termed municipal or charitable institutions. The biggest hospital in the province of New Brunswick is the Saint John public hospital, wholly municipally owned and controlled. It is in no sense a profit-making enterprise; on the contrary it is a public service institution established for the good of the community, and especially for the good of those least able to pay, because within certain limitations no one is refused admittance. The hospitals in the maritime provinces I think are typical of hospitals in all the provinces with the exception of certain institutions in Quebec and portions of New Brunswick to which I shall refer later, namely, those conducted by the various religious sisters. These are in the nature of municipally owned institutions.

These institutions are usually started by some public spirited citizen to supply a long-felt want. In my city the hospital was started in 1887 by the late Lady Tilley, to mark a jubilee. The cottage hospital in Fredericton was set up in the first instance by private gifts under a board of trustees with the sanction of an act of the legislature. The hospital grew under those auspices and to-day with the growth of hospitalization it has become really the health centre for two counties. It has never paid its way. As the use of the hospital has grown the burden of financing it has increased year by year. In days gone by it received annual gifts from charitably disposed persons in the community; in fact the nucleus of the present hospital,

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the Fraser Memorial hospital, was built as a memorial to one of our greatest pioneers in New Brunswick. That source of supply of funds has dried up, chiefly because of the increase of dominion, provincial and municipal taxation. Where is there to-day anybody who is prepared to endow or contribute to the endowment of our local hospitals, one of the most necessary services that man can supply to his fellow man? Yet these hospitals are being put in the category of industry. They are not industries in any sense of the word; the only possible exception is the private hospital operated for gain, of which we have very few in Canada. There are private insane asylums operated for gain; of that class it might perhaps be held that since they are operated for private gain they should be included. But every other category of hospitals should be excluded from the operation of this act.

Under this subsection "employment as a professional nurse for the sick" is excluded. Well, she would be excluded anyway. If I understand the system aright, these nurses are on their own, as a doctor is. They collect their own fees. The relation of employer and employee does not exist; it is a case of a professional person treating a patient. Why should they be in any other category. The relationship is analogous to that of physician and patient, or solicitor and client.

I am glad the minister has excepted probationers because they get hardly enough money to clothe themselves. But every other category of employment in these municipal and semi-municipal hospitals is to be included. The cook, the dietitian, the orderlies, the interns—all these are included. They are never out of employment as far as I know. I never heard of any of them being dismissed except for cause. I do urge upon the minister that he go the whole way with respect to these institutions which are of the character of municipal institutions. He has done it in the case of municipal transportation. Will anyone tell me that the transportation system of the city of Toronto is not run for gain? But they are to be excluded.

Mr. McLARTY: No, they are not excluded.

Mr. HANSON (York-Sunbury): Well, perhaps I do not understand it.

Mr. HOMUTH: The hydro-electric commission is excluded.

Mr. McLARTY: No.

Mr. HANSON (York-Sunbury): This is a debatable matter; we will leave it for the moment and stick to our last.

[Mr. R. B. Hanson.]

These charitable and municipal institutions, these semi-municipal institutions, shall I say, are operated not for gain but actually at a loss. A deficit must be provided for each year, and this state of affairs will continue indefinitely, especially as the sources of charitable donations dry up because of the increased taxation upon those who have been in the habit of giving from year to year. If they have to pay so much to the dominion government and to the municipal government as we have to do in my city they must of necessity decrease their contributions to these institutions. Take the little town of Woodstock, I am advised by the cottage hospital there that this will cost them \$400 a year, money that they need for reconditioning, money that they need for equipment which is required but which they cannot possibly supply now. How much less can they supply it if they have to take even \$400 a year from their exchequer because of this bill?

I do request the minister to go the whole length with respect to hospitals of this class. The employees have not asked for this protection. The contribution from any one institution would be very small, but it just adds that much to the burden they must carry. To-day I received a letter from the chairman of the Fredericton hospital, a gentleman who is known very well indeed by the minister. He says:

I cannot for the life of me see why this unemployment insurance should pertain to the general hospitals that are operating throughout Canada, such as our own. The idea is and always has been to operate hospitals at cost, that is without profit, as a matter of fact there is probably not one in a hundred that is making ends meet.

That is from Mr. J. A. Reid, chairman of the Victoria public hospital in Fredericton, a man who has devoted a great deal of his time during the last twenty years to work in connection with that hospital. He is also the head of one of our industrial institutions. I have had a communication also from the Moncton people, who say the revenue of the institutions will be still further reduced, and they add:

—Staffs further reduced—national defence tax and record of small turnover personnel takes these institutions out of ordinary category industrial problems.

In this letter I am begged to try to protect their interests.

Another class of hospital, found largely in the province of Quebec, I think, but also in certain other provinces and in the northern part of New Brunswick, is operated by religious organizations, who are doing a wonderful work in communities in which otherwise there would be no hospitalization at all. I have in mind

the hospital at St. Basil, in the county of Madawaska. So far as I can recall that is the only hospital in that county; the Minister of Fisheries will correct me if I am wrong. Most of the work done by these hospitals is charitable work, though of course those who can pay are asked to pay. The sisters work for nothing. They have a certain number of paid employees, but why should this bill apply to them?

Mr. BLACK (Yukon): Does it?

Mr. HANSON (York-Sunbury): It will apply to the janitor, to the orderlies, to the engineer and other paid employees. The hon. member for Northumberland, N.B., has just placed in my hand a telegram from the Hotel Dieu hospital at Chatham, N.B., signed by Mother Mary of the Sacred Heart, as follows:

Our hospital primarily charitable non-profit organization. Offers steady employment to personnel. Request exemption from unemployment insurance taxation.

Then here is a telegram from the Miramichi hospital at Newcastle. This institution was set up through the beneficence of a former resident of the Miramichi district, Mr. Ernest Hutchinson. I understand that to-day it is supported entirely by the fees taken in, and the municipal grants, if any. This is what they say:

Non-profit hospitals opposing inclusion in unemployment insurance. Our staff steadily employed. We are regularly in debt assisting indigent patients.

That puts in a nutshell the position of these little hospitals. I do beg the minister to re-draft paragraph (g) and have these small hospitals excluded. It simply adds one more burden to institutions which already are at their wits' end to know how to finance—and I am not putting it a bit too strongly. Now that former sources of revenue, by way of gifts from the more well to do of our people, have practically dried up, the Fredericton hospital has to go regularly to the municipal council of Fredericton, hat in hand, asking for aid and assistance to square up the deficit at the end of the year. This will be just one more burden on them, and they will not get any direct benefit from the tax. There is no reason why they should look for any benefit under this measure. They are in a different category from the banks; they are not able to pay. The banks are included because of their ability to pay. "There is a fat goose; pluck it." That is why the banks are put in, and for no other reason in the world. The government want their money. That cannot apply to our hospitals, however, especially those in the maritime provinces.

I do not think I should labour the point further; I ask the minister to go the whole way and exclude these institutions.

I had a telegram from the seamen's union, about which the hon. member for Trinity (Mr. Roebuck) spoke the other day. They are asking for the benefits of this act, because as a class they need them. Certainly our shipping companies are trading institutions. They may not have been very profitable in the past, but they are likely to come into their own now, as shipping usually does in war time. They ask to be given the benefits of this act. There is also the question of stevedores and longshoremen. Why should they be left out?

Mr. CRUICKSHANK: And loggers.

Mr. HANSON (York-Sunbury): That is quite right. Loggers are being left out for exactly the reason the hon. gentleman stated in this house—that the employers are strong enough to keep them out. The minister says there are administrative difficulties. Of course there are, but there are administrative difficulties in every field of industry under this act. It is only a matter of degree. There may be greater difficulties with respect to loggers than other industries, but the hon. member for Fraser Valley (Mr. Cruickshank) put his finger on the spot when he gave the reason the loggers have been excluded. I am not going to discuss that; it is a provincial matter, and you can fight it out between yourselves in British Columbia.

Stevedores and longshoremen belong to a well-established trade, not only on the Atlantic and Pacific coasts but also in the interior. I happen to know something about this business, which is a very hazardous occupation on the Atlantic coast. Of course this is not health insurance; workmen's compensation steps in there to fill the breach. In the city of Saint John, where most of the longshoremen in my province live; in the ports of the Miramichi, and elsewhere, these men work six months in the year. It may not be actually continuous, but so far as winter work is concerned it is fairly continuous. In the summer it is not continuous in Saint John. Some provision should be made for these men, and I make a plea for the inclusion of longshoremen and stevedores within the purview of this act.

Mr. HOWDEN: I want to support everything that has been said by the leader of the opposition (Mr. Hanson) with regard to hospitals. There is a large hospital in the city of St. Boniface, with which I am familiar, having practised medicine there for nearly forty years. There are very few paid officials

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in one of these big hospitals. The institution in St. Boniface is operated by the sisters. They are an exception to the rule; they do make ends meet, for the very simple reason that probably a hundred of these reverend women give their services without charge. Who are employed around hospitals? Chiefly the employees are nurses. About eighty per cent of those nurses are in training, and receive no remuneration whatever. If they become sick the hospital looks after them. It may be that they receive \$5 a month. They train for three years and when at the end of that time they have fulfilled their training obligations they become graduate nurses and go on about their business.

What other persons are employed around a hospital? There are orderlies who polish the floors, do the housecleaning and that sort of thing. The girls and women employed in this work are generally speaking those who cannot get work anywhere else. They are paid the very lowest wages received by any working women, but they do obtain food, they have a roof over their heads and some other comforts. The consequence is that they change often. They do not work for six months or a year. On the contrary, they work for two or three months, until they can get a better job, and when they get that job they go to some other place. I should think therefore that it would be absurd to consider insuring those women.

Mr. McLARTY: I would advise the hon. member that they are not insured.

Mr. HOWDEN: All right. Then, who are insured? There is one engineer, one electrician, one cook and one dietitian. I presume those people would be insured. Who else would there be? Perhaps there would be the clerical staff in the hospital, and the superintendent and her chief assistants. Naturally those people are not insured, because they do not receive wages. Nevertheless the hospital will be called upon to pay the insurance rate, the same as other institutions. A hospital is not an industrial institution. It cannot go into debt; on its operations it just about breaks even. I was not on the committee which investigated the bill, and unfortunately I did not receive the brief from the hospitals which apparently a great many hon. members did receive. But certainly I am sufficiently well acquainted with hospitals to realize that a large non-paying hospital is not a proper institution to participate in this unemployment insurance scheme.

Mr. BRUCE: Mr. Chairman, may I add my support to the view so well expressed by [Mr. Howden.]

the hon. member for St. Boniface (Mr. Howden) as well as by my own leader (Mr. Hanson). I happen to be on the boards of two hospitals, and I know that neither is what could be described as a money-making institution. I have in mind the Wellesley hospital of Toronto, which began operations as a private institution. For many years, about twenty-eight, I believe, we had the good fortune to have the support of Right Hon. Sir William Mulock as chairman of the board. After a certain length of time the institution was enlarged so as to take in charity patients, and following that it was brought under the provincial act as a general hospital. Even under the circumstances which obtained in the earlier period of its existence it was not a money-making institution. Nor was it started for that purpose. The hospital was organized to give assistance to people who could afford to pay their own way, who did not wish to be charity patients and to whom on that account we could give a little better service. However for many years Wellesley hospital has not been paying its way. Every year it suffers a deficit, but it continues to struggle on. The same situation obtains in connection with several other hospitals in Toronto. They have yearly deficits, and make application to the city of Toronto for help. Each year the city votes them a sum of money to help meet their deficits.

The hon. member for St. Boniface referred to the domestic employees of hospitals. In my view paragraph (g) would not exclude domestic servants in a hospital.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. BRUCE: Will domestic servants be excluded?

Mr. MACKENZIE (Vancouver Centre): Yes, under paragraph (f).

Mr. BRUCE: It is not so stated in paragraph (g).

Mr. HANSON (York-Sunbury): Paragraph (f) does not exclude domestic servants in institutions such as hospitals. It uses the expression "or in any trade or business carried on for the purpose of gain."

Mr. BRUCE: I should like to see them excluded, because to a large extent employment in a hospital is permanent. If employees become sick they are put in hospital beds and cared for during the period of their illness, even if that illness be over an extended period. Their care costs them nothing.

The Canadian Hospital Council was represented before the committee by Doctor Harvey Agnew who, in his presentation, asked that

hospitals be excluded. I do not wish to delay progress of the measure by discussing in detail Doctor Agnew's presentation, but it seems to me that if in the future we are going to appeal to the public to make contributions to hospitals, so that in the public interest they may be kept going, we must not impose any extra taxes upon them. It is unfair to compel them to come under this insurance measure. They do not wish to be included, and there is every reason why they should not be. I beg the minister to do as my leader has asked him to do, namely to exclude hospitals from the operation of the act.

Mr. COLDWELL: Let me follow a line of argument somewhat different from that which has just been placed before the committee. My criticism of the bill would be that there are too many excepted employments. My observation with regard to hospitals, and the nurses and domestic servants employed therein, is that at certain times those workers require unemployment insurance just as much as any other class of workers in the community.

I served on the hospital board of the city in which I live for a number of years, and I recall that when the depression came a large number of graduate nurses were without work and had to seek employment as domestic servants, waitresses in restaurants, and the like. They were glad to get anything to do. But the fact that they went out to do other work meant that they displaced girls who previously had been doing that kind of work. The result was that there was something in the nature of a vicious circle. So much was that so that in Regina in 1934 girls were doing domestic service in private homes for as little as \$5 a month, and the deplorable fact is that some people were taking advantage of the situation by offering that very low wage.

I believe the bill is a step in the right direction, and that is why hon. members in the group to which I belong have not been too violent in their criticism of it. We recognize that there are administrative difficulties, but it is our belief that experience will straighten out some of those difficulties, with the result that loggers, seamen and other classes may hope to come under the measure, through amendments at subsequent sessions. I should like to see this bill placed on the statute book, although I believe it to be inadequate. I should like to see it go much further, but I certainly think we should do everything we can to facilitate its passage now and not risk the kind of criticism that is being made in another place and the possibility of advantage being taken of criticisms here to defer the passage of the bill in another place. May I

add that if that were done in another place it would create a deplorable situation in Canada. The disappointment would be so great, I venture to say, that the gentlemen who consider this measure in another place might find themselves faced with a wide and insistent demand that the other place be dispensed with as speedily as possible. In my opinion it would be a good thing if it were dispensed with at once. However that may be, certainly such a demand would arise if the bill failed of passage there.

I want to see this bill go through. I do not think there should be so many classifications excepted. I agree with those who think that loggers should be included; I agree with those who think seamen should be included; I think that nurses and other classifications should be included, and I can assure the government that at another session, if this bill goes through now as a step in the right direction, we shall urge that the excepted classes be reduced in number at least in order that the benefits of the bill may be more widely applicable.

I think too of the agricultural workers. They also are subjected to unemployment. I realize that this country has to take advantage of the experience to some extent of the United States and Great Britain, two highly industrialized countries. Canada is not as highly industrialized, but we have modelled our bill on the experience in those two countries. As we go along, however, we shall probably find that our Canadian conditions will necessitate an entirely different set-up from what we find in the United States, Great Britain and other highly industrialized countries. My hope is that we may get together and give this bill as nearly unanimous approval as possible so that we may present a united front in support of it when it appears in another place.

Mr. ROSS (Souris): I should like to add just a word to what has been said by the leader of the opposition (Mr. Hanson), by the hon. member for St. Boniface (Mr. Howden), and the hon. member for Parkdale (Mr. Bruce). I do feel that hospitals should be exempt from the operation of this act, especially in view of what was said by the hon. member for Victoria (Mr. Mayhew). He expressed what I have been thinking ever since the bill came into the house. He pointed out that while some 2,000,000 people may benefit by the measure it is certainly going to work hardships on the other 600,000 people who do not benefit by it. In the province from which I come our hospitals are finding it tremendously difficult to continue in operation. I am sorry one of the hon. members for Winnipeg is not here this morning to

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speak of conditions in connection with the hospital in that city, as the hon. member for St. Boniface has spoken of the hospital in his riding. This bill is undoubtedly going to add to the taxation burden, which is already hard on agriculturists, and our hospitals in the smaller municipalities are having great difficulties in functioning at the present time. I rose to urge that our hospitals which are carrying on largely through charitable contributions should be exempted from the act.

Mr. CRUICKSHANK: I have the solution for the hon. gentleman's problem. Let us trade the hospitals for the loggers—leave the hospitals out and bring in the loggers. One thing this discussion has certainly brought out; the hon. member for Vancouver East (Mr. MacInnis) apparently sees eye to eye with a certain well known lawyer from Vancouver on labour legislation.

Mr. O'NEILL: In reply to the hon. member for Souris (Mr. Ross), may I mention that the hon. member for Winnipeg South (Mr. Mutch) joined his regiment in Winnipeg this morning, I understand, and that is the reason he is not here.

Mr. ROSS (Souris): The point is well taken.

Mr. ROY (Translation): Mr. Chairman, I regret having to address myself in French to the Minister of Labour (Mr. McLarty); however, I would be unable to express myself adequately in English without a certain amount of preparation. I wish to call the minister's attention to the lot of two classes of workmen excluded from the operation of this measure, to wit, woodcutters and fishermen. If this legislation is designed, as it is claimed, to work untold benefits for our people, why should we thus ignore those who are most in need of assistance?

It is a well known fact that, for several years now, the Gaspé woodcutters have been jobless because many of our leased timber limits have remained idle. One might even add that unemployment is much more severe in this region than in any other. Our fishermen labour under practically the same difficulties. Their catch of fish is reduced; moreover, since the outbreak of hostilities, we have lost all our foreign markets and, as a result, prices have fallen very low. If this measure is really intended to help workmen, I cannot understand why we should exclude these two classes of citizens who greatly need any practical form of assistance we can give them.

It has been suggested that we exclude hospitals, which is only fair. I share the opinion of the hon. member who suggested, a moment ago, that the provisions of the act

[Mr. J. A. Ross.]

be extended to woodcutters instead of hospitals. However, this is not what has been done. Hospitals must contribute to the insurance fund. In Gaspé, we have two hospitals managed by nuns. These institutions are kept open under very adverse conditions, since they hardly receive any assistance at all. Why should they be required to contribute to the unemployment insurance fund, which would be much more beneficial to their staffs?

The present unemployment insurance measure excludes our fishermen and woodcutters who are precisely the ones in need of assistance; yet, they are never exempt from any tax on wheat. May I therefore ask the minister whether there shall remain, once the act becomes operative, any official and permanent means of extending aid to the woodcutters and fishermen of Gaspé and the Magdalen islands?

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. HARRIS (Danforth): I should like to make one or two observations even though the minister does not feel disposed to change the bill as it stands.

Although I am in favour of the measure, the minister must recognize that it will have a tendency to orientate and almost to regiment business generally, and institutions which like to think of their employees as part of their family, but will now be compelled to contribute to this scheme, will of necessity lay off employees during slack periods knowing they will receive some advantage from this legislation.

Dealing more particularly with the item which was under discussion before lunch, I come to the problem of hospitals. Our hospitals are non-profit-making institutions. As I read the bill, it is not intended that it should apply to such organizations. When hospital employees come under this scheme it will tend, in my opinion, to separate the governors from their employees, because the governors have no sources of income by which they can absorb this tax which falls upon their low-paid employees. Ordinarily a profit-making business paying the scales of wages which are commonly paid in hospitals could readily raise its employees' pay sufficiently to overcome the difficulty. In any event the employees would not be unduly penalized. But those conducting a public institution would probably find it difficult to take any move of that kind as being inconsistent with their responsibility as trustees; moreover they could not do it because they have not the funds with which to raise wages.

The ordinary hospital of 150 beds will have about 100 employees, most of whom will come under the terms of this measure, and in saying that I refer specifically to paragraph (g). It might be supposed that the provision excepting "employment as a professional nurse for the sick or as a probationer undergoing training for employment as such nurse" would be of some avail to the general hospitals. As a matter of fact it is not. What is a professional nurse? Her duties are not particularly to the hospital itself, but to a patient in the hospital, probably in a private ward, and apart entirely from the general conduct of the hospital. Nurses of a standing similar to that of the professional nurse who are on the payroll of a hospital are supervisors of various services. In a hospital of 150 beds the number of supervisors may be as high as fifteen, each receiving a salary of \$75 or \$80 per month and a living allowance of around \$30, or \$1,320 for a working year. These people are in steady employment, and if they conduct themselves ethically and properly they are not likely to find themselves out of employment. Nevertheless, being under the \$2,000 salary limit, they must contribute weekly 25, 27 or 29 cents. The institution in turn is required to pay a like amount, or perhaps a cent or two more per week.

In the final analysis this means that a hospital of 150 beds will have to pay into this fund between \$1,000 and \$1,500 a year, putting itself, as I heard an hon. member say, that much more into the red and making it so much more difficult to conduct a non-profit-making service to the community without saddling undue burdens on public-spirited citizens who are anxious that sick people shall receive adequate medical attention. Computing the cost from coast to coast, I believe it will be found to amount to about \$270,000 from employees and another \$250,000 from the institutions themselves, a total contribution of half a million dollars. Certainly the returns they will receive will be in no way commensurate to the amount they have subscribed; they will do well to get back \$20,000. That half a million dollars which goes into the general insurance fund will go to support private institutions of the commercial and industrial class, and those who are serving the people through non-profit-making organizations and depending upon citizens like ourselves to meet their annual deficits will find themselves more and more embarrassed.

I trust that the minister will give consideration, in the light of what I have said, to clarifying the position of the professional nurse, and, if she finds herself in the vocation of supervisor in the department of the hospital, will not extract from her small earnings—

small, at least, compared with the average of \$5 a day received by a nurse engaged by a private patient—any contribution under this heading. If this is done, those charged with finding the wherewithal to maintain the payrolls of these institutions will have their obligations proportionately reduced.

What applies in that field I should like to see applied also in respect of the previous paragraph. It is provided in paragraph (f) that there shall be excluded—

Employment in domestic service, except where the employed person is employed in a club or in any trade or business carried on for the purpose of gain.

In many cases a maid in a general hospital receives about the same amount that she would be paid if she were employed as a domestic servant in a private home. The average amount paid to a maid in a hospital is \$35 a month, and the average wage of a domestic servant in the urban centres of Canada is also about \$35 per month, but with everything found, including uniforms. In many of our hospitals the maids do not have their uniforms provided. Why should they, who are part and parcel of the hospital staff and can remain there, provided they give proper service and conduct themselves well, for the rest of their natural lives, be required to contribute from their pittance to a fund from which they cannot expect to receive any benefits?

Mr. McLARTY: The answer is, of course, that they do not.

Mr. HARRIS (Danforth): I am glad to hear the minister say that they do not, although I read the provision very carefully. But if they do not under (f) perhaps we can say the same with regard to (g). Is a professional nurse a professional nurse if she is a supervisor?

Mr. CRUICKSHANK: Did I understand the hon. member to say that the average wage paid domestic servants is \$35? Will he tell me where in Canada that is true?

Mr. HARRIS (Danforth): I said that \$35 a month was paid in the urban sections. I have known it to be paid. I have not looked up the statistics, but my hon. friend has the freedom of the library. It is a cool place and I hope he will look up the statistics and let me know what they are being paid.

The other point I had in mind with regard to these services is this. In our general hospitals in the summer months, when the members of the profession are away on holidays, there is a tendency for work to slacken off. There is not so much demand for their services at that time, and for some reason

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or other in the Christmas and New Year season there are not so many people ill. If no exemption is made in (f) and (g) it will be incumbent upon those charged with responsibility, when work slackens off, to conduct their affairs on a more businesslike basis with a view to balancing their budget and participating in the unemployment insurance fund. If the employees in these institutions are on the sick list they do not form part and parcel of the workmen's compensation scheme which prevails in Ontario. They receive no compensation. The hospitals however are glad to provide service for their own employees, sometimes free and sometimes at specially arranged rates. If they do not come under the workmen's compensation provisions, then they should not form a part of this unemployment insurance scheme. I do hope the minister will seriously consider the elimination of hospital employees, or, failing that, will give a broad interpretation of the two classes I have mentioned.

Mr. McLARTY: Perhaps I might discuss very shortly the question of unemployment insurance in hospitals. I believe that much of the argument has been misconceived. The leader of the opposition (Mr. Hanson) made a stirring plea for consideration of employees in the financial plight of hospitals. May I point out that subsection (g) of part II of the schedule is put in for the specific purpose of assisting the hospitals in that it excludes from the operation of the act the professional nurses and probationers. In addition, the domestic help employed in the hospital is, as the hon. member for Danforth (Mr. Harris) correctly points out, excluded by subsection (f). You have left, largely janitors and engineers. They are not insured as employees of the hospital; they are insured because they are janitors or engineers and therefore come under section 50.

If we acceded to the request what would be the result? I trust this will show the danger of an amendment. Suppose X is a janitor in the Ottawa Electric building. He secures a position in the Ottawa civic hospital. Is it fair to him that, because he is employed in the hospital, he should lose the benefits which he had built up under the act? In other words, the coverage is not great so far as the hospital is concerned, though it is essential; and if hon. members will refer to section 50 they will see that the janitor or the engineer is covered not by the fact that he is in the hospital but because he is a janitor or an engineer, but by virtue of that fact is otherwise subject to the act.

[Mr. J. H. Harris.]

Mr. HARRIS (Danforth): Well, suppose that man decided to become a fisherman and went fishing. Would he lose the increment he had earned as a janitor?

Mr. McLARTY: That is entirely different. Whether he is a janitor in the Ottawa Electric building or in the civic hospital he is still a janitor; he does not change the nature of his occupation. He is simply changing the situs. That is entirely different.

In this matter Doctor Harvey Agnew of Toronto appeared before the special committee and made an excellent presentation, as did the hon. member for St. Boniface (Mr. Howden) and the hon. member for Parkdale (Mr. Bruce) to-day. But it is not putting a penalty upon the hospital *qua* hospital; it is simply insuring the individual man in the particular employment in which he is engaged.

After Doctor Agnew appeared before the committee the hospital association of British Columbia wired the committee and said that they definitely wished to be under the act to the extent that they are under it. It is not the intention of this measure to penalize hospitals, which, as has been pointed out time and again, are having a difficult time carrying on. Nor is it intended to embarrass their finances. But unless you are going to give coverage to a man in a particular occupation you will find it difficult to meet the situation. That is the objection to any amendment to subsection (g).

Mr. CHAMBERS: I have heard the minister's statement with regard to the man who is a janitor transferring from one building to another. Has he considered the position of caterpillar tractor drivers in the woods of British Columbia? They are employed not only in the woods but by contractors. A great deal of logging in British Columbia is done at present by this means. If the driver is working under a contractor he will build up benefits under the bill, but as the bill stands at present, with the logging industry excluded, he will lose those benefits if he continues in the woods.

Mr. McLARTY: Oh, no; that is not correct. I refer the hon. member to section 50. It depends on the employment in which he is engaged and not on the particular employer for whom he works.

Mr. CHAMBERS: I accept that statement. There are two or three remarks I wish to make with regard to the exclusion of the logging industry. I think I am in some small degree qualified to discuss the subject because for two and a half years I worked in the woods in British Columbia as a logger. There are no finer people to work with than the

loggers of British Columbia, but among their habits is not that of great thrift. They are in the main well paid and work steadily. According to the brief of the International Woodworkers of America forwarded to the minister to be heard by the committee in this connection, it was pointed out that employment in that industry lasts roughly eight or nine months a year. During that time the logger is in many instances paid what would be regarded here as a very good wage. He does not save as much as he might, perhaps because of the very nature of his calling, its roughness, the fact that he lives at a distance from civilization, and so on. He stays in the bush a number of months, piles up a fair amount of money, and then comes to town and spends it. That has been the habit of a great many of our loggers. I take it that one of the reasons we have this unemployment insurance bill is to prevent just that sort of thing. If a man does not provide for the time when he knows he will be unemployed, the state is taking this means of ensuring that he will.

I know of no industry in British Columbia in which such a measure as this is more necessary than it is for the protection of the loggers in the logging industry. Many representations have been made to the committee with regard to the bill as a whole, and I compliment the Minister of Labour upon the way in which he has handled the bill up to the present time. But a very important point has arisen with regard to the British Columbia logging industry. This bill is possible to-day only because the provinces have given up to the dominion government the right to legislate in this field. Because they have done so the dominion government can now proceed to introduce a bill to do in those provinces what those provinces could heretofore have done themselves. It is being done with their express consent, as we were informed when the motion was introduced in this house for transmission to the British house with respect to the necessary change in the constitution. Surely then it is of the greatest importance that the things which would have been done in any given province under a bill of this type should be done under this bill.

The committee I believe had before it a communication from the Hon. Mr. Pearson, minister of labour for British Columbia, who represents in the provincial legislature the same seat that I represent in this house, in which he makes it plain that had he introduced an unemployment insurance measure in British Columbia the loggers of the province would have come under it. I do not know that I should emphasize this point too strongly, but it is of the utmost importance that where a measure is introduced by the national

authority with the cooperation of certain provinces, the views of the proper ministers or of the governments of the provinces which have given up their rights should receive careful consideration before they are negated as is being done at the present time.

What is the attitude of organized labour in the woods in British Columbia towards this measure? I referred a few moments ago to the brief of the International Woodworkers of America. Before I deal with certain points in that brief I should like to refer to what was said earlier to-day by the hon. member for Vancouver East (Mr. MacInnis). To me it is surprising that he should take the position he has taken in this house. I had not thought the hon. gentleman was quite so much of a realist. He intimated that there was very little connection between labour, organized labour and the thought of organized labour, and Liberal members from British Columbia. I do not need to say to the hon. member for Vancouver East, through you, Mr. Chairman, that there are many members of the International Woodworkers of America in the woods and logging camps of British Columbia and in the county of Nanaimo too. I do not need to remind the hon. member that the locals of the International Woodworkers of America, for whom I am now pleading, endorsed the Cooperative Commonwealth Federation candidature against me in my own county during the last election. Nevertheless I support their brief now. Let us hear no more of these innuendoes as to how far Liberals and Liberal candidates are from labour thought and sentiment on Vancouver island.

Another point of extreme importance to the loggers is not brought out in the brief to which I refer, and I think it should be mentioned. The logging industry of British Columbia is running at full blast at the present time, and it is to be anticipated that so long as the war continues and there is a lack of the former sources of supply of lumber to Great Britain, the British Columbia logging industry will be very active. But there must come a time when employment in the lumber industry will slacken off, and this is the time for which we must now prepare. I could not find an industry anywhere in Canada which is busier than the logging industry now is because of the war, but, for the reasons I have given, it will slump all the quicker after the war. It therefore seems to me essential that we should now take advantage of the activity of the industry and pile up benefits which can be given back to the workers when the war is over or when the industry slumps again.

With regard to this brief, the union brings out a point to which I wish to refer. The

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source of their quotation is "Logging Principles and Practices in the United States and Canada," by Nelson C. Brown, 1934, chapter III, entitled "Pacific Coast Region—North-west Douglas Fir." Under the heading "Climatic Conditions Affecting Logging" the statement says:

The prevailing mild climate with long, warm, dry season extending from the spring into the fall and general rainy winters do not affect logging methods or operation. The winter shut-downs on account of deep snows or cold weather are generally of short duration, only about two to four weeks.

The minister says he is rejecting this plea not because logging is a seasonal occupation, but because of probable administrative difficulties. Does the minister think, or do his advisers think, that they know more about the administrative difficulties of collecting money—because that is what it amounts to—from working people in remote sections of British Columbia than the minister of labour of the province under whom comes the administration of the Workmen's Compensation Act? The Workmen's Compensation Act operates in our woods; the penny a day is taken off the boys' payroll—it works very nicely.

The minister pointed out this morning, and I have no doubt it is correct, that in the logging areas on the Washington-Oregon side of the line, where logging and climatic conditions are similar to ours, it has cost the United States administration 38 per cent more to administer the scheme than it has in other industrial sections. I cannot say categorically, but I suggest that the same situation holds with regard to the Workmen's Compensation Act in British Columbia. Obviously it must cost a little more because it is always more difficult when men are great distances from civilized and industrial centres where money can be collected easily. It takes a longer time, it requires more inspectors, and so on. But I believe that the minister is aware, and his advisers also, that as far as the question of reemployment of those who might conceivably come under benefit in the logging industry is concerned, practically all the hiring of the camps, certainly on Vancouver island, which is the main logging section, and the lower mainland, is done from the city of Vancouver and would not be difficult to control. It would not be difficult for the minister to know whether or not loggers were taking advantage of the act. I take it that is one of the reasons why costs would be higher.

It is now five years since the administration of Right Hon. Mr. Bennett introduced an unemployment insurance bill. Under that bill also, if I remember correctly, loggers were excluded. During those five years we had a

[Mr. Chambers.]

national employment commission, set up by the present administration. That commission went so far as to say—I have no doubt the minister is aware of this—that not only would an unemployment insurance measure have been of the greatest benefit during the depression had it been initiated earlier, but that it should have been extended even to seasonal workers. That was two and a half years ago. There we had the opinion of a body of experienced men, not of someone called in hurriedly, perhaps without known qualifications, to advise the minister. We have had the benefit of that information and advice, and in view of that fact it would seem right and proper that the logging industry should be included under the terms of this bill although I maintain that it cannot be described as seasonal.

We in this country are fighting and our workers are fighting, for democracy. To me a live democracy must mean continuous social progress. Our strongest bulwark is a balanced social security. I congratulate the government on having introduced this measure, because I feel sure it must inevitably be followed, as time goes on, by a measure similar to that described by the hon. member for Victoria, B.C., that is to say, a compulsory contributory pension scheme for taking all workers off the labour market when they reach the age of retirement. But, Mr. Chairman, I can see no reason why the industry employing the greatest number of workers in British Columbia should be denied this measure of social progress just because five years ago someone seemed to think that should be done. After all, it would be easier to ask the workers in our logging camps to make greater and greater efforts if they knew they were to receive their rightful share of this social progress. Only the other day the men of one of the largest logging concerns in my constituency decided they were not doing enough to help our war effort; so they went out and threw into the pot a day's pay with which they bought a training plane, which was sent down here to the air minister. The month before that, in the same manner, others bought three ambulances.

I do not see why these people cannot have some share in our social progress. After all, as has been brought out by better speakers than I, they work some nine months of the year. As long as the war continues they will work to the extent climatic conditions permit, and that will be for more than nine months. Why, then, can we not bring them in?

The question has been brought up as to the actuarial balance of the bill being disturbed. If the bill is actuarially sound now

the addition of further persons, who come within its provisions because of the fact that they work eight, nine or nine and a half months of the year, is not going to disturb it. Certainly I should like to know of any actuary in Canada to-day who can tell this house or this government with any degree of certainty what is an actuarially sound unemployment insurance bill, with the turmoil of war going on about us. Who can look ahead for years and say this bill is actuarially sound and will take care of a certain situation as it may develop three years from now?

In view of these facts, poorly put together as they may be, I would ask the minister if he could not give further consideration to the question of bringing our British Columbia logging boys within the terms of this bill.

Mr. REID: In view of the fact that Mr. Pearson, Minister of Labour of British Columbia, has been quoted several times during this debate; in view of the fact that the wires he sent the minister and myself have been placed on record as well, I think it would be only fair if the complete representations made by Mr. Pearson were placed on *Hansard*. I wired Mr. Pearson asking for certain figures and data in order to be better informed when the discussion took place in the committee. The figures were sent to me, and subsequently I asked for further information. The first wire I received was dated July 20. The second wire, dated July 23, reads:

Your telegram arrived while I was away yesterday afternoon and was replied to by deputy minister Bell, who gave you the information you asked for. Yesterday I saw a copy of the bill for first time and noticed that under schedule practically all forms of lumbering except logging can be covered. I still believe that logging in this province is sufficiently continuous to cover it without endangering soundness of scheme. I also consider that the act could be framed following the lines of Washington and Oregon state acts which would make it possible to bring many more occupations under it. But I think the most important thing of all is that the principle of the act should be established and that the act should actually be brought into operation. May I suggest that you do not carry objections to the bill to the point where those interests which would like to see the bill destroyed are placed in a position where they can suggest that the operation of the bill be delayed.

Mr. POULIOT: I was very much gratified to read, at page 1982 of *Hansard*, the following remark by my revered leader concerning the Bennett insurance bill of 1935:

The whole business to my mind, if I may be permitted to use the expression, was a pure election bluff, nothing more or less.

At page 1514 of *Hansard* for March 7, 1935, the member for Témiscouata (Mr. Pouliot) had this to say:

This is only election propaganda, and that is why I denounce it.

The words are different but the idea is the same. I was doubly gratified because at page 1984 of *Hansard* for this session my esteemed leader said:

The people of Canada had spoken. They had spoken in the general election of 1935, and had made it perfectly clear to the government taking office that they regarded the legislation in question as unconstitutional, and that it should not be on the statute books at all; and I was accepting the decision of the people of Canada.

Mark you, Mr. Chairman; the Prime Minister said it should not be on the statute books at all. On March 2, 1937, the member for Témiscouata moved the second reading of Bill No. 30, to repeal the Employment and Social Insurance Act, which was part of Mr. Bennett's social legislation. That would have taken the act out of the statute books, and there would have been no dirty linen mixed with the clean linen in the cupboard. Of course that debate was adjourned; the matter did not go further, but the member for Témiscouata showed his good-will by this effort to get rid of such pernicious political propaganda.

We have had some experts drafting the new bill. I was utterly opposed to Mr. Bennett's social legislation because I knew it was a fake from first to last. But I am interested in compared legislation. I wonder how many members have looked at the statute of 1935. With the exception of some small changes made by the special committee of the house, the schedule now before us is about the same as the one of 1935. No changes were made by the so-called experts who drafted the legislation; therefore I can state this schedule is about the same as that then prepared by the powerful brains in the Department of Labour. Of course in this statement I am not including the minister, a gentleman who deserves a lot of credit, and who is the silver lining of the cloud in the Department of Labour. It is he who hides those who are not so brilliant. I am wondering if the minister might not have dispensed with the services of the experts who drafted the legislation, and might have hired only some typists to copy the 1935 bill.

In the measure we find some excepted employments. The minister must make a distinction between business organizations and charitable institutions. I was delighted to be in the house this morning when for the first time in the session the leader of the opposition (Mr. Hanson) spoke so well, and so much to the point. His remarks were logical, and he made some observations respecting the Hotel Dieu of St. Basil de Madawaska which touched

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my heart. I know that institution, because it was there I learned to read. It was there I acquired the ability to read more bad than good legislation. That is the place where children are educated, and where the poor and the sick are cared for by women who sacrifice their lives for the good of their fellow citizens. The leader of the opposition, who knows that institution very well, has spoken kindly about those people, and I am sure all who know them will highly appreciate his excellent speech in their behalf. In those institutions, under the direction of able persons, the poor look after the poor. The nuns sometimes take in transients, and take good care of them. The transients are clothed and are asked to help in the charitable work. The institution of which the leader of the opposition spoke is not a business concern; neither is it an organization to make profit. Moreover those institutions are self-supporting, and there is no obligation to pay taxes for them, as there is in connection with other civic hospitals.

I point out therefore that the minister should make that distinction. In connection with those benevolent organizations, which remind us of those of the middle ages, consideration should be given to the aim. They do not aim to make profits; rather they wish to work in the interests of charity. Only to-day I received a wire from my esteemed colleague, the Hon. Leon Casgrain, who represents part of my constituency in the legislative assembly of Quebec, and who is a member of the Godbout government. The wire is in these words:

(Translation) St. Joseph du Précieux-Sang hospital opposed to unemployment insurance act being applied to hospitals. Important that such exemption be mentioned in the act.

I know several hon. members have received messages to the same effect. I will ask the minister to give evidence of his open-mindedness, and not to impose upon the house a piece of legislation which can be improved upon. He could easily improve it by accepting some of the suggestions which have been made.

It is very easy to satisfy the majority; that is the rule in all democratic countries. In British Columbia there are divergent views in respect to the exemption of loggers or lumberjacks. Well, it is very easy to settle that question. The minister has only to call for a straw vote of members from British Columbia and to follow the view of the majority. If he does that he will not make a mistake, and he would be better advised than if he were to accept advice from any officer of his department. Of course I warn the minister against

[Mr. Pouliot.]

something about which I know a good deal. I warn him against the intrigues made at times by some civil servants, to push through unnecessary legislation so that they may obtain higher positions and higher salaries. I know one I could now name who is advocating this measure, one who has the mouth full of the league of nations, and who is not a practical man. He knows nothing about the actuarial business, but in committee he quoted figures about the league of nations, his trips to Geneva, and the like. What do we care about that? We are not in Geneva, we are in Ottawa, Canada, and we must decide that question in the interest of this country. This is not international legislation; it is Canadian legislation for Canadian people.

What happened? Well, we know that one of those gentlemen once made a chair with his own hands and because of that he now calls himself a labour man. What does he know about legislation? Legislation is something sacred. It is a rule for everyone to follow, both the rich and the poor. Legislation must be prepared with the utmost care. But those people have not the least idea about the importance of legislation, and they proceeded to copy a piece of legislation adopted at Westminster, in the congress of the United States, and even by Germany. We know that the marketing bill passed by the Bennett government was copied from the German marketing legislation. Those people make copies of some foreign legislation and dare to offer it as the product of their own brains.

What may work in one country may not work in another, because conditions may be different. England is a small country with a large population; Canada is a large country with a small population, and the United States is a large country with a large population. Conditions are not the same geographically. In the preparation of legislation this aspect of the matter should be considered. We should not take it for granted that simply because a man is employed by the government he is an expert, and that because he is called an expert he knows what he is talking about.

I was struck by the contribution made to the debates of the house when Mr. Heaps sat as a member from Winnipeg. We have heard of Mr. Wolfenden, the great actuary. Mr. Wolfenden was hired by the Bennett government to say that social insurance was the proper remedy for all the evils of that day. Now that he has not been hired by this government and has appeared only as a witness, he says that this legislation, which is the same as the other, is just too bad and that this is not the time for us to pass this bill. But that is our responsibility to decide, not his.

We must not forget also that Mr. Bennett brought down his unemployment insurance measure when employment was at a very low figure. At this time, while there is still unemployment in Canada, employment is much higher than when Mr. Bennett was in power, and that must be borne in mind in considering this bill.

If this bill passes the house and is agreed to by the senate and receives royal assent I wonder if it would not be a good thing to leave it on the statute book for two or three years before starting to apply it. That was done in the United States with very good results. There should be a reserve fund before the act comes into full operation. What insurance company would start an insurance scheme on such a large scale as this without having any reserve fund? The ordinary insurance company, of course, grows little by little, but this insurance scheme is to be applied to the whole country at once, and benefits to people who lose their employment are to be paid at once, when no reserve fund has been accumulated. This is an important point. Again I suggest to the minister that if the bill passes both houses and receives royal assent a period of two or three years should elapse before the act is put into operation so as to give us time to accumulate a reserve fund.

There is another point. Compensation has to be paid at once, and that serves as a protection for a certain number of employees who are thrown out of work. This is not absolutely social insurance, but it is a part of it, and it accomplishes a lot in case of emergency. In the steel business, for example, when orders are not so numerous, the men will be paid compensation at once over a short period of time. I am afraid that social insurance may turn into a kind of dole, and the more so since this act has been copied in part from the English act and has been advocated by three Englishmen. I do not mean three English-speaking Canadians but three gentlemen from England—Mr. Purvis, Mr. Humphrey Mitchell of the Department of Labour and Mr. Heaps now of the same department. The dole has had a pernicious effect upon the English people, and it would be unfortunate if we had the same results in Canada. Will the minister kindly tell the committee whether he would be prepared to postpone the application of the act for such a period of time as would allow a reserve fund to be accumulated?

Mr. SINCLAIR: As a member representing an industrial riding it is of course obvious that I should have something to say on this unemployment insurance bill. I cannot begin to tell the house how pleased the majority of the workers in my riding are at the attempted rapid passage of this bill. The British Col-

umbia members, with possibly one exception, have deplored the fact that loggers are not included in the bill. Logging is the principal industry of British Columbia. It affects every man, woman and child in the province, and yet loggers do not come within the provisions of this bill.

I shall not labour the point whether our logging industry is seasonal or not. Whatever logging may be in eastern Canada, in western Canada, on the Pacific coast, logging is an all-year-round occupation. The hon. member for Victoria (Mr. Mayhew) struck the nail square on the head this morning when he said that if the logging industry of British Columbia were considered quite separately from the logging industry in general across Canada, there is no doubt that the loggers of British Columbia would be included in this bill. A little earlier the Minister of Labour (Mr. McLarty) had suggested that we could not have regional divisions of industry. We could not, to use his own words, make fish of one and flesh of another. I do not agree with that, because, as I said a moment ago, our big timber-logging operations in British Columbia continue the year round and are an entirely different industry from winter bush cutting in eastern Canada. This government and previous governments perhaps of a different colour have shown no great reluctance to distinguishing between the wheat farmers of the west and the farmers of the Fraser river, between the apple growers of the Annapolis valley and the apple growers of the Okanagan valley, between the fishermen of the eastern maritimes and the fishermen of the west coast. For the industries in the east there are bonuses and subsidies, but from the west rugged individualism is expected. And under this bill you expect rugged individualism from the loggers.

A good deal has been said about administrative difficulties, and that lovely phrase "actuarially unsound" has been used a great deal in this debate. Three years ago I campaigned enthusiastically with Doctor Weir on a scheme of provincial health insurance in British Columbia, and in that campaign we heard, over and over again, from big business and from the opponents of health insurance, that same phrase, "actuarially unsound". It may be more than a coincidence that we had representing the manufacturers at that time the same actuary who regards this scheme as actuarially unsound. I am a mathematician myself, after a fashion, and I cannot see how the addition of 13,000 loggers, the best paid workers in British Columbia, can upset the actuarial soundness of a scheme that is to cover over 2,000,000 workers. The boss loggers back home, the men who run this far-flung logging empire, who are at present opposing

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this bill and have hired the ablest counsel in British Columbia to come here and present arguments against it, have no administrative difficulties in their own organization. The government of British Columbia for twenty-four years has collected compensation for loggers from these same gentlemen, and has collected one per cent in income tax for the last nine years. The Department of National Defence now collects two or three per cent for the national defence tax on workers engaged as loggers. We are at a loss to understand, therefore, why the Department of Labour is going to be faced with such tremendous administrative difficulties if loggers are included in this bill. We have in British Columbia, as has been said and justly said in this house, an extremely able minister of labour and I am quite sure that he will be only too glad to lend his officials to the Department of Labour here to straighten out the administrative problems which are at present blocking the entry into this great scheme of our most important industry in British Columbia.

I must confess that I have been pleased with one amazing change which has taken place in the discussion of this bill. The leader of the opposition is not at present in his seat, but I read that in 1935, as Minister of Trade and Commerce, he supported the Bennett government's measure, which did not include loggers, which did not include seamen, and which did include the hospitals. Perhaps it is his proximity to this Liberal bloc which has caused him to change his point of view.

We in British Columbia have been surprised at the attitude of the hon. member for Vancouver East (Mr. MacInnis). After reading his remarks on Friday, one would not be astonished even to learn that he had been—very properly—transferred to that chamber which is quaintly called “another place.”

Some remarks have been made about lobbying. I do not know what lobbying is in the actual technical sense. I do know that I have not been approached or influenced by any such agency. Naturally these people put forward the best case they can. Our loggers at home, the men who work in the woods in the most dangerous and hazardous occupation in British Columbia, are poorly organized. They are poorly organized because the boss loggers in British Columbia have long been the most powerful influence in the province. The men could not afford to send expensive counsel down here to plead their case before this committee. They did send to the British Columbia members an excellent and very able brief stating their case. Our friend the hon. member for Nanaimo (Mr. Chambers) has

[Mr. Sinclair.]

quoted from that document. So far as these loggers are concerned there is no group more deserving of protection, and right now.

The minister referred to an advisory committee which will very soon take action. Almost in the same breath he said that this matter had been under consideration for five years. For five years some government committee has studied this, and now we are to put implicit faith in the ability of this committee very soon to include our loggers. I have every faith in parliament. I have practically no faith in commissions. A plague on these leisurely discussions, which are more and more throttling this country of ours! What we need is the sort of discussion we are having now on the floor of this chamber, when every British Columbia member in turn has been up and told the minister exactly the views of himself and the people he represents. That to my mind is far more valuable, and in conformity with what the loggers at home expect, than having some commission sitting like a poet in an ivory tower, owing no duty to the people, who after all are the people who sent us here.

We have talked a great deal about the four or five points which the hon. member for Comox-Alberni, who represents the biggest logging riding in British Columbia, enumerated this morning. But the discussion really has simmered down to one point—administrative difficulties. The British Columbia members would like to know from the minister just what are these profound difficulties, so different from the difficulties of the administration of the workmen's compensation board, for example. If he can explain to us these difficulties and point out some way by which this commission intends to surmount them, we from British Columbia will feel a little better about the exclusion of the loggers from this bill.

Mr. ROEBUCK: I should like to say a word before we close—

Mr. SINCLAIR: I asked the minister a question.

Mr. ROEBUCK: —before we close the discussion of this very important section. We are all interested in hospitals. I do not suppose anybody would yield in that respect to any other hon. member on the floor of the house.

I myself joined in the building of a hospital in the north and for years took part in its management. I know there will be those who ask why I am prepared apparently to sacrifice their interest in this schedule of the bill. I am not. And yet I am not in favour of

excluding the hospitals from the provisions of this bill to the extent to which they are now included. This for several reasons.

In the first place, nearly every hospital has a deficit. That has been pointed out already on the floor of this chamber. These deficits for the most part are taken care of by the municipal authorities in the localities in which the hospitals are located; so that if we took the burden off their shoulders and attempted to throw it on the employees, in actual fact we would be lightening the load slightly, perhaps, if at all, of those who are bearing the final burden of the deficits, but as between, not the employee and the hospital, but the employee and the municipal authorities, who are the final well from which the hospital deficits are drawn.

That is one reason, and there is another one which is perhaps even more cogent. It is most necessary in considering these problems to trace them to their final conclusion and not stop half way. Were we to ask the employees in the various classes included in this measure to forego its benefits when they work in a hospital, and to obtain its benefits when they work somewhere else, the result must necessarily be that the hospital would either take the least efficient of those in that particular classification of employee, or would give some other concession equivalent to that which is common to the whole trade. That is to say, the hospital would find itself in this position, that it must accept the left-overs in the trade because they are denied the things which are given to others in the trade elsewhere, or it must give an increase of salary to induce these men to work in hospitals rather than somewhere else.

Mr. HOWDEN: That is what they do.

Mr. ROEBUCK: So that you would gain nothing. You would spoil the act. Perhaps this will be a disservice for a time to those who are now covered by its provisions, but in the course of time these matters will adjust themselves.

The arguments which we have heard so forcibly put to-day, were, I do not doubt, advanced with equal vigour when the Workmen's Compensation Act was under discussion in the provincial legislatures.

Mr. MacNICOL: And the old age pension act.

Mr. ROEBUCK: And the old age pension act, no doubt. But of the two, the more closely analogous is the Workmen's Compensation Act. I do not doubt that at that time the financial difficulties of the hospitals were advanced as an argument why workmen

should be deprived of the benefit of the act when they worked for hospitals. Yet the good sense of the legislatures, if my memory is correct—I think I am right in this—resisted those arguments, and men come under the Workmen's Compensation Act even though they work in the hospitals. I am not satisfied to shoulder off upon the poor working people in the hospitals—the janitors, the men who fire the boilers, the men who run the hoists, all that kind of labour—even if we could, a portion of the burden of the deficits of the hospitals in which they work. The labourer is worthy of his hire, and he is worthy of the benefits of this bill, even though he works in a hospital.

There is one other little point I should like to make before sitting down. I have listened with a great deal of interest and some instruction to the very forcible statements of hon. members from British Columbia arguing their case as to why the loggers should be included, and I have thought that under the circumstances the minister has taken the reasonable action. He has said that the question will be referred by himself or by counsel to the commission when it is sitting and the whole matter may be studied. I had the honour of presenting to this house a telegram from the seamen's union protesting against exclusion from the terms of this bill. I am glad to see that people are protesting against exclusion; they wish to be included in it. That is a good sign.

I would ask the minister if it would not be possible, when he submits the question with regard to the loggers of British Columbia and elsewhere, for him at the same time to submit the question of seamen on the great lakes, and of stevedores, and let their case be studied also. It would be an assurance to them if they had that word from the minister. I realize that we have excluded stevedores for several reasons perhaps, but including this, that stevedores are supposed to work for numbers of employers. I am under the impression, however, that that is not so on the great lakes. I know numbers of stevedores who work for shipping companies. I know some who work for independent contractors under the railways. It may be that a study of their case will reveal the fact that they can be included in Canada and that the arguments against them, drawn from the quays of England, do not apply. It would be received with a great deal of satisfaction and relief if the minister could say that when he is referring the question of loggers he will also submit the facts, as far as we know them, with regard to these other classifications of employment.

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Mr. HOMUTH: I have been interested in what the British Columbia members have said with regard to the loggers. They know the situation, perhaps much better than some of the experts who have worked out the bill, and in view of their representations I feel that the minister should give even more assurance than he has given to those members, if he does not intend to include the loggers in the act. I realize that under the act there are going to be certain trades that will be found in one part of the country and not in other parts, and we shall have to work this out to some extent from a geographical point of view. But the one thing I am afraid of is that there will be a great many disappointments when the act really begins to function. We have continually called it unemployment insurance. Let us be frank and honest with ourselves and call it what it is. It is a piece of social legislation, and to finance this social legislation we are going to levy a tax on certain types of workers in the country, on the industries in which those workers are employed, and on the government or the taxpayers of Canada. This tax in turn is going to be passed on, because industry, in paying its tax, will charge it in the cost of the product and the farmer and everyone else who buys the product will pay his share of the cost of this unemployment insurance scheme. The government, in paying its share, must of necessity raise the money somewhere and it will raise it through taxation, so that everyone in the country will be very much interested in the act because everyone will contribute to it.

One regret I have with reference to this bill is that we have not included the civil service of Canada. I quite realize that perhaps this is not a popular thing to say. Sometimes I am just a little fearful that governments stand more or less in fear of the civil servants, not only in the dominion but in the provinces and in the municipalities. The time has come when we have to be honest and frank with ourselves and deal with these matters as we ought to deal with them, in a businesslike way, so as to work out the greatest good to the greatest number. This is a tax we are going to levy on certain people in the country for the purpose of carrying out what we consider to be certain social obligations which the country has to people who find themselves unemployed. The bankers came before the committee and presented perhaps the best brief that was given. Every member of the committee admitted it. It was a good sound argument that they presented, but we said, "You must come under it." What was the reason given? It

(Mr. Roebuck.)

was not that there was not continuous employment in the banks. All members of the committee realize that if there is one institution that gives practically continuous employment it is the banks. The real reason for the inclusion of the bankers was that without them this scheme would not be actuarially sound. That industry was the one thing in the whole set-up that was going to keep the unemployment scheme solvent. Now if it is social legislation, passed because we realize that those who are employed have a responsibility to those who are not employed, then is it not all the more reason why members of the civil service, no matter how they are employed, ought to come under the act and pay their fair share of that responsibility which we feel that one Canadian owes to another?

Perhaps I am a little bold in saying this, but because there are forty-three or fifty thousand federal civil servants governments are hesitant about being just as businesslike with them as they ought to be. What we ought to do is to let every Canadian bear his fair share of this responsibility. These people have not much chance of losing their jobs, and the very security of their positions makes it all the more just, in my opinion, that they should accept some share of the responsibility under the act. That is the one regret I have as a member of the committee and I expressed my views in the committee. I regret that the civil servants have not been brought under the act.

Mr. McLARTY: In reply to the hon. member for Vancouver North (Mr. Sinclair), I would refer him to the minutes of proceedings and evidence of the committee at page 259, where he will find some evidence with regard to one of the administrative difficulties which will have to be overcome. With reference to the remarks of the hon. member for Trinity (Mr. Roebuck), I suppose under section 86(a) it will be one of the functions of the advisory committee to carry on a running investigation to see what trades can be best brought under the act or what can be excluded. That is one of the strong points of the act; it is the elasticity which is allowed the governor in council to work in conjunction with the commission and the committee.

Mr. MacINNIS: Attempts have been made by some hon. members from British Columbia to give the impression that I have been opposing the inclusion of the loggers in this unemployment bill. I do not think I need try to deny such a statement; it is too preposterous to be given even a thought. I am afraid that some of those hon. members

do not even like the fact that I support this bill and want to see it pass. If there was a possibility that the amendment would be carried some of them might not be so loud in its support. I am so anxious to see this bill put on the statute book in the best form attainable that I am willing to take what we have.

From anything I say now I wish to exclude the hon. member for Comox-Alberni, (Mr. Neill) because he has worked consistently for measures of this kind and other such measures year after year in this house. But when hon. members who never in their constituencies or anywhere else, so far as I have been able to find out, have done anything in the interests of the working class, now show such particular interest in this measure, I am rather suspicious. The hon. member for Fraser Valley (Mr. Cruickshank) referred to the fact that he had been working on a farm all these years and that I had not done anything since I became what he called a politician. I assume that now that he is a politician himself he intends to take life easily. That is what the ordinary politician does—he takes life easily; but that is not the reason I have taken part in politics. I have taken part in politics to enlighten and inform my fellow worker so that he may know why he is poor, why although he produces the world's wealth he is continually in poverty. The hon. member for Nanaimo (Mr. Chambers) and the hon. member for Vancouver North (Mr. Sinclair) will not get up on the platform and tell the workers in their constituencies the real cause of their poverty.

Mr. SINCLAIR: We certainly have done so. That is why we were elected.

Mr. MacINNIS: Certainly the hon. member has not, and if he had he would not be in the Liberal party. The hon. member for Vancouver North has gone so far as to suggest that by my support of this bill I shall earn the gratitude of the government so that I may at some time in the near future be transferred to another place. Well, I am sure my hon. friend knows the hog-trough politics of British Columbia too well really to suppose for a moment that I would be given any consideration or reward for any services performed. Besides, I am not performing a service to the government; I am performing a service for the working class of Canada. These are the considerations that lead me to support this bill.

Let no one delude himself with the idea that this bill, if it passes, even if it took in all the workers in Canada, would remove poverty, distress, misery and insecurity from the lives

of the working class. It will not. There is only one thing that will do that, and that is the taking over and operation of the industries of the country by the working class, for their own benefit. They produce the wealth now; others take it. I did not notice that hon. members who are so much interested in the workers in this matter were equally interested in voting against the two per cent tax on the low wage-earner. It is all right to soak him in that way, but here is a chance to play a little politics, and they go to it.

The matter of actuarial soundness has been brought up on a number of occasions. Hon. members should try to understand what we were confronted with in the committee when that question was raised. Taking it by and large the committee was in favour of the suggestion—we had a number of representations on it—that the wage limit of persons coming under this scheme be raised from \$2,000 to \$2,500, and when we were in camera I moved a motion that the bill be so amended. But the actuary, Mr. Watson, informed the committee that any important changes in the bill would require a new actuarial survey, if I remember correctly, and that he could not give a new actuarial certificate without further investigation. Now, that might suit some hon. members here who want to delay the bill—by the time the new actuarial survey was finished the session would be over. I am not interested in that sort of thing. I am interested in seeing the bill pass, and when the measure is in operation we can then bring under its operation the various categories now excluded.

I should like to ask the minister a question with regard to section 86. He said these various categories now in the excepted list could be referred by the governor in council to the commission for investigation. If the logging industry is referred to the commission by the governor in council will it be so referred as a matter of national employment, or will British Columbia be considered separately? The logging industry in British Columbia is altogether different from the logging industry in other provinces. I should like, therefore, to have the assurance of the minister that logging in British Columbia will be considered apart from the other provinces.

Mr. McLARTY: The hon. member for Vancouver East has asked a perfectly fair question. In making any reference to the commission, which in turn will refer it to the committee, rather than place on it a limitation of any kind, such as its application exclusively to British Columbia, I think that is a matter

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which should properly be left to the committee. Let them bring in their recommendation without our attaching any limitations or restrictions to the reference.

Mr. GREEN: The minister said he would point out to the committee that there is a difference between logging in British Columbia and elsewhere in Canada.

Mr. McLARTY: I think it can be assumed that the representations which have been made in this committee and also in the special committee will all be brought to the attention of the committee and the commission.

Mr. RYAN: I wish to congratulate the government and the Minister of Labour upon having brought down this bill. I hope it will become law within a very short time. While the bill is not perfect or nearly perfect, it is a matter of satisfaction that the law will be placed on the statute books; on the suggestion of the advisory committee it can be amended year by year, and in the course of time, perhaps within five years, we shall have what might be considered a perfect bill.

I have heard the demands of hon. members from British Columbia that the loggers be brought under this measure. If I had a suggestion to make it would be that they should not ask that the loggers or anyone else be brought under the bill, because for some years to come the loggers and any others who will be out of employment will be better off if they receive direct relief. The amount payable to the man with a large family who receives low wages would not be sufficient, and he would have to get direct relief just the same. I do not know anything about the actuarial correctness of the proposal, but I know that the benefits payable under this system are not sufficient for the man who gets low pay. This is an insurance bill, not a security bill. What we need is security for those who are unemployed and cannot get money that they do not earn. These men must be looked after. Under this bill I find that a man in class 7, receiving five times the pay of a man in class 1, pays only twice the rate. A man in class 7, paying only twice the rate of a man in class 1, receives three times the weekly benefit.

Mr. McLARTY: I do not wish to interrupt the hon. gentleman, but if he will look at it he will see that it is three times, not five times. In each case it is three times.

Mr. RYAN: I do not want to take up too much time in discussing these matters, so I will let that go. A married man in class 2, earning an average of \$8.55 a week, will receive \$6 a week. A man in class 4, earning

[Mr. McLarty.]

an average of \$13.50 a week, will receive \$8.40 a week. Under direct relief, as it is paid in my town—and I assume it is the same everywhere else—a man with five dependents receives \$9.25 a week and a man with seven dependents gets \$11.50 a week.

The only reason why I am satisfied to have this bill placed on the statute books now is that we may have something there which can be amended and improved. We cannot expect a perfect bill at once. I think it is a good thing we are getting this legislation now, after so many years. I have heard hon. gentlemen say that it has taken twenty years to have this bill introduced, so I think it is about time we placed something on the statute books. But let us not fool ourselves by thinking that we are going to get away from direct relief or that this will not mean a charge on the consumer. No matter what you do, no matter what improvements you make, in the end the consumer always pays. We all know that, and that is the only way in which the burden can be divided as equably as possible. We must not forget that direct relief will have to be continued. I would suggest, as the hon. member for Témiscouata suggested, that it might be a good plan to continue direct relief for the next three or four years, so as to allow the fund to be built up before any benefits are paid out.

In my opinion the most important part of this bill is part III, which has to do with the employment service. These employment bureaux will be opened throughout the country to try to find work for the unemployed. That is what must be done. The more employment there is, the quicker this fund will grow. The less unemployment there is, the fewer the benefits that will have to be paid. Before I came to this house I always regretted that the report of the national employment commission, which urged that employment bureaux be opened throughout the dominion, was not accepted. If that recommendation had been carried out, the government would have had a great deal of information for its guidance in preparing and piloting this bill through the house at this time.

There are many more matters I could discuss, but I do not want to delay the passage of this bill any longer, because I think it most important that we pass it and get it on the statute books.

Mr. SINCLAIR: I was asking the Minister of Labour to specify the various administrative difficulties in connection with including loggers. He referred me to page 259 of the minutes of proceedings and evidence of the special committee. If this is the chief reason why loggers are not included, I say they should

be included. In British Columbia the one industry that maintains an employment office is the logging industry. It runs its own agency, Black's agency, which keeps records of all the loggers, showing where they are employed, and so on, and also keeps a black list of those loggers who do show a little spirit. If this is the administrative reason for not including loggers, I think it is a very weak one. I should like a little more information on this question of administrative difficulties, not only for my own benefit but for that of the people at home, the loggers, who do not have a chance to read these reports. They would like to know from the minister what these great administrative problems are which prohibit the inclusion of loggers under this bill.

Mr. CRUICKSHANK: I should like to correct the hon. gentleman in one particular. It is not Black's agency; it is the British Columbia loggers' agency, under Mr. Black.

Mr. SINCLAIR: I should like an answer to my question. I asked for details.

Mr. McLARTY: Let me state quite clearly that personally I know very little about the logging industry. On Friday, and again to-day, I have heard a great deal about it. Naturally in the preparation of legislation a minister has to take the expert advice that is tendered him, and I can state definitely that those who have advised me have raised as the objection to the inclusion of the logging industry the administrative difficulties that would be encountered. I appreciate the genuine desire of a great many members to have that industry included. I have no objection to the logging industry as such, but this morning I did suggest—and I think the suggestion is sound—that the matter can be dealt with by the committee to be set up under section 86 of the bill. I do not think I can add anything to that. There is no objection on my part to the logging industry as such.

Mr. SINCLAIR: We are tired of generalities, and I do not think there can be any objection if I ask the minister to tell us specifically what are these grave problems of administration so different from the problems in connection with the collection of the workmen's compensation payment, or the one per cent income tax, or the national defence tax. He has two of his experts sitting in front of him, and surely he can give us something specific.

Mr. McLARTY: Perhaps this memorandum might enlighten the hon. member for Vancouver North. The foundation of the administration of unemployment insurance is through the employment offices. For the major portion of those covered, the offices will have special

significance. This relates to the logging industry. It is there that they will obtain insurance books to be lodged with their employers and to be stamped by them during employment. When they are unemployed the insurance books will be lodged with the employment office again, as the first step for making a claim to insurance benefits. They must keep in touch with the employment office, by daily registration or otherwise, as one means of satisfying the employment office that they are capable of and available for work when unable to obtain suitable employment. They must also keep in touch with the employment office in order to avail themselves of any opportunity for work of which the employment office may have knowledge, and it is through the office that unemployed persons will be paid their benefits at weekly intervals.

Keeping in mind the above considerations, the excepted employments in part II of the first schedule of the bill must lead to the conclusion that at least some of these employments are carried on in such places and under such conditions as to make a reasonable approximation of sound administration very difficult. If an attempt were made to bring these excepted employments within the scope of the scheme at its inception, the whole scheme might speedily be brought into chaos and disrepute.

Reference is made to *Hansard* of March 7, 1935, where Sir George Perley, in charge of the bill at that time, said:

It has been represented to the government very strongly that this section should be amended in some way to include the workers in the log trades, such as sawmills, shingle mills, et cetera.

As the hon. member knows, those are included in this bill; that is to say, they will now come under the legislation. We realize perfectly well, and no one more than myself, the difficulty about the logging business itself. I should like to see some way devised by which the men working in the woods would be able to come under the measure, but so far I have not been given any wording which seems suitable for the purpose. Perhaps it will be remembered that this legislation is not final.

It might also be in order to quote part of the debate which took place on March 7, 1935. These are the observations of the then hon. member for Cariboo, Mr. Fraser, who, having listened to the hon. member for Comox-Alberni (Mr. Neill) said:

May I direct this fact to the attention of the committee. While the hon. member is undoubtedly correct in his representations about the logging industry along the coast of British

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Columbia being an all-season or all-year round operation, his observations do not apply to the interior of that province. The interior of British Columbia is in the same position as was indicated by the hon. member for Quebec South. They get out their logs in the winter time and do their milling in the summer time. The people who work in the winter time are very often working in the mills in the summer time. The point I make is that the representations made by the hon. member for Comox-Alberni do not apply to all of British Columbia; to be specific they do not apply to the interior of that province.

Mr. SINCLAIR: So far as occupations are concerned, the minister's remarks describing the employment office report describe exactly the conditions in British Columbia.

Mr. NEILL: Mr. Chairman, last Friday I introduced an amendment to paragraph (c). I shall read it again so that it may be in the minds of hon. members of the committee. I moved in amendment:

That paragraph (c), as adopted by the committee be struck out and the following substituted in lieu thereof, as paragraph (c):

"Employment in lumbering and logging which are not reasonably continuous in their operations."

That amendment is to allow loggers to come in. It would allow sawmills and shingle mills to come in—all of them, if they are reasonably continuous in their operations.

The chairman of committees, who is not now in his seat, offered the tentative suggestion that it was out of order, but the matter was not really settled. He quoted two authorities, one of which was a citation from Doctor Beauchesne's book, and another which had been ruled on March 9, 1863—four years before confederation. It must be a pretty thin point of order when one has to go back seventy-seven years for it, or to secure a precedent for what is done. Surely it must be somewhat mouldy and moth-eaten in this day and age. However, that was the argument then presented by the chairman.

After some of us had discussed the point of order the discussion drifted off. The leader of the opposition then suggested the minister should waive the ill-begotten point of order, and permit a vote to be taken. However, no decision was made, and I now suggest that the hon. gentleman at present in the chair ought either to rule my amendment in order, so that we may have a vote on it—in which event I would be satisfied—or to declare it out of order.

Mr. BLACK (Yukon): The minister urges that the present measure should not apply to logging and lumbering because of difficulties in connection with administration.

Mr. McLARTY: It does apply to lumbering.

[Mr. McLarty.]

Mr. BLACK (Yukon): Logging and lumbering are identical, in practice. The minister, however, has not enumerated the difficulties he would expect in connection with administration. To whom will those difficulties present themselves? Will there be difficulties in the way of the men whom it is sought to protect or to insure? Will they be faced with difficulties, if the measure is applied to them? Will their employers be faced with difficulties? Or will the government staff operating under the measure be faced with difficulties?

It seems to me that all three of those classes ought to be able to get over their difficulties. If we are to leave to the advisory committee the matter of deciding whether or not logging is to be included in the legislation, why not leave all occupations to the decision of the committee? Give them a blank cheque. Just hand the bill over to them and say, "Here, you members of the committee, decide to whom this applies." We might as well do that as leave it the way it is.

Mr. GOLDING: Why did they not do that in 1935?

Mr. BLACK (Yukon): The hon. member for Vancouver East (Mr. MacInnis) says he is supporting the bill because it is the best we can get. I am supporting the bill, but I do not admit it is the best we can get. I believe we ought to improve it, and in my view this committee is the place to do that. The special committee did not accept the bill as it was submitted to them. On the contrary they suggested amendments which the minister has seen fit to accept. There is no reason why the amendments so suggested should not be allowed. I would point out that paragraph (c) now reads:

(c) Employment in lumbering and logging, exclusive of such sawmills, planing mills, shingle mills and wood-processing plants as are, in the opinion of the commission, reasonably continuous in their operations.

Why not add after the words "wood-processing plants" the words "lumber and logging operations", so that it would read "wood-processing plants, lumber and logging operations as are, in the opinion of the commission, reasonably continuous in their operations." If they are reasonably continuous, they should be under the measure.

I have been astonished in looking at the evidence given by Mr. W. B. Farris to find that he pointed out that not only did Mr. Pearson, minister of labour of British Columbia recommend that this measure should apply to logging, but that Mr. Pattullo, premier of that province, is of the same opinion.

Surely those two gentlemen, in the high positions they occupy, ought to know whether this measure should apply to logging.

I see that Mr. Farris goes on to say:

I might say to you that many logging concerns in British Columbia are more or less transient concerns, and that has caused a very considerable loss to the government of British Columbia in respect to their collections in connection with workmen's compensation.

If that is so, then I say it is simply neglect on the part of the workmen's board which collects the dues from the operating loggers. They should not be permitted to start operations unless they put up their fees in advance. That applies with as much force to mining as it does to logging. Many mining concerns are transient. They commence operations with high hopes, but very soon go out of business. In my opinion there would be no more difficulty in applying the administration of this measure to logging than there would be in applying it to mining—and we must remember that it does apply to mining. Mining is the life-blood of the people in my constituency; if we had no mines, that part of the country would not be inhabited; it might as well go back to the Indians.

This bill can be applied to mines in the Yukon territory and the rest of Canada, and I submit it might just as reasonably be applied to the logging industry and to the men working in logging camps as to the men working in mining camps.

Mr. McLARTY: The one distinction which might be drawn between mining and logging is that in respect of mining there is a definite place of employment. Moreover, one point which might make the hon. member hesitate is that no benefits would be paid under the measure in the off-season. That point might have an important bearing on the matter which, in due course, the committee would have to consider.

My impression has been that employment in the logging industry is fairly generally transient. I may be incorrect in that, but certainly the representation was made that loggers would be here to-day and somewhere else to-morrow, and that there was great rapidity in employment changes.

Mr. BLACK (Yukon): That is, a logger may change his place, frequently, as do miners?

Mr. McLARTY: That is right.

Mr. BLACK (Yukon): The men seldom stay in one mining camp. They move from place to place. Mr. Farris says:

The average logging operation is closed in winter from December until March or May owing to snow.

If they have any snow in British Columbia, it is a curiosity; they do not know what to do with it. Then Mr. Farris continues:

And in summer they are generally closed from June for about two months owing to fire hazard.

If ever there were a summer in which there was plenty of fire hazard, surely it is this summer of 1940—and the logging camps are running full blast. Occasionally they are closed for a few weeks, not for two or three months, by order of the province because of fire hazard, but they run winter and summer three hundred and sixty-five days in the year.

Mr. CRUICKSHANK: I might switch from logging to hospitals because it proves our contention that loggers should be brought in. I am a member of a hospital board, and I am proud of the fact that the hospital association of British Columbia insists on having workers in hospitals included in the bill. We believe in progressive legislation in British Columbia. That is all the more reason why we favour the inclusion of 27,811 loggers in this measure.

Mr. McLARTY: I do not want to interrupt the hon. member, but his figure is excessive. Already over fifty per cent of the lumbering industry is, I understand, covered by the bill.

Mr. CRUICKSHANK: All right, but in nearly every instance sawmills and logging camps are owned by the same companies in British Columbia, and therefore it might be said that our workers are all engaged in the logging and lumbering industries. In 1938 the average wage paid was \$26.59 a week.

The minister has said that we shall have an opportunity of appearing before a committee that is to be set up, but, like the hon. member for Vancouver North (Mr. Sinclair), the hon. member for Fraser Valley has no use for committees and commissions. We have had commissions ever since I was a boy of eight and some of them have not functioned yet. I point out to the minister, and in particular to the hon. member for Vancouver East (Mr. MacInnis) who questioned whether the hon. member for Nanaimo (Mr. Chambers), the hon. member for Vancouver North and the member for Fraser Valley represented labour, that the hon. member for Comox-Alberni (Mr. Neill) represents the largest logging district in British Columbia; the hon. member for Vancouver North, the second largest; I happen to represent the fourth largest, and each of us at the last election beat a member of the party to which the hon. member for Vancouver East belongs. So I think we can say that we do represent labour. I would point

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out to hon. members that the best committee of all before which members of this house can appear to present their views are the elected members sitting in committee in this chamber now. The loggers cannot afford, any more than the fishermen, to send expensive counsel and other technical advisers to appear before some committee that may be set up to hear their representations because they have not the necessary funds.

Mr. HANSON (York-Sunbury): They expect you to present their views.

Mr. CRUICKSHANK: Yes; that is just what I am doing to the best of my limited ability. The best speech that has been made here in the last three days was made by the hon. member for Nanaimo. I wish I could make as good a speech as he did. As the leader of the opposition (Mr. Hanson) has said, who is in a better position to speak for the loggers than the elected members from the logging districts in British Columbia? The three members who have spoken this morning and this afternoon represent the three largest logging areas in western Canada.

Mr. McLARTY: Hon. members will be quite free to appear before the committee and make their representations.

Mr. CHAMBERS: We are giving the views of the people of our constituencies. We are not making any special plea; we are not high-priced lawyers. We are simply exercising our privilege to make known to the members of the house the views of our constituents.

Mr. CRUICKSHANK: That is the point. We believe in team-work in British Columbia and that is why we get elected. I believe that parliament should rule, and that this is the place to express our views.

Mr. HOMUTH: Unless parliament is scuttled.

Mr. HANSON (York-Sunbury): The hon. member will find that the government rules.

Mr. CRUICKSHANK: The hon. member for Vancouver North delved into *Hansard* and discovered that the present leader of the opposition was opposed to loggers coming under the act of 1935, but this morning after listening to the member for Fraser Valley, he said that he hoped the loggers would be brought under this bill.

Mr. HANSON (York-Sunbury): I was over there then, and I am here now.

Mr. CRUICKSHANK: The hon. gentleman will have his chance in a minute. I am going to get after the leader of the opposition if he does not leave me alone. Even the member

[Mr. Cruickshank.]

for Témiscouata says that the loggers of British Columbia should receive the consideration we are asking for them. I am a little embarrassed, Mr. Chairman, because I have criticized other hon. members for reading their speeches and now I find myself glancing at my notes, but my writing is so bad I cannot read them.

As I was saying, we have 27,000 men engaged in the logging industry in British Columbia, and I represent the logging industry, in spite of what the minister says, because the great majority of our lumber mills are under the same control as our logging companies. Seventy per cent of their capital is United States capital. Why should the loggers be excluded from this bill? I have this on the authority of the man in charge of that branch of government work, that in British Columbia we are ten per cent short in our lumber production for the war effort. Surely, as the hon. member for Vancouver North has pointed out, this is the time, when our mills are working at full capacity and our loggers are fully employed, that we should bring them under the bill.

It may seem strange to some that I should advocate bringing loggers under this bill because the district which I represent is primarily agricultural, and I am not going to be too popular in my own district for not boosting for agricultural workers to come under the measure. But I realize that this is not feasible at the present time. But it certainly is feasible that the loggers should be brought in, and it is—I will not say an insult—a setback to progressive social legislation, in which British Columbia has been in the very forefront in this dominion, to exclude loggers from this bill, particularly after the premier and the minister of labour of the province have urged that they be brought in. Surely those two gentlemen know all the circumstances and any administrative difficulties there may be. I am sure that the Minister of Labour for the dominion, with his excellent staff, would be able to collect the dues in British Columbia without the slightest difficulty.

It was suggested by an hon. gentleman sitting on this side of the house that we are holding up the bill. It was suggested by an hon. member to my extreme left that we are opposed to the principle of the bill. Of course we are not, and we do not want to be put in the embarrassing position of being opposed to this bill. We are fighting for the principle of the bill. That is what we were elected for, and it is our duty to do it. I do urge the minister to reconsider. It would take only five minutes to include the loggers in the bill. It requires only the slight change in

wording that the hon. member for Vancouver South (Mr. Green) suggests. I personally have no confidence in these committees and commissions. They may start out with the best of intentions, but soon an array of legal talent will come down from the west to present their side of the story. It is all very well to say that we members can appear too, but we are appearing now before the board of Canada. What better body could we appear before than the 245 members of the House of Commons led by the Prime Minister (Mr. Mackenzie King)? I think this is the proper place for us to make our representations. As I said before, I shall no doubt be criticized in my riding because I have not advocated that agricultural workers be brought under the bill, but I realize that this is not feasible at this time. But it is absolutely feasible and practicable to bring loggers in, and I implore the minister to leave us in the position of being absolutely loyal supporters of his. I was criticized by the hon. member for Vancouver East, who said that if I was for labour I was in the wrong party. Let me tell him that every bit of progressive labour legislation on the statute books was brought in by a Liberal government. I am sure that if the minister will reconsider his position with respect to loggers, he will have no objections from British Columbia.

Mr. CHAMBERS: In answer to the hon. member for Vancouver North the minister stated, and rightly so, that his statements were made upon the basis of expert information supplied to him by his advisers. That is clearly understood. But I would ask the minister whether among his expert advisers there is one who has first-hand knowledge of the workings of the logging industry of British Columbia?

Mr. McLARTY: I could not say that there was one who had personal experience in the logging industry of British Columbia, any more than I could say that the other experts who are advising me on other phases have had first-hand knowledge of other industries. I mean, they are experts on unemployment insurance, not on any particular branch of industry. I think the hon. member will realize that I have to be pretty well guided by the advice I receive in that particular, having no personal information in connection with it.

Mr. CHAMBERS: I appreciate the minister's answer, and I anticipated that that was pretty much what he would say. The suggestion now is that we pass the bill; that this controversial section should be referred to the advisory committee to be set up under the terms of this measure, and that, reference

having been made from the executive commission to the advisory committee, the question of the inclusion of these loggers can arise again. As the hon. member for Comox-Alberni has pointed out, that is in the future, and it will take a great deal to get this bill going. It will require a good deal of organization, and it must necessarily be some time before a committee of that kind can come to consider the matter. In view of the fact that the minister has not had the benefit of the advice of anybody having a first-hand knowledge of the logging industry of British Columbia, may I express the hope that the advisory committee which will have to pass upon this eventually under the terms of this bill will get expert advice from those who are in first-hand contact with the logging industry of British Columbia?

Mr. ESLING: Just a word with reference to hospitals. There can be little doubt that those who had to do with the framing of this bill had in mind its application to hospitals in the large cities, and did not have a clear picture of hospitals in rural communities, notwithstanding that the measure must apply with the same force to employees in the little rural hospitals as to employees in hospitals located in the large centres. Only one who has had intimate relations with the financial distress of the rural hospitals is in a position to know how impossible is any further burden. These rural hospitals, particularly in the mining districts, where the low price of metals has caused mines to be closed, are maintained purely through local pride and human interest in fellow members of the community, and maintained by whom? By women's auxiliaries who sew perhaps one afternoon a week in order to provide linen; by women's institutes who resort to all avenues of earning with which to contribute a few dollars.

It is impossible to impose on these institutions any further burden. A large number are located in districts in which the majority of the people are on relief, and I say without fear of contradiction that most of the patients also are on relief. A contribution, which in British Columbia is about seventy cents a day, is provided for each patient in the hospital. But there is also an obligation upon the municipality, and in some places municipalities are in such distress that they cannot even provide their seventy cents. I have in mind one such which is indebted to a charitable institution to the extent of three or four thousand dollars. Nobody has known of a case wherein a patient has been refused admission to a hospital because he or she could

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not pay. So these rural hospitals are maintained in large measure by the free-will offerings of the members of the community; and while one may refer in the bill to "an engineer" or "a janitor" or "an orderly," in these small hospitals one man does all these jobs, yet he cannot get from under the measure in any way one might wish to apply it.

I ask the minister to consider making some exception in favour of these rural hospitals. It is financially impossible for them to pay. It is simply taking the money out of the pockets of those who voluntarily contribute in order to keep open the doors of these institutions. I think that is going pretty far. I am sure that the minister, with his generous disposition, will give thought to the serious consequences of imposing further burdens on the employees and on the hospitals themselves.

Mr. O'NEILL: It had not been my intention to speak on this unemployment insurance bill. I am entirely in agreement with the principle involved, but rather than have my silence misinterpreted I thought it would be better to say something with respect to the non-inclusion of loggers.

I do not know just what place my constituency occupies in British Columbia with respect to the logging industry, whether it is third or fourth. I know it is the best district in British Columbia.

We have heard as a reason for not including loggers the administrative difficulties which may be encountered. When it was first mooted this session that we might expect an unemployment insurance bill, those opposed to it among the employer class hurried to Ottawa to say that they did not have sufficient time to investigate the bill thoroughly, regardless of the fact that unemployment insurance has been talked of in this country for years, and that it has been more or less before the people for the last four or five years. Nevertheless they contended that they did not have sufficient time. That excuse appeared so ridiculous that they had to look for something else. Now we hear of administrative difficulties.

I am at a loss to understand, even though such difficulties may exist, where they are with respect to the administration of this measure among the loggers of British Columbia. The hon. member for Nanaimo has suggested that if a committee is appointed to look into this matter, it should have the assistance of someone who has first-hand knowledge of the logging industry of British Columbia, with which I agree. The president of the logging association of that province is certainly a man who has first-hand knowledge of the logging industry, but he would not be

[Mr. Esting.]

my choice to appear before this committee to speak for labour. I do not believe that man could properly represent labour's point of view. I say that in all sincerity. He would be just as sincere as it is possible for a man to be, but he has not the labour point of view and could not represent it upon the committee. I say that with some knowledge and experience of the labour question. Ever since I started to work or was eligible to belong to a labour organization I have belonged to such an organization, and I have held administrative posts in labour organizations. Therefore I know something about labour questions.

With regard to the objections that have been raised here in connection with the logging industry, I may say that the troubles we had in British Columbia so far as the compensation act was concerned emanated from the same people who now object to unemployment insurance. A compensation act was put on the statute books of British Columbia in 1916, and at that time objections were raised by the very people who now take exception to this act. Some consideration should be given to that fact; and I suggest, further, that if an untrammelled vote of all the members from British Columbia, regardless of political affiliations, were taken, it would be found that ninety per cent of them are prepared to have the logging industry included. That is something which ought to be taken into consideration. As I have pointed out, the employees who would be covered under this bill, if the logging industry were included, have not been heard. They sent down an excellent brief, but it did not get here until this morning. I have not had an opportunity to read it thoroughly, but I have no hesitation in saying that the employees of the logging industry of British Columbia are prepared to come under the measure.

It is remarkable to hear some people talking about the interests of the consumer. One would actually think that men working for a living were not to be included among the consumers of the country. Those who work for a living are just as much in the consumer class as are employers of labour and others, and those workers are not afraid to come under the bill on the ground that it will increase the cost of living. They are not fearful of the cost that will be entailed, but they are all prepared to come under the measure. We have heard from some who champion the cause of the consumer, but they may know absolutely nothing of the point of view of labour. The only means whereby one can obtain a knowledge of the point of view of labour is to be actually employed. If a man is an employer of labour, he cannot have the point of view of the working class. In

order to do that, one must preferably belong to some labour organization, because all the labour organizations have been striving for years to protect the interests of the working class.

I cannot agree with the hon. member for Vancouver East (Mr. MacInnis). It appeared to me that he tried to create the impression that the Cooperative Commonwealth Federation were the only ones who represent labour in Canada, and in the last election members of that party made the statement, from public platforms in my constituency, that I did not represent labour. There were people making such statements who did not belong to any labour organization, although they claimed to represent labour. Another statement they made on the public platform in my constituency, in an endeavour to prove that I was opposed to labour, was that I had spoken in the house for only five minutes in five years; that in that time I did not discuss labour, and that for that reason I did not represent labour. I do not need to take up the time of the house in discussing that suggestion, nor do I intend to spend any more time in discussing this bill, because I am anxious to see it placed on the statute books of the country. Before closing, however, I must say I am greatly disappointed that the government cannot see their way clear to include logging, because in my opinion that is one of the industries in British Columbia which should come under the measure.

Mr. HANSON (Skeena): I did not intend to say anything on this bill, but seeing that every other hon. member from British Columbia has spoken on behalf of the loggers I deem it my duty to make a brief statement to show where I stand on the subject. I am fully in sympathy with the principle of the bill, and I sincerely trust that the government will see their way clear to include in it the loggers of British Columbia. I have some knowledge of logging because it is the occupation I have followed all my life. I had something to do with compensation in British Columbia; I established an eight-hour day in my own business several years before that province introduced that law, and when the principle of compensation was discussed I considered it a good thing and did everything I could to foster it.

This bill follows the legislation that has been passed in British Columbia and it will have my fullest support. There seems to be some difficulty in connection with the collection. It has already been explained, however, that, so far as the compensation fund and the one per cent tax levied in British Columbia are concerned, they have worked out satisfactorily, and I do not hesitate to express

the opinion, in connection with this bill, that ways and means will be found of making these collections as easily as the compensation fund to which I have referred and the one per cent tax in British Columbia are collected.

I associate myself with those from British Columbia who have spoken with regard to the logging industry. I know something about the industry in eastern Canada, but it is altogether different from the industry in British Columbia. If we cannot accomplish more than is now proposed, I hope that when the minister refers this question to the commission, who will have the administration of the measure under their care, he will ask them to look into the possibility of including the British Columbia loggers. I suggest to him that it would be better to get the views of those who are actually engaged in the business in that province rather than the views of lawyers or exclusively of technicians.

Mr. JACKMAN: Judging from what has been said with regard to the logging industry, one would suppose that the chief determinant as to whether or not an occupation should come under the bill would be the administrative difficulties which it was likely to raise. We find in paragraph (k), however:

(k) Employment—

(i) in the public service of Canada pursuant to the provisions of the Civil Service Act; or
(ii) in the public service of Canada or of a province or by a municipal authority upon certification satisfactory to the commission that the employment is, having regard to the normal practice of the employment, permanent in character.

These two very broad classes are to be excepted, according to the bill as it stands. I had the honour to be a member of the committee that discussed these matters before the bill was presented to the house and to this committee of the whole, and no witnesses appeared before the committee either for or against the inclusion of the civil service, although in a discussion among the members of the committee no sound reason could be found for the exclusion of civil servants from the unemployment insurance scheme.

Like other hon. members almost without exception, I found myself knowing perhaps on Thursday or Friday of the week before last that I was on the special committee, then all last week we sat for three sessions a day and gave as great consideration as we could to the bill under the able, courteous and friendly chairmanship of the Minister of Labour. However, as one has had time to consider the implications of some of the provisions of this bill, his opinion becomes gradually crystallized and perhaps somewhat strengthened. My opinion now is, while we discussed the civil service and the exclusion of civil servants

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from this bill, that they should beyond all doubt be included. Certain arguments were put forth by the men from the Department of Labour, the so-called experts, as to why civil servants should not be included, and I may point out some of the anomalies that arise from the way the bill is now drafted. I understand that those employees of the government coming under the Civil Service Act are excepted, but that employees of the Bank of Canada are not to be excepted. In Ontario, employees of the Ontario Hydro-Electric Power commission, which happens to be a body corporate, according to the information we had last week, are to be excluded from the measure—

Mr. McLARTY: No.

Mr. JACKMAN: I understand that to-day the ruling has been changed.

Mr. McLARTY: No; I think the hon. member is not correct. I understand it was stated the other day that they were included.

Mr. JACKMAN: At the time there was considerable uncertainty, but we had among our members an expert who had great experience in Toronto, the hon. member for Trinity (Mr. Roebuck), and it was his opinion that the Ontario Hydro-Electric Power commission, being a body corporate, would come under the bill but the hydro-electric commission of the city of Toronto, being a municipal body, would not come under it.

Let me give one or two other instances. I was informed that some of the employees who would have to do with the administration of this very measure would come under its insurance provisions and others would not. In other words we do not know exactly which civil servants or temporarily employed people will come under the bill and which will not. The chief reason given why civil servants should be exempt, according to the dominion government actuary, is that these civil servants could not make use of the labour exchanges, which are a fundamental and basic part of the whole measure. It was suggested that these labour exchanges could not find other positions for these civil servants as they might reasonably be expected to do for people in other occupations.

My submission is that no workers earning over \$2,000 a year are included. Thus the civil servants who would come under the bill are in most instances performing services which could be adapted to employment in other fields. Also workers in many industries now included under the bill perform services which are not adapted to lines of endeavour other than that in which they are now engaged. I do not see anything in connection

[Mr. Jackman.]

with civil service work which makes it more difficult to place them, particularly such civil servants earning less than \$2,000 a year remuneration, than people in other lines of industry. Furthermore, when a man becomes over forty years of age it is difficult for him to get new work; also there are many kinds of occupations where a man develops a particular skill, and it is only with the greatest difficulty that he can transfer that skill into another industry. If civil servants are performing a useful occupation—and I may say my experience with them in my brief time in Ottawa is such that I have nothing but the highest respect and regard for them—I am sure they could be useful in other lines as well as serving this particular government.

The second argument put up is that, unlike any other employer, the government of this dominion is contributing twenty per cent to the fund and carrying the whole administration costs. I think that argument is answered by the fact that the contribution by the government on account of civil servants' wages or salaries could be offset by a reduction in the percentage of the total fund contributed by the government. As we know, the government now will contribute twenty per cent, and if it were felt unfair that the government should contribute a slightly greater sum because of the inclusion of the civil servants, then it is the merest actuarial adjustment to compensate the government for the small amount they would have to pay because of the inclusion of civil servants. I would suggest it would probably be something like 19.5 per cent instead of 20 per cent, the .5 per cent to be distributed over the wage-earners who would also contribute and the other employers.

A third point is this: Civil servants should be protected against unemployment, and the fact that it is to their advantage to come under the plan is indicated by the experience of only a few years ago, when it was necessary, in order that the deficit of this country should not be too great, that many hundreds, I suppose thousands, of civil servants had to be let out because of the inability of the government to raise sufficient money to pay their salaries. At the present time five per cent is deducted from the salaries of those workers who are temporarily employed in connection with war work for the very reason that unemployment is expected after the termination of the war. There is no sound ground for the exclusion of civil servants from this scheme any more than for the exclusion of the salaries of civil servants or the indemnities of members of parliament from the dominion income tax. Fortunately for sound principles, that has never

happened, and the principle of this insurance measure is that those who have jobs must help those who are temporarily out of employment. Unemployment is looked upon as social rather than as individual.

I am reminded here of the case of France, where we have learned since the debacle that the French civil service and the many people in that country who were dependent upon remuneration by way of pensions or special treatment from their government even had a separate administrative law set up to regulate their conduct. I think the experience there should be a warning that Canada should not embark even to the slightest extent upon any differentiation between the ordinary people and the civil service class. I repeat that no sound financial or social reasons were advanced for the exclusion of the civil service from the operation of this measure, and no sound political reason was advanced for their inclusion.

The ACTING CHAIRMAN (Mr. Fournier, Hull): I understand that the hon. member for Comox-Alberni (Mr. Neill) on Friday evening moved an amendment to the first schedule of the bill. I have read over the record on page 2034 and following of *Hansard* to see what decision was rendered by the chairman on Friday evening. It would appear that at one moment the hon. leader of the opposition intervened in the debate and suggested to the minister that the amendment should be accepted and made in the name of the minister; then some other hon. members spoke, and the amendment was lost sight of. I find no decision from the chairman at that time on the amendment.

This afternoon I am asked to give a ruling on this amendment. As I find it in *Hansard*, the amendment proposed by the hon. member would be an amendment to the amendment brought in by the special committee to which this bill was referred. Paragraph (c), as amended by the special committee, reads:

(c) Employment in lumbering and logging, exclusive of such sawmills, planing mills, shingle mills and wood-processing plants as are in the opinion of the commission reasonably continuous in their operations.

To which the hon. member for Comox-Alberni now moves in amendment:

That paragraph (c), as adopted by the committee be struck out and the following substituted in lieu thereof as paragraph (c):

"Employment in lumbering and logging which are not reasonably continuous in their operations."

The first thing that strikes me is that if this amendment were adopted, it would impose a charge upon the public funds. I shall have to

do as the chairman did on Friday, go back many years in order to show that ever since we have had our parliamentary system it has been against the rules for a private member to introduce any amendment or motion which would increase the expenditures of the country. Citation 549 of Beauchesne sets out the complete procedure to be followed with regard to money bills. Under this procedure the minister concerned or the government must obtain the recommendation of the governor general. Then a resolution is introduced and debated in committee, serving as a basis for the bill. This bill cannot be amended at a later stage by a private member. I would quote part of citation 551 of Beauchesne:

. . . it must be initiated in committee by a minister acting on behalf of the crown.

Section 77 of the bill states:

The Minister of Finance shall also credit in like manner from time to time out of moneys provided by parliament an amount equal to one-fifth of the aggregate credits from time to time made as aforesaid after deducting from the said aggregate credits any refunds of contributions from time to time made under the provisions of this act from the fund.

The government is called upon to pay 20 per cent of the cost of operation of this statute when it becomes law, so my ruling is that the amendment is out of order.

Mr. NEILL: I accept your ruling, Mr. Chairman, and compliment you upon the care with which you have prepared it. I now desire to raise a point of order. Just now you quoted paragraph (c) and said it included the amendment drawn up by the special committee. But a special committee cannot make amendments in this house; they can only make recommendations, as they did. They came to this house with certain recommendations. But that particular recommendation has not been moved by anyone; it is utterly and entirely non-existent. If it has been moved by anyone I should like to be shown where that was done.

The ACTING CHAIRMAN (Mr. Fournier, Hull): I was not sitting as chairman on Friday, but I understand that amendments were moved by one of the ministers.

Mr. MACKENZIE (Vancouver Centre): The bill comes back from the committee as amended, and the only duty of the minister then is to direct attention in committee of the whole to the amended sections of the bill.

Mr. NEILL: With all due deference to the minister I contradict that statement. The bill does not come back as amended by a special committee. All they can do, and all

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they do in their report, is to make a recommendation. The minister himself used that language at page 2035 of *Hansard*, where he said:

I direct attention to the amendment recommended by the committee, and which will be found on page 2.

You cannot have it both ways. If the committee only recommended it, then the minister should have moved it, but he did not. He then merely quoted the amendment made by the special committee, which was put into the section holus-bolus, without any official sanction by this committee of the whole. That is absolutely so; it cannot be gainsaid.

The ACTING CHAIRMAN (Mr. Fournier, Hull): I shall have to render another decision on the point of order. I understood from the orders of the day that this bill was considered by the committee of the whole on July 26. Item No. 6 on the orders of the day reads:

House again in committee of the whole on Bill No. 98, an act to establish an unemployment insurance commission, to provide for insurance against unemployment, to establish an employment service, and for other purposes related thereto (as amended)—the Minister of Labour.

I further understand that the hon. member's subamendment was moved to this amendment, and I still declare it out of order.

Mr. HANSON (York-Sunbury): The record will not bear that out.

Mr. NEILL: This is utterly in contradiction of our rules of procedure, and I am afraid I shall have to appeal from this ruling. I suggest once more that the leader of the government consider these points. The Minister of Pensions and National Health did move four or five of these amendments; he said, "I so move". He directed attention to the particular item on the mimeographed sheet and said, "I so move". Then the amendment was accepted and the section as amended was accepted. That was the proper method. In this case I suppose everyone was getting tired and the minister simply directed attention to the amendment, but you cannot have an amendment passed in this house by directing attention to it. If the chairman rules, as I hope he does not, that I am wrong in saying that these amendments cannot be incorporated until they have been passed by this committee, I must appeal from that ruling. It is so obviously wrong that I really think he might reconsider it. If he will excuse me I would point out to him that the Minister of Pensions and National Health confirms my position, because eight or ten times he said, "I so move", and the amendment was accepted, but that was not done in this case.

[Mr. Neill.]

Mr. MACKENZIE (Vancouver Centre): What happened is very clear. I moved two or three amendments, and then I was instructed by the chairman that it was not necessary to do so. After that I directed the attention of the committee to the amendments as they appeared on the mimeographed sheets which were circulated.

Mr. NEILL: But the minister did move a number of them?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. NEILL: But the minister did not move this one, on page 2035 of *Hansard*:

Mr. Mackenzie (Vancouver Centre): I direct attention to the amendment recommended by the committee, and which will be found on page 2.

He then should have said, "I so move", but he did not.

Mr. MACKENZIE (Vancouver Centre): That was not the ruling of the chair.

Mr. NEILL: At all events the minister did it on all previous occasions. Why did he do that?

The ACTING CHAIRMAN (Mr. Fournier, Hull): It should be understood that when the original of the bill came back from the special committee, paragraph (c) was deleted and replaced by the following:

(c) Employment in lumbering and logging, exclusive of such saw mills, planing mills, shingle mills and wood-processing plants as are in the opinion of the commission reasonably continuous in their operation.

Mr. NEILL: That was the recommendation.

The ACTING CHAIRMAN (Mr. Fournier, Hull): On Friday evening, while the committee was considering this amendment which was presented by the minister, the hon. member moved a subamendment, thereby admitting that this amendment was legally before the committee.

Mr. NEILL: Would the chairman look at page 2022 of *Hansard*? There he will find:

Mr. Mackenzie (Vancouver Centre): I direct attention of hon. members to line 29; after the word "him" insert the word "respectively". I so move.

The ACTING CHAIRMAN (Mr. Fournier, Hull): At page 2035 the minister said:

The amendment which I have mentioned is automatically before this committee. It is the bill as amended by the special committee which is before the committee of the whole.

Following this statement, the hon. member for Comox-Alberni moved a subamendment, but to-day he wishes the chair to declare this amendment out of order.

Mr. NEILL: I did not move a subamendment; I moved that the whole section be struck out.

The ACTING CHAIRMAN (Mr. Fournier, Hull): And that something be substituted for it, and to-day that amendment has been ruled out of order. I suggest that the hon. member is late in bringing up the second point of order, now that the amendment is really before the committee.

Mr. NEILL: What is before the committee?

The ACTING CHAIRMAN (Mr. Fournier, Hull): Part II of the schedule as amended.

Mr. NEILL: Then I shall appeal from your ruling, Mr. Chairman.

Mr. REID: Could we not clarify the matter if a ruling were made as to whether or not the bill coming before the committee in its amended form is the bill the committee is discussing? If it is an amended bill that is before the committee, then it seems to me that no amendment by the minister is required.

Mr. MACKENZIE (Vancouver Centre): That is the ruling which was given on Friday evening by the chairman, as reported at page 2016 of *Hansard*.

Mr. HANSON (York-Sunbury): But that ruling was not followed, in most instances, by the Minister of Pensions and National Health; and I do not think the ruling was sound. As I understand it, the effect of the ruling was that the amendment was just a recommendation by the committee to the house. In this instance the minister did not give effect to it. In some instances he did, but in others he did not. Perhaps we were all tired, and atmospheric conditions were not agreeable. But the fact is that with respect to this schedule there was no motion to amend. Therefore I do not think the amendment is in order up to the moment.

Mr. KINLEY: At page 2035 of *Hansard* the leader of the opposition is reported to have said:

And is an amendment to the amendment.

Mr. HANSON (York-Sunbury): That was the amendment then suggested.

The ACTING CHAIRMAN (Mr. Fournier, Hull): As I understand the rules, when a bill is submitted to a special committee and returns to the house with amendments, those amendments are moved by the minister sponsoring the bill.

Mr. NEILL: Yes.

The ACTING CHAIRMAN (Mr. Fournier, Hull): And they form part of the original bill. This bill came back with amendments—

Mr. HANSON (York-Sunbury): With recommendations.

The ACTING CHAIRMAN (Mr. Fournier, Hull): No, with amendments which form part of the bill as originally drafted.

Mr. HANSON (York-Sunbury): With all respect, Mr. Chairman, I suggest you cannot have it both ways. Either one or the other is irregular. I do not know which is the proper way to do it, because, after all, this is a highly technical matter. But in most instances the recommendations of the committee were moved as amendments. I think that was the regular way to do it, and I still think so.

With respect to the amendment now under consideration, due to something said by the chairman the minister did not make the motion. I must confess I do not know where we stand, because I do not pretend to be an expert in these matters.

The ACTING CHAIRMAN (Mr. Fournier, Hull): The leader of the opposition knows that when the chairman of the committee of the whole calls a section of a bill in committee it is moved by the minister. When section 13 was called on Friday, it was moved by the Minister of Labour.

Mr. NEILL: But he omitted to move it; he only called attention to it. He might just as well have said, "it is a fine day," or something like that.

Mr. KINLEY: This is what was said on Friday:

Mr. Mackenzie (Vancouver Centre): The amendment which I have mentioned is automatically before this committee. It is the bill as amended by the special committee which is before the committee of the whole.

Mr. Stirling: This is an amendment to the amendment.

In that instance the minister referred to the amendment of the hon. member for Comox-Alberni (Mr. Neill). Then the minister said:

The amendment moved by the hon. member for Comox-Alberni is the amendment before the committee.

And the leader of the opposition said:

And is an amendment to the amendment.

Mr. HANSON (York-Sunbury): I suggest that, in order to get out of the present difficulty, the Minister of Pensions and National Health should now move his amendment. So far as I am concerned, I cannot take exception to it.

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Mr. MACKENZIE (Vancouver Centre): I refer my hon. friend to page 2016 of *Hansard*. However, in order to facilitate the proceedings of the committee I now move the amendment.

Mr. NEILL: I am sorry to say so, but the minister is too late. He is out of order in moving the amendment now. I quote the following from Doctor Beauchesne's Parliamentary Rules and Forms:

If any motion be made in the house—

And the minister has made a motion, and cannot get away from it.

—for any public aid or charge upon the people, the consideration and debate thereof may not be presently entered upon, but shall be adjourned until such further day as the house thinks fit to appoint; and then it shall be referred to a committee of the whole house, before any resolution or vote of the house do pass thereupon.

A minute ago the chairman ruled that I was out of order, and that for some reason I could not introduce the amendment. If the minister now introduces his amendment, then as a minister of the crown he must produce the governor general's consent. In other words, he would have to begin *de novo*—throw the whole bill out, and begin all over again. It is clear that he must have the governor general's consent. Is he prepared to say he has secured that consent?

The ACTING CHAIRMAN (Mr. Fournier, Hull): I would point out that I have given my ruling, and it is the same as that given at page 2016 of *Hansard*, where the chairman on that occasion said:

I should like to point out to the committee that the bill, as it came to this committee, already includes this amendment, which was adopted by the special committee; but inasmuch as the bill has not been reprinted, a mimeographed leaflet has been distributed among all hon. members, containing all the amendments, for their convenience. The bill that I have before me, which has been laid on the table of the house, and which we are now considering, contains all the amendments which were adopted by the special committee, and which are contained in this leaflet.

Mr. NEILL: The Minister of Pensions and National Health has admitted the situation by moving the amendment, without the consent of the governor general.

Mr. MACKENZIE (Vancouver Centre): Question.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Shall section 13 carry?

Mr. NEILL: No; I want to say a few words respecting paragraph (e) of the schedule, which has to do with employment in transportation by water or by air and stevedoring.

[Mr. R. B. Hanson.]

Either in the house or before the special committee—and I have forgotten which—objection was taken to the inclusion of stevedoring, on the ground that stevedores were a transient people, and that therefore it would be impossible to administer the bill. The old story about administrative difficulties was raised.

May I point out that the very word "stevedoring" compels a recognition of the fact that the stevedores are situated at a port, such as Vancouver, Victoria or Prince Rupert, and that they are doing stevedoring work. One does not do stevedoring away up in the bush; on the contrary it is done by the water, and, may I point out, there are well organized bodies of stevedores in Vancouver. There would be no trouble at all in making collections from them. As a matter of fact, in the port of Alberni, where I live, I believe there are thirteen gangs, each gang consisting of about twenty men. That would mean that there are between two hundred and three hundred men who all work for one firm. Ships come in from all over the world; the stevedoring is contracted for by the stevedoring company which employs the men in question. There would be no trouble in the world with these people, so far as administration is concerned, because they are all living there. There is no reason in the world why stevedores should not be included.

Then, for a moment may I speak for those employed in transportation by water. There are people living in Vancouver, Victoria and elsewhere who work the year round on coastal steamers. So long as they can obtain work they work regularly, but occasionally they find themselves out of work. In my opinion they are as much entitled to unemployment insurance as is any other group.

Would the minister explain why those two bodies, namely the stevedores—or, as they are known in British Columbia, the longshoremen—and those engaged in transportation by water, could not be included. Again may I point out the difference between conditions in the west and those in the east. It will be understood that in eastern Canada boats are tied up when the rivers are frozen. However, in British Columbia there is all-year-round traffic to the ports of Vancouver, Victoria, Prince Rupert, San Francisco and other points up and down the coast. In this connection the minister is up against exactly the same argument as that urged in connection with logging. People in the east appear to be incapable of seeing matters beyond a narrow limit.

May I finish my few observations with a reference to the situation respecting domestic servants. I have yet to hear some good reason why domestic servants should not be included

within the provisions of the measure. When at home I employ a stenographer and a maid in my house. I have to deduct from their wages so much for the government, and turn in that amount. At the end of the year if they have not obtained a certain income they will receive a rebate. I have no more trouble doing that for the maid than I have for the stenographer. That has prevailed all over British Columbia. I cannot see what there is so peculiarly transient about domestic service. Many girls work for years in the same household. They get low wages and are entitled to justice. Of necessity they work as constantly as they can. Also there is this peculiarity, that if the girl is working in a club or boarding-house which is carried on for gain, she qualifies under the bill. What difference does it make if I am deducting a percentage from my maid's wages, whether she is working in a household or in a boarding-house? When she leaves the boarding-house to work in a private house there are more complications there. What concrete reasons are there for excluding them? They are poor and not vocal at election time, I know. Also I would ask the minister about transportation by water and stevedoring.

Mr. McLARTY: As regards stevedoring, I know the hon. member appreciates that stevedoring does not cover freight handlers; they are covered by the bill. I think the reason for the exception of stevedores is the difficulty they have had in the old country in their experience of the operation of that act. I am advised that they have been trying for a great many years to overcome the difficulties, but that even yet it does not appear to work out successfully.

One member of the special committee pointed out that there was a situation that was peculiar to British Columbia which might make it possible to bring stevedores under the measure. But the experience in Great Britain, we were advised, has been so far most unsatisfactory.

Mr. NEILL: What was the objection there?

Mr. McLARTY: I understand that there was employment of stevedores by a number of different employers on the same day, that there was no continuity of employment with one employer.

Mr. HANSON (York-Sunbury): In Saint John there are stevedoring companies which contract to do this kind of work and the men work for the company, or an individual who is a stevedore employs longshoremen. There is no difficulty so far as that system is concerned. I do not just appreciate what the system is to which the minister refers.

Mr. McLARTY: I am giving the representations that were made to the committee. We were advised that the men might be employed by a number of different employers on the same day.

Mr. HANSON (York-Sunbury): That is not the system on the Atlantic coast.

Mr. McLARTY: So far as domestic servants are concerned, one difficulty is the matter of inspection. Hon. members will observe that the right to enter private homes is not given under section 72, and if we included domestic servants our advice was that inspection would be a tremendous task. The difficulties in the administrative end would be extremely great, and for that reason it was thought that domestic servants should not be included.

Mr. NEILL: I cannot see the point about administration difficulties so far as domestic servants are concerned. You do not have to inspect them. You could have stamps put on a card. I deduct one per cent from my stenographer's salary and I pay it into the government—not she—and at the end of the year, if she has not earned the minimum salary, she applies for and eventually gets a refund. I have to pay the money in because I am the employer.

Mr. McLARTY: I might add to what I said that domestic servants are still excluded in Great Britain after twenty-nine years' operation of the act.

Mr. HANSON (York-Sunbury): What the minister has said of domestic servants applies here with respect to domestic servants in private homes, but what about domestic servants employed in a boarding-house? Are they included?

Mr. McLARTY: Yes, because the employer is engaged in a business for gain. They would be included.

Mr. HANSON (York-Sunbury): That is my interpretation of the law. In the city of Fredericton, where we have a normal school, a high school and university, hundreds of young people board, and a great many people eke out a living by taking in boarders. If all the service is to be set up for them, you are going to meet with that difficulty all over the country.

Mr. MACKENZIE KING: Mr. Chairman, in view of what has been said at different times about the desire of the government to hasten the passage of this measure through the house I have said nothing to-day during

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the course of the debate but have been listening to the different arguments that have been presented. I think we have heard some arguments presented at least a dozen times.

Mr. HANSON (York-Sunbury): Not on this point.

Mr. MACKENZIE KING: For the most part the discussion to-day has been a continuous series of repetitions. I think everyone who has been in the house throughout the day will have "loggers" and "hospitals" ringing in his ears for the next few days. The argument has been mainly about those two classes, and now it concerns domestic servants. At any rate I do think that the business which this house has been called mainly to consider is of sufficient importance for me to emphasize the importance of the committee not unduly wasting the time of parliament with further discussion which is going to lead nowhere.

A moment ago we had some discussion as to matters of procedure raised at a time when the bill has practically completed its passage through the house. I understand that the correct procedure with respect to a bill which has been referred to a committee for consideration, if it comes back from the committee in amended form, is that the chair places the bill before the committee of the whole, and it is considered in committee section by section just as a new bill itself might be.

Mr. NEILL: In the case of a standing committee, but not a special committee.

Mr. MACKENZIE KING: Yes, from a special committee. If that special committee had by adding some clauses undertaken to increase expenditure under the bill, it would have had no right so to do without obtaining special authority. Similarly, when hon. members seek to add a clause or clauses which would involve increased expenditure under the bill, it would not be in order to admit such a clause without the governor general's consent being obtained in advance.

Mr. NEILL: That is just what the committee did. They increased the expenditure.

Mr. MACKENZIE KING: I understand that what has been done by the committee has not altered in any material particular the scope of the bill or the payments under it. However, it is now very near the hour of the dinner recess. I rather hope that we may get the division, if one is necessary on this bill, before six o'clock, so that this evening we may get on with placing before the country, as we have been asked to do, the record of the government with respect to its war effort. That is what the country is anxious to hear,

[Mr. Mackenzie King.]

and I do not think it would deprive anyone of any of his rights, after all the discussion we have had to-day, if we began to think of concluding discussion on this measure at this time.

First schedule, part II, agreed to.

Section 13 agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. HANSON (York-Sunbury): I do not want to delay this bill, but I had something to say on the third reading. If, however, the Prime Minister says that it is imperative that we should have the third reading now, then in order to expedite the business of the house perhaps I had better forgo my remarks.

Mr. MACKENZIE KING: If my hon. friend would like to speak on the third reading, we could have the motion for third reading as the first business at eight o'clock.

Mr. McLARTY: Mr. Speaker, in view of the last paragraph of the committee's report, I understand that it is necessary for me to make the following motion, which I now do:

That the recommendation made in the report of the special committee on unemployment insurance to the end that the annual report of the unemployment insurance advisory committee be placed before the standing committee of the house for their deliberations and the hearing of representations be concurred in.

Motion agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. N. A. McLARTY (Minister of Labour) moved the third reading of Bill No. 98, to establish an unemployment insurance commission, to establish an employment service and for other purposes related thereto.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not wish to delay the third reading of the bill. I have been in the House of Commons since 1921 to see this come about. But I wish to refer to the position of the soldiers who are serving us at the risk of their lives and for whom no provision has been made in this bill, although it takes care of civilians and those who stay at home. Successive governments have had since 1921 to look after this matter, but one finds not a word in the bill about the men who are fighting the battles of this country.

I would not, however, have mentioned the subject at this time were it not for the course

of action which a number of insurance companies in this country have followed ever since the first contingent was mobilized last September. I know of an able surgeon who was making almost \$40,000 a year. He gave up his practice and went with the first contingent, as a consequence of the action of the companies he has to pay prohibitive rates for his insurance. I may say that the province of Ontario has prevented the municipalities from establishing any more civic soldiers' insurance systems of the type which was carried on by the city of Toronto during the first world war, when 60,000 of its citizens enlisted for active service. In November, 1914, the city decided to purchase, at its own cost, insurance coverage for all citizens of Toronto who enlisted for overseas service. Under such plan, 9,609 \$1,000 insurance policies were purchased during the period from November, 1914, to May, 1915, at a premium cost to the city of \$1,247,261. As the city in May, 1915, was unable to obtain further insurance cover from local insurance companies, provincial legislation was applied for and granted, under which the city itself became the insurer of all citizens who thereafter enlisted for active service. In all cases, whether the citizens were insured by companies or by the city under the legislation referred to, the city was appointed beneficiary with power to administer the losses under such policy. Under the plan, which became effective in 1915, approximately 35,400 citizens enlisted for active service overseas; all claims under such insurance scheme were paid by the city. The total number of death claims paid by the city was 4,904, which cost the city \$4,378,020. Mr. Bradshaw, the able city treasurer, stated that this system was the means of effecting economies in other directions after the war, in dealing with aid to soldiers and their dependents. But now the province of Ontario has intervened to prevent any municipality from establishing a system of insurance on behalf of the soldiers.

The United States established a national system and also effected large economies as a result.

I have given the government ample opportunity to reply to my question and motion. It was not my wish to speak on the third reading of the bill, but hon. gentlemen opposite have had nineteen years since 1921 to deal with insurance for civilians and have not devoted nineteen minutes in this chamber during the discussion of this question to dealing with the needs of the soldiers of Canada who are risking their all in the defence of this country. I recently saw the 48th new battalion on parade; it is a fine new battalion with hundreds of men in training, some of whom gave up prominent positions to take

\$1.30 a day. They are not insured. What is the attitude of the Canadian insurance companies? Instead of showing patriotism and consideration for these men, and setting up a national scheme that would help, what do they do? Certain insurance companies are actively pushing the sale of insurance to enlisted men, using as an argument the possibility of disability preventing their purchase of life insurance on their return. I say that a statement upon the question should be forthcoming from the government and from the inspector of insurance of these companies. After the last war, "returned soldiers' insurance" was made available. I believe the government should make a statement as to what its plans are along this line for the present war—I can assure the house that I have had many letters on the matter—to allay the fears of those who are now considerably concerned regarding this question and regarding what will become of their policies now in existence. They would like to learn how they stand with the companies and what consideration they will get. Some of them now cannot carry all their insurance, and these companies who have amassed millions should help a government scheme instead of just blocking it in a war like this. The companies are not acting towards them in a patriotic way, and there should be an investigation and survey into the matter by the superintendent of insurance and a statement from the government before prorogation. A statement of the government's plans would result in saving for these boys who are enlisting and have enlisted, hundreds of dollars overcharge in premiums for insurance which they may not be able to continue after the war.

In the United States the rates for "war risk" insurance were based on the old American experience table of mortality with interest at $3\frac{1}{2}$ per cent. The Canadian men's ultimate table of mortality, based on the mortality experienced in Canada prior to 1915, while not reflecting present-day mortality figures, comes a great deal closer, and I may say that the situation in Canada is more favourable. I have here a table of comparisons, which I prepared for a motion that did not come up, with respect to the mortality in the last war and in the present one, giving rates for \$1,000 of life insurance. The time has come when something should be done, and I ask that the government reply at once to the questions which I have raised, and decide to have a system of national insurance on all its soldiers with protective clauses after the war to help—soldiers who are out of employment.

During the last war the government of the United States treated this problem in a much

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more businesslike fashion than ours has done. Faced with almost impossible "war service premiums," or usury, demanded by the life companies, the government of the United States established their own "soldiers' insurance fund," provided each member of their forces with a policy of \$5,000 gratis, and in addition, gave the boys an opportunity of purchasing additional coverage at cost. Nor was this coverage based on the "cash value" type of policy. Straight death protection was provided, but those returning were given the opportunity to convert this death insurance to any of the standard plans, premiums for this converted insurance being based again on actual cost, without loading and without surrender charges.

I do not need to apologize to anyone for raising this matter on the floor of the house to-night. I find soldiers' insurance here has few friends. I introduced it last September. I put it on the order paper on the 25th of January. I put it on the order paper again on the 16th of May, and nothing has been done while we "peg prices" of commodities. Yet we have not had one word of reply from hon. gentlemen opposite as to what they propose to do for the soldiers with regard to national insurance, although other people—some, at least—will be covered by the scheme under Bill No. 98, who stay at home and work in civilian pursuits.

In conclusion I demand an answer, or let me say, I will request it, because I must admit that since May 16, the government has done something towards bettering conditions in certain directions, but not all. However, there is still a great deal to be done. The government should announce what its policy is on national soldier insurance, and that policy should take care of the soldier during and after the war. We were told last year by the former Minister of Finance that the government can borrow money for two-thirds of one per cent. If they can, let them insure their soldiers and not merely civilians who are staying at home.

The second matter on which I should like some information from the minister can be stated in one or two sentences. What is being done with reference to these public utilities in Ontario and any other provinces and municipalities which have already established a pension system? Can they rank under the new scheme? Will there be some ways by which they can be taken care of, by adjustment or coordination or both?

Mr. McLARTY: There are.

[Mr. Church.]

Mr. CHURCH: I think the minister might very well devote a sentence to that matter.

Mr. McLARTY: I can correct that at once. They are taken care of now, under the scheme.

Mr. CHURCH: I should like the Prime Minister (Mr. Mackenzie King) to tell us what is the policy of the government on national soldier insurance. He has been a pioneer in this field; I will admit that, although nothing was done for twenty years to get things started. I will ask the leader of the government—I have asked other ministers of the government until I am tired—before this bill is read a third time: What does he propose to do for these soldiers who are on the other side of the water, or prepared to go, as regards a scheme of national soldier insurance? Further, what does he propose to do to provide some further regulation of these life insurance companies which already carry insurance on civilians, now soldiers? Some of these soldiers are scared to death, as far as premiums go? Has he any reports to table regarding this matter? This is an important subject, and it should not be turned aside simply because somebody over here suggests that someone may be holding up this Bill No. 98. We on this side are not holding it up. It has been held up by hon. gentlemen opposite who have taken from 1921 until now to do anything about it. I should like to hear from the Prime Minister.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I think his questions will be more appropriate if asked when we are discussing matters pertaining to defence. At that time any questions with respect to the soldiers overseas and at home will be in order.

Hon. R. B. HANSON (Leader of the Opposition): I had intended, as I intimated before the dinner recess, to make some remarks on the third reading of the bill; but having regard to the fact that we have spent five hours to-day on one or two details, important though they may be, with the delay which thus ensued, and having regard further to the fact that we are all anxious to conclude our labours this week and also to the fact that I might be open to the charge of delaying the measure, of doing which I have not been conscious at any time, I have decided that I will not make any remarks at this stage.

Motion agreed to, and bill read the third time and passed.

SUPPLY

MINISTERIAL STATEMENTS WITH RESPECT TO
CANADA'S WAR EFFORT

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee of supply.

He said: Some days ago the leader of the opposition (Mr. Hanson) mentioned that the house would like to have, before the end of the session, a statement from the government with respect to Canada's war effort. I replied that statements had from time to time been made but that I could appreciate his feeling, as well as the feeling of other hon. members, that, receiving these statements intermittently and only in part, a comprehensive picture would not readily present itself to their minds. I promised that the government would therefore take an early opportunity of giving in outline the essential features of Canada's war effort as it has been put forth up to the present and also in relation to what is being planned with the future in view. The government has felt that the most effective manner in which to make this presentation, would be on a motion to go into supply, at which time the different ministers whose departments have most to do with Canada's war effort could make separate statements to the house, with His Honour the Speaker in the chair, thereby ensuring that the statements might be made without interruption and without occasioning debate until their presentation had been completed. If that course should meet with the approval of hon. members, the government would, after the statements had been made, expect that the house would then go into committee of the whole and upon an item relating to defence being called, a discussion might thereafter ensue on the entire subject of Canada's war effort.

There has been a suggestion that it would perhaps be most appropriate to discuss defence matters, in part, in secret session. I hope, for many reasons, that this may not be necessary. I will not say that the government will decline to have a secret session, but my experience with regard to secrets is that if you wish to have something told, the best thing to do is to announce that you are telling someone a secret. I am very much afraid that a secret session might only result in many statements being made with respect to what had taken place at the secret session which in the end would prove more embarrassing to all concerned than if

we sought to face the questions in open forum. If, however, it should appear, after the ministers have replied to questions asked, that there are some matters on which the house would wish to be further enlightened, and for which purpose a secret session would be necessary, the government will be prepared to take that necessity into consideration.

The order I would suggest in which the presentation of the various statements should be made would be to begin with the Minister of National Defence (Mr. Ralston), who would speak more particularly with relation to the army, to be followed by the Minister of National Defence for Air (Mr. Power), who is also acting in this house as Minister of National Defence for Naval Services. He would speak with reference to the war effort as it affects the air forces and the naval services. Then the Minister of Munitions and Supply (Mr. Howe) would review the war effort from the point of view of his department, to be followed by the Minister of National War Services (Mr. Gardiner), who would deal in part with mobilization and questions in relation thereto, the presentation to be concluded by a statement from the Minister of Finance (Mr. Ilsley), who would touch upon the financial aspects of our war effort. That does not include the part of the war effort relating to what might be described as economic defence on the home front, the control of prices, the production and marketing of products and the like. These matters have been discussed at considerable length already, and they may be taken up further on the estimates of the departments concerned.

That, in brief, is the proposal with respect to the manner of informing the house of Canada's war effort as it is being pursued at the present time.

It might assist hon. members in following the presentation if I were to call to mind outstanding phases of the war to date. They have an immediate bearing upon what will be presented in the statements. I need not say anything about the period foreshadowing the war, nor need I say anything about the early beginnings of the war. It was on the 1st of September last that Poland was invaded and on the 10th of that month Canada went into the war; so that the presentation will cover a period that does not yet extend fully to eleven months. What is set forth will represent what has been accomplished, in the main, within that period of time.

The early stages of the war, as hon. members will recall, were largely concerned with conflict at sea and in the air. I am speaking now

more particularly of war between Germany and Great Britain. It was not until the spring of this year that there began a very significant change. It was the invasion by Germany of neutral countries. We then witnessed first, Denmark and Norway invaded, then Holland, Belgium and Luxembourg, and finally the invasion and collapse of France. I might give the house a few dates that will present these events in their proper sequence. They help to explain a change in some particulars in the methods employed by our government as well as the government of the United Kingdom in expediting much that had been planned at an earlier period.

The German invasion of Poland was on September 1. Britain and France declared war on Germany on September 3 and our Canadian declaration of war came on September 10. On November 30 Finland was attacked by Russia. The peace between Russia and Finland was signed on March 12.

In the interval, on January 25, the Canadian parliament was dissolved and the general elections took place, or at least the period of the general elections followed immediately. The elections themselves took place on March 26. Before and during the elections I ventured to say that one of the reasons why we had been anxious to have the elections at that particular time and have them over before the spring was that it was anticipated that the war would reach an intensified stage in the early spring and that it would undoubtedly be of advantage to the country to have a new parliament in existence before that phase of the war came about. It so happened that the invasion by Germany of Denmark and Norway followed on the 9th of April. On May 10 Belgium, The Netherlands and Luxembourg were invaded by Germany; on May 14 the Dutch army ceased resistance. It was just at that very critical time that the first session of the present parliament met. That was on May 16. On May 28, the Belgian army surrendered under King Leopold; on June 10, Italy declared war on Britain and France; on June 16, the Petain government was formed in France, and on June 22, France signed an armistice with Germany and on June 24, an armistice with Italy.

I have said that several statements have been made on Canada's war effort up to the present. I have in my hand a brief reference to the more important broadcasts that have been made by members of the government on Canada's war effort or aspects thereof, and also a brief record of important statements in parliament reviewing Canada's war effort or aspects thereof. With the consent of the house I should like to place these lists on

[Mr. Mackenzie King.]

Hansard. I believe they would be helpful as a ready reference to anyone who might wish later on to review Canada's war effort.

Broadcasts by Members of the Government on Canada's War Effort or Aspects Thereof

1939

- October 31—The Prime Minister on "Organization of Canada's War Effort".
- November 24—Minister of Finance on "Canada's War Effort on the Economic Front".
- December 10—Minister of Labour on the work of the War-time Prices and Trade Board.
- December 17—Prime Minister on "The British Commonwealth Air Training Plan".
- December 20—Minister of National Defence on Canada's war effort.

1940

- January 7—Minister of Transport on work of the War Supply Board.
- May 22—Minister of National Defence on Canada's war effort in the new emergency.
- May 23—Minister of National Defence for Air and Minister of Munitions and Supply on the war effort of their respective departments.
- June 7—Prime Minister on Canada's war effort.
- June 18—Minister of Finance on war finance and the effects of the national resources mobilization legislation. Repeated in French by the Minister of Justice.
- June 23—Minister of Justice over French network on the effects of the mobilization legislation.
- July 10—Minister of National Defence and Minister of National Defence for Air on plans for increased recruiting and training of troops.
- July 26—Minister of National War Services on the forthcoming national registration.

Note.—This list does not include broadcasts during the general election campaign in which the war effort was fully reviewed.

Important Statements in Parliament Reviewing Canada's War Effort or Aspects Thereof

- May 20—A comprehensive review by the Prime Minister.
- May 21—The defence services, by the Minister of National Defence (Mr. Rogers).
- May 22—War supply, by the Minister of Munitions and Supply.
- June 3—Internal security, by the Minister of Justice.
- June 4—Naval assistance to Britain, by the Prime Minister.
- June 7—War supply, by the Prime Minister.
- June 11—Canadian action in Greenland, by the Prime Minister.
- June 11—War supply, by the Prime Minister.
- June 11—Internal security, by the Prime Minister.
- June 13—Veterans' home guard, by the Acting Minister of National Defence (Mr. Power).
- June 13—Air Training, by the Minister of National Defence for Air.
- June 18—Review of recent developments (West Indies, Newfoundland, Iceland, etc.) and announcement of National Resources Mobilization Act, national registration and Department of National War Services, by the Prime Minister.
- June 18—Recruiting, by the Acting Minister of National Defence (Mr. Power).

June 19—Reception of British children and of prisoners of war, by the Prime Minister and the Minister of Mines and Resources.

June 24—The budget, by the Minister of Finance (Mr. Ralston).

June 27—Reception of British children, by the Minister of Mines and Resources.

July 8—Review of the war organization, by the Prime Minister.

The only point I should like to mention before saying a word in general about the picture is the relation of the events I have cited to the discussions in our own parliament. As I have already mentioned, Canada's declaration of war came on September 10. That was at the time of the special session of the last parliament. At that special session important legislation was passed which enabled the government to organize Canada's war effort, lay the foundations of it, so to speak, in the months which immediately followed. I do not think it will be necessary for the ministers in their presentation to-night to review, except in the barest outline, what was accomplished between the time of the special session and the period of the general elections. The whole war effort of the government was very fully reviewed during the general elections, which extended over a period of two months, and the Canadian people passed upon our war effort and the government's programme and policies up to that point.

As I have mentioned, parliament reassembled at a moment of intense warfare in Europe. It reassembled just shortly after the invasion of Denmark and Norway, and at the time of the fighting in Holland and Belgium. That particular period of the war I suppose might be described either as the period of invasion by Germany of neutral countries or the period of the blitzkrieg in relation to these several countries. The blitzkrieg, or lightning war, as the expression is in English, did necessarily have an important bearing not only upon Canada's war effort but upon the war effort of all the different parts of the British empire. As hon. members are aware, in planning Canada's war effort the government did so in close cooperation with the British government. Our plans were laid in accordance with those of the high command in Britain and in consultation with the governments of other parts of the British empire.

It was the generally accepted view at the outset that the war would be a long one, the period mentioned being three years, and possibly longer, and plans were laid in relation to a war that would extend over that period of time. Now I do not say that the high command of the British government have changed their view in any particular as to

the length of the war. The war may still be a war of three or four years. But in one particular a very real change has been made, as a result of the sudden invasion of these neutral countries, the intensity of which invasion was something wholly unexpected. I do not think it was assumed, at the beginning of the war, that even Germany was going ruthlessly to violate these neutral countries, whatever else she might attempt. At any rate, the effect of the subjugation of these different free neutral countries, and the attack upon France, to say nothing of the results that it produced, did necessitate a speeding up of the entire preparations to meet an immediate situation. And Canada, along with other parts of the British empire, at that time, undertook new obligations in a number of directions, obligations which had not been either foreseen or anticipated until events developed as they did.

In expediting the work and enlarging the scope of Canada's war effort, it has been found necessary, as hon. members know, to create new ministries. Where we started with the one ministry of national defence we have to-day three departments of defence, one specially concerned with the army, another with the air force, and the third with the navy. We have undertaken enormous obligations with respect to the British commonwealth air training scheme. There is also the new Department of Munitions and Supply, and more recently still, the Department of National War Services. The legislation creating these new departments has, except in the case of the Department of Munitions and Supply for which provision was made at the special session, been passed by this present parliament. Hon. members are I think fairly familiar with much that has since been accomplished under the direction of the ministers in charge.

As an introduction to what may be said by my colleagues, may I say that the kaleidoscopic changes in the war itself have brought changes equally swift and equally colourful in the methods which have been necessary to meet them. Improvisations have had to be fitted into plans. Men have had to be moved to unexpected spheres of action. The production of materials has needed to be enlarged and hastened beyond what were believed to be the necessities of time and extent. Unprecedented measures had to be taken to provide for the requisite financial appropriations. The collapse of neutral and allied countries, the intensity of air warfare, the spread of the conflict to distant lands, circumstances which have sent Canadian soldiers and resources and ships to the West Indies, Newfoundland, Iceland and the seas that wash the shores of

the United Kingdom and France—all these things have made it difficult for anyone to reduce to a single presentation the panorama of passing events.

It is not easy for anyone to see the picture steadily and as a whole. The whole has sometimes been obscured by the parts. The perspective of 1940 has often been lost in the memories of 1914. The Canadian scene has often become almost invisible in the smoke of the battle ground of Europe. I hope that as a result of the facts which will be told to the house to-day a clearer picture will emerge in the minds of parliament and the people of Canada. Let me say that the recital of facts which will follow is not intended as a recital of the achievements of a political party. It represents the achievements of the Canadian people, directed by the government and assisted by the constructive criticism of his majesty's loyal opposition.

May I give just a few broad outlines of our war effort. We have had:

First, to organize and expand the defences of Canada on land, on sea and in the air;

Second, to furnish the maximum aid to the common cause in men and machines of war, wherever they were most needed;

Third, to organize the production of machines and munitions of war, so that output shall reach the highest possible maximum and private profits be held at the lowest possible minimum;

Fourth, to organize the production, distribution and transportation of foodstuffs to meet the needs of war;

Fifth, to prevent any undue rise in prices, and to protect the consumers of Canada against manipulation and speculation;

Sixth, to strengthen the nation's financial structure by taxation, by borrowing, and by the stabilization of international exchange;

Seventh, to provide the necessary machinery to mobilize the material and human resources of the country in the national interest, without fear or favour towards any class, section or interest in the country; and to mobilize these resources by progressive stages in a manner which will best serve to enlarge the scope and enhance the effectiveness of our war effort;

Eighth, to make provision for the internal security of the nation against sabotage to industry, transport and other vital services; to guard against hostile propaganda and espionage and other so-called "fifth column" activities; to take precautions against enemy aliens and sympathizers;

Ninth, to assist in providing for the security of Britain through the reception of enemy aliens and prisoners of war for internment in Canada, and for the reception of such

[Mr. Mackenzie King.]

children as the British government is prepared to send to Canada in order to remove them to a place of safety;

Tenth, to correlate national war services and voluntary effort under government direction and to provide appropriate and helpful ways and means of utilizing the essential patriotism of our citizens and their willingness and expressed desire to work for the common cause.

To accomplish these ends and to further these purposes it may be said, in a word, that Canada has brought into being, on a scale that is constantly expanding, an army for service overseas and for home defence; has been building and manning a navy which to-day is assisting in the defence of our coasts, in convoying ships across, in patrolling Atlantic waters, and in repelling enemy forces which threaten the invasion of the British isles; and has organized and established an air force which is in service at home and abroad. We have, moreover, assumed responsibility for the supervision of the gigantic commonwealth air training plan and have vastly expedited its development. In a word we have, in addition to the measures taken for the immediate defence and security of our own land, sent ships and troops and airmen to the West Indies, to Newfoundland, to Iceland and to Europe. We have made tremendous commitments for the production of machines and munitions. The house is aware of the terms of the National Resources Mobilization Act and the National War Services Act, and of the operations of the War-time Prices and Trade Board, and of the Foreign Exchange Control Board.

The review by the ministers of the departments of government more immediately concerned will set forth in detail what has been done and is further planned to fulfil our duty and implement the legislation which parliament has passed. The statements to be made will give in terms of men, machines and money, the state of the army, the navy, and the air force, and the progress of the commonwealth air training plan; and detailed reports, in so far as they can with safety be given, on the manufacture and production of aeroplanes, munitions and mechanized equipment.

I believe it will be agreed that the record which will be unfolded represents a remarkable transformation of a peace-loving nation of eleven millions into a people unitedly and effectively organized to fight for the preservation of freedom and democracy, and determined unceasingly and increasingly to give of their utmost to the cause of human freedom which, alone among the nations of the world, if the orient be excepted, Britain and the British dominions are defending in arms at the present time.

National Defence

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, if the house will permit me to do so I should like to follow my notes rather closely. I have prepared a somewhat lengthy statement, and there are certain portions with regard to which I should like to be particularly accurate.

At the outset of what I have to say I am impelled, not only by a sense of esteem but by a sense of deep obligation as well, to pay tribute to my late and lamented predecessor in the post which I now occupy, the late Hon. Norman Rogers. It is the irony of fate, and it only adds to the tragedy of his passing, that he is not here to see some of the fruits of his untiring energy and veritable consecration. The fact that to continue the work which he was doing is taking the time and, I assure you, the undivided attention of three ministers and additional staffs, speaks more loudly of his capability and devotion to duty than any words of mine. I am sure my colleagues will agree that anything which has been accomplished in the last two months has been due in no small measure to the sound and broad foundation which he laid in the administration of the manifold and perplexing details of his triple department. His patience, his dauntlessness in the face of discouragement, and his everlasting industry and determination are, and will continue to be, a challenge and an inspiration to those of us who take up his work.

I had expected, in connection with the estimates of the Department of National Defence, to give to the house such information as might be possible regarding the activities of the department. I welcome this earlier opportunity to give the house a résumé of the situation as I see it. I am well aware that in what I have to say there will be very little in the nature of a review. Rather I would have you see the situation as I see it at the present time and as we plan for the future. I know perfectly well that the information I have is not in particularly attractive or interesting form, but I believe the house is interested in facts, and these I shall try to give.

Regarding policies, it is perhaps a little presumptuous for one who has been in my post for only a bare three weeks to attempt to sort out and present solutions for the problems of military preparedness and effectiveness which confront us. I think, however, it would help toward clearer thinking, greater confidence and more effective action if we understand and agree on the broad principles of our defence policy.

I conceive that there are two main aspects. First, a short term policy—and that policy

may cover years—which is to combine in maximum degree and in minimum time, with other countries to defeat the common enemy in the present war; and this country, along with the United Kingdom and the other dominions, is turning night into day and leisure into ceaseless activity to bring about that result. Second, there is the long term aspect. It seems distant and relatively unimportant at the moment. But we must realize and prepare to meet the absolute necessity for a comprehensive organization of Canada's armed forces so that whatever befalls we shall in future be a country which shall be as adequately prepared as it possibly can be to take care of its own responsibilities in respect to defence.

I have had the benefit of discussing these vital questions on several occasions already with Major General Crerar, the chief of the general staff, since his recent return from the United Kingdom. His appreciation of the immediate and future military contingencies which this country, and the empire and its allies, now require to face, has been considered by the war committee of the cabinet. We have great confidence in his views, and I know that confidence is shared by the authorities in London. We are fully agreed on methods and objectives. Speaking generally, the method to be continued and intensified is the maximum development of all our resources in man-power, in weapons, in equipment and in training facilities. The objective is that Canada may throw its increasing military power into the scale in the most effective manner, and in the minimum of time.

We are also fully agreed regarding the general order of priority which should be considered in connection with our military preparations.

In the "immediate" category, I place the following:

First, the re-strengthening and the adequate organization of our fixed and mobile defences and our armed forces in the area of our eastern seaboard and of the approaches of the St. Lawrence. As will be immediately recognized, this is our most vulnerable area. Measures have been taken accordingly, and I can announce that a command headquarters is being set up immediately in the maritimes, to organize, control and coordinate for operational purposes the forces in this area. These will include the Canadian active service force and the non-permanent militia forces which are or will be located there. The object is to use them to the best advantage, in conjunction with the coast defence forces, wherever an attack may threaten. Included in this command will be the Canadian forces in Newfoundland.

I need hardly say that in presently concentrating increased energies on the requirements of our east coast, it is not to be assumed for an instant that the continued strengthening of our west coast defences is being in any way overlooked.

Second, but of equal importance, and only secondary in the matter of immediate urgency, is the continued concentration of our resources on the training and equipping of the Canadian active service force now organized in this country. Where these troops will eventually serve depends, of course, on the developments of the future. In the meantime, our policy is to continue the training and equipping of these units eventually as divisions, so that they may be ready for operations in whatever theatre they may be required, either in Canada or overseas. The front line is the island fortress of the British isles, and we will shortly have a corps of two complete divisions and ancillary troops in that front line. The house may be interested to know that my advisers are definitely of the opinion that it would not serve the common cause at this time to have additional Canadian forces added to such a corps. It must be remembered that there is at the moment no shortage of man-power in England. The real demand is for equipment.

I am giving away no secret when I state that it is impossible for the United Kingdom to make up in two or three weeks the losses of equipment suffered by the gallant British expeditionary force during its epic struggle in, and the subsequent withdrawal from France.

Consequently, quite apart from any question of Canadian security, we can make our best contribution at the present by training and equipping our third and fourth divisions in this country. And so the "drive" is to bring the training and equipment of the divisions now organized in this country to the highest possible level in order that they may quickly be available for active operations, whenever and wherever the call may come for their services.

Third, we must provide the maximum preliminary training for the available man-power of Canada. It is obvious that this is a primary and essential step in the preparation of the citizens of this country for the ultimate duty they may be called upon to perform—that of defending their hearths and their homes against the possible attack of a ruthless enemy. That step is being taken now; it is one of the purposes of the National Resources Mobilization Act, and my colleague the Minister of National War Services (Mr. Gardiner), will be giving the house an outline of the procedure which is being followed to call for training the young men of this

[Mr. Ralston.]

country. Later on, I shall explain how these young men will fit into our military units and formations.

Fourth, we must not for a moment lose sight of the necessity, in certain instances, of military protection to vulnerable points and the relation of the military forces to internal security. The matter of internal security is principally a police problem, but we are so arranging our organization that there shall be no gap between the responsibility of the police and the responsibility of the military forces to assist them where necessary. My colleague, the Minister of National Defence for Naval Services (Mr. Macdonald), is, in addition to his other duties, giving particular attention to this matter and has accepted the post of chairman of the sub-committee which deals with the protection of vulnerable points.

I need not to-day go into the matter of long-term requirements, but I assure the house that this phase of Canada's defence is having most earnest attention as well. We must never again lapse into the inadequate position which the armed forces of Canada—and Canada was not unique in this respect—were in for many years prior to the outbreak of war. While our immediate task is to deal with first things first, the future is our very definite responsibility as well.

My colleagues and I realize that the work of carrying out these policies is probably the most many-sided and responsible job in Canada, and it goes without saying that we must enlist and use the ablest men on staff and in executive positions which this country can provide.

Adjustments have already been made in the staff of the department in order to utilize the capabilities, experience and training of the personnel to the best advantage. This principle will continue in connection with the organization of these vital services.

Now, Mr. Speaker, those are the principles of our present military policy, and I think it well to have that broad picture in mind so that, as the Prime Minister (Mr. Mackenzie King) has just said, we may see the situation clearly and see it whole.

The methods by which those policies are being carried out are, after all, details which depend upon competent administration and staff work.

The purpose of giving these broad outlines of our policy is so that members of the house and the citizens of Canada generally may themselves have a better appreciation of what we are trying to do.

It will avoid, I think, many questions and inquiries on matters of method, because I would hope that the organization of the Department of National Defence will be such

that the country generally will feel that we have competent personnel and a sufficiently clear appreciation of our duties and responsibilities to be able to work out and put into effect the details necessary to accomplish our purposes.

I do not mean that I have any desire to prevent inquiries where it is thought there is inattention or failure in any particular phase of the work, but I do want to inspire hon. members if I can with the idea that the machinery of the Department of National Defence is, if I may use the colloquial expression, "hitting on all eight cylinders," and that we can confidently expect that there will be no slacking in connection with anything which may be required to make the machine function to the highest point of efficiency.

But in order, Mr. Speaker, to try to demonstrate that attention has been given to details and to satisfy the perfectly proper desire for some particulars of the way in which we are going at the tasks which I have outlined, I do want to deal with certain major matters, even though they involve details.

I shall speak of :

- (1) The possible duties of Canada's military forces;
- (2) The military units and formations through which these duties are carried out;
- (3) The progress of organization and recruiting of these military units and formations;
- (4) The matter of equipment;
- (5) The camps which we are establishing and the accommodation which is available and which is in prospect; and
- (6) General methods of training.

Duties of Canada's Military Forces

Let me outline some of the possible duties of Canada's military forces. Those duties which can be actually envisaged are of a good many different kinds, and the geographic location in which these duties may have to be performed encompass at least half the globe. The order in which I enumerate them has, of course, nothing to do with the order of their importance.

First, we must provide guards for the protection of certain vulnerable points regarded as so extensive and so important nationally as to warrant military protection, and we must be ready to deal with civil disturbances.

Second, we must maintain guards for the exacting duty of guarding internees and prisoners of war in internment camps.

Third, we must provide personnel for the land defences of our east and west coasts.

Fourth, our military forces have the duty of providing the tactical defence of Canada

against whatever force may be contemplated as having a reasonable chance of reaching our shores. We must have forces in position to move quickly and effectively. That duty is very much in our minds just now.

But the duties of Canada's military forces do not end with our borders. A fifth type of duty is called for in what might be called the outposts of the north American continent. Canada, as the Prime Minister has said, is already substantially represented on active service at strategic points in Iceland, in Newfoundland and in the Caribbean. Sometimes I think we do not fully realize the fine service which is rendered by the men on guard duty and in coast defence positions and these troops of ours who "stand to" at home and in these isolated outposts. They are on duty day and night. They are in exactly the same situation as if they were in the trenches, holding positions in the face of the enemy. Their work is monotonous, but vitally important. To maintain eternal vigilance under conditions of inactivity is one of the stiffest tests of character and discipline which either soldiers or civilians can undergo.

Finally, there is the large and rapidly growing Canadian active service force now in the United Kingdom, which, under the inspiring command of Lieutenant-General McNaughton and our other distinguished commanders face the enemy with determination and confidence. They are the spear-head of the Canadian army. We know that they will prove in every way worthy of the highest traditions of the old Canadian corps.

What I want to impress on the house is that Canadian soldiers have plenty of jobs to do and that these jobs are so varied that they make a stirring call on the adaptability and resourcefulness of Canadian young men. Every one of these different jobs has its own requirements as far as preparation and training is concerned. The house will realize, I know, that the training, equipment, administration and allotment of our troops for those varied duties is no simple or easy undertaking. But the foundation of a soldier's military training is discipline, a readiness to obey orders. Initiative and ability to work on their own, if the emergency arises, is a characteristic of Canadians; and our system of training, while insisting on discipline, is being so worked out as to use to the full these native resources of our people. Discipline, physical training, drill, training in the fundamentals of a soldier's life and musketry are the foundations, and given those foundations, special training for the different arms of the service can be readily superimposed.

Units and Formations

Now what are the organizations, the units and formations in which the Canadian soldier is trained and in which he serves in carrying out the duties I have spoken of? First, there is the Canadian active service force. This is a force in which men of the age of from nineteen to forty-five years, both inclusive, may enlist for full-time service and receive pay and allowances at Canadian active service force rates. They serve in Canada or outside of Canada, as required. The enlistment is for the duration of the war and the demobilization period. This force includes four divisions, ancillary divisional units, corps ancillary units, coast defence troops, reinforcements and depots, veterans home guards and a number of unattached infantry battalions. There are over 133,000 officers and men in all. The members of this force serve overseas; they are serving in the outposts of the continent; they man our coast defences, guard prisoners of war, protect the most vital vulnerable points in Canada. A little later I shall say a word on the numbers authorized for this force and on its recruiting.

Second, we have the non-permanent active militia. The militia has, as hon. members know, been the back-bone of Canada's military organization ever since Canada was Canada. The traditions of some of the militia battalions which have been the foundation for active service units, both in the last war and in this one, recall the finest type of patriotic service. We want to keep the non-permanent active militia with its splendid associations; but more than that, we want to extend its usefulness by having it take in and make part of it the men who will, in probably a little more than two months, be in training under the National Resources Mobilization Act.

Consequently, the non-permanent active militia will consist of:

First, men between the ages of eighteen to forty-five both inclusive, who have enlisted for a three-year period. These men may in time of war be required to serve continuously in the field for a period of not more than eighteen months. These enlisted men could under the Militia Act be sent on service outside of Canada, but declarations by the government have made it clear that men will not be required to serve outside of Canada unless they re-attest voluntarily for such service.

Second—and this will be the point on which there is the greatest interest—the non-permanent active militia will also include men between the ages of from twenty-one to forty-five who may be called for training from time

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to time under the National Resources Mobilization Act. These men may be required to serve during the continuation of the war, but by the terms of the National Resources Mobilization Act they cannot be required to serve outside of Canada. The result of this declaration of policy and of the provisions of the act is that in practice the members of the non-permanent active militia, whether enlisted or called under the National Resources Mobilization Act are not obliged to serve outside of Canada without being re-attested voluntarily for such service.

The non-permanent active militia will do part-time training at local headquarters, or in camp, or in both. Men will be paid at non-permanent active militia rates for the training period—thirty days in each year. For men who are not in camps, two nights or afternoon periods of two hours each, are regarded as constituting a day. Registration under the National Registration Act commences August 19, 1940, and to make room for those who will be called for training, it has been decided that recruiting for the non-permanent active militia will be suspended on August 15. It will be understood, however, that even though recruiting is suspended on that date, men who have enlisted previously will be allowed to finish their training for the year by attending camp or drills at local headquarters, provided such training is completed with reasonable promptness.

As I have indicated, the plan is that after August 15 additional personnel for the non-permanent active militia will be made up from those called for training, and this training will probably commence about October 1. Those called for training will be just as much a part of the militia, so far as service in Canada is concerned, as those who had enlisted before August 15. They will be taken on the strength of a non-permanent active militia unit, will do exactly the same amount of training. They will be paid the non-permanent active militia rates for the period of training and will receive free transportation from their residence to the training centre and return.

I should like the house to note this. We are anxious to encourage men to keep on with training, even though the thirty days may have been completed. We have, therefore, decided that all members of the non-permanent active militia units, whether they have enlisted or been called for training, may elect to take training as may be authorized at local headquarters, in addition to the regular thirty days. They will receive pay for this extra training.

As the house has already been told, the training to be carried on this winter will be the result of the activities of two departments,

namely, the Department of National War Services under my colleague, the minister of that department (Mr. Gardiner), and the Department of National Defence. To express the relative duties of each department in a word, the Department of National War Services does everything necessary to have the men on hand at the training centre for training, and when they get there the Department of National Defence takes them over, provides them with food, accommodation, clothing and equipment, and pay, and trains them for the thirty-day period. The registration to be conducted by the Department of National War Services begins August 19. My colleague, the Minister of National War Services will, of course, be dealing fully with the procedure which will be followed to have these men ready. I need only give the broadest outline.

The Department of National Defence will advise the Department of National War Services of the number of men required for training. The Department of National War Services will notify sufficient men in the lower age groups, probably twenty-one to twenty-two years of age, to report at some specified date and place. They will be called in groups of probably 30,000 per month.

The Department of National War Services will, under its regulations, deal with any postponements which may be proposed, but it is understood that postponements must be arranged so that every physically fit man in the class will have had his training within the year. The Department of National War Services will have the men who are called medically examined at convenient points as close to their homes as possible. Then it will see that those found fit report from time to time, as directed, at the training centres for training. The medical examination will, of course, be subject to any necessary review by the Department of National Defence regarding categories. There will probably be thirty or more training centres across Canada.

I should like to stress again that all these members of the non-permanent active militia, whether they have enlisted or been called for training, are to be regarded on exactly the same basis. Training is being given in order that they all may be ready and able to defend their country. The call for training is a summons to the highest service which any citizen can render. They are all Canadian soldiers. They go to the same kind of camps and belong to the same regiments, and there will be no distinction whatever between them.

It must be remembered that there are many young men in the country who have already offered themselves for active service in special branches and who have not been taken on

because there were no vacancies in that particular branch. There will also be men who would have been ready to enlist in the non-permanent active militia but who, because of being regarded as essential in industry, were convinced that they could better serve for the time being in helping to produce essential war supplies. These men will be called for training as their age class is reached, and it would be unfortunate indeed if any line of distinction were drawn between them and those who had enlisted.

That is the Canadian active service force and the non-permanent active militia. Now I should mention two other military organizations which we have and by which we set great store.

First, there are the veterans' home guard companies. These are composed of veterans of the great war, both Canadians and imperials, fifty years of age and under. The members of these companies volunteer for the duration of the war and for such time as the government sees fit to retain their services. Their service is full time and they are paid Canadian active service rates.

Twenty-two of these companies with 250 men each have already been authorized and, as has been indicated on a number of occasions, the department is disposed to increase the number of these companies as veterans who are fit and qualified offer their services.

The veterans in these units are already performing valuable work in supplying guards for vulnerable points, for internment camps and for other duties. I know of no better service that the veterans can render than to join these home guard companies, for by so doing they release younger and more physically fit men of the Canadian active service force for overseas duties.

Then we have the infantry reserve companies of the veterans' home guard. This is composed of veterans of the great war, Canadians and imperials, fifty years of age and under. They are men who are not in a position to take on full-time service, either with the Canadian active service force or with the veterans' home guard companies, but who volunteer for part-time training. They correspond to the non-permanent active militia units and they are attached to these units for their training.

Members of these infantry reserve companies are paid the non-permanent active militia rates for the regular thirty day period of training.

Let me just recapitulate these various military forces which are administered by the Department of National Defence. Here

I am not including the navy or the air force. We have the Canadian active service force and the veterans' home guard companies, all on full time service, and we have the non-permanent active militia and the infantry reserve companies of the veterans' home guard on part-time for training.

Now may I say a few words about the progress of organization and recruiting of these units and formations?

The Canadian active service force has its foundation in the non-permanent active militia. When the war came, instead of organizing new units, the first and second divisions and ancillary troops were raised by mobilizing militia units and authorizing them to recruit to full war strength. These two divisions with the ancillary troops are at full strength, and as hon. members know, a large proportion of them are overseas.

On May 24, Mr. Rogers stated in the house that immediate steps were being taken to proceed with the organization of the third division.

By July 21, the date of the last complete strength returns, the third division was practically at full strength. Here and there men specially skilled in one of the trades are needed to complete the complement, and there are one or two units which need a few more men.

At the same time in May, it was announced that the infantry battalions of a fourth division were to be mobilized, and this authorization was later extended to include all the units of the fourth division, namely, artillery, engineers, ordnance, signallers, et cetera.

I am pleased to say that the fourth division recruiting has been equally satisfactory and that on July 21 it was well on the way to being full strength. Many units have in fact reached their full complement, while others are short by only a few men, and in almost all instances the men required are in the category of specialists of one kind or another.

Since the beginning of the present session, a number of additional units have been authorized. The most important of these are:

| | |
|---------------------------------|---|
| Infantry battalions..... | 9 |
| Motorcycle regiments..... | 5 |
| A forestry corps. | |
| Additional coast defence units. | |

These are not completely up to strength, but we are informed by commanding officers all over Canada that recruiting has been extremely successful.

My colleague, the Minister of National Defence for Air (Mr. Power), stated in the

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house on June 18 that the strength of the Canadian army was a total of 90,743. Those figures were taken from the strength returns of June 14. On July 21 there were 31,607 troops outside of Canada and 101,965 in Canada, or a total of 133,572. In five weeks, therefore, we have recruited over 42,000 men for active service, or the equivalent of over two and a half divisions.

Just at this point I should like to say a word in connection with recruiting. The response which has been made by the young men of Canada has been almost overwhelming. I hear frequently these days of men who are disappointed to find that the units which are being mobilized have been filled up. If they can find no place in the Canadian active service force I urge them to join the non-permanent active militia.

I know there are many who feel that we should go on—and on—and on—continuously mobilizing new units and enlisting personnel. It is said that if this is not done we shall dampen the recruiting ardour of the young manhood of this country. Nothing could be easier than to give way to these representations, but I want the house and the country to feel that this matter has not been given haphazard consideration. We have at the present minute nearly 100,000 men in the Canadian active service force in Canada. A large part of these will probably be here all winter. We shall be training probably 50,000 or more of the non-permanent active militia, and in addition, we shall have in training during this winter, those members of the militia who will be called for training, as I have described, at the rate of something like 30,000 a month.

Inactivity and monotonous training routine are bound to affect morale. There is a limit to the number of men who can be adequately and properly trained and employed. My advisers are strongly of opinion that on the best forecast which can be made at the present time, it would be unwise to increase the number of men on the strength of the Canadian active service force by further extended mobilization at this time. They think it is much more important to complete the equipping and training of our third and fourth divisions and develop them into first-class fighting formations, than by calling out additional military units until such time as they can be usefully employed. My colleagues and I, after the most serious thought, concur in that conclusion, and I sincerely hope that the house and the country will accept our judgment. This does not mean at all that there will not be further recruiting. Indeed, there are at the moment plans for some 15,000

in the authorized Canadian active service force, and there will be further calls for reinforcements from time to time as well as for further units, as men can be utilized. As these further calls are made from time to time, we shall follow the principle of giving every portion of the country an opportunity to share in the enlistment.

The first principle of good organization is to have men serve in the task which is most important and for which the individual is best fitted. Due to the splendid and almost instant response to the recent call for recruits, the need for materials assumes equal if not greater importance for the moment than the need for men. All I ask is that the patriotic urge for service be allowed to express itself in the way in which it will be most effective, notwithstanding the individual preference.

Non-Permanent Active Militia

I have already referred to the role of the non-permanent active militia in connection with the formation of the Canadian active service force.

Now I wish to speak of the non-permanent active militia itself. Some non-permanent active militia units of course had not been mobilized for active service; others had been. But whether so mobilized or not, all the non-permanent active militia infantry units are now authorized to recruit up to full war strength. This is not Canadian active service force recruiting. It works in this way: There are ninety-one non-permanent active militia infantry units in Canada. Some of these have been mobilized and have become part of the Canadian active service force, and some of those mobilized units have gone overseas. We have said to those which have been mobilized, "You are authorized to recruit a second battalion; this will not be a Canadian active service force battalion, but you can take on men right up to war strength for training on a militia basis, that is, in the evening or other spare time plus camp, and pay them militia rates of pay." To the non-permanent active militia infantry units which had not been mobilized for the Canadian active service force, we have said, "You can take on more men up to war strength, on the same militia basis for training and pay." There are also some artillery units in the non-permanent active militia which have received the same instructions.

The total war strength of the non-permanent active militia infantry units is approximately 88,000 officers and men, and according to the latest available returns this non-permanent active militia force has a total strength of 47,373 actually enrolled. While there is plenty

of room for more enlistments in the non-permanent active militia units, there are instances where lack of available qualified officers, especially for some of the technical units, has made it necessary to forgo active recruiting until the staff of officers has been built up. These cases are having the intensive interest of the district officers commanding and we hope that it will not be long before the lack can be supplied. These are the units which will suspend recruiting after August 15 and will after that be augmented by those who will be called for training.

Let me repeat again the non-permanent active militia are not Canadian active service force troops. But they are Canadian soldiers, part of the Canadian army which will be training at local depots, at camps or training centres in rotation this summer and autumn and on through the winter.

Veterans' Home Guards

The announcement of the formation of these units was made by my late colleague, the Hon. Mr. Rogers, on May 23. The authorization at that time was for twelve companies of 250 men each.

Between the time of that announcement and the 21st of July, which is the latest date for which accurate figures are available, the twelve originally authorized have already been increased to twenty-two companies of 250 each and ten platoons of thirty-nine each or a total authorized strength of 5,890. Enlistments in these veterans' companies up to July 21 totalled 3,743 and recruiting is still proceeding.

Infantry Reserve Companies of the Veterans' Home Guard

Twenty-six veterans' reserve companies have been authorized up to July 26. Their authorized strength is 4,238. Recruiting for these units has been fairly active. About one-quarter of the establishment has been filled up to July 26 and recruiting is still proceeding.

Accommodation and Camps

Now a word about accommodation and camps. I know some hon. members at least are interested in the location of camps in Canada. The troops of the Canadian active service force have been housed in various ways. We have used buildings which have been rented or taken over; we have used huts, and in the summer we are using tents. Incidentally, to show what unforeseen demands have been made on our tent accommodation, the house might be interested in knowing that we have had to send away for the use of troops in outpost positions beyond our coasts no less than about 2,000 tents and 375 marquees.

From the beginning of the war to the end of June we had built huts to accommodate twenty thousand troops. In June, when our programme was expanding so rapidly, we decided to increase our hutment accommodation to house the Canadian active service force units and thus have our tents available for the non-permanent active militia camps. In the month of July we shall have built 802 huts capable of housing 35,000 men. That accomplishment speaks for itself and is a testimony to the engineering staff both at headquarters and in the districts.

The huts built this month are located all across Canada. The largest programme has been at Camp Borden, but very extensive construction has been done at Valcartier, Petawawa, Borden, Shilo, Dundurn, Barriefield and at other places in the maritime provinces and in the west.

More huts will be required for the training programme which is to be carried out during next fall and winter. Locations are now being determined. Lumber requirements of about 86 million feet have been called for and we expect that this will be made available.

The huts we are constructing are substantial. They are built to last for a number of years and are suitable for winter accommodation. Some idea of the magnitude of the construction programme will be realized from the fact that it takes twenty-two huts to provide accommodation and recreational facilities for the officers, non-commissioned officers and men of one battalion of about one thousand all ranks. These huts are equipped with shower-baths, running hot and cold water and the most modern kitchen facilities, and by the end of the month we shall have built this year huts for a total of 55,000 men.

Location of Camps

Our larger Canadian active service force camps are at Valcartier, Petawawa, Barriefield, Camp Borden, Shilo and Dundurn, but in addition to these there are troop concentrations of quite considerable size at Aldershot, Nova Scotia; Barriefield, Ottawa, Winnipeg, and Calgary. These centres house what are known as Canadian active service force training centres. Each centre takes in and trains officers and other ranks reinforcements for Canadian active service force units of one or another arm of the service. For example, Aldershot is an infantry training centre, while at Barriefield our Royal Canadian Corps of Signals and Royal Canadian Ordnance Corps are trained, and at Winnipeg we have an artillery training centre and an infantry training centre. Seven of these training centres

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are at present located in four of the main training camps at Valcartier, Petawawa, Camp Borden, and Dundurn. The total number of training centres at the present time is fifteen.

Non-permanent Active Militia Training Camps

I have mentioned making tents available for non-permanent active militia camps by the construction of hutments for the Canadian active service force. At the present time preparations are being made for the opening of canvas camps for normal non-permanent active militia training to commence early in August at fourteen or fifteen points across Canada. Some of these camps will be in the five large training camp areas already mentioned, but will be separate from the hutted Canadian active service force portions of these camps. The remainder are either in small non-permanent active militia training camps which were used before the war or in new areas which have been acquired for the purpose. The locations of these camps are:

London—Thames valley golf course.
Niagara-on-the-Lake—a pre-war camp.
Kingston—a pre-war camp.
Peterborough—a new camp.
Saint Bruno, P.Q.—a pre-war camp.
Farnham, P.Q.—a new camp.
Aldershot, N.S.—a pre-war camp.
Sussex, N.B.—a pre-war camp.
Vernon, B.C.—a pre-war camp.
Sarcee, Alta.—a pre-war camp.

The total number expected to be in these camps at one time will be in the vicinity of 20,000. The numbers in each camp vary from about 3,000 at Petawawa, Saint Bruno, and Farnham, down to 400 to 500 at Kingston, Peterborough, and Dundurn.

For the training of those members of the non-permanent active militia who will be called for training after registration there will probably be thirty or more training centres across Canada, each taking care of about one thousand men. The definite locations of these centres now are being arranged by the district officers commanding in the various military districts. Each district will have one or more centres, based in general upon the manpower of the district. The intention is that these centres will not be at the same points as existing Canadian active service force concentrations, but will be located with reference to the headquarters of the non-permanent active militia battalions or regiments with which each training centre will be affiliated. It is anticipated that for most of these centres it will be necessary to construct hutted accommodation, which will be precisely the same as that used for housing the Canadian active service force. The construction of the

thirty centres mentioned will form the bulk of our remaining programme for winter accommodation. Probably there will be, however, a fairly large amount of winter accommodation in permanent buildings all across Canada, as well as in our permanent barracks which are now used mainly for the housing of the Canadian active service force training centres.

To summarize the anticipated capacity of our training accommodation, therefore, we expect to have hutments and permanent barracks sufficient to accommodate about 93,000 men, together with available winter accommodation in exhibition buildings and industrial buildings in large centres for another 12,500 men, and this type of accommodation can be substantially increased, if required. In the figures given I have not included the hatted accommodation already built for coast defence garrisons which number approximately 8,000 all told.

Equipment.

I do not think the house will expect me to go into too much detail. I would be wanting in candour if I did not say at once what I think everybody knows, that there is a serious shortage in some items of equipment. We have to face that fact.

As I have said before, Canada, by the break through on May 10, has suddenly been put very much on her own. Sources of supply which we considered could be depended on have suddenly been cut off or very much restricted on account of their own needs. It is common knowledge that our friends in the United Kingdom were desirous of being allowed to provide us with as much equipment as they could, in order to offset to some extent at least their very heavy purchases of food and supplies in this country.

The United States has always been regarded as a desirable source of supply for certain items of mechanical equipment, the production of which in Canada for limited Canadian needs would have resulted in extremely high unit costs.

The change of events has resulted in colossal demands on United States production, not only because the United Kingdom has suddenly called on United States industry to fill orders of wholly unexpected magnitude, but because the United States itself has its own requirements due to the emergency and feels it necessary to preempt productive capacity for domestic requirements on a scale unprecedented in its history.

Canada has not hesitated to take on this unexpected task of providing supplies for herself, by extending of present industrial facilities, the organization of new plants and, generally, gearing up industry to meet this new situation.

My colleague, the Minister of Munitions and Supply (Mr. Howe), will, I am sure, say something about the way in which Canadian industry has responded to this challenge. I can assure the house that the Department of National Defence, by eliminating procedure which might cause delays and by man-to-man conferences and consultations, has helped to make possible an acceleration of activity in two months which I really think is almost phenomenal.

Speaking of what we might call the more staple items of personal equipment, such as clothing, we have authorized and there are on order, supplies for a year ahead and in quantities sufficient to satisfy what is conceived to be any reasonable need.

If figures mean anything, let me give the house a few items regarding supplies already received and of our immediate prospects.

Clothing

The following represent some of the more important items of clothing already delivered by contractors and issued to the troops since the outbreak of war.

| | |
|-------------------------|---------------|
| Serge battle dress..... | 210,927 suits |
| Boots | 264,840 pairs |
| Socks | 694,475 pairs |
| Shirts | 240,284 |
| Web equipment..... | 104,674 |

In addition to the serge clothing for all Canadian active service force troops proceeding overseas, special provision was made for the force which proceeded to the British West Indies and Bermuda. A complete issue of summer clothing has also been made available to the second division and the issue of khaki drill clothing has been extended to units of the third and fourth divisions and all other Canadian active service force units located in Canada. This is being rapidly overtaken. To show how the deliveries have been accelerated, I give below the deliveries for the week ending July 21:

| | |
|-----------------------------------|--------|
| Boots | 17,519 |
| Drill jackets | 10,509 |
| Drill trousers | 15,890 |
| Battle Dress Serge (complete).... | 13,074 |
| Battle Dress Denim (complete).... | 17,033 |
| Shirts | 13,061 |
| Web equipment..... | 12,000 |

And the Department of Munitions and Supply give us as prospective deliveries for the four weeks following July 12, as follows:

| | |
|-----------------------------------|---------|
| Boots | 100,000 |
| Drill Jackets | 47,200 |
| Drill Trousers | 70,000 |
| Battle Dress Serge (complete).... | 48,000 |
| Battle Dress Denim (complete).... | 53,400 |
| Service shirts | 80,000 |
| Web equipment..... | 30,000 |

Let me deal now with a few items of unit equipment.

Mechanical Vehicles

Our first and second division requirements, as well as those for ancillary troops in the United Kingdom, together with full maintenance requirements, have been fully met. We have progressed so satisfactorily with the supply for the third and fourth divisions and for coast defence troops, ancillary troops and training centres in Canada that we considered it possible to agree to give United Kingdom requirements certain priorities in two types in later months. In the meantime the supply for our own requirements is flowing in rapidly. I might tell the house that in designing these vehicles we have found it possible, instead of following meticulously the British army pattern, to adapt to our needs north American standards of design in commercial production, while attaining a high degree of interchangeability, and effecting substantial savings in cost.

Anti-gas Equipment

All troops proceeding overseas have been equipped with anti-gas respirators, and all coast defence garrisons have been similarly equipped. Respirators are being delivered in sufficient quantities to ensure an adequate supply for all our requirements, and a substantial number is also being furnished from our production for allied troops.

Rifles and Machine Guns

Canadian troops went overseas fully equipped with Lewis machine guns in lieu of Bren guns which at that time were not available. These Lewis guns have since been replaced in England by the issue of Bren guns, and are now in the hands of local defence troops. Bren gun production in Canada is a complete success. Production of Bren guns is ahead of contract. Substantial numbers have already been issued, and a steadily increasing flow of guns is issuing weekly from ordnance. With regard to rifles it is pretty well known, I think, that at the request of our allies in the emergency, we supplied them with a very large number of rifles. I am glad to say that we have been successful in replacing these rifles with another pattern, a limited supply of ammunition for which is already on hand. Further supplies are being arranged for. With this replacement my officers are satisfied that we are in a position to meet the situation adequately.

But in addition to this, eighty per cent of the machinery is secured and tenders have already been called for the erection of a rifle factory for the dominion's needs alone. I have had the layout of this plant examined by one of the best authorities in America, and I am assured that nothing has been left undone in the preparation for and layout of

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this factory which could have been done by a most expert and efficient commercial organization in the United States.

Small arms ammunition is being manufactured at the dominion arsenal. Production has already been vastly increased; a further increase of fifty per cent is expected within the next month, and we have assurance that that capacity will in turn be doubled before the year ends.

Artillery

For obvious reasons I am not giving any details of our coast defence artillery. A full complement of our quick-firing 18-pounder equipment was shipped overseas with our first division at the request of the United Kingdom government.

A general redistribution of field artillery equipment has been made to provide for the requirements of the artillery training centres at Petawawa and Shilo, and also the divisional artillery units at these points.

Our supply of field guns has been recently augmented by a further complement with necessary ammunition.

Signal and Wireless Equipment

A great many items are included in the requirements for equipment in this branch. Telephone sets, switchboards, wireless sets, lamps, generator sets, battery charging sets, electric cable and reflectors are only a few of these.

Due to inability to procure in the United Kingdom adequate expected supplies of the desired British pattern, arrangements have had to be made for production of the British pattern here. In the meantime Canadian concerns are rapidly producing training equipment made up from standard commercial parts. Two of the largest concerns in Canada are working in cooperation on this equipment.

Ammunition, etc.

A substantial supply of shells is on hand and shells are being manufactured in a number of plants in Canada, while the dominion arsenal at Lindsay is expected to provide an additional source of supply very shortly.

I have not attempted to exhaust all items of equipment. My colleague the Minister of Munitions and Supply will, I am sure, deal with the enormous capacity in Canada which is being utilized for the production of these and many other items.

I can further assure the house that the most vigorous and effective steps have been and are being taken, both by this department and by the Department of Munitions and Supply, to make Canada, to the maximum extent possible, self-supporting and self-sustaining.

We shall not rest until we have produced or procured every item which will complete our military requirements in every respect to carry out effectively the tasks which we have set for ourselves and which I outlined in my opening statement.

Outline of Training—C.A.S.F. and N.P.A.M.

I should like now, just in a sentence or two, to deal generally with one or two aspects of our training.

1. General system of training. The mechanization of the army and the increase in the number and complexity of the weapons used necessitate a considerably longer period of training than was required in 1914. As an example there are in an infantry battalion to-day twenty-four different kinds of skilled soldiers, most of whom must learn to use five different kinds of weapons. In the more technical arms the number is higher.

2. Provision of instructors. As the house will realize, this is a tremendous task in view of the numbers to be trained. In order to provide the large numbers of instructors needed, district and central schools have been established and are conducting courses in weapon training, grenade training, signalling, engineering, anti-gas, bayonet fighting, physical training and other specialties. In addition, courses have been held for quartermasters, quartermaster-sergeants, cooks, motorcycle mechanics, searchlight operators, and general refresher courses in tactics and administration for senior officers.

3. C.A.S.F. camps. Canadian active service force units have been concentrated primarily where facilities for their special type of training exist: artillery at Petawawa and at Shilo; engineers at Petawawa and Dundurn; signallers at Barriefield; the army service corps at Borden, where large and very modern workshops have been built. Training in armoured fighting vehicles and tanks is being carried out at Camp Borden, where special facilities are available.

I trust, Mr. Speaker, that these matters of method with which I have detained the house so long will accord some assurance that not only have we a definite line of policy but we have some conception at least of the details which are involved in carrying them out.

I have spoken particularly of the military forces. No one recognizes more fully than I that adequate defence consists in the integration and coordination of the three arms of the service. I do not propose to go into any details with regard to the organization or operations of the navy or of the air force. Their separate functions will be dealt with by

my colleague, the Minister of National Defence for Air. The house will not expect me to disclose the defence plans for this country, but I can assure hon. members that the joint staffs committee have a plan prepared, submitted and approved for the proper defence of Canada, involving complete co-operation of the three services.

In conclusion, may I emphasize that the policy of the dominion government, carrying out the united purpose of the Canadian people, is to utilize the maximum resources of this country towards the winning of this war.

We are now engaged in the second phase of the war, a phase that has been called the battle of Britain. We are actively assisting in this phase by the employment in Great Britain and in British home waters of certain elements of our sea, land and air forces. In addition, we are participating in the protection of Newfoundland, of Iceland, and of certain islands in the Caribbean.

In Canada we are continuing to improve our organization for home defence, but at the same time we are taking the most active steps to prepare for the next phase of the war.

The nature of the next phase is dependent on the results of the present phase. If the independence of Great Britain can be maintained, and I am confident that it can be maintained, then the final phase will and must be of an offensive nature. Then the active service components of our defence forces will be operating in overseas theatres in cooperation with other empire forces. This war must be won, and no war can be won by defensive measures alone.

Canadians have made history in offensive warfare. There are no finer pages in the story of the great war than those which tell of the Canadian corps at Vimy, Amiens, Cambrai and Valenciennes. The time will surely come when we will take the offensive and when the empire beyond the seas, to use the words of Mr. Churchill, will "side by side with Britain, deliver the decisive blows which will liberate the world from the evil ambition of an evil man". There will be other Vimys and other Amiens.

Finally, then, our task is to see to it that with the support and the resolute determination of the people of this dominion, the fighting forces of Canada are trained and equipped, able and ready to put the full strength of this young country into those decisive blows, and help to make forever sure that, in the words of the Prime Minister of Britain, "the dark curse of Hitler is lifted from our age". To that task, Mr. Speaker, my colleagues and I will give our best.

Air Forces and Naval Services

Hon. C. G. POWER (Minister of National Defence for Air): Mr. Speaker, the work of the Department of National Defence for Air can, for purposes of convenience and perhaps for clarity of expression, be somewhat arbitrarily divided into the exposition of the operational work, and that connected with the organization and administration of the joint empire training plan. With respect to operations it will be necessary again to subdivide the subject into operations overseas and operations under the home war establishment.

Overseas, Canada is represented at the present time by many hundreds of its young men. Some were trained in the Royal Canadian Air Force. Some went over of their own accord to join the Royal Air Force. A large number of those have been formed into a Canadian squadron of the Royal Air Force. This squadron has already had contact with the enemy. Unfortunately there have been many casualties; but we learn with some degree of pride from the ever-lengthening list of awards and decorations that these young men now in the Royal Air Force bid fair to emulate those who twenty years ago brought honour and glory to the name of Canada.

Besides these young men in the Royal Air Force there are overseas distinctly Canadian contingents, one of which left early in February, and others which have gone forward within a comparatively short time—some hastened by the events in Europe. The latter have their own aircraft, are composed of pilots trained in our own airports, and groundsmen and aircraftsmen recruited, raised and trained in Canada. At the present time they are cooperating with the first Canadian division, or are employed as fighters in the defence of Britain.

Besides these men overseas we have also what is known as the home war establishment. The home war establishment has as its principal duty the defence of Canada. Its function is and has been to carry out reconnaissance duties, to engage in anti-submarine patrol, to provide aerial protection to our convoys going overseas, to Newfoundland or to the Caribbean. Besides this, it is charged with the duty of training men for its own operations and for overseas. It also had rendered invaluable service to the British commonwealth air training plan by the lending of its personnel and of its facilities in the early stages of that plan. Moreover, it is at the present time busily occupied in strengthening the defences of Canada in the way of aerodromes, airports and hangars. And only within the last few days it has been found necessary to authorize

[Mr. Ralston.]

the expenditure of an amount of something like \$6,000,000 in addition to the \$7,000,000 reported to the house in a statement I made on June 13, for the purpose of expanding, enlarging and building new aerodromes to be used in connection with the defence of Canada. If hon. members were to ask me whether the home war establishment is fully, completely and adequately equipped with aircraft for the full defence of Canada, quite frankly and bluntly I would be obliged to say no. The extent of our coast-lines is such that it is unlikely that at any one time the whole can be so adequately patrolled that it will be, so to speak, perfectly airtight. But even were we to contemplate, as we do, something less than such a perfect but, in practice, unattainable arrangement, we would still at this time have other factors to consider. We must bear in mind that at the present time the tactical situation is that so long as Great Britain remains in supreme command of the seas, as she is at the present time—and as we have reason to believe she will remain—the scale of possible enemy attack on our country will be so necessarily restricted that it can be met, sustained and almost certainly overcome.

In consequence, although our aircraft equipment resources at the moment may not be so great as might be considered desirable, we would not wish to make good our shortages by depriving Great Britain of supplies essential to her immediate needs from sources to which both Canada and the United Kingdom have access. In other words, from the air point of view at least, Great Britain is now our first line of defence, just as Canada might eventually become the first line of defence of this north American continent.

Obviously the first duty with which we were charged, equally from the point of view of our protection as from that of cooperation, was to assist in fortifying as speedily and as completely as possible our present front line. This has been and is being done. That course was the logical commonsense course to take. But taking a realistic view, we feel that we must not overlook the possibility of a shift in the front line, and provision has been made and continues to be made daily and hourly to strengthen and increase our home defence. To this end we are making the best use of our time and energy to provide accommodation for aerodromes, and personnel for such aircraft as should be at our disposal if unfortunately the active defence of our own Canadian territory becomes an actual necessity, instead of a possible contingency.

Now, with respect to the British commonwealth air training plan, that air training plan is a vast enterprise which the United Kingdom has stated that it regards as Canada's greatest contribution in this war. Through the plan, undertaken jointly by the United Kingdom, Canada, Australia, and New Zealand there is assured an inexhaustible supply of trained airmen to carry on for years, if needs be, the war against Germany. This agreement was signed in December, 1939, its programme designed to begin training officers and men as soon as possible, but to increase its production to full pitch in 1942. In short, it was a three-year plan. Canada was to administer the plan, and the Royal Canadian Air Force was to organize and operate it. At that time the cost was estimated at something like \$600,000,000, of which Canada's share was to be \$350,000,000, including the entire cost of the initial training and elementary flying training schools. Canada was to provide, moreover, about eighty per cent of the pupils, and about ninety per cent of the personnel of the Royal Canadian Air Force was to serve as administrators and instructors. This, then, was the plan as it was designed.

To-day is another day. The turn of events in Europe has in no way deterred the participating countries from their determination to carry on the long-range aspects of the plan, but it has prompted them to speed it up in many directions. This we have done, as is apparent from the fact that personnel has been increased, construction has been undertaken far ahead of time, and schools are being opened months before the dates of schedule. Indicative of the acceleration of this schedule is the fact that to-day there are twenty-two schools in operation, although the original plan called for operation at this time of only fifteen. Eight elementary flying training schools are operating, in place of two; two initial training schools are operating in place of one. Besides the various types of schools, there are in operation to-day twenty recruiting centres, three manning depots, three equipment depots and one repair depot.

Plans have been completed to finish construction this year of all aerodromes, hangars and other buildings for all schools scheduled to open in 1941, whereas much of this work was going to be carried out next year. By July 1, seventy-eight of the eighty-eight aerodrome sites had been considered and approved and work was progressing on sixty-three. To-day an additional four sites have been approved and work is progressing on seventy-eight. Perhaps the house will bear with me

while I describe as briefly as I can the system of training which is carried out under the scheme. Throughout the country we have twenty recruiting centres from which enlisted men are sent to one of three manning depots where for two weeks they learn the ABC's of military life. From here the pilots, observers and air gunners go to one of three initial training schools where for four weeks they learn the fundamentals of aviation.

After this they go different ways. The pilots have then eight weeks at one of twenty-six elementary flying schools, fourteen weeks at one of sixteen service flying schools and two weeks at one of ten bombing schools. The air observers have twelve weeks at one of ten air observers' schools, six weeks at a bombing and gunnery school and four weeks at one of two air navigation schools. The air gunners take a twenty-four weeks course at one of four wireless schools and four weeks at a bombing and gunnery school.

It is not possible for the full complement of schools to be opened simultaneously. The necessary instructional staff must be provided. Aerodromes have to be developed, and buildings erected. Aircraft must be made available, either from Canadian sources, Great Britain or the United States. Maintenance crews have to be trained in order that pilots, air observers and air gunners may embark on the flying phase of their training with complete confidence that their aircraft are in perfect condition. Administrative personnel, fully familiar with air force procedure, pay and allowances, and a multitude of other pertinent subjects must also be made available in order that the schools may be operated with a maximum of efficiency. Provision must also be made for aircraft overhaul and repair.

In order, therefore, to bring this plan into operation, we require (1) sites and buildings; (2) staff, both operating and maintenance, and (3) equipment.

With regard to (1) sites and buildings, on June 13 I described to the house the method followed in the selection of sites, the clearing, grading and preparation of aerodromes, and indicated in some detail what the construction programme was in the way of schools buildings, hangars, et cetera. I also pointed out that speed was one of the essentials. I should like to say here a word in tribute to the admirable way in which the construction industry of this country has enabled us to meet our problem. Through the thoughtful cooperation of its leaders and the magnificent response of labour, we have been able to surmount what might have been impeding obstacles. The programme is well under way, and we are

to-day seeing everywhere across Canada visible evidence that our construction industry is efficient, capable, and, above all, expeditious.

Now, with regard to personnel, there were needed flying officers, to be used as instructors, administrative officers, equipment officers, photographic officers, accountant officers, supply officers, armament officers, and navigation officers. Moreover, thousands of persons were required to look after maintenance of equipment. All, or nearly all, of these had to be trained. So, there were established equipment schools, accountant schools, schools of administration and technical training schools for such trades as aero-engine mechanics, air-frame mechanics, armourers, instrument makers, engineering inspectors, motorboat crews, and finally in order to provide adequately for the physical comfort and well-being of our men we established a chef school. These are all now in operation and rapidly turning out graduates to take their places in the general scheme. For instance, the technical school at St. Thomas, starting August 24 and every week thereafter, will graduate 120 aircraftmen of mixed trades, that is, air-engine mechanics, air-frame mechanics, fabric workers, instrument makers, electricians and all allied air force trades. The length of the course is twenty-four weeks. The capacity of the school is approximately 2,500. There are now 2,009 men there in training. The total output of trainees to date is over 700. As I have already said, during the month of August we will turn them out at the rate of 120 a week. The procedure is that 120 aircraftmen will graduate every Friday night and 120 new recruits will take their place the following morning.

In addition to mechanics, we are also training equipment officers and accounting officers. At the present time there are fifty-seven equipment officers in training and thirty accounting officers and eighty stores officers. Also in training are 170 equipment clerks and 150 accounting clerks, and 331 equipment assistants and storekeepers. There are to-day 1,216 officers trained and in training for the administration, maintenance and instruction of the plan. Besides these, there are 10,524 other ranks serving in the plan and 2,298 civilians. That number, therefore, a total of 14,038, may be regarded as the staff, and those in training for staff positions, required to run the plan this year.

As regards the pupils, who, after all, are the important and essential element in this scheme, and for whose training all these preparations have been made, I would say that two months ago there were 488 pupils in training as pilots, air observers and gunners. To-day we have 2,643, and this number will increase steadily in the coming months.

[Mr. Power.]

We shall increase this number of pupils by the accession within a comparatively short time of a number of New Zealand, Australian and United Kingdom pupils who will be coming to this country for their advanced training, but I do not expect the house will ask me to give either the date of their arrival or the numbers composing these contingents. Thus far we have had no difficulty in procuring recruits. Indeed, our problem has been to explain to the great number of men we have been unable to accept why their generous offers of service were not immediately put to use. The public has seemingly found it hard to appreciate that this training plan is much like a university, but a university which starts from nothing. In an established university, when on graduation day numbers of our young men step off the platform proudly clutching that parchment roll which entitles them to initials which may mean they are our future lawyers, doctors, engineers, accountants, et cetera, it is realized by all that the university which confers these degrees has, throughout the years, built up faculties of law, medicine, engineering, et cetera; has provided the variety of equipment necessary thereto and has most certainly provided the buildings to accommodate these students. The students will go forth equipped with the knowledge that they have obtained, but greatly assisted by having readily available the experience and accomplishment of others now practising in their chosen professions. And, individually, they will have had from three to five years' training before they are qualified.

In the upbuilding of these pioneer universities of the air, before our graduate can step forth as qualified, land had to be surveyed, sites located, buildings constructed, equipment obtained and installed. Professors had to receive instruction as such. Faculties, so to speak, had to be established, pupils recruited and training undertaken and completed, training in the knowledge, management, repair and maintenance of perhaps the most complicated machine in the world. All this in a period of twenty-six weeks.

When our graduate goes forth as qualified, he stands alone. He will not have beside him, when his real test comes, the advantage of advice from mature years and successful experience. It is essential that this instruction shall be thorough, efficient and complete, for on these graduates depends not only the success of the plan, but in large measure the lives and future destiny of the nation.

Now with respect to equipment for the joint air training plan, as the house knows, the training aircraft for the joint air training plan can be roughly divided into two classes, elementary trainers and advanced trainers.

This classification is not strictly scientific, because, for example, the Anson, which is used for twin engine intermediate training, is also used in the air observers schools, but this division is useful as a brief description. Of these two types the former, that is to say the elementary trainers, are produced in Canada, some with engines obtained from the United Kingdom, some with engines obtained from the United States. Orders for considerable quantities of these planes and engines were placed a considerable time ago, and deliveries have been proceeding well in advance of schedule. With respect to aircraft of this type, that is to say the elementary training type, we face the future with complete assurance.

It is with respect to the more advanced trainers that some difficulty has arisen. These, as the house knows, were to be furnished by the United Kingdom as part of its contribution to the joint air training plan. Some of these advanced trainers were to be produced in the United Kingdom. Others were to have been purchased on account of the plan in the United States and sent on to Canada. We have received a number of these aircraft from both sources, but during the month of May we were informed that the schedules of deliveries from Great Britain, already somewhat behind, were to be completely interrupted for a period of at least two months. This meant in plain words that we would have a serious immediate shortage of certain types of planes vitally necessary for training. In addition, there was quite evidently before us the possibility that at the expiration of the two months' period referred to, it would in fact not be found possible for the United Kingdom to resume shipments.

To give the house some conception of what is needed in the way of quantities of such advanced trainers, may I say that each service flying training school, which is the school where the pilot pupils do their intermediate and advanced training, requires, when in full operation, about 100 planes. They do not need them all at the same time. They can begin with about twenty-five planes, but within the course of a few weeks they must have the full complement as the full complement of pupils arrives. When it is recalled that there are sixteen of these schools in the plan, it will be seen that the total quantities involved are impressive. It is true that not all of these schools can be opened immediately, but the house may rest assured that we are anxious to open as many as possible as soon as we can.

It will be obvious, therefore, that the situation I have described was one which caused us the greatest concern. It will scarcely

be necessary for me to add that such concern was in no way tinged with any feeling of criticism for those in the United Kingdom who, we well knew, had not reached this decision without the fullest appreciation of the difficulties it would create for the plan.

Under those circumstances, when the plan itself appeared to be in jeopardy, we took the only course which I think the Canadian people would have liked us to take. We accelerated all other factors of the scheme in the hope that aircraft would eventually be forthcoming, and then proceeded to make an intensive effort to make good on our aircraft deficiencies. This action in making good on our aircraft deficiencies took the following forms: We proceeded to the preparation of production of Anson air frames. It will be remembered that under the British empire training scheme contract only the Anson wings were to be manufactured in Canada. In order to proceed with the production of the air frames, a considerable quantity of engineering was required in order that we might get into a position to produce the completed frame. Next an engine was required to fit such frame or a modification thereof. A large supply of suitable engines was purchased from the United States, and we are now assured that we shall shortly be in full production of complete Anson aircraft.

Besides this, the engineers of the department took steps to procure a new type of single engine advanced trainer designed to take an American engine. This aircraft has been developed here and has been found satisfactory after thorough tests. It was especially designed to facilitate quantity production on short notice and can be very usefully employed on intermediate training. The supply of engines which we were able to obtain in the United States is available for this type of plane, and there is a satisfactory assurance that in regard to these engines the future will be provided for.

Nevertheless, notwithstanding the progress made, it was clear that some months would have to elapse before these planes would start coming in, and that there would therefore be a gap in deliveries which would mean serious shortage in the immediate future. This gap had to be filled, and it could only be filled by the purchase of existing aircraft in the United States or from current production in that country. Just at this point I should like to interject that one cannot think of this problem of aircraft supply in general terms. Our requirements were not for planes in general, but for planes of a specific type or types—twin-engine planes for various purposes, high-powered advanced trainers for

our service flying training schools—precisely those types of plane that are most difficult to obtain in quantity.

As we were conscious of the difficulty of obtaining adequate quantities of precisely the types needed, we naturally decided to accept anything available that could within reason be made to serve our purpose. Here again I am happy to be able to report a substantial measure of success. Not only were available United States planes acquired in considerable numbers, but fortunately for us the British purchasing commission, through the indefatigable efforts of Mr. Purvis and others, came into possession of a substantial number of trainers of the Harvard type, which were originally intended for France, and which the United Kingdom authorities have agreed to place at our disposal immediately.

Finally, we have only recently been advised by the United Kingdom that it is prepared almost at once to resume shipments to us of the particular kinds of training aircraft of which we stand most in need. Looking, therefore, at the whole situation as it stands to-day, I think we are entitled to express a considerable degree of optimism. This does not mean that our troubles are over. There is always plenty of room for delay and disappointment between promise and performance, between planning and actual delivery. Arrangements made will have to be closely followed up and prosecuted with vigour.

In this connection, I should like to pay a tribute to the indispensable aid we have received from the Minister of Munitions and Supply and his department in dealing with this problem. Not only has he given us of his own time and counsel and been willing to journey to the United States on our behalf several times, but he has shown energy in enlarging and fortifying his department with increased executive and technical personnel to meet the new demands we have been forced to make upon it.

I should like at this stage of my remarks also to pay a tribute to one who had a great deal to do with the beginnings of this empire training scheme—the late Norman Rogers; and, as my colleague the Minister of National Defence has done, I wish to remind the house that not so long ago the work now divided among three was handled by one man, the late Norman Rogers. I do not intend to say any more than that; it is a fact which requires no adorning. But I did just wish to recall his name to the house on this day when the work of the three services over which he presided is being placed before hon. members.

To sum up, with respect to the air training plan; though only in its very beginnings, it

[Mr. Power.]

has already had its trials and tribulations, its vicissitudes, dark days, et cetera. There were those of us who in our impatience and, perhaps, despair, were ready to scrap it altogether. It was and is difficult of comprehension to an eager and impatient people. But there is to-day a better and clearer understanding. After all, a little reflection and a sense of comparative value will bring one to this conclusion, one which so far as I know has not as yet been publicly expressed. If it takes, as it did in the last war and again in this one, at least six months to train an infantryman, the least technical of all soldiers, why should it not take twenty-eight weeks to train an air pilot, who handles alone one of the most complicated pieces of mechanism known to humanity? There is, I know, a sentiment in the public that the plan is liable to be strangled or impeded by what is known as "brass-hatism". This is a widespread sentiment. Many of us have heard of it. Some have felt the impact of it. I can only say this, that as a Canadian, with I hope the civilian trend of thought, I have found the regular permanent officers of the force not only fully alive to the importance of the plan, but thoroughly imbued with the determination to make it go. Associated with these permanent men are other high officers either from the reserve or taken directly from civilian life, men who six or eight months ago were leading engineers, architects, businessmen, commercial aviators and business administrators. If any red tape ever existed, it disappeared long before my time and they have been too busy ever since to wind up any new rolls. The plan is proceeding; the work is progressing, and when it seemed bound to slow down and perhaps be halted, we accelerated it. To-day we are not yet out of the woods, far from it; but we believe we can see a picture, not finished, not complete, but somewhat less gray and nebulous than it was. We have had our share of disappointment. Mistakes and blunders we make and commit every day. We endeavour to repair the one and to remedy the other. We need help. Tell us what is lacking; point out what is wrong. If possible, tell us how to repair our mistakes; show us where the drawbacks are.

Those of us who are closely associated with the plan firmly and steadfastly believe it will win through. We have been told that it is Canada's most important contribution to the common effort and ultimate victory. We are determined that it shall be.

Perhaps before passing to the next subject which I propose to take up, namely, the Royal Canadian Navy, I may be permitted to mention—because we are in a sense discussing the estimates of this department—that the

estimates, so far as we can see what may happen in the future will, as regards the air force, be considerably increased.

On May 21, 1940, the then Minister of Finance, now the Minister of National Defence (Mr. Ralston), in introducing the resolution in connection with the war appropriation bill of \$700,000,000, gave certain estimates as being the figures of proposed expenditure during the fiscal year 1940-41 for air services. The figures were.

| | | |
|--|------------------|-----------------------------|
| Home war establishment.. | \$86,624,403 99 | Commitments \$10,457,471 90 |
| Overseas establishment.. | 13,382,598 00 | ..... |
| British commonwealth air training..... | 138,417,264 00 | 24,272,432 00 |
| | \$238,424,265 99 | \$34,729,903 90 |

I must advise the house that in all probability there will be an increased request for war appropriations, in respect of the home war establishment, of something like \$10,700,000 for the purpose of constructing aerodromes and buildings, the purchase of guns, bombs and munitions, and an increase in new personnel; and there will be an increase in the amount required for the British commonwealth air training plan of something like \$54,000,000, of which \$42,000,000 will be reimbursable by the British government. The remaining \$12,000,000 is to provide for additional expenditure in aerodromes, hangars and buildings, and also for additional personnel and an increase with respect to machine guns, oil, gas et cetera.

I may inform the house that the strength of the Royal Canadian Air Force at present, as compared with what it was in March, is as follows:

| | Officers | Airmen | Total |
|----------------|----------|--------|--------|
| March 31 | 1,223 | 9,187 | 10,410 |
| April 30 | 1,307 | 10,824 | 12,131 |
| May 31 | 1,418 | 12,331 | 13,749 |
| June 30 | 1,631 | 15,870 | 17,501 |
| July 24 | 1,765 | 17,688 | 19,453 |

It will be seen that the personnel has doubled in numbers during the past five months and it is anticipated that these numbers will steadily increase from now on.

Now I take up, on behalf of my colleague the Minister of National Defence for Naval Affairs, an exposition of the work of the Royal Canadian Navy. In August, 1939, the Royal Canadian Navy was equipped with fifteen vessels of varying sizes, from one small sailing craft to six modern destroyers, and naval personnel on active service numbered 1,774 all ranks. When war broke out, the navy undertook the responsibility of protecting thousands of miles of widely separated coast-line, and Canadian ports suddenly achieved unprecedented importance in the

world-wide network of British controlled merchant shipping. On the day hostilities began, large groups of cargo-carrying ships began to gather in our ports for protection and guidance.

Small though the Royal Canadian Navy had been, it was a trained nucleus capable, without confusion or waste, of immediate expansion according to pre-arranged plans. The naval staff had to cope with greatly increased responsibilities and additional work. When the Admiralty wireless queries as to when the convoy system could be commenced, the reply from naval service headquarters at Ottawa was, "immediately."

Six days after a state of war had been declared between Canada and Germany, the first group of convoyed ships sailed from Canada. Officers and men of the Royal Canadian Naval Reserve, professional seamen from the ranks of the merchant service and fishing fleets, who, in many instances, gave up lucrative positions to serve their country, were mobilized. So, too, was the personnel of the Royal Canadian Naval Volunteer Reserve, officers and men of the twenty reserve headquarters throughout the dominion. Incidentally, the reserve headquarters have proven a steady and successful method of recruiting for the navy. It is at these centres that young men train in their spare time and prepare themselves for service afloat. In the naval service all men, from the lowest rating to the highest rank, are specialists and need an elementary knowledge of their craft before going afloat.

During those first days of war, four destroyers were moved to the east coast of Canada, and at the same time a fleet of auxiliary craft came into being as the navy took over vessels from the Royal Canadian Mounted Police, the Department of Transport, Department of Mines and Resources, Department of Public Works, Department of Fisheries and private sources. Where practicable, the crews of the government vessels, on a voluntary basis, were kept intact and given naval status. All had to be outfitted and the crews trained for new duties including mine-sweeping, anti-submarine patrol and examination. In addition, fifteen vessels of the fishermen's reserve, with their crews, were called to active service.

An extensive naval expansion programme was put into effect.

On October 19, 1939, the destroyer H.M.S. *Kempenfeldt* was acquired and became H.M.C.S. *Assiniboine*, later to distinguish herself in the Caribbean.

We took over three liners of the "Prince" class, *Prince David*, *Prince Robert* and *Prince Henry*, and these are being converted into armed merchant cruisers.

An extensive shipbuilding programme was planned under which we are building sixty-four anti-submarine patrol vessels called corvettes, of which ten are for the British, and we are building eighteen mine-sweepers for our own account. These were all under contract early in the year and some have already been launched. One was launched two days ago and another is being launched in Montreal to-day. This programme includes the building of twenty more mine-sweepers over a three-year period. As of July twenty-five keels were laid for twenty-seven corvettes and seven mine-sweepers, in addition to the ten keels laid for British account. This programme has resulted in very great activity in Canadian shipyards, many of which are working at full capacity.

Arrangements have been completed for the building in England of two additional destroyers for our navy, and these are now under construction.

The destroyer recently lost, H.M.C.S. *Fraser*, has been replaced and will shortly be in commission. Including this recent acquisition there are to-day 113 vessels in active commission in the Royal Canadian Navy with a personnel of nearly 9,000 officers and men. In the very near future, with the addition of the vessels that I have mentioned as being under construction or contracted for, together with others which it is planned to acquire, an additional 100 vessels will be added to that force. This will present a remarkable contrast to the fifteen craft and 1,774 personnel with which we entered the war.

The ships in the service of the Royal Canadian Navy have had their full share of onerous and dangerous duties since the outbreak of war. Some of these ships have been assigned to duty on the Atlantic patrol, and they have carried out their important work in all seasons and in all sorts of weather with remarkable efficiency and conspicuous courage. Other ships have done duty in Caribbean waters. Still others have seen service across the Atlantic, notably in evacuation work from continental channel ports. Of these ships one destroyer, the *Fraser*, was lost in the performance of hazardous duties off Bordeaux, France, where she collided with a British ship. As a result of the collision, forty-five men of the *Fraser* were lost. That the toll was not greater must be attributed in large measure to the skill and gallantry of the officers and men of another Canadian destroyer, the *Restigouche*. In her work of rescue the *Restigouche* was handled with great skill and determination by her commander, and the ship has been singled out for praise by the British naval authorities.

[Mr. Power.]

I am able to announce—and I think it is the first time that the announcement has been made—that the same Canadian ship, the *Restigouche* again distinguished herself in rescuing the survivors from the *Arandora Star*, which was lost while carrying interned aliens. The *Restigouche* saved several members of the crew of the *Arandora Star* as well as about seven hundred of the internees. More than half of the total number rescued from the *Arandora Star* owe their lives to the coolness and gallantry of the officers and men of the *Restigouche* on this occasion.

The organization and control of convoys from an eastern Canadian port is one of the most important parts of our navy's duties. Since the war began, over two thousand ships have been dispatched from this port alone, and of that number only six have been lost by enemy action while in convoy. The approximate deadweight tonnage carried in convoy has been 16 million tons, and the value of cargoes carried and protected reaches extremely important figures.

In addition to the safeguarding of the movement of goods, there has been the protection provided for the movement of troops from Canada and Newfoundland, not only across the Atlantic to the homeland but to other zones as well.

The naval dockyards have also been active. Conversions, repairs and construction have been carried out not only on our own ships but also on vessels of the Royal Navy, the French navy and the Dutch navy. Such services have been provided to capital ships, cruisers, armed merchant cruisers, destroyers and submarines. Provision has been made for the installation of defence equipment on fifty merchant ships, and also for the work of demagnetizing merchant ships against the menace of magnetic mines. We are also preparing to expand dockyard accommodation on both coasts and on the St. Lawrence river, for future requirements.

Canadian mine-sweepers go out every day in all sorts of wind and weather and sweep the channel that is to be used by ships during the next twenty-four hours. No more monotonous task can be imagined, unrelieved as yet by any sign of enemy action, but still these officers and men in their little ships carry on day after day, to make the approaches to our harbours safe for the ships that carry empire trade across the seas.

One of the most important phases of naval work is that of wireless communication. As the only possible method of communicating with ships at sea, and the quickest and most reliable method for covering vast distances, naval wireless signalling has

achieved a remarkably high state of efficiency. There are three principal naval shore wireless stations in Canada. These stations are equipped with the most up-to-date apparatus and are the equal of any naval station in the world. They are fully manned and in constant operation for twenty-four hours a day and form vital links in the empire's communications. The volume of messages to be handled is so large that as many as three lines of communication are frequently being worked at the same time. One of the main disadvantages of wireless is the fact that anyone equipped with a suitable receiver can read it; and in order to provide the high security essential in war time, every message transmitted has to be cyphered. As an example of the huge amount of work involved, since the outbreak of war, a certain naval wireless transmission station has handled an average of 180,000 five-figure groups every month, or 6,000 groups every twenty-four hours. In order to cope with this volume of traffic, the cyphering and distributing staffs at this particular station consist of over fifty specially trained civil service clerks working night and day in eight-hour watches.

The cooperation required from the Royal Canadian Navy in the empire war effort includes transatlantic and transpacific traffic which has, since the outbreak of war, been exceedingly heavy. Organization was rapidly extended to take care of this heavy responsibility and has had valuable support from the personnel of the Department of Transport engaged in work of a similar nature. The volume shows signs of increasing substantially.

Ships are not the only defence of the principal and strategically important ports. An elaborate system of fortification and control has placed them in an extremely strong position against attack. Elaborate harbour and coastal defences involving large expenditures have been made at certain Canadian ports on both east and west coasts and this policy is being extended to other ports as well.

In addition to the work of Canadians serving on Canadian ships in the Royal Canadian Navy, I should here refer to the fact that officers and men of the Royal Canadian Navy are serving in many units of the Royal Navy and fresh drafts of Royal Canadian Naval Volunteer Reserve officers and ratings are being sent to England for training and service. Eight of these have been recommended for the quality of their service in the face of the enemy, and recently the names of four young officers of the Royal Canadian Naval Volunteer Reserve were cited in the

London *Gazette* for gallantry. Canadians were thrilled on Saturday last when the announcement appeared in the press of this country that Lieutenant Golby, a native of Victoria, had been awarded the Distinguished Service Cross for gallantry in the discharge of land operations on the continent.

I have given only a bare outline of the work of the Royal Canadian Navy since the outbreak of war. That work as I have already intimated, has grown greatly in the last ten months; it will of necessity be even more greatly expanded as time goes on. Indeed, so important is the place of the Royal Canadian Navy in the scheme of Canadian preparedness that, three weeks ago, the Prime Minister announced to the house that a Department of Naval Services under the direction of a minister had been created. This department now takes its place beside the Department of National Defence and the Department of National Defence for Air.

Brief though my statement on the Royal Canadian Navy has necessarily been, I hope that it has been sufficiently long to give to this house and to this country some idea of the Canadian navy's accomplishment and of our plans for its further development. Officers and men of the Royal Canadian Navy naturally look upon the Royal Navy as a pattern and model. Our Royal Canadian Navy personnel have shown themselves to be worthy of their prototype. The great tradition of one thousand years has inspired and encouraged our naval officers and men. I know that they will be worthy of this heritage; I believe that they will write a new and a glowing page in the record of Canada's contribution to the defence of freedom, justice, order and truth in this war.

Mr. MACKENZIE KING: If I might be allowed a word, Mr. Speaker, I understand that the Minister of Munitions and Supply (Mr. Howe), who follows, is likely to speak for an hour. I was going to suggest that it might meet with the approval of the house if we now adjourned this review and until eleven o'clock were to take up one or two items on the order paper on which we might agree. We could resume the review in the morning.

Mr. HANSON (York-Sunbury): I should think that would be satisfactory, but I am going to suggest that the house adjourn. I have been here for nearly eight hours, and I certainly find this recital very tiring. It is altogether too long.

Mr. MACKENZIE KING: I thought my hon. friend was anxious to have a full statement. I believe he will be appreciative of it when he has a chance to read it over in detail.

Farm Loan Board

Mr. HANSON (York-Sunbury): About two-thirds of it is eye-wash.

Mr. MACKENZIE KING: My hon. friend must be tired to-night or he would not speak in that way.

Mr. HANSON (York-Sunbury): I read the long statement myself, and I know eye-wash when I see it.

Mr. MACKENZIE KING: I should like to oblige my hon. friend in the matter of adjourning. I see the hon. member for Danforth (Mr. Harris) here. Perhaps he might be prepared to take up order No. 11, which has to do with the Canadian National Railways. If he were prepared to do so, the bill based on the resolution might be introduced.

Mr. HARRIS (Danforth): We are ready, but the Prime Minister must realize that other hon. members are also interested, and they did not anticipate that this would come on to-night.

Mr. MACKENZIE KING: Very well.

On motion of Mr. Mackenzie King the house adjourned at 10.35 p.m.

Tuesday, July 30, 1940

The house met at eleven o'clock.

FARM LOAN BOARD

CORRESPONDENCE WITH RESPECT TO EMPLOYMENT OF S. T. SHABBITS

Hon. J. L. ILSLEY (Minister of Finance): I beg leave to present parliamentary return, reference 108, asked for by the hon. member for Mackenzie (Mr. Nicholson), for a copy of all letters, telegrams and other documents with respect to leave of absence, resignation and reappointment of S. T. Shabbits of Canora, Saskatchewan, during the year 1940.

While there is no objection to the production of the correspondence in this case, nevertheless it is not considered generally in the public interest to produce inter-office correspondence, and the production in this case is not to be taken as a precedent.

It is to be noted that the Canadian Farm Loan Board has been constituted by parliament as a body corporate and politic and is vested with full control over the employment and dismissal of all its employees other than chief executive officers whose appointments are subject to the approval of the governor in council. The board, moreover, is charged with the responsibility of carrying on its operations on a self-sustaining financial basis and does not come to parliament for an appropriation of funds for administrative expenses.

[Mr. Mackenzie King.]

REPORTS OF COMMITTEES

BANKING AND COMMERCE—DEFENCE OF CANADA REGULATIONS

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I should like to ask the Prime Minister if he would make inquiries as to when the committee on banking and commerce will present its report, seeing that we are so near the end of the session. May I ask the same question with reference to the committee on the defence of Canada regulations? There may be some discussion and I think we ought to have these two reports as soon as possible.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be pleased to do that.

NATIONAL REGISTRATION

QUESTION AS TO WOMEN'S CARDS BEING FORWARDED BY MAIL

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I would ask the Minister of National War Services (Mr. Gardiner) whether it would not be possible to allow women at least to send in their registration cards by mail as is done with income tax forms. That was the procedure in Australia, which I have discussed here for three or four years in connection with the need for a real national register. Women are asked whether they can do plain cooking and other irrelevant questions. All these answers could very well be given through the post office, especially in weather like this, thus saving a good deal of time.

Hon. J. G. GARDINER (Minister of National War Services): The matter has been given careful consideration and it is thought advisable that all persons who sign these cards should sign them before a registrar appointed by the government. The declaration at the bottom of the card is signed on one side by the registrar and on the other by the registrant and it is required that all persons shall sign before the registrar after the questions have been explained to them. The reason why questions will require to be explained is the desire to have the answers conform as nearly as possible to certain rules in order that the cards may be properly classified after they have been brought into the department for classification. It is therefore thought wise that all persons should sign before some registrar.

Mr. CHURCH: A lot Hitler will care for such a register. It will only be sent to the archives anyway when it is done.

WHEAT

PROCESSING TAX—REPORT AS TO PROBABLE
INCREASE IN PRICE OF FLOUR AND
BREAD

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): In view of the announcement in the press that there will be an increase in the price of flour and in the price of bread, and in view of the statement by the Minister of Trade and Commerce (Mr. MacKinnon) that the recently announced processing levy would not likely have this effect, will the Minister of Labour indicate whether any action will be taken by the war-time prices and trade board to prevent these proposed increases?

Hon. N. A. McLARTY (Minister of Labour): The hon. member was kind enough to give me notice of the question. The matter is at present under consideration by the war-time prices and trade board.

SUPPLY

MINISTERIAL STATEMENTS WITH RESPECT TO
CANADA'S WAR EFFORT

The house resumed from Monday, July 29, consideration of the motion of Mr. Mackenzie King for committee of supply.

Munitions and Supply

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, the purpose of this report is to set out in general terms the scope of the work of the Department of Munitions and Supply in providing the equipment and munitions required for Canada's service branches and by our allies overseas. I will attempt to avoid detail and statistics other than those required to indicate the magnitude of certain projects. In a general way, I hope to give hon. members a fair estimate of what has been, is now being accomplished, and our plans for future development.

The nature of our problems is changing, now that many of our industries are finding their capacity fully utilized. In the days of the defence purchasing board and the war supply board, the problem was largely that of placing orders at reasonable prices. The problems recently have become more in the nature of organizing and initiating sources of production. Secondary industries, that is manufactured products to be incorporated in a finished article, now present great difficulties. At the outset the only primary product difficult to obtain was wool, but we now have serious problems in obtaining steel, lumber,

copper, aluminum, and various other minerals to fill requirements for Canada and Great Britain.

The problem has changed materially in another respect. At the outset, Britain appeared to believe that there would be time to build her own munitions industry, without calling on North America in a large way. Within the last few weeks, Britain has been asking Canada for practically anything that can be supplied in the way of munitions and war materials.

The point of view of Canada's armed forces toward this supply problem has also changed. Formerly, it was almost automatic to order naval supplies, coast defence guns and the more intricate electrical devices from Great Britain. It has become all too evident that Canada requires to be self-contained in the production of all such war material, and we are proceeding as rapidly as possible to bring this about.

I find it difficult to convey an appreciation of the magnitude of Canada's present industrial effort in the production of war materials and supplies. All of us are aware that Canada's industrial tempo is at the highest peak in our history. Even this tempo will increase rapidly as factories now under construction go into operation and as plants now tooling for new production begin to produce. During the past few months we have been buying machine tools in the United States and in Canada in a volume that challenges the imagination, all for the purpose of creating new manufacturing capacity for our industry. As I have said, our production to-day of manufactured goods is the largest in our history, but even it is small when compared with what our productive capacity will be six months hence. To illustrate, plants now under construction, involving a capital cost of some 120 million dollars, will have a productive capacity of 500 million dollars of goods per annum.

Our problem of supply deals with three stages: first, the raw material; second, the components or manufactured articles entering into the finished product; and third, the finished product. In the following discussion I shall not attempt to differentiate between Canadian orders and those placed either directly or through this department by the British and other empire governments. All represent an equal demand on our resources of raw materials and manufacturing capacity. While our Canadian demands represent much more than half our programme, the requirements of Great Britain are becoming increasingly important.

I will deal first with the finished products, which are in themselves the munitions of war.

Shipbuilding.—Since last addressing the house on the development of the naval service, I am able to report that very satisfactory progress is being made in the fifty million dollar ship construction programme. Operations continue to be maintained well ahead of schedule.

Sixteen shipyards, located on the east and west coasts, on the St. Lawrence river, and on the great lakes, are carrying out our construction programme for larger warships.

The major naval programme engaging the attention of these yards includes 54 corvettes for the Royal Canadian Navy, to the amount of \$29,400,000; 10 corvettes for the Royal Navy, amounting to \$5,500,000; and 28 minesweepers for the Royal Canadian Navy, amounting to \$16,500,000. The foregoing include 10 minesweepers of a new type, for which the construction details have recently been completed, and on which work has also begun. Of the corvettes, formerly called patrol vessels, several have already been launched and 10 more will be launched within the next five weeks. The machinery and other equipment required to complete these vessels are being delivered as required, and will be ready for installation on launching dates.

It is anticipated that before the end of the year 28 corvettes and 5 modern minesweepers will have been delivered to the naval service.

In addition to the sixteen shipyards engaged in large boat production, there are eighteen other shipyards working to capacity on a small boat programme. Included in this work are refuelling gasoline scows for the use of the Royal Canadian Air Force, rescue boats, numerous aircraft tenders, bomb loading tenders, 84-foot wooden salvage boats, and many pieces of floating equipment such as scows and supply boats.

Also to be included in Canada's naval force are trawlers requisitioned from their trade which have been converted into minesweepers, and highspeed motor torpedo boats, rescue vessels, and target boats for bombing practice, now under construction. Many merchant vessels have been fitted out with guns and armament to defend themselves at sea. Three fast passenger vessels are being converted into armed merchant cruisers, at a cost of \$1,700,000.

Existing shipbuilding yards have been used almost exclusively in the construction programme, and facilities have been developed to permit enlarged operations where shipbuilding workers and technicians are available.

It is of interest to note that some 14,000 men are now employed in Canada's shipyards and allied industries on the ship construction programme. The number of men so employed has trebled itself in the last three months.

[Mr. Howe.]

Aerodromes and Training Schools.—In October 1939, the responsibility for the selection of suitable sites for the aerodromes required for the training plan, and the preparation of these sites for use, was placed on the civil aviation branch. This branch was then completing a ten-year programme of similar work on the trans-Canada airways during which a wide experience had been acquired.

In the original programme aerodromes were required for 26 elementary training schools; 10 air observers schools; 10 bombing and gunnery schools; 16 service flying training schools; and 2 air navigation schools. Since for each of the service flying training schools 3 aerodromes are required, this means in all 96 projects.

The construction season was already over when the air training programme appeared, and it was only possible during the fall of 1939, to select the aerodrome sites and have complete surveys made of them. This work was pressed with energy and before the end of the year suitable sites had been selected and surveys put in hand for about 80 per cent of the programme. This saved at least six months in the execution of the programme as satisfactory selections and surveys could not have been made with snow on the ground. All winter, work went on in the office, laying out the aerodromes on the surveyed sites to the best advantage, and preparing plans and specifications so that tenders could be called for, and contracts let in time to take advantage of the whole working season of 1940.

Selection of aerodrome sites, even on the prairies and in good agricultural land, is not an easy task. Good drainage is an essential; also approaches to the airport site clear of obstructions. The ordinary amenities of civilization are very necessary near these schools. They must, therefore, be easy of access by road or rail and it is desirable that they should be located near some centre of population. This limits the choice considerably.

The selection procedure was as follows: Mountainous and thickly wooded areas were avoided for obvious reasons. A study was made of topographical maps available to determine the areas where approximately a square mile of level, accessible country could be obtained. Geographical distribution across the dominion was desirable, though some sections naturally lent themselves to easier and less costly development than others. After selections had been made from maps in the office, the sites were observed from the air and, if apparently suitable, in greater detail on the ground where observations were made of roads, telephone lines, railways, power and drainage and water supply. Reports of these surveys were then studied in detail and,

if approved for development by the headquarters of the Royal Canadian Air Force and by the civil aviation division, a detailed survey plan of the aerodrome site and its surroundings was then ordered. The highway departments of the various provinces lent valuable assistance in this work and the majority of the surveys were carried out with the greatest efficiency by their parties. The engineering plans, showing the contour of the land, were then studied by experienced officers, and the aerodrome laid out to take the best advantage of the site. Plans and specifications for the grading, drainage, hard surfacing and lighting were then put in hand. At the same time, full information was made available to the Royal Canadian Air Force so that their buildings might be planned to fit in with the general development. Rapid progress was made on this work with the result that as soon as the frost was out of the ground, contractors were put to work in all sections of the country. Wet weather in May and June impeded progress to a certain extent but, in spite of this, satisfactory progress has been made on all projects. Some are already complete and many others nearing completion.

It was found possible on some of the larger aerodromes to accommodate an elementary school on the same airport with one of the air observers schools so that the number of separate aerodromes required has been reduced accordingly.

The original schedule for opening these schools contemplated construction over a period of two and a half years. Recent events have made it necessary to expedite the completion of the whole scheme and accordingly construction on 90 per cent of these projects will have been completed by November of this year.

Extensions of the original programme are now under consideration. Eight additional service flying training schools, each requiring three aerodromes, are now required as well as several aerodromes for active service operation of the Royal Canadian Air Force. This will increase the programme to some 120 separate projects. Of these 77 are already in hand, calling for 47 entirely new aerodromes and the extension of 30 of the existing airports.

The 26 elementary flying training schools where the pupils are taught to fly light aircraft call for all-way fields, that is fields that can be used in any direction. A turf surface is preferable for this class of school, but in special cases hard surfaced runways will be necessary to take care of spring and fall conditions while on some existing aerodromes being used for the schools hard surfaces are already available. The acreage required for this type of school is from 200 acres upwards with clear

approaches from all directions. No field lighting is required at the elementary schools and the buildings consist of a hangar, living and messing quarters, storehouses, lecture rooms, and a small hospital, costing on an average of \$100,000 for the buildings, with another \$100,000 for the aerodrome.

The other classes of schools require much larger aerodromes with hard surfaced runways to provide for all weather flying, lighting for night flying and more elaborate buildings. The average size of such airports will exceed 500 acres. The number and cost of the buildings and cost of the aerodromes for the different types of schools are as follows:—

1. An air navigation school costs on the average about \$300,000 for the aerodrome proper and \$500,000 for the buildings;

2. An air observers school costs \$350,000 for the aerodrome and \$200,000 for the buildings;

3. A bombing and gunnery school costs \$350,000 for the aerodrome and \$800,000 for the buildings;

4. The service flying training schools, which include three aerodromes—one main aerodrome with a large area of hard surfaced runways and taxiways and on which hangars, workshops, living and messing quarters are concentrated; No. 1 relief aerodrome with a less elaborate system of hard surfaced runways and No. 2 relief aerodrome, with a turf surface for use in fine weather only—will cost for three fields approximately \$800,000, and the six hangars plus 31 other buildings on the airport cost \$900,000.

These figures include the cost of supplying a system of roads and taxiways inside the aerodromes, provision of power and light, water supply and sewage, and communication services, such as telephones, teletype, etc.

Eight of the elementary training schools are already in full operation, as well as one air observer and one service flying training school. Others will be opened in quick succession. By the close of the year about 40 schools will be in operation and the remainder will follow as quickly as aircraft and teaching personnel are available.

It will be understood that as the aerodrome construction season ends with the commencement of winter, all airports required during the first six months of 1941 must be finished before the snow flies this fall. The progress so far made indicates that this will be possible. The anticipated completion dates of airports in 1940, by months are as follows:—

| | |
|-----------------|----|
| June | 3 |
| July | 15 |
| August | 18 |
| September | 11 |
| October | 24 |

The anticipated cost of aerodrome construction on the 77 projects now approved for construction is \$15,500,000. Up to the present it has involved the purchase of 30,000 acres of land at a cost of approximately \$2,000,000. The grading of these aerodromes will involve the moving of 14,500,000 cubic yards of earth and the paving programme amounts to 8,500,000 square yards of pavement, equivalent to nearly 700 miles of standard highway 21 feet wide.

Aircraft.—From small beginnings, the aircraft industry of Canada is being developed to sizable proportions. Last week our factories delivered 25 finished aircraft, and, as new plants come into production, these deliveries will increase rapidly. Eight Canadian aircraft companies have in hand orders totalling some 3,200 planes, of which 257 have been delivered. Contracts in hand involve approximately 110 million dollars. Early in 1941, we expect to have a production of 360 planes per month, or about 12 planes per day, Sundays and holidays included, on the basis of production now arranged for. A further production programme is now being discussed between Great Britain and ourselves which promises to materially increase this output.

We are still dependent on importation of aeroplane engines, propellers (except wooden propellers), and instruments. An exhaustive study of the aeroplane engine situation has not convinced us as yet that the production of aeroplane engines in Canada is warranted, having in mind the very large capital involved, and the drain on our resources of machine tools and skilled mechanics. Sources of supply of aeroplane instruments in Canada are being developed, and the production of metal propellers is under consideration.

As to types of planes, the present production includes Fleet primary trainer, Tiger Moth trainer, Fleet 60 advanced trainer, Norseman, Harvard trainer, Anson twin-engine trainer; and for fighting planes, Lysander, Hurricane fighter, Bolingbroke bomber, Hampden bomber, and the Stranraer flying boat.

The British commonwealth air training plan had involved the supply from Great Britain of some 1,500 Anson twin-engined trainers, as well as other training aeroplanes. Some two months ago, we were advised that the present emergency situation there had made it necessary for Britain to suspend shipments for a time, and immediate arrangements were made to manufacture substitute planes here. Some 5,000 aeroplane engines were purchased in the United States on this account, and nine Canadian firms have been put in production on components and assemblies of the Canadian Anson programme. In order to co-ordinate the work of these nine firms and to

[Mr. Howe.]

ensure a supply of raw materials, engines, and instruments, as required, a wholly government-owned company, Federal Aircraft Limited, has been formed to take over the responsibility of the government for the production of aircraft of this type. It is anticipated that Canadian production of Ansons will commence before the end of this year. In the meantime the gap in the training programme is being filled partly by the purchase of new or used aeroplanes in the United States, and partly by Britain resuming shipment of the minimum number of training planes that will be required until Canadian production can supply the needs.

The supply of skilled labour for the aircraft industry is coming chiefly from our universities and technical schools, many of which have special summer courses directed toward increasing the supply. That is, of course, in addition to the winter courses. The extent to which our aircraft industry can be expanded will depend on how rapidly this trained personnel can be built up. At present the department is negotiating for the production of the latest types of long-range bombers, fast fighters and modern flying boats, all of United States design, and with components obtainable on this continent.

Building Construction.—Our engineering division has, in addition to its work on buildings for the British commonwealth air training plan, placed large contracts for hutments for the troops, coast defence fortifications, aeroplane overhaul depots, buildings for new industrial plants, and a wide variety of less important projects. The building industry of Canada is working at the highest rate in its history, to meet our requirements for new construction. During the month of July the department awarded 72 contracts for building construction, totalling 11 million dollars.

Automotive Equipment.—Perhaps no country in the world is producing automotive equipment in the volume that now obtains in Canada. At present about 600 mechanized units per day are being produced, and in another month or two this figure will be substantially increased. Canadian government orders now placed for mechanical transport alone amount to \$54,500,000, and Great Britain, South Africa, India, and other parts of the British empire are also large buyers in this market. The types of equipment being manufactured include several types of service trucks, gun towing vehicles, ambulances, station wagons, and service motor cars. Canadian motor transport is acknowledged to be the best that has been produced in this war.

The production of universal carriers is well advanced, and deliveries will begin before the

end of this year. Six Canadian firms are cooperating in this production, and a high rate of output will be realized. The Ford Motor Company of Canada will be responsible for the assembly of these units, and this company is now building a large factory especially for that purpose. These universal carriers will be of Canadian manufacture throughout.

The Canadian Pacific Angus shops have undertaken the production of British "Mark III" tanks and have associated a number of other firms with them in that project. Production is being planned at the rate of 30 tanks per month. Tanks ordered by Canada will be furnished of complete Canadian manufacture except for engines, which will be imported from the United States until Canadian production can be organized. The "Mark III" tank project has involved the creation of new types of Canadian industry, and all are well under-way. British and Canadian orders are in hand for "Mark III" infantry tanks to a total value of 63 million dollars.

Munitions.—Canada's munition programme involves the manufacture of Lee-Enfield rifles, Bren machine guns, Colt-Browning aircraft machine guns, sub-machine guns, 2-pounder anti-aircraft guns and carriages, 25-pounder quick-firing guns and carriages, 40 mm. Bofors anti-aircraft guns, 3.7 anti-aircraft guns and mountings, anti-tank rifles, and 20 mm. Hispano-Suiza aircraft cannon. This programme of gun manufacture has in most cases involved the building of a new plant. Our largest gun plant is for the manufacture of 25-pounder, quick-firing, guns and carriages and heavy naval guns, and represents a capital investment of 10 million dollars. This plant will be in production before the end of the current year, and will be one of the largest and most modern gun plants in the British empire. The Bren gun plant has been placed in operation and is delivering guns in substantial quantity. The capacity of this plant is being doubled by building an addition, now underway.

In the matter of shells and ammunition, our programme is a large one, and demands for still larger quantities continue to be received. We now have 14 plants producing shells, which include 4 mm. shells, 18-pounder, 25-pounder, 3.7-inch, 4.5-inch, 6-inch and 9.2-inch. In addition, Canada is filling large orders for fuses, gaines, traces, primers, cartridge cases, copper tubes for driving bands, brass and cupro nickel strip, and, in fact, everything necessary to complete all types of shells.

Total orders placed for ammunition of all types, including component parts such as fuses, primers, and cartridge cases, amount to

69 million dollars, of which 9 million dollars represents capital expenditures to increase plant capacities. In the immediate future, these orders will be increased by some 33 million dollars, involving the production, amongst other items, of several million shells.

The production of small arms ammunition is being expanded rapidly. The capacity of the Quebec arsenal for the production of this material is being multiplied by six. Privately owned plants are being enlarged and two new plants are being designed. Definite orders for small arms ammunition placed to date total some 19 million dollars, and the ceiling will be our productive capacity.

Canada is building two large new explosive plants—one of which will be in production in September next. These plants produce TNT, nitro-cellulose powder and rifle cordite. Existing explosive plants are being expanded largely. The total capital investment in explosive plants at present in hand will amount to some 30 million dollars. Just to show how rapidly these matters move, may I point out that a cable was received this morning which will have the effect of doubling that programme, and will involve an explosives programme of \$60,000,000 instead of \$30,000,000.

Mr. HANSON (York-Sunbury): It is all for the British government, is it not?

Mr. HOWE: Partly British and partly Canadian. It is predominantly British, but we have a fair amount of capacity of our own.

A new shell filling plant is under construction, at an estimated cost of 8 million dollars. On its completion, all shells, fuses, components and the required explosives will be routed into this plant, and finished shells will be shipped abroad, or delivered for use in Canada. The operation of this programme has been placed in the hands of a wholly government-owned company, Allied War Supplies Corporation, which will, in addition, operate the secondary chemical and other industries incidental to the programme. This company will be responsible for the administration of new capital investments totalling some 110 million dollars. Additional munitions production includes anti-submarine nets, gas masks, depth charges, mines, pyrotechnics, smoke screen chemicals, and various types of bombs.

Glass: An interesting development is the construction, now in progress, of a plant which will manufacture optical glass, fire control apparatus and predictors, and sound detecting apparatus, none of which has previously been made in Canada. The processes to be incorporated in this factory have all been developed by our national research laboratories, to whose

inventive genius Canada is indebted to a type of production that can only be the result of extensive scientific research.

Clothing and General Supplies.—Less spectacular than ships, aeroplanes and munitions, but most necessary to every member of the armed services are such supplies as boots, army dress, blankets, braces, caps, greatcoats, service shirts, shorts, shoe polish and tooth brushes.

Since the outbreak of war, this department and its predecessor boards have purchased over 18 million yards of woollen and cotton cloth, enough to stretch from Ottawa to Berlin and back again. This has been, or is being, manufactured into 400,000 service battle dress uniforms, 225,000 summer battle dress uniforms, 383,000 overcoats, winter and summer underwear and other items of clothing. Orders have been placed for 850,000 pairs of boots and shoes and production has been stepped up to 30,000 pairs per week. Production of battle dress is reaching 20,000 suits per week. Blankets are being produced at the rate of 30,000 per week; braces 18,000 per week; caps 18,000 per week; service shirts 12,500 per week; and greatcoats 7,000 per week.

It may be interesting to note in passing that 350,000 cattle have contributed their skins to make the necessary quantity of shoes worn by the army, the navy and the air force. Specifications covering the manufacture of these boots are most exacting, and not more than 50 per cent of the best quality hides obtainable in Canada are good enough to produce uppers or soles to government standard. So far as possible, the departmental purchase of barracks stores is geographically distributed in order that all parts of Canada may participate, and also to facilitate prompt shipment to destination.

General buying, which includes purchase of clothing, food and all personal equipment for the troops, as well as all purchases not directly included in the classification previously discussed, has totalled to date 245 million dollars, of which 44 per cent has been delivered and paid for. Of these purchases, 217 million dollars have been made in Canada, 22 million dollars in the United Kingdom, and \$6,700,000 in the United States. During the week ending July 20, 1,434 contracts were placed, to the amount of over 7 million dollars, which is at the rate of 32 contracts per working hour, and spending at the rate of \$2,650 per minute. This large scale buying has resulted in Canadian manufacturers undertaking the manufacture of many products not previously manufactured in this country.

[Mr. Howe.]

Foodstuffs are bought through nine branch offices in the principal distributing centres across Canada, each office purchasing for the region that it serves. The magnitude of food purchases can be illustrated by butter, of which 305 tons were purchased during the second quarter of this year.

Secondary industries.—I now come to a discussion of the very important and difficult branch of our work, namely, the production of manufactured products essential for inclusion in the types of manufacture previously discussed. In many cases this secondary production involves large capital expenditure for new plants, and the highest degree of technical skill.

New plants have been built, or are under construction, for the manufacture of hexachlorathane, ammonia, ammonium nitrate, magnesia and magnesium powder, toluol, and a new chemical not previously manufactured in the British empire. These new chemical plants involve a capital investment of some 35 million dollars. A plant is being built to manufacture gas mask charcoal, and a number of unusual chemicals are being produced incidental to the manufacture of pyrotechnics and for other military and naval uses.

War production has created a tremendous demand for brass. A new plant for the manufacture of brass is being built, and an existing brass plant is being largely extended, this programme involving a capital expenditure of some 12 million dollars. The production of aluminum in Canada is in process of being doubled, and plants are under construction for manufacturing this metal into sheets, shapes, extrusions, and forgings, this programme involving some 20 million dollars. Aluminum is the present bottle-neck of the aircraft industry, and steps must be taken to restrict its use for domestic purposes.

The machine shop capacity of Canada is rapidly being taken over by war work. Canada's production of machine tools is being expanded through plant additions, and many million dollars worth of machine tools are being imported. The Citadel Merchandising company, a wholly government-owned company, is in charge of the procuring of machine tools, both for government and private account and has, since its formation six weeks ago, purchased on its own account machine tools and equipment valued at \$1,300,000, and for private account for government contractors, some \$15,000,000. This company is performing an invaluable service in expediting procurement and deliveries of machine tools, on which our entire production depends.

The manufacture of munitions involves large and intricate gauge production. Some thirty Canadian firms are now manufacturing gauges,

involving precision workmanship to 1/10,000 of an inch, and this programme is being further expanded.

The plant survey branch of the department has continued to investigate the productive capacity of our industrial plants. The number of plants surveyed now totals over 2,000. This branch is most helpful in advising on the particular plant to which new production can be assigned and in assisting in overcoming difficulties in the initial stage of manufacture of new plants.

Primary Industries.—The war needs of Canada and Great Britain have placed a tremendous strain on our primary production, in fields that we have become accustomed to look upon as inexhaustible. Lumber and timber, particularly aeroplane spruce, have become difficult to obtain in sufficient quantity. Production of Canadian steel is being extended to the limit. While not yet a problem of production, petroleum products have assumed importance as a strain upon Canada's supply of foreign exchange. An adequate supply of wool has been a problem since the outbreak of war. Many products normally imported are becoming difficult to obtain.

The base metals, and particularly metals little used in peace time, are becoming difficult of procurement. The demand for boots and shoes for the service forces has outstripped the production of hides. To meet this situation and to obtain the maximum output of needed primary products, it is obvious that the government must have a thorough understanding of each industry, and that each industry must well understand the requirements of government. As a connecting link between government and industry, controllers have been appointed, with wide regulatory powers, in the lumber, petroleum, steel, and non-ferrous metal industries. At the outbreak of war, the war-time prices and trade board appointed a wool controller, who has performed invaluable service in arranging our supply since that time. A leather controller, similarly appointed, has also been of great assistance in our supply problems.

These controllers have been most helpful in organizing the productive capacity of their industries, in rewriting government specifications in a way that will permit maximum use of our raw materials, and in keeping us advised of any probable limitations of necessary raw material. These controllers are associated together in the war-time industries control board, which is headed by a member of our executive committee.

Two wholly government-owned companies have been organized to protect the supply of necessary imported raw materials that may be subject to interruption through causes beyond

our control. It is the duty of these companies to keep in stock a considerable supply of such materials, and to sell them to our contractors as circumstances warrant. To give the names or any further particulars of the work of these companies would defeat the purpose for which they are organized.

The economics branch of the department studies the desirability of creating new sources of supply, attempts to prevent unnecessary expenditure of foreign exchange, reports on the merits of alternative solutions offered for the same problem, and is available in a consulting capacity to any of our officers who may wish to have any particular problem studied.

In conclusion, let me say that the preparation of a report on the work of the Department of Munitions and Supply invites one to go into almost endless detail. The problems it is handling are of great general interest, and the expenditures involved are on a scale to impress anyone who is interested in the scope of Canada's war effort. I trust that I have given hon. members sufficient detail to permit them to understand in a general way the scope of our work.

We have been fortunate in having enjoyed the complete cooperation of Canadian industry. Practically every industrial plant in Canada has been placed at our disposal. Manufacturers have, in most cases, been willing to accept our decision as to a reasonable price for their product, and have subjected themselves to audit by a firm of chartered accountants if requested to do so. There has been no evidence of an attempt to obtain undue manufacturing profits. I can only hope that the manufacturers have found this department as cooperative as we have found them.

Labour throughout Canada has also entered into the spirit of Canada's war effort in a way that leaves little to be desired. At a time of emergency, labour was called on to work on holidays, on Sundays, and for all possible overtime work, and the response was nothing short of magnificent. It is well understood across Canada that this is every man's war, and few have shown a disposition to take any other view of the situation.

The pace at which our purchases are accelerating can be judged from the fact that since the inception of the Department of Munitions and Supply on April 9, the average number of contracts awarded per week has been more than twice that of the war supply board, and almost eighteen times as large as that of the defence purchasing board. This has involved a continually enlarged personnel and great difficulty in finding accommodation. I cannot speak too highly of the manner in

which the staff of the department has responded to the added burdens that are continually being placed on them.

In the last twenty years Canada has been geared to a peace-time economy. The change to a war-time economy has taken time, and has involved many problems, but nevertheless the change has been made to a very considerable extent. When the history of the war is written, I have every confidence that Canada's record as the arsenal of the empire will stand comparison with the records of her soldiers, sailors and air men.

Hon. J. G. GARDINER (Minister of National War Services): Mr. Speaker, it has been suggested that I review with the house work which has been done by the National War Services department. That department has been in being for about ten days only and therefore the record of its work up to date will not deal with as many subjects as other ministers have found it necessary to deal with.

I should at the beginning like to call the attention of the house to the fact that just a little more than two months ago the ministers representing each of the departments which have been reviewed within the last few hours reviewed the activities of their respective departments up until that time, and I am sure that members of the house must have been surprised at the remarkable development which has taken place during the two months in which we have been busily engaged with the work of this session.

Agriculture

On that occasion, on May 23, I placed on *Hansard* the position of agriculture in relation to our war effort. As I still am minister of the Department of Agriculture it is my intention to give a short review of the work of the department bringing our position up to date in general terms in relation to matters with which I dealt at that time.

It is not my intention again to place on *Hansard* the names of the different organizations which have been set up since the beginning of the war in order to assist in production and in the distribution of farm products. Those can already be found on *Hansard*. But it is my intention to review in a few words the position as it is to-day as compared with the position as it was two months ago.

I was able to show on May 23 that our production was up in the essential food products; that we had increased our exports to Britain in our essential food products; and that our storage of essential food products other than cheese was also up. In short, I was able to show that we in Canada were in a

position to provide Britain at any time with great supplies of wheat, and with greatly increased supplies of meat, dairy products, poultry, canned vegetables and fruit products. The possibility of providing food products to Britain has if anything been improved since that time.

We have an unprecedented carry-over of wheat, we have another crop about to be harvested, we have had a remarkable increase in the production of pork products, we have had a reasonable increase in the production of dairy products, and our surplus supplies of vegetables and fruit are substantial. We are, therefore, in a position to send greatly increased supplies of every food product to Britain on short notice.

This should be reassuring to Britain at a time when she will be denied supplies from many of the European countries from which she previously obtained a considerable part of her pork and dairy food products.

In May I was addressing the house as Minister of Agriculture and concluded what I had to say with these words:

We in this house who represent agricultural constituencies are interested in seeing that farm surpluses which do accumulate from time to time in the early stages of the war are properly taken care of, and that farmers do not have to assume too great a share of any losses which may be incurred during the early years of a struggle of this kind.

We do not expect that in this war the farmers will receive so high prices for farm products as they did during the last war, but we do hope that matters will be so managed during the period of the war that the farmer will secure his just returns.

Since that speech was delivered there have been a number of changes. I have been asked to assume the position of Minister of National War Services and am still administering the Department of Agriculture. When the Prime Minister was moving the second reading of the bill setting up the new department he stated that the immediate task of the new department was registration, publicity and organization of voluntary effort, as reported at page 1572 of *Hansard* under date of July 12, 1940. He then stated:

Problems of internal security, of economic organization and development, of meeting social, industrial, financial and other needs, will continue constantly to arise. These may be dealt with by the Department of National War Services, by itself or in conjunction with other departments of the government as authority for such purposes may, from time to time, be given the minister by the governor in council.

Where the problems which have arisen to date may concern our war effort and are at the same time associated with agriculture, they therefore come under one or other or both

of the departments I am now administering. There is only one exception to that, and that is the marketing of wheat, which is under the Department of Trade and Commerce. Since the speech of May 23 was delivered, there have been changes in world relations which are much more far-reaching in their effects than anything which has or could have happened locally. The arms of Hitler have advanced across Holland, Belgium and northern France. Great areas of food crops have been destroyed. Untold numbers of cattle, hogs and poultry have been destroyed. Much of what may be left will find its way to the armies of Hitler or into Germany. In any case none of it will find its way into Britain. To the extent that this is true Britain will require our extra surpluses sooner or later. Cheese is already being required in greater quantities than our agreements call for, and we shall be negotiating a new agreement on bacon and other pork products during the month of August.

The situation relating to apples and wheat is still serious from the point of view of the producer and in relation to the economic position of Canada. We have an understanding in Nova Scotia in relation to apples which will assist the producer in that area but at some considerable cost to the treasury of Canada. We expect to negotiate some understanding with the other two apple growing areas of Canada within the next few days. As a matter of fact, their representatives are in the capital at present. The wheat problem is one which, while of no greater importance to the individual producer interested than any other, involves more individual producers and in its handling affects the economic and international relationships of Canada to a greater extent than any other farm problem and possibly any problem which is a direct result of the war. It is safe to say that Britain's imports of wheat from the continent just about balanced with Canadian exports to the continent over a period of recent years. This Canadian wheat can be made available to Britain in quantities which will render Britain's wheat supplies secure. We can easily supply Britain with all the cheese she previously received from the continent of Europe. She received from 35,000,000 to 40,000,000 pounds a year. This, added to what we sent last year, would not equal our exports to Britain before the last war. Britain received 546,000,000 pounds of bacon and ham from the blockaded countries of Europe in ten months this year; Canada supplied 169,000,000 pounds in that same period of ten months. Canada could, with her present production, easily increase her exports to Britain by 230,000,000

pounds during the coming year. This would take care of about 40 per cent of what Britain previously obtained from the blockaded countries. These supplies can go to Britain if they are desired by Britain.

I wanted to make that review of the situation as it exists at present in relation to food products in order to emphasize the fact that, from the point of view of the position which Britain holds to-day in the titanic struggle which is going on, we in Canada are in a position to supply her with food products to a greater extent than ever before and therefore to assist her in that direction in winning the war. I think I can say this in relation to the question which I am now discussing, without entering at all into the economic effects of price or anything of that kind, that the people of the Dominion of Canada are bent upon seeing to it that all Canada's food products which are a surplus over and above our absolute needs do go to Great Britain in order to assist her in winning this war.

National War Services

The Prime Minister stated, when setting up the department, that the immediate task to be assumed and assigned to the department by council was that of registering all persons in Canada over the age of sixteen. As indicated by the Minister of National Defence, the task of finding men for the training plan set up by the Department of National Defence has been assigned to the Department of War Services. The registration will place at the disposal of all departments of the government information which will assist in mobilizing both human and material resources.

I have given a short review of developments in relation to food products. The Minister of Munitions and Supply has just given to the house a detailed review of the efforts made to mobilize industry and the results obtained from that mobilization in the direction of supplying munitions and machines of war. It is my intention to place side by side with his review a method by which registration of human resources is to be made, the system under which men are to be provided to the defence department for training, without interfering unduly with industry, and finally an estimate of the human resources of Canada.

I think it will be agreed that although munitions and machines of war and material supplies generally are necessary to achieve victory, they can only function effectively when placed in the hands of men and women of healthy physique, fine spirit and good training. The nature of our country, with its wide spaces and free institutions, produces people

with the first two qualities. It is the work of the government to add the third in preparation for our war effort.

At the expense of repeating some things already contained in the regulations tabled in the house, and statements already made in this house, I propose to review the whole procedure to be adopted by the department in registering our human resources, so that it can be found in one place in *Hansard*.

The national registration takes place on Monday, Tuesday and Wednesday, August 19, 20 and 21. The geographical units for the registration are the electoral federal constituencies which are, in turn, subdivided into polling subdivisions, the boundaries of which are the same as the polling subdivisions in connection with the dominion election of March last.

There will be two deputy registrars for each polling subdivision. It is not necessary to refer to the voluntary helpers who are being organized by members of this house and others in order to assist the deputy registrars.

At the conclusion of the registration period the deputy registrars in the polling subdivisions will segregate the cards of all single men between the ages of nineteen and forty-five, and they will make copies of the registration cards of the group so segregated, and these copies will be sent by the deputy registrars to the registrars for the electoral divisions. I might suggest in that regard that, particularly in polling subdivisions where enlistment is large, it might be wise for those who are organizing such registration to see to it that a number of tables are provided. It would be a very simple thing for one standing at the door to ask each individual as he comes in whether he is single or married; if single send the men to a table for single men, which would result in all the cards for single men being at one table at the end of the day, the single women to another table, and married men and married women to others, thus dividing the work into about four groups and making it possible for four persons to be working at the desk throughout the day. A division of that kind would make it easy to get the task finished in the three days provided.

The 19 and 20 years class are being extracted now, as they may be used, in the case of the 20 year class next year, and in the case of the 19 year class two years hereafter. This will save having next year and the year after to go to the dominion statistician to extract the cards—should they be required.

The registrar for the electoral district will then take all the cards and classify them into age groups, i.e., the cards of the 19 year olds in the district—single males—will be all put together. The cards of the 20 year olds will

[Mr. Gardiner.]

be put together, the cards of the 21 year olds and so on, so that there will be a separate group for each age class of single men between 19 and 45.

There are 11 military districts in Canada, namely, one in British Columbia, one in Alberta, one in Saskatchewan, one in Manitoba, three in Ontario, two in Quebec and two in the Maritimes. The Manitoba district includes a portion of that section of Ontario which borders on Manitoba and there may be a slight overlapping of military district boundaries from one province into another, but not of great consequence.

The registration, as I have said, is being made on an electoral district basis.

The 243 electoral districts of Canada will be divided into 12 groups, the outer boundaries of each group being as nearly as possible the same as the boundaries of the military district.

The province of Prince Edward Island will be dealt with separately, so that while there are 11 military districts, there will be 12 organizations set up along the lines I propose to outline, 11 of them being as nearly the same as the military district, and the 12th being Prince Edward Island.

Twelve boards will be constituted, namely, one for each of these military districts and one for the province of Prince Edward Island.

Each board will be headed by a judge of a superior court, or where deemed advisable, by a judge of a lesser court, of the province in which the appropriate military district is situated.

The chief justice of the province will be asked to nominate this judge and he will be appointed by order in council. As a matter of fact, these judges have practically all been nominated in this manner already.

Each board will consist of three members and, as I have said, a judge shall be the chairman of each board. The other two members of each board will be representative citizens of the district in which the board will have jurisdiction.

It will be impossible, with a board of three, to have all the various phases of the economic life of the country represented on the board, but this will be kept in mind in the appointments, so that the members of the board will be fully conversant with the predominant industries of the district in which the board has jurisdiction.

These boards will be located at the same point as the headquarters of the military districts, except in the case of Prince Edward Island, where the headquarters will be in Charlottetown.

Each board will have a district registrar whose duty it will be to look after the administrative end of the organization and who will be answerable to the Department of National War Services.

The registrars for the constituencies, after they have classified the cards of all the single men, 19 to 45, into age groups, will then send these copies of cards in to the district registrar.

It will be his duty to direct the tabulation and indexing of these cards, so that he will have in his office a complete record of all single men between the said ages for the whole territory under the jurisdiction of the board.

As stated by the Minister of National Defence, the military authorities will indicate the number of single men they propose to train within a year in Canada, and the Department of National Defence will advise this department of the number of men it wishes to call up for training at any one time.

All training of classes called up is to be completed within a year, and it is the intention to make eight calls within the year and to space these calls equally as nearly as possible.

As soon as the national registration is over, the registrar for each constituency will indicate to the Department of National War Services the number of single men in each of the age groups in the electoral district over which he is registrar, and thus we will know at once the number of single men in each group between 19 and 45 in Canada.

The Department of National Defence, with this information, will advise the Department of National War Services as soon as possible after this information is available, as to the number of men it wants called up on the first call.

As soon as possible after it is ascertained what year classes will have to be called to meet the first demand of the Department of National Defence, a proclamation will be issued, warning all persons within such classes, commencing with the 21-year-old class, that they will be called for service within a certain designated time.

This will be done to give them a chance of arranging their own affairs.

Every single person, male, who is medically fit, between the ages of 21 and 45 in Canada, may be compelled to take military training within one year.

It is possible that the requirements of the Department of National Defence will be satisfied by the calling up of single men from 21 to 35, and it may not have to go beyond this in the first year.

This factor depends on the result of the national registration and the number of men the Department of National Defence can train within the year. The only exceptions not subject to call will be as follows:

(a) Judges of superior, district, or county courts of justice;

(b) Regular clergymen or ministers of religious denominations, members of the clergy or religious orders;

(c) Members of the naval, military, or air forces of Canada on active service;

(d) Those who, in the opinion of the Minister of National Defence, have already received military training, within the previous twelve months, at least equivalent to that to be given to men being called up under these regulations;

(e) Members of the Royal Canadian Mounted Police or provincial police forces;

(f) Members of the police forces and fire brigades permanently employed in any incorporated city.

(g) Wardens and officers of all penitentiaries, prisons, and lunatic asylums or mental hospitals.

Under an order in council passed in 1873, certain privileges with respect to military service were given to a sect of persons known as Mennonites, and under an order in council passed in 1898 certain privileges with respect to military service were granted to the sect known as Doukhobors.

It is the intention of the government to recognize these orders in council and a method of dealing with the individuals who feel they are entitled to the benefits of these orders in council will be worked out and duly announced.

Every employer of labour in the district, under the jurisdiction of the board, shall be required forthwith to furnish the board with a list of all single male employees between the ages of 21 and 45.

Any industry shall be entitled to submit a plan to the district registrar for the calling up for military training, within the said period of one year, of its single male employees from the ages of 21 to 45.

The plan so submitted must provide for the training of all their employees within the year but can be adjusted by the industries in such a way as to enable all to be trained within the year in a manner which will interfere in the least possible way with the conduct of the business of the industry. The men subject to call from any industry shall be divided into equal groups so that the same number of men will come up for training on each call.

The district registrar, on receiving this, shall submit it to the board, and the board shall fix a date for hearing, and shall hear a representative of the industry submit the plan, and the board will have the right to either approve, reject or vary the plan.

After it is approved, either in the form submitted, or is varied, then the men therein listed shall be called as therein provided.

The Department of National War Services will submit to the board in each military district a list of the main seasonal industries within the jurisdiction of such board, and the periods during which it is inadvisable to call men for training from such industries, and it shall be the duty of the board so to adjust the call of men within its jurisdiction as to interfere as little as possible with the conduct of such seasonal industry.

The board will also have the right, in the case of a student at a recognized college or university, to postpone his call until the end of the scholastic year, provided the college or university has a system of compulsory military training in effect in the institution.

The Department of National War Services will be charged with the responsibility of having all men called up for training, medically examined, and will arrange for qualified medical men to be located at points throughout the district, under the jurisdiction of the board, convenient to those to be called.

All men called up will have to pass the same type of examination, as they would have to pass if they were volunteering for service in the non-permanent militia.

The medical examiners will place all persons examined in their proper medical categories in accordance with the practice of the Department of National Defence. It is intended to call up all men in the category of C-1 and above that, in the classes from time to time called.

After each call is made, the person to be called up will receive a notice in writing telling him where to submit to his medical examination, and where to go for his period of military training.

He will, therefore, first be examined. If he is rejected as medically unfit, then he returns home, and this fact will be noted in the record. If he is medically fit, he will proceed to the point where he is to be trained.

These men will be furnished with transportation to the doctor who is going to make the examination and to the military training point.

All medical examinations will be subject to review by the medical branch of the Department of National Defence.

[Mr. Gardiner.]

Severe penalties will be provided for the failure of any person called up to submit to the medical examination and to take his period of training, if medically fit.

Severe penalties will be provided for the medical man who fails to make a proper examination or fails to report the true facts of the state of health of the individual.

All employers of labour will be required, under penalty, to put the employee back in his job at the conclusion of his period of training, or into a job the equivalent of the one he had.

A representative of the Department of National Defence may attend at sittings of the board and make such representations thereto with respect to any matter being considered, as he may see fit, but such representative is not a member of the board.

This whole scheme, in broad terms, means this:

(a) As a result of the national registration, we know the numbers of single men between the ages of 21 and 45 throughout Canada, and we know the number in each age class.

(b) The military authorities decide the number of men they propose to train within the next year.

(c) Every medically fit male Canadian, subject to above exceptions, between the said ages, up to the number the Department of National Defence can train, will be called up during the year for a period of thirty days training.

(d) This will apply to every person, regardless of his occupation or any other consideration, save the small excepted list, that I have enumerated.

(e) There will likely be eight calls within a year, and the age classes will be called up in consecutive order, and all must be trained within the year.

All arrangements are made by the Department of National War Services, and the only connection with the Department of National Defence is the furnishing by that department to the Department of National War Services of the total number of men they can train and the number to be called up in each group.

The Department of National War Services will deliver the men to the Department of National Defence for training purposes and then our duties in this regard are completed.

There is considerable anxiety as to what effect this registration and proposed training of men will have upon production of primary products and industry in Canada. It might be of interest to state in a few words what our human resources are.

There are in Canada—at least this is the estimation, before we take the registration—between the ages of 18 and 44, approximately 4,700,000 people, of whom 2,400,000 are males and 2,300,000 females. Included in this total are approximately 1,198,000 single males. But this is by no means the full strength of our human resources. Between the ages of 44 and 59 the total male population is 950,000 and female 820,000. In those over sixty years there is substantial productive and directive capacity and I must not leave out of the national effort youths from 10 to 18. It is for the future of these that this conflict is being waged, as well as for the preservation of all our institutions of government.

It will be agreed after an examination of these facts that there are a sufficient number of men in Canada to provide the man-power for a much larger force than could be equipped at present, and at the same time carry on activities both primary and secondary. It should be remembered too that those called only for training return at the end of thirty days to their employment. In addition to these there are the millions contained in other categories to draw upon for industry. I may interject that in every long-drawn out war it has been found necessary, before the end, in many of our industries to depend upon people who in peace time would expect to be free from undertaking work in connection with those industries.

We know from our experiences to date with registration that we are going to have one hundred per cent cooperation from every section of our population from coast to coast. Ever since we indicated that we were interested in having people volunteer their services our desks have been piled high with communications from people in every part of Canada. Some of these communications represented whole staffs in large organizations, determined to see that this registration is properly made in the shortest possible space of time. That cooperation is given to the end that every available man, every product of industry and primary production and the whole credit of Canada shall be placed at the disposal of the governments of Canada and Britain to drive back the forces of Hitler and reestablish freedom in the world. On this occasion the House of Commons, in passing the estimates to be brought before it, will be assisting in that cooperative effort on the part of all our population, so that we may get on with the prosecution of the war at the nearest possible future date, in a degree even greater than that which has been possible up to the present.

Mr. CHURCH: Here endeth the second lesson in plain cooking.

Economic and Financial Activities

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I hope to be able to complete what I have to say before one o'clock, because I am going to speak only briefly on the financial and economic aspects of our war activity. It is only a month since our financial position and policies were reviewed in detail in the budget; therefore I propose only to recall to you the main facts and to mention a few developments that have taken place since the budget was presented.

You have heard the Prime Minister (Mr. Mackenzie King) and the ministers of national defence describe our military activities and plans. You have heard the Minister of Munitions and Supply (Mr. Howe) and the Minister of National War Services (Mr. Gardiner) discuss the means by which our resources of men and material are being organized for war service and the production of war supplies. These various activities are the primary ones. Behind them lie those secondary, though no less essential, economic and financial activities that enable the resources of the nation to be turned to war purposes. The task of finance is to provide the funds which are used to pay for the war services. But in a deeper sense the task of finance is, by taxation and borrowing, to restrict the civilian demand for economic resources in order that they will be free when the defence or supply departments require them. I cannot too strongly impress upon the house that this is the fundamental function of finance in time of war. It is vitally important that in discharging this function it keep in step with the defence and supply programme; for if finance proceeds more rapidly in curtailing civilian demand than defence proceeds in making use of the resources thus set free, there will be unemployment and waste, while, on the other hand, if finance lags behind the defence services, they will be faced with shortages and delays, and the competition between military and civil demands will bring about inflation.

In the first war budget speech delivered last September, the principles of war finance which we proposed to follow were set forth. I will not go over them to-day beyond merely recalling that it was indicated (1) that we would, so far as practicable, pay as we go by means of taxes based upon ability to pay, (2) that we would borrow as cheaply as possible and (3) finally, that we would continue to follow scientific principles in monetary management, avoiding inflation on one hand, and monetary stringency on the other.

These principles have been applied from that time to this.

I shall not weary the house by recounting in detail the financial activities of the government since war was declared.

Among their main features were these:

(1) At the September session a war appropriation of a hundred million dollars, with provision of the necessary borrowing powers to the government and enactment at that session of the first new war taxes indicating the main lines of the government's taxation policies.

(2) The establishment in September of various economic organizations, including the war-time prices and trade board and the foreign exchange control board.

(3) A moderate and carefully controlled expansion of money and credit during the first three months of the war.

(4) The negotiation of a loan of two hundred million dollars from the chartered banks upon an issue of two-year two per cent notes.

(5) Repatriation of ninety-two million dollars of dominion government securities for the purpose of providing the British government with Canadian dollars with which to make purchases in this country.

(6) Various other financial arrangements with the United Kingdom, including those connected with the British commonwealth air training scheme.

(7) The first public war loan in January, which took the form of three and one-quarter per cent bonds issued at par, redeemable by lot over the five years from 1948 to 1952, and which resulted in a prompt and substantial over-subscription for the two hundred million dollars required in cash.

(8) Unexpectedly buoyant revenues during the latter part of the fiscal year, enabling us to end the fiscal year with a deficit about seventy million dollars less than was anticipated in September and with a very strong cash position.

(9) A reduction in the estimates for non-war expenditures for the new fiscal year to 448 million dollars from the comparable figure of 525 million dollars for the previous year.

(10) Transfer in April to the foreign exchange control board of all our available holdings of gold and foreign exchange, including both private holdings and those of the Bank of Canada.

These, I think, are the main financial activities of the government since the beginning of the war, and have been, as I have said, more or less fully dealt with in the

[Mr. Ilesley.]

budget speech and other reviews of our financial activities. There are, however, a few other matters, most of them recent, to which I should like to refer more fully.

For example, there is our cooperation with the United Kingdom in economic warfare. Economic warfare has had its importance in waging the war. It has depended mainly upon the British naval blockade. But Canada has cooperated by careful control of trade to ensure that no Canadian supplies reach the enemy directly or indirectly. Direct trading with the enemy was, of course, prohibited from the outbreak of war, and this prohibition was extended to cover trading with agents or suspected agents of the enemy in neutral countries. The export of certain essential commodities, notably metals, was subjected to control by a permit system as from September 20. My colleague the Minister of National Revenue (Mr. Gibson) is responsible for the issuing of permits. Later, in January, all exports to countries contiguous to the enemy, or to territory occupied by the enemy, were subjected to similar control. This control was carried out in cooperation with the British ministry of economic warfare, and with the purpose of preventing any such exports reaching the enemy by indirect means.

Towards the end of May another important financial development took place with the launching of the war savings campaign. This campaign is a continuing and voluntary one. Its purpose is to sell war savings certificates and war savings stamps. This enables even the smallest sources of savings to be tapped effectively and regularly, and in this way everyone in Canada who can afford to save at all is given the opportunity of helping to finance Canada's part in the war, while at the same time investing those savings in the very best of securities yielding an interest return of more than three per cent.

Mr. HARRIS (Danforth): They all go into the consolidated revenue fund?

Mr. ILSLEY: Yes. A nation-wide voluntary organization is handling this savings campaign, and is doing so with efficiency and success.

Mr. HANSON (York-Sunbury): Without wishing to interrupt, would the minister indicate what the sales have amounted to?

Mr. ILSLEY: I shall do that immediately. The total sales of war savings certificates to July 27 had a face value of \$16,690,435. For this amount there were 336,602 individual applications with an average of \$49.58 per certificate.

Mr. HARRIS (Danforth): I was hoping it would reach \$50,000,000. It is a long way from that amount.

Mr. ILSLEY: It was never anticipated that it would reach \$50,000,000 at once.

Mr. HARRIS (Danforth): I was also hoping the liability would be earmarked as such.

Mr. ILSLEY: We had hoped the \$50,000,000 would be reached in the course of the year, and less than two months have elapsed to date. These figures do not include the sales of such war savings stamps as have not as yet been converted into war savings certificates.

In each of the nine provinces provincial war savings committees have been formed and these committees are now in process of forming district and local committees, of which it is expected there will be about 1,500 in active operation by the end of next month. There are now about 35,000 retail outlets for the sale of certificates and stamps, including post offices, banks, investment dealers, brokers, retail stores and schools, all performing this important national work without remuneration.

At the present time there are 9,040 employers cooperating in a programme for obtaining war savings subscriptions by voluntary pay deductions on the part of employees. These 9,040 firms employ a total of 1,300,000 employees, and it is safe to say that there are now over 1,000,000 employees cooperating in the purchase of war savings certificates and stamps under the slogan of "serve by saving."

A breakdown of sales by provinces is now available for the period up to the end of June. I have here a table showing the dollar value of total sales in each province and the average amount per head of population. The table is as follows:

| Province | Dollar value | Dollar value per capital |
|--------------------------|---------------------|--------------------------|
| Prince Edward Island. \$ | 62,940 | \$0.67 |
| Nova Scotia | 529,910 | 0.97 |
| New Brunswick | 342,020 | 0.77 |
| Quebec | 2,252,125 | 0.71 |
| Ontario | 4,624,890 | 1.24 |
| Manitoba | 1,005,935 | 1.40 |
| Saskatchewan | 939,960 | 1.00 |
| Alberta | 837,935 | 1.07 |
| British Columbia | 1,386,035 | 1.82 |
| Yukon | 7,700 | .... |
| | <u>\$11,989,450</u> | <u>\$1.07</u> |

Before I leave this subject I think I should refer to an entirely new development in our financial programme, that is, the issue of interest-free certificates. We have been fortunate in having offered to us many interest-free loans by generous public-spirited individuals

and corporations who wish to and feel themselves able to make a contribution to Canada's war effort by forgoing the interest return which they could have obtained by investing their funds in war loan bonds or other securities. The government is glad to receive such loans as free-will offerings and has made special provision for them by authorizing the issue of \$10,000,000 of interest-free certificates. This amount will be increased from time to time as circumstances warrant. Certificates are issued in registered form only and can be made available in any denomination required. They are to be distributed, as in the case of our ordinary loans, through the Bank of Canada, to which all applications should be made. In the normal case, certificates will be issued to mature on June 15, 1945, but any holder who finds it necessary to ask for the return of his money before the maturity date may send in his certificate for redemption at par at any time after six months from date of issue.

While these certificates have been available for only a short time we have already received subscriptions from 87 individuals and firms, amounting to \$2,262,203. Included in this total is a subscription from a large industrial company for \$1,000,000, another for \$500,000, and a number of very small subscriptions. I should add that this total does not take account of a considerable number of cases where purchasers of first war loan bonds and war savings certificates have donated to the government the interest accruing to them from their holdings of these securities for the duration of the war, or in some cases until the obligation matures. This sacrifice of interest may be a contribution which many of our citizens cannot afford to make, but I wish to express here publicly the appreciation of the government, and I am sure of parliament as well, to those patriotic persons and firms who desire and are able to make this type of contribution to Canada's war programme.

By the time parliament met in May the war situation had, of course, changed radically. The first action taken by parliament was the provision of a greatly enlarged war appropriation of \$700,000,000. This figure is larger than the total expenditures of the dominion in any year in its history, except 1920 when the dollar was worth much less than at present. Moreover, it has already been indicated that even this figure must be increased by the sum of at least \$150,000,000 to \$200,000,000 as a result of commitments which have been made since the war appropriation bill was

introduced. As it is anticipated that parliament will reassemble well before the end of the present fiscal year, the vote of these additional amounts will not be requested until parliament meets again.

Since the budget was brought down there have been several new financial developments. These were foreseen in a general way at the time of the budget, but they could not be discussed then. The first of these has been the restriction of the use of foreign exchange for pleasure travel. Since we require every available dollar of foreign exchange for the purchase of aircraft, engines, equipment and other war supplies in the United States, we felt that Canadians could be asked to do without the luxury of purely pleasure travel outside of Canada at this time.

Mr. HANSON (York-Sunbury): I understand that there is no restriction on sterling exchange to be used for pleasure trips.

Mr. ILSLEY: I do not think there is a reason for it.

Mr. HANSON (York-Sunbury): I think the minister will find that I am correct.

Mr. ILSLEY: I should think so. Exchange is still available for those who have to travel, either for business or personal reasons. We are confident that our United States friends will understand that we are just as anxious to see them and to visit them as ever. We are not trying to save money at their expense, but rather we are determined that as much as possible of our receipts of United States dollars shall be used for the purchase of those things we need for the war. This is a war not only to defend Britain but to defend this continent as well. We want very much to have United States citizens visit us during the war and we are eager to see that they enjoy their stay in Canada and that they are treated as honoured guests and good friends.

The second new development is the provision this house has made for unemployment insurance. This is a far-reaching measure of social security for our working classes. It is also a vitally necessary preparation for the post-war situation. I do not believe, however, that even members of parliament, let alone the public generally, realize how useful this unemployment insurance may be from the point of view of war finance. Once it gets in operation it will result in the collection of about \$4,000,000 a month—I think that is the estimate—in the form of employers' and employees' contributions. Since the amount

[Mr. Ilsley.]

likely to be paid out in unemployment benefits during the war will be small, most of these contributions will be accumulated in the insurance fund. This fund will be invested in government securities and will therefore assist indirectly in financing the war. Secondly, and this too is important, it will involve the setting up of an active, national system of employment offices, which will serve as a placement service enabling all unemployed persons, whether or not they are covered by the unemployment insurance, to be brought into touch with those needing additional labour. This will be of great usefulness as labour becomes more and more difficult to find, and as it becomes more and more important to transfer what unemployed labour there is to the places where it is most needed. In fact, I should not be surprised if the employment service set up under this insurance scheme proves to be just as important, from the point of view of mobilizing our labour force, as national registration itself. For these two reasons the war makes it more desirable than ever to establish unemployment insurance and a thoroughly efficient system of employment exchanges.

The third new financial factor to be considered is the prospect of greatly increased British purchases in Canada in the next twelve months. You will have noticed from time to time in the last month or two announcements of new contracts or orders for munitions or supplies. In connection with our repatriation programme, I have recently been considering the total of these prospective purchases in various fields, and it is a very large one. It should result in a considerable increase in the demands on our production, both of raw materials and manufactured goods. In addition, however, it will also require a considerable increase in the amount of financial assistance given to Britain by way of repatriation of Canadian securities in order to provide Canadian dollars for purchases in this country. This will involve a substantial addition to the amount of financing to be done to meet our own deficit. It will be a great deal more than the figure of two hundred million dollars a year suggested in the budget. While the increased income resulting from the British purchases will help us to make the savings necessary to finance them, the additional borrowing cannot be done without a considerable effort.

Before closing I should like to impress upon you, Mr. Speaker, and upon others, the magnitude of the financial problem that we face, quite apart from taxation. The volume of

savings that will be required to meet our own deficit and to assist Britain in purchasing in Canada is really enormous. Moreover, we must obtain these savings at a time when taxation is heavy—much heavier than ever before. We shall have the income from which we can, if we will, provide the savings. What is necessary is the voluntary effort to make the savings. They are necessary because we are determined to make the greatest use of our resources. We must not be misled by the existence of large surpluses of a few things—particularly of certain agricultural products or even of unskilled, untrained labour—into believing that war activity on the scale on which we are proceeding will not compel us to make the maximum possible use of all our man-power and our material resources. One of our most urgent economic problems now is to prepare for the transfer of resources, human and material, from places where they may not be needed for the present to places where they are or will be urgently needed.

I have said we face the need to raise large sums by borrowing. Part of this we shall obtain from the war savings campaign. Much of this part will take the form of deductions from pay envelopes, in addition to the deductions under the national defence tax and the unemployment insurance scheme. Some of our people may be worried by all these deductions. I appeal to such persons to realize that this is the form taken by their contributions to the cost of the war. Such contributions should not be considered as grounds for demanding increased wage rates or salaries. If they were, that would defeat the very purpose of these deductions, since they are supposed to be borne by the persons from whom the deductions are made, and not by the general public in increased costs and prices.

Despite these new sources of savings and despite our new high taxes, we must continue to rely upon a very large volume of savings in the form of subscriptions to war loans. These must come from voluntary savings, from real efforts to do without luxuries and even comforts in order to help win the war. Never before in our history have we faced a saving problem—an investment problem—of such magnitude. It will require sustained and determined effort, but the kind of effort of which the aroused Canadian people are now fully capable.

Last night I listened to the eloquent words of my colleague the Minister of National Defence (Mr. Ralston). I heard his ringing appeal to Canadians to fight, first in defence, then when the defensive phase of the war

is over, to carry the attack to the very haunts of the enemy. As I listened I felt like saying to him, as to his colleagues the Minister of National Defence for Air (Mr. Power), the Minister of National Defence for Naval Services, Mr. Macdonald, and the Minister of Munitions and Supply (Mr. Howe): See that Canada does her utmost—on the land, on the sea and in the air—and the cost, in so far as money can meet it, will be gladly and proudly paid.

Mr. HANSON (York-Sunbury): Before the minister resumes his seat may I ask him if he will—perhaps not now, because I do not think he could do it at the moment—rectify what I think is an omission in the review of the government's war effort, that is, the extent of Canada's commitments in dollars and cents under the programmes now under review and the portion which may be assumed by the British government. That is one of the things I mentioned when asking for this review, and I think we ought to have it. It may not be available to-day but later, perhaps to-morrow, the minister might be able to give us the information, having regard to the huge sums mentioned this morning by the Minister of Munitions and Supply.

Mr. ILSLEY: I will try to get that.

Mr. STIRLING: We have listened for five hours to a detailed description by five ministers of Canada's war effort. I imagine that we are going to proceed in the ordinary way followed by estimates, even though this huge expenditure will not come before us in the form of estimates. Does the Prime Minister propose that we go on with the discussion at this stage, or should we wait until the house is in committee of the whole?

Mr. MACKENZIE KING: So far as the procedure is concerned I should like to meet the wish and convenience of hon. gentlemen opposite. I had thought that perhaps what might best meet their convenience would be that the Speaker should now leave the chair and that the house should resolve itself into committee of the whole to consider one item under national defence. Item 205 relates to capital and current expenditure. True, it is other than for war appropriations, but it is sufficiently general, were it so understood, as to cover almost anything under the heading of defence. In committee of the whole a perfectly free discussion might take place in respect to all statements which have been made in the reviews by the different ministers and upon the matters referred to therein. If it were not the desire to go on with the com-

mittee stage of the discussion to-day, either this afternoon, or this evening, it could be postponed until to-morrow morning, but I hope that it will not be necessary to postpone further consideration of defence matters beyond that time.

Mr. HANSON (York-Sunbury): That would be quite all right. We could go into supply, call an item and then rise on the understanding that we resume the discussion to-morrow. These are very important and exceedingly lengthy statements.

While I am on my feet I should like to say that in an interjection I made last evening I hope I did not hurt the feelings of the Minister of National Defence (Mr. Ralston) too badly, because he and I are really good friends. Still I did think that a large portion of his statement was, shall I say, unimportant. There were other parts which were very important and which appealed to me.

Mr. RALSTON: I must say that I did feel, not hurt, but that my hon. friend had not done himself justice in characterizing the statement as he did. I felt that the work which had been put on the statement was sufficient at least to justify perhaps a closer consideration than the interjection would seem to have indicated.

Mr. COLDWELL: I could not quite hear the discussion across the floor as to the procedure to be followed. Do I understand that the debate on the minister's statements will proceed to-morrow?

Mr. MACKENZIE KING: Yes, that is the intention. The house will go into committee of supply, where they can be discussed.

Motion (Mr. Mackenzie King) agreed to, and the house went into committee of supply, Mr. Vien in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Normal services.

205. To provide that expenditures of the Department of National Defence in the fiscal year ending March 31, 1940, chargeable to Capital Account by the Appropriation Act No. 3, 1939, be charged to ordinary account in the public accounts of Canada for the fiscal year ending March 31, 1940, and that no sums be voted or paid into the consolidated revenue fund to provide for the retirement of the said expenditures chargeable to Capital Account, \$326,050.

Item stands.

Progress reported.

At one o'clock the house took recess.

[Mr. Mackenzie King.]

The house resumed at three o'clock.

BANKING AND COMMERCE

FOURTH REPORT OF STANDING COMMITTEE—BILL TO INCORPORATE THE ALBERTA PROVINCIAL BANK

Mr. W. H. MOORE (Ontario) presented the fourth report of the standing committee on banking and commerce.

Mr. HANSELL: Will the chairman of the banking and commerce committee move concurrence in the report this afternoon, or to-morrow? We should like to discuss the matter.

Mr. CRERAR: Not to-day.

BUSINESS OF THE HOUSE

SUSPENSION OF ORDER FOR PRECEDENCE OF GOVERNMENT BUSINESS WITH RESPECT TO PRIVATE BILLS

Mr. ALPHONSE FOURNIER (Hull) moved:

That the order passed on May 21, 1940, appointing an order of business of the house for the present session be suspended in relation to private bills.

Mr. HANSON (York-Sunbury): What is the effect of this motion?

Mr. FOURNIER (Hull): A number of private bills have been passed by the senate, and the motion passed on May 21 prohibits the introduction of these bills in the house. The effect of this motion is that the rule be suspended and that in due course we proceed with these private bills.

Motion agreed to.

EXCISE ACT, 1934, AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to Bill No. 100, to amend the Excise Act, 1934.

He said: There is no objection to these amendments. They are purely of a verbal nature, and there is no reason, so far as I can see, why the house should not concur.

Mr. HANSON (York-Sunbury): It seems to me they improve the English of the bill.

Mr. ILSLEY: Yes.

Motion agreed to; amendments read the second time and concurred in.

FARMERS' CREDITORS

FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance): This is a case where I feel that we should ask for a conference with the senate. Therefore I move:

That a message be sent to the senate respectfully requesting a free conference with their honours to consider certain amendments made by the senate to Bill No. 25, an act to amend the Farmers' Creditors Arrangement Act, 1934, to which amendments this house has not agreed and upon which the senate insist, and any amendment which at such conference it may be considered desirable to make to said bill, or amendments thereto.

That Messrs. Ilsley, Crerar and Tucker be appointed managers on behalf of this house of the above free conference and that a message be sent to the senate to acquaint their honours therewith, and that the clerk of the house do carry the said message to the senate.

Motion agreed to.

SPECIAL WAR REVENUE ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to Bill No. 103, to amend the Special War Revenue Act.

He said: The amendments are merely of a verbal nature, and there is no reason, so far as I can see, why the house should not accept them.

Motion agreed to; amendments read the second time and concurred in.

TRADE AGREEMENT

CANADA—DOMINICAN REPUBLIC—APPROVAL BY PARLIAMENT

The house resumed from Wednesday, July 24, consideration of the motion of Mr. MacKinnon for approval of the trade agreement between Canada and the Dominican Republic.

Hon. R. B. HANSON (Leader of the Opposition): Before the resolution carries I desire to say a word or two. First, I am wondering why this matter was delayed so long before its introduction into parliament. I notice that the treaty was executed more than two months before parliament met, namely on March 8, and I think it should have been introduced into the house for ratification before the dying days of the session.

The treaty itself is not important, except with reference to the principle involved. I am glad to see that we are extending our trade with the West Indies, having regard to the loss of markets which we have sustained in other quarters, due to foreign exchange conditions, and due to the war. In 1934 the question of trade with this republic was up, and at that time our exports were entirely confined to fish. At the time they were threatened with being cut off, and we made some extraordinary efforts to retrieve the situation, though the amount involved was small, in which we were successful. I understand from the statement of the minister that later our exports declined, due to the imposition by the republic of internal revenue taxes. In 1934 our imports showed a very marked increase, consisting largely of sugar, I assume; in fact according to the minister's statement the total imports of \$1,414,797 in that year included heavy importations of Dominican raw sugar. The following year there were no sugar imports at all. Our exports to that country, which reached a peak of \$296,232 in 1938, fell off in 1939 to \$111,616. As I understand it, those peak exports included a substantial amount of silver coinage sent from the mint here. Does the minister expect any increase in our exports of dried fish to the Dominican republic? I know of no part of our community that is in greater need of export markets than our fishing population, unless it be the wheat producers of the west.

While I am on my feet I might direct the minister's attention to the fact that there is now a grand opportunity to extend our market for dried fish in Cuba. Our exports of fish to that country have been cut off during the past few years, largely because of exports from other countries, and I think now the Department of Trade and Commerce should be alert to the openings which exist in that market. Any one who has ever visited these islands will agree that the purchasing power of Cuba, as compared with that of the Dominican republic, is probably as 100 is to 1 in favour of Cuba; and while I welcome the opportunity to send more of our fish and potatoes to the Dominican republic I would greatly welcome any step that might be taken to make possible greater exports of fish and potatoes to Cuba, where there is also a market for newsprint and sulphite pulp, which heretofore has been obtained in other countries.

I hope the minister will give some consideration to these points. I believe his trade commissioner to Cuba is now in Canada. I understand he has been conducting an educational tour of this country. He was recently in my own city, where he made the

statement that, the supply of fish from Norway having been practically cut off, fish exporters of eastern Canada and Newfoundland now have an opportunity to increase their sales in Cuba. If we could get our share of the Cuban market it would be a great thing for eastern Canada.

So far as I know there is not the slightest objection from any standpoint to the ratifying of this trade treaty. It is a very small thing, perhaps, but we should welcome it at this time. So far as I have been able to examine the treaty, it contains no unusual provisions. We give them certain considerations and in turn they remit certain taxes which have been very detrimental to our exports to that country. Has the minister any idea to what extent the exports of Canadian fish may be increased? I think any information on that point would be welcomed.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): My hon. friend has commented on the seeming delay in tabling this treaty. I am sorry I cannot give any definite information as to that, unless possibly it resulted from the changes in the department. The treaty was tabled as soon as it came to the attention of the minister.

With regard to the increased trade that may result from this treaty, I believe the leader of the opposition (Mr. Hanson) mentioned particularly fish and potatoes from the maritime provinces. Obviously one of the results we hope to achieve through the signing of this treaty is an increase in the trade between the maritime provinces and the Dominican republic. In this connection I may say that I am very hopeful that this may be merely the beginning in effecting trade treaties with Central and South American countries, to the benefit of the producers of natural products in Canada.

Then the hon. gentleman mentioned the possibility of a trade treaty with Cuba.

Mr. HANSON (York-Sunbury): The extension of our trade with Cuba.

Mr. MacKINNON (Edmonton West): This matter is receiving the attention of the department. For some time the Canadian government has been examining the possibilities of entering into negotiations for the conclusion of a trade agreement with the government of Cuba. Renewed attention has been given this question in the light of changed conditions resulting from the war, and proposals have been made to the government of Cuba. It is hoped that when a reply is

[Mr. R. B. Hanson.]

received negotiations may proceed for the conclusion of a trade agreement with that country.

In the same connection, Mr. Speaker, I should like to make a brief statement with regard to the Canada-West Indies trade treaty. This agreement, which was concluded on July 6, 1925, covered a period of twelve years from the date of coming into force; and as it came into force on April 30, 1927, it could not have expired before April 30, 1939. According to the provisions of the agreement it was necessary for the Canadian government to give twelve months' notice of termination; and towards the end of 1938 the required steps were taken to give the necessary notice of termination of the agreement, to take effect on December 31, 1939. At the same time the intention was expressed of holding a conference some time during 1939 for the purpose of negotiating a new trade agreement to take the place of the existing trade agreement when it ceased to have effect.

The outbreak of the war prevented the holding of a conference to negotiate a new trade agreement; and towards the end of 1939 it was agreed with the government of the United Kingdom that the existing trade agreement should remain in force for a further indefinite period, subject to six months' notice of termination by either party. It is clear that under war conditions there will be no opportunity to hold a conference for negotiating a trade agreement; and the revision of the existing agreement must necessarily await the return of more stable conditions.

In conclusion, Mr. Speaker, may I say that the matter of increased trade with other countries on this continent is receiving the very closest attention of the officers of my department.

Mr. HANSON (York-Sunbury): In view of the statement the minister has just made, that the Canada-West Indies agreement remains in effect subject to termination upon six months' notice, what effect will that have upon any negotiations in which we may engage with Cuba looking to increased trade with that republic? I think it will have a very marked bearing.

Mr. MacKINNON (Edmonton West): I shall obtain information on that point.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND
GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding \$15,104,000 in principal amount to provide the moneys necessary to meet capital expenditures made or to be made during the calendar year 1940, and to make provision for the retirement of capital indebtedness during the said calendar year and to issue substituted securities for refunding purposes; to authorize the governor in council to guarantee the principal, interest and sinking funds of such securities; and to authorize the making of temporary loans to the said company secured by such securities and not exceeding \$15,104,000 in principal amount to enable the said company to meet such expenditures and indebtedness.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. HARRIS (Danforth): Perhaps in fairness to the committee the minister might give an explanation of the item.

Mr. ILSLEY: This is the usual bill. A bill of this kind is introduced every year. There is one new feature in the bill which can be explained when the measure has been introduced, and that is that power is taken to issue securities for refunding. Apart from that, the measure is similar to bills of the same kind introduced in former sessions. It provides for borrowing for purposes of retirement of maturing capital obligations, miscellaneous maturing or matured notes, and other obligations secured or unsecured, and payment of sinking fund, not exceeding \$8,200,000. It provides also for borrowing for the purpose of meeting the cost of additions and betterments, including coordination and acquisition of real or personal property, not exceeding \$6,904,000. These two sums together constitute the total of \$15,104,000 mentioned in the resolution. The bill authorizes the Canadian National Railway company to issue bonds or other securities not exceeding that principal amount. It is to provide the amounts necessary to meet capital expenditures in the year 1940 for the purposes I have mentioned, namely the retirement of maturing capital obligations, general additions and betterments, and the purchase of new equipment.

Mr. HARRIS (Danforth): The minister has said that this is the usual bill which comes before us year after year permitting the Canadian National Railways to borrow money to take care of retiring maturities and securities

which are coming due. Well, the usual bill asking for more and more money each year, and asking endorsement by the government for the railway, is quite all right in ordinary peace times. But to-day the situation is different so far as the Canadian National Railways are concerned. First, the position in respect to borrowing in Canada is not the same to-day as it was one or two years ago, when our money was on a parity with money in New York. Second, as has been pointed out during the last five or six hours, every possible effort should be made to conserve exchange in United States funds for the purpose of making it possible for us to buy in the United States the necessary war equipment.

Now the government comes along with the usual bill, asking for an allotment of \$15,104,000. In a day or two we shall be asked to vote, according to the estimates, \$15,000,000 to cover the deficit of the Canadian National Railways. With regard to this particular block of money, it may truly be said that we owe it. Having regard to the set-up of the Canadian National Railways the indebtedness must be met; something must be done about it. But if one were to take the time to analyse the figures he would find in those maturities certain sums representing assets entirely within the United States. Those sums are due in New York. For instance, on page 3 of the 1940 budget of the Canadian National Railways there is an item of \$152,001 for Central Vermont Railway, Incorporated. Again at page 4 there is an item of \$124,000 for the Chicago and Western Indiana Railroad company. There is a further item in connection with the New England Elevator company $3\frac{3}{4}$ per cent bonds. There is a further item of \$283,000 in connection with the Grand Trunk Western railroad equipment trust, 1929. There is an amount of \$427,528.54 for indebtedness to the state of Michigan, in connection with Woodward avenue. There is a further amount of \$78,000 for the Central Vermont Railway, Incorporated, equipment trust, 1929.

These may be small items, but in the aggregate they amount to a large sum. In the present instance the Minister of Finance asks us to approve this measure in respect of which he will deal with maturities due in New York. Then, in turn, he will go to his own foreign exchange control board and pick up the necessary United States funds. In due course those maturities will be retired. That is ordinary business. It is his responsibility to see that the necessary moneys are available. But I would point out that we are drying up Canada's liquid position. We are taking from the control of Canada liquid moneys, at a time of war, and at a time when the neutrality legislation of the United States provides that

all our obligations coming due in New York, except equipment trust funds, may be refinanced. We are not refinancing in New York to the greatest possible degree. On the contrary we are using our foreign exchange unnecessarily to liquidate indebtedness. The Minister of Finance may say that these are small amounts, aggregating only \$3,000,000 or \$4,000,000 in the course of a year. I say to him, however, that at this time every possible dollar that we can refinance in New York should be refinanced. We should not take United States exchange out of the till of Canada to meet these maturities, when the only possibility we have of keeping ourselves in a liquid position and avoiding the necessity of our becoming frozen up is to refinance in New York every possible obligation.

It must be remembered that \$22,000,000 of interest on our obligations in New York, in connection with the Canadian National Railways, will be due this year. That sum may have to be met. I suggested that we should consider whether we should permit the flight of Canadian dollars to meet obligations payable in New York. I was referring to interest on mortgages as well as on bonds, and any earnings by way of dividends or otherwise on purely Canadian enterprises, even though payable in New York. The Minister of Finance may say that that might involve the honour of Canada. But even though our friends of the United States are not in this war—in passing may I say I do not think they are very far from it—I feel that they would probably expand their ideas with regard to their neutrality act. I feel they would be ready to help us, perhaps not with regard to dividends, interest, and so on, which may be due on Canadian securities in which they have invested and from which they expect a return in United States exchange, but at least to the extent of helping us to conserve our exchange. As far as possible we should try to stop every Canadian dollar from going to the United States to meet obligations made in the United States if it is possible to refinance or renegotiate in New York in order that final payment may be held off until at least the war is over.

When the Canadian National Railways drew up their budget last December they did not know there was going to be such a surge of revenue into their tills as there has been during the first six months of this year. Last December they anticipated a deficit of \$20,000,000 for 1940. After January, February and March had passed, after they had had the experience of those months, they were probably asked by the Minister of Transport: "How much do you want for your deficit

for 1940?" The budget of December 31, 1939, showed that they wanted \$20,000,000, and after the first three months had passed and they saw that revenues were increasing they still clung to their idea of a deficit of \$20,000,000. The Minister of Transport said: "I think in view of your experience we will cut it down to \$15,000,000."

We had an election on March 26. The meeting of parliament was delayed. April, May and June went by, and expanding revenues still poured into the tills of the Canadian National Railways, so much so that the original \$20,000,000 of December, 1939, which had shrunk to \$15,000,000 in April, 1940, was not necessary when we came to consider these estimates in July, 1940. The Minister of Finance and the Minister of Transport know that the estimate in this volume for \$15,000,000 will not be necessary. I concede at once that if it is not necessary it will not be used, but the fact remains that the item of \$15,000,000 is just as much part and parcel of the requirements of the railways as is this \$15,104,000 of refinancing. As sensible men are we to pass an estimate for \$15,000,000 when we know it will not be required? We do this because it is in the estimates and because the Minister of Transport has said: "If you amend that item, you defeat the government."

The president of the Canadian National Railways told the members of the special committee appointed to consider these estimates and the resolution now before the committee that when the earnings for the twelve months period got beyond \$250,000,000, \$1,000,000 of every \$2,000,000 would go to take care of the deficit. The Minister of Transport must realize that before 1941 comes along there will be no need for \$15,000,000, and certainly not for an extra \$15,000,000. The reason is to be found not in any particular efficiency in the management of the railway, but in the sad circumstances that a war has developed and that the traffic on the road has increased tremendously. If we are to vote this \$15,000,000 in the estimates, could we not as sensible members of the House of Commons arrange for the retirement of at least the Canadian portion of these securities? Certain of these securities are due, such as those involved in the Woodward avenue extension in Michigan. I cannot see why we could not ask our friends in New York to permit us to refinance these for at least the period of the war, thus avoiding the freezing of the liquid position of Canadian cash.

The Canadian people are being asked not to make pleasure trips to the United States, not to spend a couple of hundred United

States dollars on a trip to New York. We were told this morning that our friends in the United States would understand why we were not spending United States money; we were told that they would realize that we wanted to conserve exchange. Yet at the same time the Minister of Transport says that an amendment to any of the ideas of the government in connection with the estimates or with this resolution will amount to a defeat of the government. I urge upon the Minister of Finance that he check and double-check with the Minister of Transport, and that he do likewise with the Canadian National Railways, to see if the maturities coming due in New York cannot be refinanced so that we may maintain an abundance of United States dollars in our treasury with which to buy supplies to prosecute the war.

Mr. HOWE: Mr. Chairman, I dislike very much to quarrel with the hon. member for Danforth (Mr. Harris), especially when he is in such an optimistic mood. At times I have been accused of being too optimistic. I made a statement in 1936 that I expected to see the day when the Canadian National Railways would operate at a profit. At that time I was taken aside quietly and told that it was all right to be an optimist, but I should not make foolish statements of that kind.

Mr. HARRIS (Danforth): A war has occurred since then.

Mr. HOWE: I wish the Canadian National Railways were making a profit this year above operating expenses, above interest and tax charges and every other charge. Unfortunately they are not likely to do so. My hon. friend is talking arrant and blatant nonsense when he says that I have come before this house to ask for money which is not needed and which is not going to be needed. What is the position? When the railroad officials are asked to prepare a budget for the coming year they in turn ask every superintendent to prepare an estimate of the business which he expects to move over his particular region during the following year, as well as an estimate of his operating costs.

Mr. HANSON (York-Sunbury): When is that made up—in September?

Mr. HOWE: Such estimates are made up early in the new year. Those figures are constantly revised until they are finally brought down in departmental estimates. The first budget sent in provided for a deficit of \$25,000,000. I requested the directors to have another look at the matter. I told them something of what we were doing and what we expected to do in the movement of munitions, orders for which were going out

in substantial amounts, and I asked them to reconsider the situation from an optimistic point of view. The directors reconsidered the matter and submitted a new estimate of \$20,000,000 deficit. The board of directors could not bring the budget down below the \$20,000,000 mark. When the estimates were brought down, rather late in the year, some time in April, the government considered the matter again. I had further talks with the management of the road, and the government took the view then that there was a possibility of the deficit being not larger than \$15,000,000. The government decided to ask parliament to vote that sum, with the idea that if the management were more nearly correct than the government a deficiency estimate could be voted at the end of the year.

In the newspapers we have seen increases of 25, 30, and 35 per cent in gross revenues. That is all misleading. The first six months of the year are the thin traffic months; the last six months account for two-thirds of the earnings normally made in the year. These improvements in gross earnings are comparing the six months of good business this year with the poor six months last year. We had a budget for 1939 giving an estimated expenditure of \$43,000,000 and in July, 1939, we were about \$2,000,000 behind our budget. In the last six months we produced the second largest wheat crop that Canada has ever had, with free movement of wheat, and, with the impetus of the war coming in September, resulting in an immediate lift in traffic; and instead of an estimated loss of \$43,000,000 we turned in a deficit of \$40,000,000. What is the position to-day? I took the trouble two or three weeks ago to find out exactly what the position was then. I found that the budget of the Canadian National Railways, made up month by month, showed an improvement of \$20,000,000, all in the months from January to August. The exact position to-day, or at any rate when I looked it up, was that we were about \$1,200,000 ahead of the budget that provided for a deficit of \$20,000,000, which is the budget made up by the directors for submission to the government as the Canadian National requirements for this year.

It may be said that the movement of munitions in the last half will be better than expected. Perhaps it will be; I hope it will be. We must remember however that our gross earnings from wheat alone last year were \$24,000,000. To-day we have an embargo on the movement of wheat to Fort William. We have all storage space filled with wheat from Fort William to the Atlantic ocean, and we have some 15,000 railway cars loaded with

wheat, which cannot be unloaded because there is no terminal space—and that at the end of a crop year with autumn movement two weeks away.

We have earned up to date this year \$8,000,000 gross from the movement of wheat, and the best that the railways can hope for, the best estimate they can give, is another \$4,000,000 from the movement of wheat.

Mr. HANSON (York-Sunbury): For the rest of the year?

Mr. HOWE: Yes, under the conditions of congestion that prevail. So that we have this year probable gross earnings from wheat of \$12,000,000 as against earnings last year of \$24,000,000, and the bulk of the \$24,000,000 was collected in the last five months of the year. It is true that net earnings on wheat are very small indeed. The effect on the net earnings is not going to be in proportion to \$12,000,000 of gross earnings. We shall perhaps do better on our net than that loss of gross from lack of movement of wheat might indicate. The movement of munitions is somewhat ahead of estimates and there is a hope, I think, that we shall reach the \$15,000,000 figure. If nothing intervenes, with the free movement of munitions through the fall, if the ports are then clear and lumber can move, and we have a free movement of war materials, we may even better the situation a little. But for the hon. member for Danforth having had the privilege of sitting in the railway committee, with all the officers of the railway present, having recently examined all the statistics that the railways could place before the committee, and having had the privilege of asking every question he liked, to stand up here and accuse the late Minister of Transport or the Minister of Finance of asking for money that they are said to know is not required, is, I think, nothing short of effrontery.

Mr. HANSON (York-Sunbury): I object. The language is unparliamentary.

Mr. HOWE: I ask for the chairman's ruling.

Mr. HANSON (York-Sunbury): The minister has no right to use any such term at all. The other day the chairman ruled that "bluff" was unparliamentary. Effrontery is an offensive term and the minister should not use it. There is no necessity for it.

Mr. HOWE: He accused me of deception.

Mr. HANSON (York-Sunbury): I did not hear that.

Mr. HOWE: Absolutely.

[Mr. Howe.]

The CHAIRMAN: If exception is taken to the word as casting a reflection on the hon. member, and if it is regarded as offensive, I think the word "effrontery" should be withdrawn, though it is often used in ordinary parlance without any exception being taken to it. In the house, however, according to our rules, if an hon. member is shocked by the use of the word I think it should be withdrawn.

Mr. MacNICOL: Shocked or shot?

Mr. HOWE: Having shocked the house by the use of one of the mildest words in the English language, I withdraw it at once. I do not think, however, that there is any foundation whatever for saying that the railway budget is not a reasonable one under present circumstances. If you take the budget of the railway as \$15,000,000, which it was not—the budget submitted by the railway was \$20,000,000—we are some \$3,800,000 behind on a budget of \$15,000,000 at this time of the year, just as we are \$1,200,000 better than the budget of \$20,000,000 which was submitted by the railways. As for the financial charges, my hon. friend says the bill is brought down every year, that is true enough. The reason is that the Canadian National-Canadian Pacific Act of 1932, which my hon. friend helped to put through the house, makes it necessary to secure the approval of parliament before the Canadian National Railways can spend a five-cent piece on capital account.

Mr. HANSON (York-Sunbury): That principle has always been in the law since 1919. No capital expenditure could be made without getting approval.

Mr. HOWE: In any event the railways must come to parliament for the approval of capital expenditures.

Mr. HANSON (York-Sunbury): Right.

Mr. HOWE: As for refunding in the United States, we shall all agree that amounts of \$10,000, \$50,000, \$179,000, or whatever it may be; these small amounts cannot be refunded in the ordinary money markets. Of course the railway has earnings in the United States in United States funds—substantial earnings this year—and I have no doubt that in the actual working out of the situation the earnings that are made in the United States will be used to retire these small capital obligations. Nevertheless the accounting system in the United States and the accounting system in Canada make it necessary for a capital obligation becoming due to be refunded unless paid off out of surplus earnings. In any event I am sure that the Finance department and the Minister of Finance will watch that situation very closely and if there is anything to be

gained by placing a domestic loan in the United States for other than war purposes I am sure the department and the Minister of Finance will not overlook that possibility.

Mr. HARRIS (Danforth): Mr. Chairman, I am anxious that the minister be put right with regard to the so-called "blatant nonsense" that he spoke about. He knows and I know and the rest of the members of this house know that there was no blatant nonsense in the observations I made. The minister is doing a great job of work for Canada and he is a very busy man, but his remark about blatant nonsense is not borne out by the facts which were deposed before the committee. He knows that the estimated increase in revenue of some 22 per cent, largely due to war conditions in the first six months, rose to 29 per cent. I do not think the minister meant just what he said when he used the term "blatant nonsense" as applied to an hon. member who had the privilege of sitting in the committee and observing that revenues had increased by 7 per cent. A simple mathematical calculation shows that 7 per cent on \$200,000,000 amounts to \$14,000,000, and the railway is asking for \$15,000,000. The minister is engineer and mathematician enough to know what any boy who went through the fourth book at school would realize in respect to the meaning of this percentage increase if, as we hoped, it should be maintained during the rest of the year. But even if it were not, we have had six months' experience since the first estimate of \$20,000,000 was given by the president of the Canadian National Railways, now increased to \$25,000,000 as stated by the minister within the last few minutes, a figure which was never mentioned before—it was \$20,000,000 in December, 1939, and now within the last three minutes it is \$25,000,000. The minister knows and we know that it is war conditions that have made that increase possible, and that if the increase continues we shall not require this sum. We knew when the estimate was brought down that we should require only \$15,000,000. As I said before, let us be sensible about this thing and vote only what is required.

I was surprised that the minister from his place in the house should belittle a suggestion coming from the opposition in the interests of Canada, especially in this difficult time when we should explore every possibility of refinancing having regard to the neutrality act of the United States. When the minister mentioned \$10,000 he knew that within the confines of this \$15,104,000 mentioned in the resolution there were many sums far in excess of \$1,000,000. He knew, too, that we must have regard in this house to the major obligations

which we must meet in New York. I am thinking of the amount of interest which must be paid on the indebtedness of over \$1,000,000,000 against this system, payable in New York, and interest amounting this year to \$22,000,000. If by collaboration between the government and those holding these securities the necessity of our finding that tremendous sum of United States money as it becomes due could be avoided, hon. gentlemen on the treasury benches would be doing a real service to Canada in keeping the money in our own till and thus maintaining our liquid position.

So that as to the blatant nonsense which the minister attributes to me—well, if there were no war on, Mr. Chairman, the minister would hear a little more about blatant nonsense. But I will take it. Any Britisher can take it, and this reference to blatant nonsense may be passed by, for the sake of Canada's interests in war-time. But if the minister does not feel disposed to withdraw the expression, an elephant does not forget. We have all been very generous to the minister and anxious to assist him in every possible way, not so much for his own sake as for Canada's. I hope when he rises again he will withdraw his remark about blatant nonsense with respect to a member who is charged with a certain responsibility to his Canadian fellow-citizens which he is trying to fulfil during these very difficult times.

Mr. ILSLEY: Mr. Chairman, as I understand it the question of the amount that is voted to meet further deficits is not material in a discussion of this resolution, which is to authorize borrowing to meet capital obligations; therefore much of the discussion that has taken place has, I venture to say, been irrelevant. There was, however, one relevant observation, and that was with reference to refunding obligations in the United States. I may say to the hon. member for Danforth (Mr. Harris) that his suggestion in that regard will be carefully and seriously considered.

Mr. HANSON (York-Sunbury): I want to congratulate the Minister of Finance (Mr. Ilesley) on the attitude that he has displayed with respect to the suggestion of the hon. member for Danforth and ask him just to contrast it with that of his own colleague. I suggest to the Minister of Munitions (Mr. Howe) that he has received all through this session at least very decent treatment at the hands of the opposition, and the statement he made with regard to my colleague from Danforth will not make it any easier for him in the future unless he takes occasion—

Some hon. MEMBERS: Order.

An hon. MEMBER: Blatant nonsense.

Mr. HOWE: Like the hon. member for Danforth, I can take it.

Mr. HANSON (York-Sunbury): Perhaps you can, but such language is not conducive to the transaction of public business between two gentlemen across this floor, and I was sorry to hear the minister use the term which he did. My colleague is a business man from the city of Toronto, the city which pays the largest sum in taxes to this government of any city in Canada, bar none. He is a representative citizen and is entitled to more courtesy at the hands of the minister than he received this afternoon. That is all I have to say about that.

I suppose it would be pertinent under this resolution to discuss the Montreal terminal. Surely that is a capital expenditure. On a previous occasion, I think it was in the budget debate, I made reference to what I considered was the shocking expenditure in connection with continuing the work on this project. On that occasion I too was subjected to a lecture, in much milder terms than those addressed to the hon. member for Danforth, by the Minister of Transport, now the Minister of Munitions and Supply. In the debate on the budget he said that the remark I had made showed a complete lack of conception of what is involved in the Montreal terminal problem, I deny that statement. Before he ever was a member of this house I took occasion in 1927 to look into the matter when the late president of the Canadian National system brought forth his plan for the Montreal terminals as we understand them.

Before I go into that, however, I should like to point out that this proposal did not exactly emanate from Sir Henry Thornton. It was the grandiloquent idea of two railway promoters, the late lamented Mackenzie and Mann, who cost this country a good deal of money. One of their suggestions, in their effort to break into the Montreal situation, was the construction of an entrance into Montreal. That of course was a costly experiment for the treasury of Canada, because we had to take over every obligation that they had incurred.

I say that the scheme proposed at that time by Sir Henry Thornton was a most grandiloquent one. I admit that the coordinating of the facilities of the two systems which now comprise the Canadian National system on the island of Montreal, the old Grand Trunk and the Canadian Northern, gave rise to important problems and difficulties. But the plan as finally produced by Sir Henry Thornton and his engineers was costly and expensive beyond all reason. It will not

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serve any useful purpose at the moment to debate the merits or demerits of the scheme, but had it gone to final completion it would have added close to \$60,000,000 to the capital cost of the system. My recollection is that the estimate was \$53,000,000.

Anybody who followed Sir Henry's operations knew that he too was an optimist, perhaps not in the same sense as the Minister of Transport, but I certainly never knew any greater optimist in the history of Canada than Sir Henry Thornton. His vision was beyond our capability of performance; it is not unkind to say that. He did admit that he had added something under half a billion dollars—at least nearly \$450,000,000—to the capital charges of the national railways in the eight years in which he was the head of the system. I wonder where the Scribe hotel is to-day! I refer to that incident because it was the subject of one of the most interesting debates I ever heard in the House of Commons. At that time the excuse was that he was putting Canada on the map of Europe. Somebody remarked from this side of the house that he had better put the Canadian National on the map of Canada. But the Montreal terminal was a grandiloquent affair as conceived by its promoter. It was never demonstrated in this house or out of it that the capital expenditure involved, \$53,000,000, let alone \$60,000,000, could be justified.

I do not at the moment desire to express any opinion on the merits of union passenger facilities in Montreal. The idea of course is first rate from the point of view of the travelling public, and has been carried out in some of the largest centres in the United States, notably in the union station in Washington. It could have been achieved in Montreal, but it was not, because, as I understand it, of the inability of the two systems to get together on it.

This work went on for a period and then there came to Canada a depression great in its intensity and in its effect on our fortunes. Because of the depression it was not feasible to continue with the project when we had to pay such large sums in operating deficits, and the work, quite properly, was stopped. There is no doubt that that open ditch in the heart of the great metropolitan city of Montreal was an eyesore; anyone who has seen it, and I suppose nearly every hon. member of the house has seen it at some time, will agree with that statement. But the remedy was a luxury which this country could ill afford, and public opinion I am sure approved the action of the government of the day in closing down the work on the terminal, even on a modified scale. From that time to this the Canadian National Railways have struggled with this

problem of coordination, or lack of coordination, whichever you may call it. I believe the minister when he says that there is an operating problem involved. It could not be otherwise, since each of the two systems was put in there without any reference to the other or any thought of coordination. But I never heard that the operating cost occasioned by the lack of coordination was sufficiently great to justify this huge capital cost. That has never been demonstrated to me by anybody, and the minister in his remarks on July 4 did not even attempt to justify the expenditure as a matter of dollars and cents. He made a very good case from the point of view of ease of operation and coordination; I grant that. But from the point of view of the expenditure of public money it has never been justified on the basis of the cost for interest, maintenance and upkeep of the coordinating facilities which are now under way. It would be interesting if we had the matter "moneyed out," if that is a proper term, to show what the savings would be over the present movement in that locality.

Now the work was started up again, not because there was any considerable betterment in the operations of the railway, but because there was an election on in the city of Montreal. That is the milk in the coconut. The railways having been put back into politics by reason of a certain amendment made in this house after the hon. gentleman became Minister of Transport, the matter became a political issue. The work was started in fulfilment of an election pledge made by the Minister of Public Works (Mr. Cardin) on the eve of the St. Henri by-election. The fact might as well be admitted. If that was not the cause, it was at all events the effect. In order to carry the seat against the then mayor of Montreal, I think it was—I am subject to correction—it was announced that a modified scheme for completion of the terminals had been adopted by the board. The announcement, as I recall it, did not come from the board at all; it came from the minister's colleague, the Minister of Public Works, thus indicating that the railway was back in politics—party politics. There it is; there it has been ever since, so far as I know. That announcement was made just on the eve of the by-election and was intended to influence the result of that contest, as no doubt it did; and this was done at a time when the financial results of the system were, to say the least, very unsatisfactory, and when new capital expenditures, especially of such a substantial character, should have been avoided. The incident shows how completely the situation

down there with respect to the Canadian National Railways was dominated by political considerations, as it is yet so far as I know.

However, the work went on. Before the stoppage there had been expended nearly \$17,000,000 of which, according to my recollection, a very large proportion was for land damages. I am told that the amounts paid for these land damages were very excessive, but it is too late now to hark back to that; the damage is done. I agree with the minister that in order to save the capital expenditure that has been made it was necessary to resume the work; but I do suggest that it should not have been done for political reasons and that only business considerations should have governed. On the one hand there was the operating condition to which the minister has referred, and the huge expenditures already made. On the other hand there was the financial condition of the system at that time and the condition of the country, with a large recurring annual deficit, all of which made large additional capital expenditures forbidden, or as the Germans say, *verboten*.

None of these considerations prevailed. What did prevail were the political exigencies of the administration; and the board, as then and now constituted, yielded and approved of a modified scheme just in advance of the election. Commitments were made and the project went on. The cost, according to the minister's statement in the house, will now amount to \$27,000,000 or about one-half the original estimate. The minister has justified the continuation of the undertaking on the ground of its need, the preservation of the expenditures already made, and the commitments entered into under the circumstances to which I have alluded. Against these factors there is to be weighed the status of a country at war. It might not have been feasible, as the minister suggests, to stop the work; but at least the whole question should have been reviewed, and if possible further expenditure avoided at a time when our people are being taxed to the limit; when we have added, taking into account the unemployment insurance measure which passed this house last night, not less than \$500,000,000 in new taxes; when we are appealing to the people, as the Minister of Finance appealed to-day, to invest our money in war savings certificates; when every available dollar is or will be needed, and when we should be conserving all our resources to defend our country.

As between these two opposing and conflicting policies, Mr. Speaker, I leave the country to judge whether I was right in saying that this expenditure at this time is shocking, or

whether the minister is right in holding that in order to correct an operating condition in Montreal—the cost of which in dollars and cents, and the annual saving to the system in connection with which he has never yet given to this house or to the country—we should finish this work.

Mr. HOWE: This seems to be a day for accusations against the government. First we were accused of deception; then we were accused of bringing the railway into politics. As a matter of fact, I thought I had left the railway and that my last words in connection with it had been spoken. I always get a little too emphatic when I am defending the railway; I think it is a sort of complex, because I find that anyone who defends the Canadian National Railways is considered hardly respectable in a good many sections of this country.

Mr. HANSON (York-Sunbury): I would not say that.

Mr. HOWE: Now that the heat has died down, however, I apologize to the hon. member for Danforth (Mr. Harris) for the words I used. After all, he rode the government pretty well all through the sessions of the committee, and I thought he was using language that was rather extreme for this house. Possibly we are all even now, and at some future time, when the weather is cooler, he may apologize to me.

The leader of the opposition (Mr. Hanson) says that the Montreal terminal was started solely to win the St. Henry by-election.

Mr. HANSON (York-Sunbury): No; I said it was resumed.

Mr. HOWE: All right; that is, my hon. friend presumes that the only reason we had for continuing work on the terminal was to win one by-election. The position is this. The depression years caused a good many works to be suspended, and as a result, in 1935 there were across the country quite a number of sore spots in connection with the Canadian National Railways. I think we all can admit that Sir Henry Thornton was perhaps an optimist, possibly unduly optimistic, and that in the very prosperous days he started a good many things which perhaps would not be justified in ordinary times and which the depression that followed the good days warranted the government in halting. One such undertaking, I suggest, was a large hotel at Vancouver, constructed at a cost of some \$8,500,000, which was standing empty, and on which taxes and interest accumulated with the passing years. My hon. friend has mentioned political expenditures. Perhaps I might

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remind him that this undertaking had a great deal to do with an election when the Conservative party was in power. A contract for a very large amount was awarded just a month or two before the election took place.

Mr. HANSON (York-Sunbury): But not for a \$10,000,000 hotel.

Mr. HOWE: It was \$10,000,000 or \$8,000,000.

Mr. HANSON (York-Sunbury): It was \$3,000,000.

Mr. HOWE: In any event my hon. friend will admit it was a fair sum to pay for an election even in those days. The position there was simply this, that we had a building which was worth nothing, which was actually a liability as it stood. The question was whether it was worth spending another \$3,000,000 to try to transform that liability into an asset, or at least to prevent it from being a blot on the landscape of the great city of Vancouver. The management felt that it was worth spending more money on, so we put another \$3,000,000 into that hotel, which is operating to-day and, I am glad to say, is paying something more than operating expenses, even though the tourist traffic has greatly declined.

That was one black spot erased from the system. Before the hotel was completed, it was a bad advertisement for our railway; to-day I think it is a very good advertisement. In Montreal we had a similar condition. We had spent something like \$17,000,000 on the new terminal there. Expenses continued; we had to pay to the city of Montreal heavy taxes on the area occupied by the terminal. We were operating in that area five passenger stations, all of which will close when the new terminal is opened. It seemed reasonable that something should be done to remove that black spot from the railway, and certainly the fact that the Canadian National had left this eyesore in the centre of the city did not tend to improve public relations in Montreal as far as the railway was concerned. The directors of the railway were asked to study the situation, not in the light of building a \$25,000,000 or \$50,000,000 terminal but in the light of adding to what had been spent already what might be necessary to build a modest terminal in the new location.

This subject was thoroughly discussed before a committee of the house in 1938. The economics of the situation were laid before the members, in great detail. Savings were assessed. There was discussion respecting savings in operating station properties, savings in reduced terminal costs by reason of

better switching facilities, and savings resulting from adequate and well located passenger terminals and car shops. All that was estimated, but the directors did not feel that the savings were in themselves sufficient to justify the project.

The government then offered to make a contribution to the work by way of assistance in connection with relief of unemployment in Montreal. This particular project was in the centre of an area in that city wherein a serious unemployment condition existed. The government of that day appropriated several millions of dollars to aid in projects which would relieve unemployment. Therefore I think under all the circumstances the government were justified in saying to the directors of the Canadian National Railways, "If you care to resume work on this terminal, we will pay in this year the cost of the direct labour involved, such cost not to exceed 40 per cent of the total expenditures for the year."

The directors reexamined the problem, taking account of the new factor, and discovered that with that contribution the situation was changed, and that the board was justified in resuming work on the terminal.

When the war came on, there was a new situation to examine. After all, you cannot go back and remake a situation created in earlier years. We had started the terminal. We would not have started it before war broke out, had we known war was about to break out. However, under the conditions of the previous year, when there was unemployment, when materials were reasonably cheap, when conditions for that type of building were favourable, and when we were stimulating the building of residences of all types as a means of relieving unemployment, I believe the government was justified in encouraging the directors of the railways to go ahead with the project. That is all that was done.

Then we had to reconsider the position in the light of the war. We were building the terminal then. To the \$17,000,000 we added another \$4,000,000 out-of-pocket expenditures, and made commitments for another \$2,000,000.

Mr. HANSON (York-Sunbury): Would the minister say if at that time contracts had been let for the complete work? That would be a factor to be considered.

Mr. HOWE: Not for the entire completion of the work; but a very considerable part of the work had been placed. These contracts are continuing affairs. The contracts involved in the completion of the viaduct were completed, and a contract had been completed for the grading work on the far side of the Lachine

canal. I am not sure whether the steel contract for the bridge over the Lachine canal had been completed or not. In any event, when I looked into the matter we had spent between \$3,000,000 and \$4,000,000, and we were committed for perhaps another \$1,500,000 or \$2,000,000. In other words, if we stopped work then, we would have had to pay for certain materials on order in the various contracts. Then it became a question not of adding \$12,000,000 to \$17,000,000 but of adding perhaps \$6,000,000 to \$22,000,000, or \$5,000,000 to \$23,000,000, or something along that order.

Then we had to take into account the war traffic. We had to look back at the records of the last war in order to ascertain where the bottle-necks occurred. Ordinary traffic through Montreal to the maritime provinces does not fluctuate widely. Yet we know that during the last war there was a tremendous increase in such traffic, just as there is a tremendous increase in traffic to-day. Proportionately the increase in traffic on lines in the maritime provinces is vastly greater than that in any other part of the system. We had to count on that extra traffic passing through the terminal in Montreal, and we had to re-assess the value of having adequate trackage and an adequate layout in that area.

Having regard to all those factors, the government decided it should not again interrupt the work on the Montreal terminal.

Mr. CHURCH: Coming from a public-ownership province from which this system has derived most of its earnings in the past, may I say that the people of Canada will be greatly disappointed with the action of this parliament with regard to the railway problems of this country. Now, in the dying days of a session we have a resolution with a four-fold principle, to issue securities for \$15,104,000. It proposes to adopt the very principle which has been condemned in the Duff report—and of course I refer to the procedure of pyramiding the debt, and of capitalizing in geometrical progression, against all known laws of arithmetic, when one gets in the red.

The resolution is not far-sighted. In it we find a sum of \$15,104,000 mentioned, which, I might point out, is the exact sum mentioned in the budget of the Canadian National Railways for the year 1940. In the budget that sum is mentioned as the sum necessary to provide for the capital expenditures of the all-inclusive system, made or to be made in the calendar year 1940. In the second place the resolution is to make provision for the retirement of capital indebtedness during the

C.N.R.—Guarantee of Securities

same calendar year and, third, to issue substituted securities for refunding purposes. Again, contrary to all known rules of arithmetic, this is pyramiding. Then, the resolution is to authorize the governor in council to guarantee the principal, interest, and sinking funds of such securities, and to authorize the making of temporary loans to the railway company, secured by such securities, and not exceeding \$15,104,000 in principal amount, to enable the said company to meet such expenditures and indebtedness.

The details in connection with the sum of \$15,104,000 are set out at page 1 of the budget report. First we have an item of \$20,000,000 to cover the net income deficit of the Canadian National Railways. Then the sum of \$15,104,000 is set out to cover capital expenditures, divided in the following manner:

Capital expenditures:

| | |
|--|--------------|
| Additions and betterments, less retirements | \$ 4,649,000 |
| New equipment purchases..... | 1,665,000 |
| Acquisition of securities..... | 590,000 |
| Retirement of maturing capital obligations, including sinking fund and equipment, principal payments | 8,200,000 |
| | <hr/> |
| | \$15,104,000 |

That budget sum does not include new equipment purchased in 1939, or orders placed by the war supply board amounting to \$14,909,144, which will have to be added to the \$15,104,000. The first payment for this equipment purchased is to be made in 1941. Those are the general principles.

Then, the details of the betterments are set out at page 3 of the report, and it will be noticed that in connection with those general additions and betterments the province of Ontario, the central region largely, where to a great extent the money is obtained, is the forgotten province. We find that betterments in the Atlantic region are valued at \$2,509,559, whereas those for the central region are only \$1,992,859, and those for the western region are \$2,525,046. For the Montreal terminals development the amount set out is \$3,350,000, and the amount for general additions and betterments, including additions and betterments to equipment is placed at \$2,123,502; Central Vermont, \$152,000; Grand Trunk western road, \$559,000; subsidiary companies, \$412,713, less nine millions, retirements.

I must object to four or five economic principles indicated in this way of doing business. I come from that province in the British empire where the principle of public ownership has reached its greatest degree of perfection in the way of cheap light and power for the people. In the central region of this

[Mr. Church.]

railway even to-day the old Grand Trunk is making most of the money for the separate units of this all-inclusive system. Let me point out that the people in Ontario are very much dissatisfied with the administration of the railways in general and the duplication and waste in war time. It was hoped that these large deficits would to some extent be met by increased business and by methods of coordination. In view of the war, the board of review should be considering the railways problem, and doing something practical in coordination, to eliminate waste and inefficiency, and to administer this system from the commercial aspect in a wise and prudent way as trustees for the people who are heavily taxed for war and these deficits.

Look at what the McAdoo commission in the United States did in 1917 to coordinate the railways and reduce the waste and deficits, and reduce and wipe out the debt. Why should this system be cluttered up with these dead-ends of railroads in the United States such as the Central Vermont and the others which I have named? Large sums of money are expended on betterments on these dead-ends by the people of this country, and this expenditure is saddled, like an old man of the sea, on the taxpayers of Canada, while we get few betterments in Ontario.

There has been no proper, war-time coordination, and this board of review, especially in war time, should move toward further coordination. The splendid Duff report, which no doubt cost this country some money, has been almost entirely ignored. It wisely recommended that more money should be provided out of income to meet the cost of some of the betterments. Old and dilapidated cars are used in Ontario which should have been scrapped long ago. We see magnificent and luxurious trains come in from Chicago and other central United States cities, into Montreal and other places along the seaboard, but we still have these old cars in Ontario. The British railways are forced to do something to economize and coordinate, but nothing has been done here in war time.

A committee was appointed, this session, but it was weighed in the balance and found wanting. I ask hon. members to read the detailed reports of this celebrated committee on railways and shipping. No notice was given of the appointment of this committee; the minister simply got up and moved that it be appointed. What did that committee do? Did they effect any economies? No. They just sat around the table, some of them smoking cigars, and listened to what the officials from Montreal had to say, and said, "Me too." Some parts of this system in the United States

should be scrapped altogether, or made to pay their way by tariff increases. In the United States other systems are closing up a lot of their dead-ends, but ours go on for all eternity. Some of the minor dead-ends in Ontario have been closed up, lines which used to provide revenue and act as feeders to the main line, and would have paid if given a chance. They have got rid of some of the electric systems in Ontario, that could have paid as feeders if run wisely.

The report refers to the administration of the merchant marine and the hotel system. The showing is not at all good. Ships which cost from \$1,500,000 to \$2,000,000 and which could have been earning money now carrying supplies and food to Britain and all that kind of thing were sold, some without tenders being called, for prices ranging from \$9,000 and \$10,000 to about \$50,000. The head offices of this system should be moved from Montreal to Toronto, the capital of the public ownership province of Ontario. That is where this system started years ago, and made its money as the old Grand Trunk. The Canadian Pacific railway have been alive to the situation. They know where the business in freight and passengers is coming from. They transferred their eastern lines head offices from Montreal to Toronto. The eastern lines are from Halifax to Winnipeg. This was done to meet the change of the whole situation to Toronto, the city of the future.

Some of these betterments should be charged to income. With the railroad earning more revenue with which to meet this huge burden of debt, why should there be such huge deficits? Why are we pyramiding this debt against all the known rules of arithmetic? I can tell you why. Our former leader on this side said a few years ago that this was the dead-heads railway. This railway issues no less than 300,000 passes a year, in long service annuals, other annual passes, trip passes and 208,639 passes, mainly to employees, according to page 45 of the Duff report. They cannot afford to carry 50,000 soldiers free at week-ends, but they can afford to issue 300,000 passes. The big "I" days were responsible for most of this deficit of \$15,000,000. Those were the days when branch lines were built to the sun, the moon and the stars. A board of review was supposed to coordinate the two railway systems, but it does not seem to have made any improvement at all. There has been no efficient coordination as far as I can see.

This railroad should be operated and run as a business proposition. A new board of auditors or auditor is needed, and the audit system should be changed. I cannot find any audit which recommends improvements in

the system that are yet put into effect. I cannot find where one recommendation of the Duff report has been carried out in connection with coordination or financing or United States affiliations, or in connection with the board of review, the issue of securities, the method of financing and refunding, guarantees of principal and interest, the handling of the sinking fund, hotels, marine services and other matters. Sometimes loans are not used for the direct or indirect purposes for which they were intended but are diverted by further legislation, and we only hold a post mortem. As far as I can see there needs to be a shakeup in this system, and the sooner it occurs the better. This country cannot afford to have this system carried on as it has been any longer. If the United States affiliations are not satisfactory then something should be done through the board of transport to revise them. In my opinion the dying days of the session is not the time to bring down a resolution like this. The estimates of this system were before the committee for a few days and were examined in a most cursory, haphazard manner. The officials of the road appeared before the committee, but they recommended no improvement at all, and their reports were taken as read and confirmed. We should implement the Duff report and change the method of administration, financing and operation. We should eliminate all the dead-wood and institute a new method of financing and a shakeup in the system such as they had in Britain and the United States. In railroad administration business can no longer tolerate such methods of waste, inefficiency and lack of coordination with such a war as the one in which we are now engaged.

Mr. HANSELL: This resolution is one of those which come up every year for discussion and is to provide certain payments for a certain indebtedness. The resolution states that it is to make provision for the retirement of capital indebtedness during the calendar year and to issue substituted securities for refunding purposes. This resolution brings into the picture the debt structure of the Canadian National Railways. I think it is safe to say that if it were not for that debt structure the system could pretty well pay its own way. That is one thing which can be said to the credit of the system.

One does not deny the necessity of going into debt during a period of national expansion, especially when a huge railway like the Canadian National Railways is being built and must of necessity be financed. However, it is well to keep in mind that the day comes when that debt must be paid. To-day Canada

is going into debt at a terrific rate. A year or two ago our national debt amounted to a little over three billion dollars; to-day it is close to four billion dollars. Perhaps it will not be long until it is more than that. A true picture is not given when we say that the national debt is so many billions of dollars. It does not give a true picture because the Canadian National railway is a government institution and the debt of the railway is therefore in a very real sense a public debt. I know the argument is used that the debt of the Canadian National railway is of a contingent nature; that is, we hope that some day or another the railway will be profitable enough to pay off its debts and the government of Canada will not then have this responsibility. But I would point out that a very large portion of the Canadian National railway debt is guaranteed by the dominion government. The dominion government itself did not borrow the money, but the railway borrowed it and a great portion of its loans were guaranteed by the dominion government. If we add to the national debt the guaranteed debt of the Canadian National railway we get a more accurate picture of the responsibility of the government.

Speaking to the resolution, I wish to present another phase of our debt structure which to me is interesting. It is that part of the debt

structure which is made up of perpetual bonds. In days gone by, it was more or less a business practice to issue what we know as perpetual bonds. But I think the day is past when that type of bond should be issued and carried by publicly-owned institutions. The perpetual bond issues of the Canadian National railway, as I have been able to glean them from the reports, form part of the total indebtedness of over one and a quarter billion dollars, in round figures. In addition, there is accrued interest of approximately fifty million dollars. If we add those amounts to our national debt, it makes our national debt a handsome sum. Part of it consists of these perpetual bonds. I have tabulated these perpetual bond issues from that part of the report of the railway which gives us a picture of the railway debt, and with your permission, Mr. Chairman, I should like to put this table on *Hansard* in order to save the time of the committee.

The ACTING CHAIRMAN (Mr. Fournier, Hull): It can be done only with the unanimous consent of the committee.

Some hon. MEMBERS: Agreed.

Mr. HANSELL: Thank you, Mr. Chairman. The table is as follows:

Funded Debt—Principal and Interest

| Name of Security | Issuing company | Date of issue | Date of maturity | Principal outstanding at Dec. 31, 1939 | Interest accrued 1939 |
|---|-----------------|---------------|------------------|--|-----------------------|
| Guaranteed by dominion government: | | | | | |
| 5% perpetual debenture stock..... | G.T.R. | 1875 to 1883 | Perpetual | \$ 20,782,491 67 | \$1,039,124 58 |
| 5% G.W. perpetual debenture stock and bonds | G.T.R. | 1858 to 1876 | Perpetual | 13,252,322 67 | 662,616 12 |
| 4% perpetual debenture stock..... | G.T.R. | 1883 to 1918 | Perpetual | 119,839,014 33 | 4,793,560 56 |
| 4% Nor. Rly. perpetual debenture stock | G.T.R. | July 31, 1884 | Perpetual | 1,499,979 67 | 59,999 18 |
| 4% perpetual guaranteed stock..... | G.T.R. | 1884 to 1909 | Perpetual | 60,833,333 33 | 2,433,333 33 |
| | | Total.... | | \$216,207,141 67 | \$8,988,633 77 |
| Other issues: | | | | | |
| 6% Northern railway 3rd pref. bonds.... | G.T.R. | 1868 | Perpetual | \$ 70,566 66 | \$ 4,234 00 |
| 4% perpetual cons. debenture stock.... | Can. Nor. | 1903 to 1912 | Perpetual | 44,943,019 40 | 1,797,720 74 |
| 4% perpetual cons. debenture stock.... | C.N.O. | June 21, 1909 | Perpetual | 8,724,113 20 | 348,964 50 |
| 4% perpetual cons. debenture stock.... | C.N.Q. | Oct., 1906 | Perpetual | 5,250,369 26 | 210,014 76 |
| 4% 1st Mtge. perpetual debenture stock | Q. & L. St. J. | June 1, 1912 | Perpetual | 4,252,503 06 | 170,100 14 |
| | | Total.... | | \$ 63,240,571 58 | \$2,531,034 14 |
| | | Total..... | | \$279,447,713 25 | \$11,519,667 91 |

Hon. members will observe from the table which will appear in *Hansard* to-morrow that there are ten separate issues of perpetual securities, and one issue goes back to 1858, almost eighty-two years ago. It is not a large issue, about \$13,250,000.

Mr. JOHNSTON (Bow River): Is that not large?

Mr. HANSELL: Not compared with some of the others. Another issue goes back to 1883, fifty-seven years ago, and that issue is for approximately \$120,000,000 of perpetual bonds. It has accrued interest of approximately \$5,000,000. The issue that goes back eighty-two years to 1858 bears interest at 5 per cent, and I have taken the trouble to figure out just how much has been paid on that issue. I think it will be found that the principal has been paid two or three times over, and we are still paying interest on that issue. It does seem to me that something might be done to bring the holders of these bonds into some agreement whereby the bonds could be refunded and be rid of their perpetual feature. Then there would not be this eternal responsibility on the country to pay interest on these perpetual bonds. Perpetual reaches out almost into infinity. It is not only for generations to come but for generations beyond counting until the Canadian National railway is no more, and interest has to be paid in perpetuity. It seems to me, Mr. Chairman, that we have passed the day when we can wrap our pharisaical robes around us and talk about the sacredness of our bonded indebtedness. It appears to me that in these days some agreement could be reached with these particular bondholders.

In other lines prices fluctuate; prices in industry fluctuate; prices of commodities fluctuate. That is only natural because the law of supply and demand comes into the picture. Prices of property fluctuate; property rises and falls in value, and even a property of a substantial nature, a building that may have been built to last for hundreds of years, eventually deteriorates. The value of substantial buildings fluctuates. But somehow or another the wages of money we have come to regard so religiously that their value must never fluctuate.

Mr. JOHNSTON (Bow River): That is sound money.

Mr. HANSELL: It is beginning to sound a little bit too loud in the hearts and consciences of the people of this country.

To come back to the table of perpetual issues, the total principal of these ten different issues amounts to \$279,447,713.25, or almost \$280,000,000. That is a great deal of money.

Accrued interest on these issues amounts to over \$11,500,000. Those are items which should be considered, and I believe that something should be done about the matter.

Mr. JOHNSTON (Bow River): What is the minister going to do about it?

Mr. HANSELL: That is an important question. I would ask the minister two questions. First, with reference to the borrowing of this \$15,104,000, can he tell us at what rate of interest the government expects to borrow this amount of money? Second, has the government made any attempt to reach an agreement with the holders of these perpetual bonds? It seems to me most reasonable that in this day in which we are living the government should call in the holders of these bonds and say to them, "Gentlemen, this is our position". He should outline to them not only the position of the railways and the position of the government, but the necessities of the times, the day in which we are living, and the necessity for a change. It is not that we have no desire to give the holders of these bonds their rights; but some arrangement should be made, some satisfactory conclusion arrived at as to what can be done with reference to these perpetual bonds. Could not some refunding scheme be undertaken in connection with them? If for nothing other than the psychological effect, I believe that to have a perpetual bonded indebtedness upon a public institution of this kind is not a proper thing.

Mr. JOHNSTON (Bow River): Especially in war time.

Mr. HANSELL: Perhaps the minister would answer those two questions.

Mr. ILSLEY: With regard to the first question, I cannot give the hon. gentleman any indication of the probable rate of interest that will be paid on this borrowing. All I can say is that certainly the government will not pay more than it has to, nor will the Canadian National Railways. With regard to the second question, the Minister of Munitions and Supply is better qualified to give an answer than I am. I understand that attempts have been made to ascertain the present addresses of the bondholders but I will request him to answer the question.

Mr. HOWE: The position of the Grand Trunk 4 per cent perpetual bonds is this. A guarantee to the holders of these bonds was given as part of the price of acquiring the Grand Trunk railway. The finding of the board of arbitration was that the junior securities had no value, but that it was to be the continuing obligation of the government to

protect the position of the bondholders of the Grand Trunk. So that in effect, by the decision of the board of arbitration, these bond issues were guaranteed by the government. There are other bonds, perpetuals, that are not in that position, and attempts have been made to negotiate with their owners. The holders are not in this country and naturally it is difficult to treat with them. I am sure the government are just as anxious as my hon. friend to do away with these perpetual bonds, and I can assure him the government will continue to make every effort to do so.

Mr. HARRIS (Danforth): I am anxious that the record should be kept clear. Before making one or two observations, I should like to make a brief explanation with regard to the minister's suggestion that I had imputed deception to him. I accept what he has said, and if anything that I said might be so construed, naturally I withdraw it, because nothing was further from my mind than such a thing.

I am simply anxious to get on the record the situation in which we find ourselves to-day. The minister said it was difficult to refinance the ten, twenty, thirty, forty and fifty thousand dollar loans, but if he will turn to page 140 of the proceedings of the standing committee he will find that out of the large item of \$8,200,000, at least \$4,094,000 is repayable in New York. I mention that to illustrate the point with regard to the other \$22,000,000 coming due, and in all that I have said to-day on this question I have simply wished to bring to the attention of the board of directors of the Canadian National Railways the fact that this treasury is not a wide-open pool into which they can dip at any time. Now that they will be in funds for the rest of the year, I say, through the minister, to the board of directors, from whom we did not receive the minutes of their different meetings, that Canada needs the money she has in the treasury to-day, and I would ask them to be provident, to be quite careful in their expenditures. This bill calls for \$3,350,000 for Montreal terminals. The general observation I made in the previous sentence applies to this also.

I have the utmost confidence in the president and managing directors of the Canadian National Railways. I say to this honourable assembly that the president has done a wonderful job. He is a great Canadian. He has kept the labour situation well in hand, inspired confidence in the business of Canada, and he has the respect and admiration of all Canadians who are worried about the financial position not only of that road but of the dominion. The president of the road will

[Mr. Howe.]

probably be retiring within the course of the next year or two and it behoves this administration to look for some outstanding citizen to take his place. I impress upon those charged with the responsibility in this matter the fact that this is a business institution and that they cannot come to parliament and expect to obtain funds as readily as they have been receiving them in days gone by, especially while a war is on.

In regard to the remarks of the member for Broadview (Mr. Church), the committee will agree, any of those who have observed the work of the standing committee will agree, that in the brief time at our disposal, owing to the fact that a war was on, we did endeavour to shorten up the inquiry, but that we did bring to the attention of the management itself and of the government some important points. The hon. member says we sat around and unanimously passed the bill. That is incorrect. As the minister and the chairman of the committee know, even though it was not indicated in the report—and I say that it should have been in the report—the committee divided on several questions. As the Minister of Finance has pointed out, however, that is a matter which will come up when the estimates are under consideration.

Mr. HOWDEN: In the third and most important report it was indicated that the committee was not in entire agreement.

Mr. HARRIS (Danforth): The word "approved" is in the report, but it should have been "approved on division." However, I again point out that \$3,350,000 of the \$15,104,000 will be for the Montreal terminals. Go ahead and complete the job with the least possible expenditure. At least 40 per cent of the obligations are coming due in New York. The management of the Canadian National Railways does not seem to appreciate the importance of our conserving Canadian funds. They think they can come to the Minister of Finance and ask, not for negotiation at all, but that Canadian money be provided for the purpose of discharging United States obligations. That is actually what is going on, and they should be brought to a sense of responsibility in that regard. Inasmuch as it is through the Minister of Finance they get funds for their deficits and their financing, I urge the minister to bring them to a sense of responsibility during these difficult times.

Mr. BLACKMORE: Are the holders of these bonds in the United States or in Great Britain?

Mr. ILSLEY: Is the hon. gentleman talking about the perpetuities?

Mr. BLACKMORE: Yes.

Mr. ILSLEY: They are held in England.

Mr. BLACKMORE: All of them?

Mr. ILSLEY: Yes.

Resolution reported, read the second time and concurred in. Mr. Ilesley thereupon moved for leave to introduce Bill No. 120, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1940, to provide for the refunding of financial obligations and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Fournier (Hull) in the chair.

Mr. ILSLEY: The bill has not been distributed. I wonder if it makes any difference. It is the same form of bill that has been introduced every year, and all the amounts were thoroughly discussed in the special committee.

Mr. HARRIS (Danforth): Do not say thoroughly.

Mr. ILSLEY: I was informed that they were discussed thoroughly. I should say that there is a new provision in the bill allowing borrowing for the purpose of refunding existing securities. If hon. members would like to see that with a view to critical examination, I shall have to leave it to another day. But I do not think there could be any exception taken to it whatever. If the committee takes no exception to it, perhaps we might go on with it now.

Mr. HARRIS (Danforth): Inasmuch as the Minister of Transport is in the house, if he will give an undertaking that when we come to vote the deficit and the estimates we shall be able to discuss this item, we can go on.

Mr. ILSLEY: Yes.

Section 1 agreed to.

On section 2—Power to issue securities for refunding capital expenditures.

Mr. HARRIS (Danforth): In reference to paragraph (a), I would point out that the actual sum is \$8,199,717.88, and when we pass

the round sum of \$8,200,000 I hope the Minister of Finance will see that the Canadian National Railways are not allowed to interchange these moneys that are voted and use them for any other purpose.

With regard to paragraph (b), I hope, when the minister comes to the Chicago and Western Indiana Railway company requirement which is included in the \$590,000, that he will make an effort to refinance in United States funds.

Section agreed to.

Section 3 agreed to.

On section 4—Minister of Finance may make loans for refunding and capital expenditures.

Mr. HARRIS (Danforth): There is nothing in it that goes beyond the \$15,104,000?

Mr. ILSLEY: No, nothing except this power to issue securities for refunding. The hon. gentleman understands that. This is the new power taken in this bill, which enables the Canadian National Railways, with the approval of the governor in council, to buy the securities of the Canadian National Railways before they are due, if they think it is advisable to do so. If that power is exercised it may enable them to save quite a good deal in interest.

Mr. HARRIS (Danforth): They have that power under the 1937 act.

Mr. ILSLEY: It was not in last year's act, and I was told that it was a new provision.

Section agreed to.

Section 5 agreed to.

On section 6—Power to aid other companies.

Mr. HARRIS (Danforth): Would the minister enlarge on paragraphs (c) and (d), which are new in the bill?

Mr. ILSLEY: These just follow out what I have mentioned two or three times. Paragraph (c), for example, empowers the Canadian National Railways to apply the proceeds of the issue of substitute securities for the purpose of purchasing or refunding original securities. That is probably very clear to the committee. If they wish to buy in their own securities before they are due, they may issue new securities and get the money with which to do so.

Mr. HARRIS (Danforth): Strictly their own securities?

Mr. ILSLEY: Yes. Then paragraph (d) is for the same purpose. It reads:

The national company may—

(d) Make advances for the purpose of purchasing or refunding any original securities of any one or more of the companies or railways comprised in said national railway system upon or without any security at discretion.

That is, they may advance the money for the purpose of buying in these securities.

Mr. HARRIS (Danforth): What I had in mind was the \$3,350,000, which is included in the \$15,104,000, for the Montreal terminal work. Probably there will be some land damages, and probably they will have to take over some rights held by others in joining up these railways. I was anxious to see to it that we had no repetition of a condition which obtained in days gone by, when the government's guarantee crept in on certain issues and made them really worth something. I did not want that condition to obtain in connection with any part of this \$3,350,000. I just wished to make that observation.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Proceeds paid to credit of Minister of Finance in trust.

Mr. HARRIS (Danforth): I should like to make the observation that the minute of the board of directors making this request for the release of these funds should be filed with the minister and made available to parliament, which in the final analysis has to find these moneys. Some question was raised as to whether or not the minute of the board of directors of the Canadian National Railways should be available. In a case of this kind I submit that these minutes should be a matter of record available to this honourable assembly.

Section agreed to.

On section 10—Cancellation and cremation of original securities.

Mr. HARRIS (Danforth): This is a new section. Perhaps the minister would tell us what is the purpose of this section or what is the necessity for it. There must be some reason for it.

Mr. ILSLEY: This is just to follow out the scheme of refunding the original securities before maturity, and is a provision for the cancellation and cremation of the original securities.

Section agreed to.

Bill reported.

[Mr. J. H. Harris.]

PRAIRIE FARM ASSISTANCE

AMENDMENT OF 1939 ACT TO PROVIDE FOR ESTABLISHMENT OF BOARD OF REVIEW

The house resumed from Thursday, July 25, consideration in committee of Bill No. 113, to amend the Prairie Farm Assistance Act, 1939—Mr. Gardiner—Mr. Fournier (Hull) in the chair.

Section 1 agreed to.

On section 2—Board.

Mr. DIEFENBAKER: There are a few observations I should like to make in regard to the measure generally, and this section in particular. When introduced last year the legislation was a novelty, and in consequence a number of anomalies must necessarily have been expected to arise not only in connection with the operation of the act but in respect to the administration thereof.

If I understand aright the amendments now proposed, they are to remove difficulties in administration and in operation which in the past year have become evident. The act is divided into two parts, under the first of which the minister may in any year declare an emergency year, when the average price is below 80 cents a bushel. There is the further provision respecting crop failure assistance where, in so far as Saskatchewan is concerned, the measure applies when there is an average yield of wheat of less than a stipulated number of bushels in 171 townships. Anything I have to say to-day is not by way of captious criticism, but rather with a view to placing before the minister some difficulties in administration, and to show instances of uncertainty in connection therewith.

At the outset I suggest to the minister that under the provisions of section 3 of the act the year 1940 be declared an emergency year. In so far as the amendments to section 4 are concerned, my suggestion is that there should be greater cooperation among those charged with the administration of the act. I have had complaints placed before me which I have difficulty in understanding, complaints which have arisen in connection with the administration of the act. It has been pointed out to me that at one time in a year one decision has been made, and at a later time in the same year a decision diametrically opposed has been made.

Without going into too many details I shall mention one specific instance, namely, that of Wreford rural municipality, No. 280, in my own constituency. Township 30, range 23, west of the second meridian, applied for

assistance under the act and was passed on favourably, and when sent to the department at Ottawa for payment, the application was turned down. Later on, affidavits were taken from the farmers in the township, and the secretary-treasurer of the municipality, as a result of his computations, came to the conclusion that the average yield was 11.82 bushels to the acre. That information was forwarded to Ottawa, and on March 26, 1940, the departmental office in Regina sent the following letter to one of the farmers in that municipality:

I have your letter of March 14, received here March 21, with respect to the above township. This is to advise that we have received the statutory declarations and same have gone on to our department in Ottawa for final approval.

So far we have had no word in this regard but I can assure you that the matter is being dealt with with the greatest possible dispatch.

Later, on April 3 a letter was received by one of the farmers in this township from the superintendent of the Regina branch, in these words:

I am glad to advise that your bonus has been passed for payment and cheque, if not already received, will reach you in a few days.

That letter contained a definite statement, setting out the decision which had been arrived at. On account of those letters the farmers in question secured credit from their local merchants, believing that payments would be made, and that the promise secured from the department would be carried into effect.

About six weeks later—on May 30, to be exact—the decision was reversed.

Mr. DOUGLAS (Weyburn): What is the date of the first letter?

Mr. DIEFENBAKER: March 26, 1940.

Mr. GARDINER: The letter to which the hon. member for Weyburn refers is dated April 3. That was the date of the letter in which the statement was made that payments would be sent out.

Mr. DIEFENBAKER: Yes, it was on April 3 when the statement was made that bonuses had been passed. Then, on May 30, just eight weeks later, a letter was received by one of the farmers in this area, an excerpt from which reads as follows:

This township was recommended for bonus by the P.F.A. branch but was not recommended by the committee of review, which examined all of the work done by this department, and on the basis of further information secured by itself made separate recommendation. Because of these different recommendations made to the Minister of Agriculture, affidavits were taken for farmers in that township as to their actual acreage seeded to wheat and actual bushels threshed from such acreage. This information together with all other information

with regard to this township in the possession of the P.F.A. branch in Regina, was forwarded to the deputy minister of agriculture in Ottawa, and it is a decision given by his office that no bonus is payable in this particular township.

It becomes difficult to understand how at one time this department should advise the farmers in that area that they were receiving a bonus, and that later on, some few weeks after the election, the decision should be reversed.

Mr. GARDINER: Both decisions were after the election.

Mr. DIEFENBAKER: That is true. According to the letter of March 26 the matter was then before the department in Ottawa. I would suggest that things like that are not conducive to the proper administration of this act. I assume that one of the reasons for the setting up of a board of review is to guard against mistakes through non-cooperation between the various offices operated under the act and the central office in Ottawa.

During recent weeks I have noticed an increased multiplication in the number of positions in the government service. Numerous boards have been set up. Under the unemployment insurance legislation passed yesterday a large army of employees will be added to the already large number of civil servants. There should be more economy practised. Instead of setting up a new board of review and having to pay out additional salaries, I suggest that the services of the grain commissioner and the assistant grain commissioners be utilized. According to an answer given to a question which I asked on June 26, there are three assistant grain commissioners in the three prairie provinces. Each of these men receives \$7,500 a year, and each has a staff under him. According to the return they have very little work to do. The total number of claims for damages or compensation dealt with in Manitoba in 1938 was nine, and the amount of those claims totalled \$1,759.15. In other words, the assistant grain commissioner received a salary of \$7,500 to look after claims amounting to less than \$2,000. In addition to that, forty-six complaints were heard. In 1939 the total number of claims dealt with was fifteen, and the total amount involved was \$2,897. Why could not the services of the assistant grain commissioner in Manitoba be used on the board of review?

In Saskatchewan the situation is even worse. In 1938 the total number of claims for compensation amounted to four, and the amount involved was \$507.72. In 1939 there were only five such claims, amounting to

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\$204.53. In so far as Saskatchewan is concerned, the incumbent of the position is a most able man, as I have no doubt are the incumbents in Manitoba and Alberta. Why could not his services be utilized in war work, or, if not, his services might be used in connection with the board of review work under this act?

In Alberta the situation is slightly better. In 1938 thirty-one claims in all were heard, the amount involved being \$3,604.17. In 1939 there were fifteen claims, amounting to \$2,008.34. If these men cannot be transferred to other departments of the government so that their services may be used to greater advantage, they should be made use of in connection with the board of review. In two years the claims dealt with in the three provinces amounted to only \$8,000.. Section 4 is the crop failure assistance section.

Mr. GARDINER: We have not reached that section.

Mr. DIEFENBAKER: My understanding is that on the first section—

Mr. GARDINER: There was a ruling of the chair the other night.

Mr. DIEFENBAKER: Perhaps the minister would wait until I finish what I have to say. My understanding was that the entire bill could be discussed on the first section.

Mr. GARDINER: I urged that arrangement the other night, but I was overruled by the Chairman. He stated that he intended to hold hon. members to a discussion of the different sections. I have no objection to a general discussion on the section, but the Chairman gave that ruling the other night.

The ACTING CHAIRMAN (Mr. Fournier, Hull): It could be done only with the unanimous consent of the committee. If hon. members follow the rule, their discussion must be strictly relevant to the section under consideration.

Mr. PERLEY: When the bill was put through the resolution stage the other evening, there were many hon. members who were not present. I got here just after the bill had been put through the resolution stage and been introduced. I understood there was a distinct understanding that there could be a general discussion on this section 2, which deals with the board. While the Chairman did rule that we would have to confine our arguments to the particular section, I think the minister himself agreed that there should be a general discussion.

[Mr. Diefenbaker.]

Mr. GARDINER: I did agree the other night that it would be quite proper to have a general discussion on the first section, but the Chairman ruled against me. I then went on to state that I thought the sections of the bill covered everything which hon. members would want to talk about and that they could confine their remarks to the different sections as they went along. I have no objection myself; I was simply referring to the ruling by the chair.

Mr. ROSS (Souris): There was a distinct understanding that we could discuss the bill entirely on the second section. I was prepared to speak the other evening, but with that understanding I was willing to wait.

The ACTING CHAIRMAN (Mr. Fournier, Hull): I have no objection to general speeches being made on section 2, but I would remind the committee that there is a rule which can be set aside only by unanimous consent.

Mr. HANSON (York-Sunbury): We shall save some time if we can have that unanimous consent.

Some hon. MEMBERS: Agreed.

Mr. DIEFENBAKER: Under section 4 of the act provision is made that the governor in council, whenever the minister finds that the average yield of wheat in a stipulated area, as a result of anything other than hail damage, is five bushels an acre or less, may declare such area to be a crop failure area. My suggestion, in which I am supported by a resolution passed by the wheat pool committee when it met in convention in Regina on May 29 last, is that the words "other than hail" be deleted from the section. Within the last ten days there has been a terrific hail storm in Saskatchewan. It affected a portion of Rosetown, Lake Centre and Melville constituencies. I can see no justification for the inclusion of these words in the act, particularly in view of the fact that it is an act to provide assistance where crop failure occurs.

Every person who sells wheat or other grains within the meaning of the act contributes one per cent to a fund. The definition of a farmer, to whom payments may be made under this act, is a "person engaged in farming in a spring wheat area." For some reason or another, regulations were passed, with the approval of the governor in council, excluding from the operation of this act any farmer who did not reside upon his farm or contiguous thereto. In Saskatchewan there are numberless farmers who do not reside on their land or on land contiguous thereto, and it seems most unfair that they should

be denied the privileges of the act when they are required under it to contribute their share towards its operation.

Mr. GARDINER: They are not denied.

Mr. DIEFENBAKER: Does the minister say that those who are not residing on the land or on land contiguous thereto do not have to contribute?

Mr. GARDINER: I know some who have received payment who have resided as far as twenty miles away from the land, provided that farming is the only occupation they have.

Mr. DIEFENBAKER: But those who are not resident, whether resident within twenty miles of the land or not, are still paying their share of one per cent on account of the wheat disposed of by them.

Mr. GARDINER: If they live in the United States—

Mr. PERLEY: Right in the province.

Mr. DIEFENBAKER: There have been instances where farmers resident in the province have been denied the privilege of benefiting under the act although required to contribute to its operation.

Mr. PERLEY: There is one right here. I paid in myself.

Mr. DIEFENBAKER: The hon. member for Qu'Appelle (Mr. Perley) is an instance. It is a matter that should receive the attention of the minister. This anomaly—and it can be construed as nothing but an anomaly—should be removed from the operation of the act.

Mr. GARDINER: To clear up that point, the regulations provide that a resident farmer within the meaning of the act collects, but a resident farmer does not mean a farmer who lives on that land.

Mr. DIEFENBAKER: I know of an instance where the administrative body in Regina defined "farmer" under the act as a person residing on the land or contiguous thereto, and the applicant was denied the right to share in the benefits although required to assume the responsibility of contributing, because he could not qualify under such regulation.

Mr. GARDINER: There must have been some other reason.

Mr. DIEFENBAKER: That was the only reason which was given that he was not a farmer within the meaning of the act and the regulations. My suggestion is this, that where a man is engaged exclusively in farming or

whose main occupation is farming, then, regardless of where he lives, it is unfair and unconscionable that he should be required to contribute his share to the operation of the act and at the same time not be permitted to share in the fruits of that act, that is provided he is otherwise qualified.

These few submissions, Mr. Chairman, are made with a view to removing certain anomalies in the act, and I trust that the minister will give consideration first to utilizing the services of the board of grain commissioners on the review board, second, to including within the operation of the act areas destroyed by hail, and, third, to enlarging, if enlargement is necessary, the definition of farmer within the meaning of the regulations.

Mr. DOUGLAS (Weyburn): I should like to say a few words generally before we go over the clauses, and to make one or two suggestions to the minister.

First, let me say a word about the administration of the act. This act was passed last year, and as was only to be expected there have been some difficulties in administration in the period of adjustment necessary to get the scheme into operation. Yet I do not think any person who had very much to do with the administration of this act and with the people who come under its operations would deny that a great deal more inefficiency and incompetency existed than was necessary.

The inspectors started out around the fifth of August last year to go over the territory. We watched month after month go by. Relief stopped for most of the farmers in July or August. September, October, November and most of December went by, with the farmers having to get credit at the local store or dispose of anything by which they could raise enough money to keep themselves and their families alive until the bonus came. In my constituency the first bonus cheques, covering only 5 or 10 per cent of those eligible to receive them, arrived on December 22, three days before Christmas. A few more arrived on Christmas eve, others well on in January, and a great many in February and March. I must say frankly, and I do not say it in any scolding way, that I have never seen anywhere anything quite so badly handled or causing as much hardship as the bonus scheme and the manner in which it was handled last fall. I want immediately to exempt from any blame some of the men who were at the central organization in Regina. I do not know all of them, but I had some contacts with both Mr. Mackie and Mr. Sinclair, and I found both quite competent, sympathetic and deeply interested in the welfare of the people who were coming under the benefits of the act.

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In my opinion the reason why this act was administered so inefficiently lay much further back than the central organization in Regina. It lay out in the field. I have before me a return which I received as a result of a question asked in the house on June 11 of this session, and I find that for administration of the office in Regina and for the men out in the field the total expenditure was \$230,459.81. Something in the neighbourhood of \$200,000 was actually for field men in the form of salaries and expenses. I have the names of the different men here. As far as the southeastern part of the province is concerned, I think I know practically all of them. A good many of them are members of Liberal executives in my constituency or in neighbouring constituencies. This does not necessarily mean that they should not be doing that kind of work, but a good many of them were not competent to do the work required under the act. In many instances they were selected not because of their competency but because of the fact that we were on the eve of a general election, and I am afraid that in a good many instances more time was devoted to electioneering than to administering the act.

Mr. GARDINER: The men there were among the best municipal secretaries in that portion of the province.

Mr. DOUGLAS (Weyburn): Not in my section.

Mr. GARDINER: They were at the head of both organizations.

Mr. DOUGLAS (Weyburn): They may have been at the head, but I am talking of the field men.

Mr. GARDINER: They chose the field men.

Mr. DOUGLAS (Weyburn): I am willing to admit that. In the first week of August the superintendent of highways in my constituency, who has nothing to do with this act, and the Liberal candidate and the field men who were going to cover the territory got together to lay plans for covering it, and I know that the Liberal candidate drove over part of my constituency in company with some of the inspectors.

Mr. GARDINER: The hon. member had a number of meetings too, which was perfectly proper.

Mr. DOUGLAS (Weyburn): But I did not travel with any of the inspectors. There were two men in the car, one to talk about the bonus and one to talk about the impending election. You cannot send out men who are primarily interested in duck shooting or in an

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impending election and expect them to send back forms that will give the information you want to get. I know as a matter of fact that one of these men sent in forms that were hardly legible. They had to be sent back and the work done all over again. Some of these forms were still being gathered on the 13th of December because those who were responsible for sending in the forms in the first place were not competent to do the work. It is impossible, in my opinion, to run at one and the same time a political machine and a complicated act like this. A good part of the maladministration was certainly not due to the central office in Regina where much of the blame was put, nor was it due to the departmental officials here; it was due rather to the fact that in the field itself the most competent type of men were not selected for the work.

I believe the minister has moved in the right direction in making it possible to substitute part of an ineligible township for part of an eligible township, but I doubt whether it is going to meet the difficulty. As the minister said last year, the township basis was not the happiest one, but it was the best that could be devised for the purpose of getting started, and I agreed with him at the time. But the fact is that the township basis is not fair. Anomalies sprang up. There were too many discrepancies between farmers right across the road from each other. People with equally poor crops would be differentiated between, one getting the bonus and another not. But there were even worse situations. There would be a man with half a section on one side of the township line and another half on the other, and with no crop on either side; but one-half section was in the non-bonus area. Naturally the farmer does not get any bonus on land in the non-bonus area. But because he has three hundred acres or more in the non-bonus area, he cannot get any bonus in respect of the land in the bonus area. These were difficulties that could not be foreseen, but we are aware of them now and we should do something to meet them.

I do not think the act will ever be satisfactorily administered until it is possible to put it upon an individual basis, taking the individual farm unit as the basis. I am convinced that a good many of the field men, the inspectors sent out, are totally unnecessary. The act could be administered through the municipal office. No one knows more about the average farmer than does the secretary of the municipality; he knows what each man has on his farm and all about it. The farmer could come in and make a declaration early in the season as to how much land he had in wheat and in other grains. The secretary of

the municipality is a commissioner of oaths, and there should be a heavy penalty for perjury. The man could give the information, and the bonus could be computed on the basis of the individual farm unit and not on the basis of the question whether he happened to be fortunate enough to live in a township where the average was low, or to be unfortunate enough to live in a township where the average was high. I know of one instance where a man had thirty bushels to the acre. He lived in a township in which he was practically the only man with a crop and he drew the bonus. It would not happen often but it did happen there. I know the administrative difficulties would be great if the act were put on the individual farm basis, but I contend that they would be no greater than they are under the cumbersome machinery which now exists, and it would be much more satisfactory and more just in the long run to the people who come under the act.

If the minister finds it impossible at this late date to put the payment of the bonus on the individual farm basis, would he at least give consideration to the question of including in the act a provision that the inspector or the board of review shall have power to split a township? I mean more than a mere substitution. Under the substitution clause there will have to be an amount substituted. If you took an amount out of the eligible township, you would have to substitute an equal or a larger amount of an ineligible township. But there might be part of the township that ought to come in, and it should be provided that half or two-thirds of such a township could qualify.

A word about the regulations. Like most laymen, I know nothing about law, but I have always understood that it is not good business to have regulations which offset or nullify the meaning of a statute.

Mr. HANSON (York-Sunbury): It cannot be done by law.

Mr. DOUGLAS (Weyburn): That is what I understand, but under this act there were passed regulations which to some extent did that very thing. I have in mind some of the definitions. Under section 2 as passed last year, paragraph (e) said that "farmer" means "a person engaged in farming in the spring wheat area"; but after the regulations were issued, they were as difficult to understand as the act itself, and so an interpretation was issued which had all the force of another set of regulations. The definition of "farmer", according to the interpretation, did not simply mean that he was "engaged in farming in the spring wheat area". His primary income must come from farming. All sorts of difficulties arose. There

were instances of a farmer living on the edge of a town and running an elevator. He got the bonus because he lived on the farm. Another man was running an elevator almost opposite, but he could not get the bonus because he lived in town. There were men who moved into town for a part of the year and engaged in blacksmithing or woodwork or something of that sort. They followed these vocations in the winter and farmed in the summer, and often there was a fine point of distinction. In some instances the decision was that farming was their primary occupation, while in others they were turned down because farming was not regarded as their primary occupation. I submit, as the hon. member for Lake Centre has done, that to these people who pay one per cent it is difficult to explain why, under what we call a crop insurance scheme, they should pay that levy on the grain they deliver and still not be eligible merely because they do not exactly comply with some legal interpretation which the officers of the department put upon certain provisions of the act.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 76, for the relief of Peter Logush.—Mr. Factor.

Bill No. 77, for the relief of Goldie Wolfe Goldberg.—Mr. Factor.

Bill No. 78, for the relief of Ethel Witkov Myers.—Mr. Bercovitch.

Bill No. 79, for the relief of Tilly Fishman Constantine.—Mr. Factor.

Bill No. 80, for the relief of Rachel Ruth Levenstein Schwartz.—Mr. Bercovitch.

Bill No. 81, for the relief of Eleanor Mabel Campbell Townsend.—Mr. Abbott.

Bill No. 82, for the relief of Isabel Margaret Gill Bacon.—Mr. McIlraith.

Bill No. 83, for the relief of Michele Fiorilli.—Mr. Factor.

Bill No. 84, for the relief of Gertie Schwartz Simak.—Mr. Bercovitch.

Bill No. 85, for the relief of Geneva Clementine Burley Picard.—Mr. Macdonald.

Bill No. 86, for the relief of Rene Gaudry.—Mr. Hazen.

Bill No. 87, for the relief of Fanny Costom Copelovitch.—Mr. Hazen.

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Bill No. 88, for the relief of William Gerald Dickie.—Mr. Bercovitch.

Bill No. 91, for the relief of Agnes Dorothy Smith Bruneau.—Mr. Hazen.

Bill No. 92, for the relief of John Eric Pitt.—Mr. Factor.

Bill No. 93, for the relief of Dennis Calvert Kerby.—Mr. McIlraith.

Bill No. 94, for the relief of Camille Perks.—Mr. Bercovitch.

Bill No. 95, for the relief of Maria Cecilia Patricia Gation Rowell.—Mr. Tomlinson.

Bill No. 96, for the relief of Lemuel Athelton Lewis.—Mr. Homuth.

Bill No. 97, for the relief of Joseph Philius Hector Sauvageau.—Mr. Hill.

Bill No. 105, for the relief of John Bernard Hughes.—Mr. Bercovitch.

Bill No. 106, for the relief of Annie Block Smilovitch.—Mr. Bercovitch.

Bill No. 107, for the relief of Charles-Auguste Armand Lionel Beaupre.—Mr. Abbott.

Bill No. 108, for the relief of Albert Lennon Brown.—Mr. Bercovitch.

Bill No. 109, for the relief of Talitha Emily Findlay.—Mr. Graydon.

Bill No. 110, for the relief of Joseph Armand Odilon Boucher.—Mr. Factor.

Bill No. 111, for the relief of Doris Bertha Schwartz.—Mr. Cleaver.

Bill No. 115, for the relief of Lilius Augusta Shepherd Harris.—Mr. Bercovitch.

Bill No. 116, for the relief of Forest Wentworth Hughes.—Mr. Factor.

Bill No. 117, for the relief of Margaret Florence Stewart Corley.—Mr. Casselman.

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 119, for the relief of Moora Lipsin Sagermacher, otherwise known as Mary Lipsin Sager.—Mr. Bercovitch.

Bill No. 121, for the relief of Robert Tester Gordon.—Mr. Hazen.

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AMENDMENT OF 1939 ACT TO PROVIDE FOR ESTABLISHMENT OF BOARD OF REVIEW

The house resumed consideration in committee of Bill No. 113, to amend the Prairie Farm Assistance Act, 1939—Mr. Gardiner—Mr. Vien in the chair.

On section 2—Board.

Mr. DOUGLAS (Weyburn): At six o'clock I was drawing to the attention of the committee the fact that some of the regulations issued under this act had tended to nullify and negate its meaning. I was pointing out that under the act the definition of "farmer"

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applied to one "engaged in farming in the spring wheat area." The regulation No. 7, for instance, reads:

No acreage award shall be made on the following lands:

(e) Lands owned or rented by a farmer who as owner or tenant also operates more than three hundred acres of cultivated land situated in townships not eligible for an award under the act.

What happens there is that a man who has three hundred acres, even though there is no crop on it at all, if it happens to be in a non-bonus area is ineligible for the bonus on any land which he may have in an eligible area. For instance, the act as passed last year in section 2 (d) defined "cultivated land" as follows:

"Cultivated land" means land which had been cultivated prior to an emergency year or prior to the year in which a declaration has been made under section 4 of this act that an area including such land is a crop failure area, and which land has not reverted to natural prairie.

Subsequent interpretations kept restricting it down until actually it was only land which had been in crop the year before. These regulations ought not to eliminate people who ordinarily would come under the benefits of the act but who are removed by regulations or by legal interpretation of regulations.

I now come to the main point which I should like to draw to the attention of the committee; namely, the fact that since this act will be amended if the present bill is passed, it is quite possible that no bonus will be paid at all, or that large sections of people who were eligible for the bonus last year will not be eligible this year. First, there are two schemes under the act. Under section 3 there is an emergency plan. Under section 4 there is a crop failure scheme. Farmers came under section 3, the emergency plan, if their crop was twelve bushels to the acre or less. Last year was declared by this act to be an emergency year. There was no doubt about that, so any farmer anywhere who lived in a township in which the average crop was twelve bushels or less to the acre was bound to be eligible under the act. But this year, first of all the average price of wheat must be less than eighty cents a bushel. That cannot be determined until after November 1. Only after that time can consideration be given to bringing farmers in townships having twelve bushels or less to the acre into the scheme.

But that is not all. Even if the price of wheat is eighty cents or less and even if farmers are in townships that are eligible, unless the governor in council declares this year to be an emergency year no bonus will be paid under the emergency plan. That

should be clear. That wipes out all those people who came under the emergency plan last year unless the government declares this to be an emergency year. That limits us then to the second scheme, the crop failure plan. Farmers will only be able to come under that provided that there were fifty-four townships in Manitoba, or ninety in Alberta or 171 in Saskatchewan with an average of five bushels or less to the acre.

The point I should like the committee to appreciate is that if the government does not declare 1940 to be an emergency year, no bonus at all will be payable under this act as it stands unless there are large enough areas coming within the figures I have just enumerated. Therefore many thousands of farmers will pay the one per cent levy with no possible hope of getting a return.

Last year when the minister brought down this legislation we asked him why 1939 was being declared an emergency year. The minister gave a very good reason; he said that ten years of more or less continuous drought and crop failure constituted the reason. But the same reason is still there, except that there are now eleven years. All the factors that made it wise for this parliament in 1939 to declare that year an emergency year are present to declare this year an emergency year.

Mr. JOHNSTON (Bow River): Oh, no; what about the election?

Mr. DOUGLAS (Weyburn): I was not trying to suggest that 1939 was declared an emergency year because of the election.

Mr. JOHNSTON (Bow River): It may have had a bearing on the matter, though.

Mr. DOUGLAS (Weyburn): I wish to suggest, however, that if 1940 is passed by and the bonus is not payable in large sections of western Canada, there will be a tendency to feel that 1939 was declared an emergency year just because it happened to precede an election. This bill has been called a crop insurance bill, but as a matter of fact it is nothing of the kind.

Mr. GARDINER: It was not called that by the government.

Mr. DOUGLAS (Weyburn): No. It has been called that by many speakers on both sides of the house, but actually it was designed to pay drought relief in another form and to levy a one per cent tax on those farmers who had crops to help pay the relief of farmers who had no crops. That is really what it boiled down to; and if we are going to levy that one per cent tax we ought to be sure that those farmers who qualified last year at least have a chance to qualify this year.

Before this bill goes through, I hope the minister will give consideration to doing one of three things: first, giving the committee an assurance that 1940 will be declared an emergency year; or, second, reducing the number of townships necessary to have an area considered a crop failure area; or, third, if it should turn out within the next few weeks that there will not be enough townships in Saskatchewan to constitute a crop failure area, giving us an assurance that in the event of our not coming under section 4 of this act, we shall come under section 3.

I do not think that is asking too much. With a poor crop; with the drought areas still seriously affected, it is not too much to ask that we be allowed to come under the crop failure plan, and if we cannot qualify under that, we should have some assurance that we shall come under the emergency year section of the bill. Otherwise the farmer will not come under either provision, and this act will be merely a mockery to him, something on the statute books that does not guarantee him anything. He will be left hanging in mid air, and as I said before, there will be a tendency to feel that this act was merely concocted on the eve of a general election and that the government had no serious intention of carrying it on as a permanent piece of legislation.

I have offered these suggestions to the minister, and I hope they may be given some consideration. If I may review them briefly, they are: first, that the administration be brought under the secretary-treasurers of the municipalities and handled through the municipal offices without the cumbersome machinery of field men which has been built up in the last year or so. Second, that the government shall work towards making the individual farm unit the basis of operation; and if that cannot be done this year, that at least we should make provision for splitting a township so that half or more of that township would be eligible. Third, that steps be taken to square the regulations with the act, so that the regulations will not eliminate someone who otherwise would qualify. Fourth, that the government give us an assurance that we shall come either under the emergency year plan or under the crop failure scheme. We should not miss both of them and be left without any bonus at all. The situation could be met quite easily by the minister introducing a simple amendment to section 3, subsection 3, to the effect that for the purposes of this act 1940 shall be deemed to be an emergency year.

Mr. CHURCH: Section 3 has to do with the computation of the sum to be awarded as assistance, and it has been revised to provide that such assistance can be given only on the application of the province. As I said during the debate on the motion for second reading of this bill, there must be some principle behind this measure, and the original principle was that this was to meet an emergency for a year or two. Now this legislation is to be made permanent, and I object to the policy involved. During the war the industrial workers, who are paying income tax, sales tax and all the other taxes, cannot carry any additional burdens. Is there or is there not an emergency? There may be an emergency caused by crop failure, but what about the industrial workers of Canada and their emergencies? The farmers of this country were given the Farmers' Creditors Arrangement Act, which was extended in principle to the fishermen, probably because under the British North America Act the fishermen are to a certain extent the responsibility of the dominion. But the industrial workers, who include fifty per cent of the people of this country, come under trade and commerce which is exclusively a federal matter, and they have been driven to the wall by the war and the depression, and get no such protection as the farmers receive under this bill. The industrial workers have had failures too; they have lost their jobs and markets. There was an industry, A. R. Clarke and Company, on Eastern avenue in the city of Toronto, established eighty-seven years ago, which formerly employed nearly a thousand men. That industry is closed to-day because of the war and the gold situation.

I believe in the principle of protection for all the people all the time, not just for some of the people some of the time. This sort of thing is all very well for our free trade friends to the left and opposite, including the likable Minister of Agriculture. In the olden days on the prairies these hon. gentlemen preached the policy of free trade; they said that our markets lay north and south, instead of overseas in England and France. I do not object to protection if there is an emergency, but protection should be applied to everyone, not just to one class; it should extend to the industrial workers, the fishermen, the grain growers and others. I know the farmers are suffering; I know a great deal about them from what I have read and what I have learned on visits to the west. They are suffering, but others, including industrial workers and the farmers of the industrial provinces who do mixed farming, are also suffering.

[Mr. T. C. Douglas.]

What protection is given under this section? You have a board of review, if you please; a political board first, last and all the time. It may be that there is concurrent jurisdiction in regard to agriculture, but now this matter is to be turned over for review to the provinces. What about the industrial workers in Ontario and Quebec, who pay eighty-three per cent of the cash taxes of the dominion and receive no protection at all? I have referred to one industry which is closed at the present time. Surely the workers should have some protection as well. Let us have equality of treatment. Now they are even going to pay the farmer to store his own grain, if you please, one per cent a month. Do they pay the industrial worker who loses his job, his home and everything else? There is also to be a domestic price established for Canada, through the imposition of a processing tax of 15 cents a bushel; we are to have a quota system of deliveries, and there is to be an advisory committee. Who is to pay for all these things? They will be paid for in sales tax and income tax by the industrial workers of Ontario and Quebec, who have been driven out of their homes. There are many farmers in Ontario also. They carry on mixed farming, for the most part, so they will not qualify under this bill; but they are mixed farmers and they should receive the benefit of the same protection that is given the prairie grain farmer. For many years the western farmer was told by the free traders that all they had to do was rely on free trade and all would be well, but hon. members know what happened to the prices of grain because of the operations of the elevator companies, the middlemen and all the other combines that existed in this country.

I do not object to the principle of the measure, because I believe these people in western Canada should have reasonable protection. But my point is that that protection should be extended to the industrial workers, and also to all other classes of farmers in Ontario and Quebec. There are many hon. members in the House of Commons who represent the two industrial provinces, but they seem to be afraid to rise in their places and demand equality of treatment with the prairie provinces, and protection for all the people all the time.

Mr. ROSS (Souris): Mr. Chairman, when this legislation was introduced a year ago, while it was not so described I thought it was a step in the right direction, namely in favour of crop insurance. Much has been said by hon. members who have preceded me, notably the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for

Weyburn (Mr. Douglas), as to the lack of administration last year. Might I point out that those who were appointed field inspectors were in most instances men who either were occupying political office, or were political workers. They were not, as was suggested by the minister, municipal officials in southeastern Saskatchewan.

It must be admitted that some of those field inspectors did a good job. But there were others who did a terribly inefficient job, and caused no end of grief from the time they went to work last fall until the present date. They had good political jobs.

It was my thought that it was the original intention that administration was to have been through municipal offices. I do not know whether the minister ever had that intention, or whether it was suggested to him; but that was the thought which prevailed throughout western Canada when the measure of a year ago was under discussion. To my mind it is the only feasible system of administration.

In the municipalities are the tax rolls. Those tax rolls are to be found in the municipal offices, and they show the cultivated acreages and farm layouts. After seeding, the farmer may go to the municipal office and make a declaration as to his seeded acreage. After harvest, he can make another declaration as to what he has taken off that land. I know some people will endeavour to point out some weaknesses. I might point out, however, that in Manitoba there is a law now existing whereby a thresher must have a weigher on his threshing machine, and I believe that system is meeting with approval. If the work were done as I have suggested, we would eliminate the necessity for the army of inspectors going around, as they do at present—a condition which I suggest is most unsatisfactory.

May I give a concrete example of what happened in the municipality of Arthur last year. The clerk of that municipality was notified in writing from the board at Regina that five townships would qualify for acreage bonus. I was told that the clerk was notified about November 1. It will be understood that those people had to make arrangements for their provisions for the coming winter for themselves and their families, and they did so with the merchants in the community. Then, much to their surprise and astonishment, on February 3 the clerk of the municipality received an undated letter from the same Regina office pointing out that three of those townships had been disqualified by the board, and would not qualify for acreage bonus. The communication also pointed out the system of appeal which might be followed.

Needless to say, those municipal officials immediately carried out a survey of the three townships in question. Declarations were taken from every farmer in those townships, and it was found that two of the townships were decidedly under the average yield of twelve bushels to the acre, and that one was only one-twentieth of a bushel over. An appeal on behalf of those two townships was then immediately forwarded to the minister. As a result, some time this spring payment was made to those people.

That is the manner in which I suggest the administration might be carried on. When there is difficulty, and an appeal follows, and when the final settlement is made it would come to the attention of the minister. Therefore I say that is the procedure which should be followed in the matter of administration, so that the prairie provinces might take advantage of the act in the interest of the individual farmers.

Then it was suggested by the hon. member for Lake Centre that the board of grain commissioners might handle appeals. He gave some enlightening figures respecting the salaries of the commissioners, and the decisions they have made each year, and I believe they might be used in connection with the administration of this act.

I suggest that the township basis of making decisions is very unfair. I know of an individual in a township who harvested over forty bushels to the acre and yet that township averaged under twelve bushels to the acre and was paid the acreage bonus. A neighbour of his not far away, but in another township, had an average of less than four bushels to the acre, but did not receive assistance because that township averaged over twelve bushels to the acre. I suggest therefore that a different arrangement should be brought about whereby such individuals could be cared for.

The suggestion was made that crops destroyed by hail in an emergency area should be included. That point might be given consideration. In the area from which I come there is a large strip which has been hailed out this year, and the farmers in that section are not carrying hail insurance.

In one respect I am pleased, so far as Manitoba is concerned. I note with pleasure that the number of townships has been reduced from one hundred and fifty-four, in order to establish it as an emergency area. We appreciate that assistance.

I suggest that the minister might give special consideration to the matter of administration. I believe he could reduce greatly the cost of administration, and in many respects it could be made much more efficient.

I do not wish to take up further the time of the committee, but I hope the minister may see fit to embody in the prairie farm assistance bill some of the suggestions which have been made.

Mr. PERLEY: May I at this time make a few observations respecting the measure before the committee? Undoubtedly this bill should have been introduced at least a month ago. For a long time it has been apparent that in a great many Saskatchewan townships there will be crop failures. In view of the experience we had last year in connection with the administration of the act, I suggest that it would have been well to have had before us at least a month ago any suggested amendments, so that they might have been given due consideration. We are now approaching a very late stage in the session. It is the intention in a few days either to prorogue or to adjourn, and we find that we must consider this important matter to-night in only a few hours. No doubt it will be passed. I must urge, however, that it is an important matter which should have had greater consideration. I believe the measure introduced last year was passed in the month of May, and was introduced in April. As some hon. members have pointed out, it was a relief measure, and in that respect it was good.

Our chief objection to the act passed last year has been with regard to the way in which it was administered. Even then it provided a certain amount of relief. Under the act the minister was given wide powers. He had powers to make regulations, and to state how the act would be carried out. Under certain conditions he could declare an emergency year, or that a crop failure existed in a certain area. He could state how to arrive at the average price, and the act then passed dealt with crop failure areas and cultivated lands. The minister could define the meaning of the term "farmer". I believe it was the hon. member for Weyburn who pointed out that the definition of the term "farmer" is not sufficiently clear, and I believe the necessary change should be made this year. Certain men who own land and pay all the expenses in connection therewith, but are living in towns, might be brought within the provisions of the act. I could give instances where, by not being included, men of that class experienced hardships.

The act last year provided for the setting up of a bonusing fund. There was provision also for the obtaining of a loan from the federal treasury provided the one per cent levy was not sufficient to meet the payments under the act. I suppose in due course the

[Mr. J. A. Ross]

minister will give us some figures with respect to the amount borrowed and how repayment is to be made to the federal treasury.

I have a complaint to make with respect to the way in which the act was administered last year. The administration was most unsatisfactory in a great many townships in our province. My first complaint is about the inspection. The minister was given the power to appoint inspectors who were controlled or supervised from an office in Regina, with a Mr. Mackie in charge. This inspection started early last year, and I should like to review my experience with it. I contend that politics were played to a much greater degree in connection with this inspection than has been claimed on the floor of this chamber so far.

I met one of the inspectors on July 29 when I happened to be in a farmyard talking to a farmer. This inspector drove in and asked the farmer who owned the land, what was the number of the section and a few other questions. Finally the farmer asked him what his business was and he said he was the crop inspector. I asked him what system he was going to adopt in order to inspect the crop, because the farmer did not intend to cut that crop for another week or ten days. He replied that he knew all about farming, that he could drive by and almost tell the average yield of that particular crop. He then said, "Anyway we will make it on the safe side; those are our instructions." The farmer then made one mistake when he asked the inspector if he would like to meet me. I cannot repeat the language he used when he asked me what I thought of my leader. It was easy to see that he had some little politics in his mind. I assured him that he need not worry about my leader, that there were other matters with respect to leadership which should concern him more.

Not a week after that I ran across another inspector at a spot not far from where I met the first one. This man was a school-teacher who had not been reengaged in his district. He had a cardboard carton about three feet square, with the ends cut out. He carried it over the grain and then dropped it with an open end down. Then he cut about two or three feet on the outside with some shears, raised the box, and then cut off the heads of the grain which had been surrounded by the box. He said he was going to have that threshed out, and from the result he could arrive at the average yield of that field. I relate this simply to show that there was no uniform system of inspection.

Another inspector operated in my own district and in almost all of the district which the Minister of Agriculture represented in the last parliament. Every night this man

drove forty-five to fifty miles to his home, and then drove back in the morning. It was a week or more before the municipality was informed of that, and a complaint was made in connection with his expenses. I met the man and asked how he was working with respect to expenses and he told me he was getting so much a mile for his driving. I then told him that he would be running up a nice amount if he drove fifty miles every night and back again the next morning. He was certainly making a living because he got most of his noonday and evening meals from the farmers.

This particular man had to do his work a second time. Then it had to be gone over a third time by another inspector, and finally it had to be done by the municipalities which took affidavits from every ratepayer in the district. At certain of the meetings the councillors would announce that if any ratepayers from a certain district were present they should remain after the meeting because the council had the forms to take the affidavits. This was as late as the early part of March.

Some suggestions have been offered this evening, and I intend to make one or two more. I think the municipalities should be permitted to do this work, and then the board of review provided for by this bill could be eliminated altogether. The office in Regina could supervise the work, but if this work were put up to the municipalities I am sure they would agree to do it and do it well. I know they would be ready to do it if they were given the amount necessary to pay the salaries and expenses of the inspectors for one month.

I have a further suggestion to make. The municipalities should be asked to make surveys. Where it was found that twenty per cent of the ratepayers of a municipality had an average yield of less than ten bushels to the acre, then the suggestion of the hon. member for Weyburn with respect to half-townships should be followed. A township is too large a unit. As has been explained here this evening, it is possible that one part of a township may have a good crop while the other part has a poor crop. This may result in those farmers with poor crops not getting anything because the average has been brought up by the good crops. The minister knows what I am talking about. There is one township whose northern part is split by the Qu'Appelle river, part of the township being in the minister's constituency and part in mine. This is township number 18-R-10-W2nd. The minister will remember that as late as

April I had a conversation with him in regard to this particular township. I may refer to this matter a little later.

As I say, the municipality should make a survey, and where it was found that less than twenty per cent of the ratepayers had an average yield of less than ten bushels to the acre, then the municipality should be considered on the basis of the individual. If this is going to be a relief measure, we must get down to the individual. I do not think there will be any more paid out than was paid out last year or than will be paid out under the method which the minister proposes to adopt this year.

As I said before, I would pay the municipality to do this work; I would give them what it would cost to pay the salaries and expenses of the inspector for one month. I know they will do the job, because I have a report here in the Regina *Leader-Post* of July 13 that the secretaries of the municipalities, and I believe the reeves too, met in that city and offered to do work voluntarily this year. But I would pay them to do it because you want the job done. They are responsible for relief and most of them, I am sure, would do the right thing. In the local papers in part of my constituency, as any member can see by going into the reading room, municipalities are running an advertisement giving notice to the farmers that they must cut as much fodder as possible and use their crops in many instances for feed, where there is a poor crop, because no relief will be given by the municipalities this year since they will not receive relief assistance from the province. This shows that the municipalities are concerned with the farmer's welfare, and I believe they would do the right thing.

It may be suggested that the municipalities might overstep the mark and bring all the farmers under the benefits of this bonus scheme, but I believe they would be fair and would do the job properly.

I have already mentioned the part that politics played in the administration of the act last year. There is no question about that, and I protest against it here and now. I would not wish to see a repetition of what was done last year in the part of Saskatchewan which I represent or in the part which the minister represents. I do not think the minister would permit it this year; I will be fair enough to say that. I think he is now in a position where he is seized with the importance of cutting out politics and doing the right thing, and he can do it if he so desires. He has had the reputation of handling a number of matters from a political point of view and of setting

up a machine. I will say that he has set up one or two good machines, but I do not want to see the machine oiled up and started again this year. I have a letter from his deputy acknowledging that the bonus was paid to people who were not entitled to receive it, and the department is now seeking to recover it.

Mr. GARDINER: I acknowledge that. We made some mistakes.

Mr. PERLEY: The minister knows the names very well. He knew long ago that these men were paid the bonus and were not entitled to receive it, while their neighbours who were better entitled could not get the bonus. I am going to wait and see how the department makes out in its attempts to recover the bonus. It is not necessary for me to put the whole story on *Hansard* because the minister knows the instances to which I refer. I do not wish to see a repetition of that this year. No matter whether the minister accepts some of the suggestions that are being made here or not, if he undertakes to carry out the act as amended I trust that he will see that the job is done properly.

There was an unnecessary delay in paying the bonus last year. Sixty per cent of the bonuses which had been earned and which were supposed to be paid in December were not paid until March. I received a letter only yesterday to the effect that the ratepayers in one municipality have received their bonuses only within the last week or ten days, and there are still a few cases in dispute.

Before we consider the bill clause by clause in committee, I shall now make a few general remarks about a conversation which I had with the minister in April last, when he was on his home farm. We talked over the telephone because we are practically neighbours, only twenty miles or so apart. Part of the township in question is in his riding and part in mine. Four inspections had been made, and a survey was also made by the municipality, the ratepayers being put on their oath. The survey made by the municipality showed an average crop of 11·80 bushels to the acre, I think it was, or slightly under twelve bushels an acre. The office in Regina refused to grant the bonus and referred the matter to the board of review in Ottawa. One thing I complain of is that the board of review sits in Ottawa. If it is going to be of any service it should be sitting in Regina at least during the survey work or until a decision has been reached in the matter of granting the bonus to the different areas. A board sitting in Ottawa cannot be as closely

[Mr. Perley.]

in touch with the farmers and the problems which the board has to consider, and having to refer matters to Ottawa means more delay.

On the occasion of our conversation the minister told me that he knew of the situation in this particular township in which we both are interested, and I said to him over the telephone, "You have the power, Mr. Minister, by regulation to go into the city of Regina," and he told me that he was going to do so the next day in order to take this matter up. The time was April and the farmers were ready to seed. They wanted the bonus, if it was coming to them, in order to buy seed, feed for their horses and other requirements. The whole township was involved. The minister said that he would give the matter his attention, and I believe he did so when he went to Regina. After consulting with the office there, he advised, I understand, that the farmers were entitled to the bonus and should get it. But the matter was referred to Ottawa and a telegram came back from Ottawa the next day. This is what I object to. The telegram from Ottawa did not come to the municipality, nor did it come to me. It came to the provincial member, who by the way went out on the street and said, "Here is a telegram from Ottawa. You are going to get your bonus at last. I did not know anything about it until Ottawa sent me this telegram." I think the minister should at least have done me the courtesy, after I had discussed the matter with him in a businesslike way over the telephone, of making known to me any decision that was reached. The telegram at least should have been sent to the municipality, but the news was given out in that roundabout way I have described. I am not saying that it was politics, but the information from Ottawa was made use of in the way I have mentioned.

No matter what amendments are made to the act, I believe that the minister, who is now seized with a sense of duty, if he will cut out the system of inspection he had last year and put it up to the municipalities, can have the whole thing done within a month and the bonus paid in proper time. The farmers need it. I know of instances where the bonus is needed right now. When we are in committee I shall have some suggestions to make to the minister but I just wanted to make these general observations at this stage.

Mr. JOHNSTON (Bow River): Listening to the observations that have been made by hon. members from nearly all the constituencies in the west, it would seem to me that there has been a great deal of complaint in regard to this legislation. The only constituency I have not heard complain is the one

represented by the Minister of Agriculture (Mr. Gardiner) himself, so I suppose he must have got along all right.

The constituency which I represent is not affected by the drought situation so much as by another factor which up to the present I think has not been considered at all. I brought this same matter up a year ago when discussing the bill, when I urged that damage by hail be covered by its provisions. Provision was made in the bill with regard to both frost and rust, but hail was never touched. I think this legislation is most unfair in that respect. In my constituency a year ago there was more hail than there was anywhere else on the North American continent. We have the worst hail area anywhere on the continent.

Mr. GARDINER: I would call the hon. member's attention to the fact that the hail section did not affect Alberta at all. The hail section only affects the crop failure area. It does not affect the other at all. There was no crop failure area in Alberta last year.

Mr. JOHNSTON (Bow River): That might be true, but I am saying that these people who are in the hail area, while they will get no protection at all, will be required to pay the cent.

Mr. GARDINER: But the people in the hail area, if their crop was under twelve bushels to the acre, were paid the same as anyone else.

Mr. JOHNSTON (Bow River): Not unless there was a township. But I am speaking of something else. The hail-storm never takes in that whole area, but it will attack a strip of three or four miles and clean it out, leaving not a straw standing, while in other instances the hail goes through and puts the crop so far back that when the farmers come to thresh it they have only four or five bushels of an inferior grade to the acre. For every bushel sold of that inferior grade they are required to pay the cent, are they not? That is an unfair condition, and to add to the injustice there, when these people are hailed out and have to pay the one cent a bushel on the little crop remaining, they find, when they have to buy seed, that they have to buy it back at the regular price. They get no reduction, no assistance whatever. It is exceedingly unfair in that instance. This legislation should be amended so as to be of greater assistance and to be more of an insurance plan to the farmers. The suggestion has already been made to-night—and I heartily concur in it—that it should be on an individual farm basis. I do not believe, if that were done, the farmers would object if the levy

were increased another cent or possibly two cents and thus a definite assurance were given to every farmer, no matter whether the failure was caused by hail or frost or rust or drought, that all these people could come in. I am sure they would not object to the levy of another cent on their crop if they all participated. It would be more satisfactory and certainly would be more just.

As the act stands now, this is a levy which is made on the farming community alone. I mention this because it was brought up by the hon. member for Broadview (Mr. Church) when he said that the government should treat all alike. I am whole-heartedly in favour of that contention, because agriculture is the only industry that is required to stand on its own feet. All other industries are protected by tariffs. In this time of war all other industries are guaranteed cost of production, plus profit, and on top of that they are given a bonus if they are successful in lowering the cost to a certain degree. But here is agriculture, one of the most essential industries, especially in war time; yet the government sees fit to say to the farmers, "You must protect yourselves"; and so they levy one per cent on all production as far as wheat is concerned, and then that is distributed to the farmers themselves. That is, they carry their own insurance. Why, then, should it not be quite as just to say to the farm implement manufacturers of Canada, "If there is any farm machinery industry in this country that cannot succeed in making a profit, then we shall make a levy on the other industries that are profitable in order to assist this one which is not making good". It would be exactly the same thing. But we do not do that. This house sees fit to keep the tariff on with the result that prices rise and rise and the farmer has to continue to pay increased prices for his machinery. The same applies in the manufacture of munitions and supplies. The government takes care of all costs, allowing for a profit and a bonus on top of that. I am sure that is not going to result in unity in war time; when you have such discriminatory legislation as that you will not have a contented people, and surely you will not have a contented farming community. You cannot expect it; you are not asking for it nor will you get it.

I am whole-heartedly in favour of having farm insurance. I think there should be farm insurance, but it should be farm insurance, that is, insurance of the farm so that every farmer when he pays his contribution will have some chance of getting returns. I hope the minister will take into consideration the suggestions that have been made here, or some of them at any rate, especially with

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regard to reducing the area, so as to make it possible for those who are suffering in consequence of hail to come under this protective legislation.

Mr. QUELCH: I will be brief. After I had concluded my remarks when this measure was in the resolution stage, the hon. member for Comox-Alberni (Mr. Neill) suggested to the minister that in view of the fact that the western members had been busily engaged in criticizing this measure, he would be justified in withdrawing it. That hardly seems a logical stand to take. Surely it is possible to be heartily in accord with the principle of the bill and yet be opposed to certain sections of it which we may feel do not allow the bill to operate satisfactorily. However, in order that there may be no misunderstanding on that point, I emphasize the fact that the members of this group are absolutely in accord with the principle of the bill, that principle being that assistance shall be given those farmers in the west who suffer from crop failure.

But what we do object to is that owing to certain sections of the bill and certain parts of the regulations, there will be many instances where farmers may have a complete crop failure and yet will not be entitled to get any assistance under the act. That was the basis of my criticism when I spoke on this measure in the resolution stage. The Minister of Agriculture (Mr. Gardiner) stated that if I had waited until the amendments had been brought down I would have found that many of my complaints had been taken care of. Although I admit that the amendments do in some instances improve the bill, nevertheless the majority of the complaints I made, the majority of the complaints made to-night, are not taken care of by the amendments. It will still be possible for some farmers to thresh thirty bushels to the acre and get assistance. It will still be possible for many farmers to have a complete crop failure and get no assistance. Does the minister consider that satisfactory? If it is not satisfactory, why not change the bill until it is? It is a slipshod form of bill that allows farmers threshing thirty bushels to the acre to get the bonus while farmers with a complete crop failure will get no assistance.

What about the regulations? Certain sections of the regulations absolutely destroy the principle of the bill. Will that be allowed to continue? In this measure we give the minister power to draft regulations that can absolutely destroy the very sections of the bill that we have drafted. What is the good of this house taking all this time to draft sections of the act to deal satisfactorily with

[Mr. C. E. Johnston.]

this problem if the minister can pass regulations which will destroy the very sections of the act which we pass? That is the situation. It is true that section 4 as amended will be a slight improvement; but so far as Saskatchewan is concerned, the farmers will be worse off than they are at the present time. The condition in Alberta will be very slightly improved. If on the other hand this measure were put on an individual basis, as I believe it should be, section 4 would become superfluous and be wiped out.

I suppose the minister will say that the reason why this measure cannot be placed upon a really sound individual basis is the matter of expense. It seems to be just another instance of the efficiency of a measure being destroyed by the adherence of the government to the same old deflationary policy, a policy which in the past six years has destroyed practically every measure that we have tried to introduce in this house; it is always the same old story, that the money is not available to deal adequately with any situation. The hon. member for Weyburn referred to the fact that there is a danger that this year will not be declared an emergency year, and he suggested that the minister should declare this an emergency year. I should like to see that done; I would be satisfied if the minister would give the committee the assurance that in the event of the average price of wheat being below eighty cents a bushel, this will be declared an emergency year. The act uses the word "may"; if the word "shall" were substituted, there would be no doubt. Section 3, subsection 1, of the act reads:

Any crop year in which the average price is less than eighty cents per bushel may be declared by the governor in council as an emergency year under this act.

So I hope the minister can assure the committee that in the event of the price of wheat being below eighty cents, this will be declared an emergency year.

I shall wait until the other sections come up before I discuss the bill any further.

Mr. NICHOLSON: Coming from a constituency in which the farmers have not qualified to receive benefits under this act, I should like to make a few comments from their point of view. The farmers have not objected to the legislation which in the first stages required the northern farmers to pay their share of the levies. There are farmers in my constituency who have been farming for the past thirty-five years but would never have benefited under such a measure; yet they have experienced crop failures. Those familiar with western conditions know it is quite common for local showers to make all the

difference between a good crop and a crop failure. The necessary changes should be made at the earliest possible time so that the benefits might be on an individual basis. When all the farmers are compelled to contribute toward this scheme, they should all have the right to receive benefits if they have a crop failure from any cause.

I should like to endorse the suggestion made by several hon. members that the work should be carried on by the rural municipalities. I have here a return, dated June 11, in reply to a motion moved by the hon. member for Weyburn, and was interested in noting that the rural municipalities recently suggested that they might be able to carry on this work on a voluntary basis. I find from this report that the cost of carrying on this work has been very large, namely, \$230,449.81. On the first of nine pages of the return listing the names of the various inspectors we find that these inspectors were receiving wages of \$5 a day and most of them received more for expenses than for wages. I am sure that if the municipal secretaries had a part of the sum given to these inspectors, the work of administering the act would be carried on much more efficiently. In my province the farmers have to have a statement from the municipal secretary before they are permitted to sell their grain in the fall. When this statement is being secured would be the logical time for all the evidence necessary in connection with the crop returns to be produced.

I should like to offer an objection to the increase in the number of townships necessary for benefit in Saskatchewan. In appendix 6 of the report of the Sirois commission I find that Saskatchewan has been affected more adversely by drought than the other provinces. Table 3 on page 14 gives the amount spent in the different provinces under the heading of the dominion share, dominion loans to provinces, provincial share, provincial loans to municipalities, and municipal share. I find that for 1931 in Saskatchewan we received 5 millions of the total, while Manitoba and Alberta together received 3.7 millions. In 1932 Saskatchewan received 23.2 millions and Manitoba and Alberta 14.9 millions, and so on; the total for the seven-year period being 113.8 millions for Saskatchewan and 94.8 millions for Manitoba and Alberta.

I am not complaining about Manitoba and Alberta having an advantage, but the suggestion which is being made that will make it more difficult for Saskatchewan to receive benefits under this act, is not coming at this particular time, in the best interests of the act. I should like to see the number necessary in Saskatchewan remain at the 135 townships which prevailed a year ago.

Mr. GARDINER: There are one or two matters that have been referred to about which I should say a word. In order that I may not forget it later, let me deal first with the suggestion which has just come from the hon. member for Mackenzie and which was stated earlier by the hon. member for Qu'Appelle and, I think, by two or three other hon. members, namely, the suggestion that the administration of the inspection under this act should be turned over to the municipalities. One of the reasons given was that the inspection staff as now set up is more or less political.

I remember having quite a heated discussion in this house with the then leader of the opposition when relief was being administered in just that way by the municipal councils and the secretary-treasurers. The then leader of the opposition, supported by some of his followers—at that time he had only one follower from Saskatchewan—said that the municipal association of Saskatchewan was a part of the Liberal political machine. Perhaps that is one of the reasons why we thought it necessary to set up another organization to take care of the administration of this act. We had been accused of using the municipal association and the secretaries in Saskatchewan as part of the Liberal political machine. Now, when we have built up a different organization, a part-time organization only, to administer this act, we are asked to turn the administration back to those same officials. I have come to the conclusion that it does not make much difference, so far as the opposition is concerned, what we do, we are going to be accused of playing politics anyway.

Mr. PERLEY: It might be the lesser of two evils.

Mr. GARDINER: In any event the act has been administered this year by inspectors who were appointed for part time in order to make these inspections.

The suggestion was made by the hon. member for Lake Centre, supported by the hon. member for Acadia, that lands which are hailed out should be given greater consideration. Only one section in the act refers to hail, namely, the section which provides for the building up of relief areas or of crop failure areas in a province. It states that hail is not to be taken into consideration in computing the number of townships to bring that part of the province under the crop failure section. But once a crop failure area is built up, then if it hails in districts that have less than five bushels to the acre, the persons hailed out receive the same assistance as the other farmers. Hail is not mentioned under the emergency section, and if persons in areas

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that are under twelve bushels to the acre are hauled out, those persons receive assistance the same as other farmers living in those townships. It should be remembered also by members of the committee that we have hail insurance in all the western provinces, and any farmer who has the cash to pay the premium can at the present time insure his crop against hail.

Mr. SLAGHT: They have a splendid new company now, too.

Mr. GARDINER: My hon. friend says they have a new company, and that is so.

Mr. DONNELLY: We also have municipal hail insurance.

Mr. GARDINER: Yes; we have municipal insurance in the west to take care of hail, so there is no real reason why we should set up still another system of hail insurance.

The suggestion was made that we had perhaps gone contrary to the definition of a farmer in our regulations. "Farmer" means a person engaged in farming in the spring wheat area. Hon. members who were here a year ago will recall that this was not the definition first introduced here. That was a definition of a resident farmer, and after considerable discussion and reconsideration it was felt that it was better to define a farmer as a person engaged in farming in the spring wheat area. Then, in the section which gives us power to make regulations, it will be seen that the minister may, with the approval of the governor in council, make regulations excluding from the operations of this act farmers who do not reside upon farms within the meaning of the regulations. So nothing has been done contrary to the intention or meaning of the act. The intention of the act was to have defined by regulation what constituted a resident farmer, and if a farmer was not engaged in farming within the spring wheat area, then he could not receive assistance if he happened for the time being to be living in western Canada.

Mr. DOUGLAS (Weyburn): But that had nothing to do with income; and later, in the interpretation of the regulation, the eligibility of the farmer was based on his income and whether he was primarily engaged in farming.

Mr. GARDINER: Of course the regulation provided that a man could be a resident farmer if he lived within the neighbourhood where he was farming. "Neighbourhood" has been defined very broadly. It has not been contended that a man has to live on the

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adjoining piece of land in order to be considered a resident farmer. He could live in the village and operate his land. My hon. friend shakes his head, but that is so.

Mr. DOUGLAS (Weyburn): Not if he had a job there.

Mr. GARDINER: If he had a farm nearby and had his home within the village limits he could draw his benefits, and many such farmers did receive these benefits. But if a man were living in a village and running a general store or an elevator; or if he were living in the village and running a full-time gasoline station, even if he did have a farm he was not permitted to collect under this act, and it was never intended that he should. This act was placed upon the statute books in order to make it possible for farmers to establish and maintain homes on farms, and for no other purpose. A home on the farm was defined broadly enough to make it possible for a man to live within the limits of a town and spend his time farming outside those limits. We have in the west many instances of farmers who live in a village in order that their children may go to school. They drive out to their farms, which may be within four or five miles of the village. They go by car, carry on their farming operations and return home for the night, while their families live within the town limits. A farmer who was spending all his time farming under those circumstances would be eligible under this act. But we have had scores of applications from men who were travelling agents for concerns of one kind and another and who happened to own farms. They have written us time after time presenting long arguments as to why they should be considered farmers, and pointing out that they were paying this one per cent. In dealing with the payment of that one per cent, may I suggest to the hon. member for Acadia—

Mr. PERLEY: Some were paid who had businesses in town and who were operating farms at the same time, were there not?

Mr. GARDINER: I think there were a few of that kind. There was one gentleman living very close to the town from which my hon. friend comes who was paid \$58 more than he was entitled to, and he put that money into an envelope and sent it back. He was one of the honest men who make possible the administration of an act like this. There was another gentleman in the same vicinity, a good political friend of mine, who was not paid. We had some correspondence about that, too; I think we had at least three lawyer's letters arguing that he was entitled to payment, but he was not paid. We have all sorts of instances of

that kind, and probably spread over the area there may be a score of instances in which we think people should return the money they received. Probably on some future occasion we may find a way of getting back some of that money. But, if in making payments to 58,000 farmers we did not make any more than one hundred mistakes, I think we were fairly successful in administering an act of this kind for the first time. So far as I know, there never has been an act similar to this on the statute books of any other country. This is the first time it has been attempted; and if we were able to pay 58,000 farmers an average of approximately \$175 each without making more than a hundred mistakes, even though it may have taken seven or eight months to complete that operation, we have proven at least to our own satisfaction that this act can be made to work.

I was going to say that the hon. member for Acadia has shown some concern as to the individual farmer in some of these areas. He has been more concerned about having this act applied on an individual basis than perhaps some others who have spoken. We went over all that a year ago when we were putting this legislation through. We threshed the matter out; we argued it back and forth, but during the year we have found by experience that the arguments against putting it on an individual basis are very much stronger than the arguments in favour of doing so. One reason for saying that is to be found in the figures I gave a moment ago. I stated that about 58,000 farmers had received benefits under this legislation. The exact figures as at July 9, 1940, show that we paid 57,874 farmers in 1,889 townships in the three western provinces, at a total cost, in those provinces, of \$9,763,186.21. Among those 57,874 farmers there may be 100, more or less, who were not properly farmers according to the definition contained in the regulations. Those were mistaken cases. Some of them we have written to, and received money in return; and some of them have not returned the money.

But the point I wish to make is this, that when we summed up all of the questionable cases early in the month of January, there were less than eight thousand questionable cases, affecting individuals. It did take a considerable time to deal with all of those questionable cases, because they concerned families of three or four. In some instances there were three or four male members in a family, each of whom claimed to be farming his own land. They included instances where men were running small businesses in towns, and operating farms outside those towns. They included instances of persons who were engaged professionally, and

at the same time were operating farms. And so on, all along the line, we had those matters to contend with.

We had to reinvestigate those cases. We had to get declared statements from some of them. In some instances we had to examine the municipal accounts to find out who did do the business in connection with a farm. We had to examine elevator accounts. In some instances we had to go to the merchants to find out who paid the bills. Finally we worked it down to a point where, we think, we did not make many mistakes.

Then, something has been said in regard to inspection.

Mr. QUELCH: Even though there may not have been many mistakes, I think the minister will agree that there were many farmers in the west who threshed considerably less than twelve bushels to the acre, and yet were not eligible for support under this act.

Mr. GARDINER: The hon. member for Qu'Appelle led me away from that line of thought, a moment ago. I was going to reply to that suggestion. My hon. friend raised two questions, the first of which was why we did not pay individuals who happened to be on comparatively light land, living in some townships which had grown twelve bushels to the acre; and why in other instances we paid individuals living in other townships who had grown more than twelve bushels to the acre.

I believe I can best answer that by referring to what I said at the beginning of the discussion some days ago. I have with me to-night the records for three years of all the municipalities in Saskatchewan which received assistance under this act last year. I would point out, first of all, that in the whole of that province there are only two municipalities which got assistance under the act last year, which did not get assistance from the province by way of direct relief.

There has been considerable discussion as to whether or not Saskatchewan paid relief last year. The records show there are only two municipalities in the whole province which got assistance under this legislation, which did not get assistance from the province as well.

Mr. DOUGLAS (Weyburn): Not all the time, though.

Mr. GARDINER: Through part of the year.

Mr. DOUGLAS (Weyburn): Part of the year, yes.

Mr. GARDINER: They never did get assistance all the time, unless they had complete crop failures. That answers the question raised by the hon. member for Acadia. This legislation was never intended to take care

of all the relief responsibilities of all the governing bodies in the western provinces. This legislation was intended only to take care of the responsibilities of this government. The municipalities took care of the individual case which happened to be in a municipality. I am referring to instances where there were only one or two cases in the midst of a township which had a comparatively good crop. The councils were able to collect their revenues, and were able to take care of the one or two individuals who happened to come under their charge. It was their responsibility to do so. If, under the provincial legislation which provided for taking people off light or sub-marginal lands, they permitted those lands to be farmed, then they had some responsibilities in the matter. On the other hand, when the responsibility became too great for the municipalities to handle, the province came to their help. I could read to hon. members a list of municipality after municipality which received help from this government under the Prairie Farm Assistance Act, in various amounts of thousands of dollars, by way of relief.

That was given in order to take care of those small groups of half a dozen or a dozen in a municipality who did not come under this act or who during the early part of the season had not received any assistance under the act, and therefore still required some help from the province.

There is another point raised in this connection. Here we have an individual who is required to pay one per cent on his comparatively small crop. Probably he gets nothing, because he is in one of the townships which is not included. On the other hand, over there we have another individual with a comparatively high yield, but who may be in another township the general yield of which is less than twelve bushels to the acre. That man will receive payment. I think in all instances last year persons with comparatively high yields lived in townships that had somewhere from five bushels to the acre, upwards. There would be very few instances—in fact I do not recall any—where persons had twenty or thirty bushels to the acre in townships where there was a crop failure. Those instances are practically all in the areas ranging from eight to twelve bushels to the acre. So that the most an individual could draw would be one dollar an acre on half his crop acreage, with a limit of \$200.

I shall attempt to make the calculation easy. If a man had twenty thousand bushels of wheat, and wheat was a dollar a bushel, at one per cent he would pay in \$200. That is all he could draw out. So the man with

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twenty thousand bushels of wheat would not really draw anything out of the treasury of Canada. He would put in \$200, under those circumstances, and draw out \$200. Last year it would be only \$140. He could draw out \$200.

Mr. DOUGLAS (Weyburn): He would draw out less if he had three thousand bushels?

Mr. GARDINER: If he had three thousand bushels he could not get more than \$200. That is partly dealt with this year in the amendment to the legislation, as will be indicated as we go along.

But here is another instance of a man living in the middle of the township, who has twenty bushels to the acre of wheat. But he has only forty acres of wheat. He put it on the best land he had. The land had been summer fallowed the year before, and was probably fertilized. On that land he happens to grow twenty bushels to the acre. He probably has three or four hundred acres of oats and barley. Any stubble land he had he seeded in oats and barley. If it is a dry season and he is going to be hurt, he suffers more on the stubble land than on any other. And every hon. member in the committee from western Canada knows that last year farmer after farmer had twenty bushels to the acre of wheat and had no coarse grains at all. A farmer could have twenty bushels to the acre, on a very small acreage, and have no coarse grains at all, and not be as well off as a man with ten bushels to the acre alongside of him on a wheat acreage, when he had sown some of his stubble ploughing to wheat, as well as his summer fallow. That is known to every man who has farmed in western Canada.

In other words, under this act we are not paying on wheat at all. Every man who has studied the act knows that we pay, even if a man grows no wheat at all. If he grows all oats or all barley, or part oats and part barley, if he grows feed grains only he can draw just as much as he could draw if he grew only wheat. Wheat is used in the townships only as a measuring stick. And men with experience in western Canada know that, generally speaking, what happened last year was an exception. As a general rule, when the wheat crop is poor throughout an area, any other crop is also poor.

An hon. MEMBER: Poorer.

Mr. GARDINER: Poorer, as a rule. Last year was the exception because wheat was a little better than coarse grains and some farmers suffered as a result. What I am pointing out is that it is not always correct to say that because a man has a yield of twenty bushels to the acre we are not treating

him properly when we pay him at the same rate as we pay his neighbour, because he may be farming in an entirely different way. If he is raising live stock and growing coarse grains in order to feed them; if he has a little patch of wheat and happens to have a good crop, if we wanted to check him individually we would have to check all his farming operations. In order to check the live stock and coarse grains sales of the 58,000 farmers, when nine out of ten do not keep any accounts, it would take us perhaps the next three or four years and I doubt if one-tenth of the payments would be made to date.

Mr. DOUGLAS (Weyburn): You do not take the live stock into consideration now.

Mr. GARDINER: We take live stock into consideration when we check a township. A farmer who had live stock last year in an area which had ten bushels of wheat to the acre, but who had no coarse grain, had to go out and buy coarse grains or sell his live stock. A farmer with live stock and wheat but no coarse grains needed assistance even more than a man who had a crop of eight or ten bushels to the acre but no live stock. This bill is not intended to make payments only in connection with the growing of wheat; wheat is used as the measuring stick.

A good deal has been said with regard to collecting money from persons who can never expect to get it back. I said the other night that if this legislation had been in effect for the past eighteen years—I think this will answer what was said by the hon. member for Weyburn—in thirteen of those years the crop failure sections under the 135 townships provision of last year would have been brought into effect.

Mr. DOUGLAS (Weyburn): How many under this bill?

Mr. GARDINER: I am not certain; I have not checked that. It would be a lesser number, but I do not think very much. I checked up further and found that the act would have been in force in fourteen out of twenty-one years. Then, in five of those years the emergency sections would have been brought into force because the price was under eighty cents. In those eighteen years we would have paid out \$180,000,000, and through the one per cent levy on the marketed grain we would have collected \$31,000,000. In other words, we would have paid out almost \$6 for every \$1 collected. We knew that when this bill was introduced this year. When the legislation was being put through last year, the former leader of the opposition, Doctor Manion, asked me what the average payments would be, and I said they would run from \$10,000,000

to \$15,000,000 a year. Last year it worked out to between \$9,000,000 and \$10,000,000, and that year was an average year.

He asked also what would be collected under the one per cent levy, and I said it would run from \$1,500,000 to \$3,000,000, the average being around \$2,000,000. Last year we collected in the neighbourhood of \$2,000,000 and paid out something over \$9,000,000. My hon. friend asks why a farmer who is never going to be able to collect should be charged one per cent. This question was put to me in Manitoba during the election, in a municipality where they have never had a crop failure. They wanted to know why they should be asked to pay one per cent when they had never had a crop failure, did not expect to have one and would not hope to be able to collect under the legislation. I replied that we had asked the farmers of western Canada to pay about one-sixth of the amount necessary to carry this plan, while the people of Canada, including the farmers, were being asked to pay \$5 for every \$1 the western farmer was being asked to pay. I said "Suppose I go to Toronto or Montreal and tell them that the farmers in western Canada who grow good crops every year refuse to pay the one per cent, do you think those fellows will put up their \$5?" They admitted that was clear enough. They realized that those who were successful were being asked to assist others through the difficult years when they were learning how to live in certain sections of western Canada.

Mr. PERLEY: Is there any other industry where the government asks them to do that? Is there any other industry where the government asks them to do just what the minister has now outlined?

Mr. GARDINER: I am afraid my hon. friend has not got my point. He should ask first: Is there any other industry which receives support from all the people of Canada in order to carry it through the difficult years? Under this plan, if it had been in operation for eighteen years, all Canada would have paid in \$5 for every \$1 collected under the one per cent.

Mr. PERLEY: Is there any provision for that to be paid back?

Mr. GARDINER: No; there is no provision for that to be paid back.

Mr. DOUGLAS (Weyburn): It is only about \$4 for \$1 this year.

Mr. GARDINER: The farmer puts in one per cent which starts the fund. It might happen that a time will come when the fund is large enough to warrant payment back,

but judging from the experience of the last eighteen or twenty-one years there is no possibility of that happening. The only way in which it might be done is to follow the suggestion of the hon. member for Acadia. He has said that the farmer would not object to paying two or three per cent, but I suggest that it would have to be five or six per cent in order to take care of the whole amount being paid out under this scheme.

Mr. QUELCH: Provided that account was taken of the drought areas of western Canada. Speaking in this house two years ago, the minister admitted that we have a direct responsibility for the condition which exists in the drought areas. Therefore we should expect to make a grant to those areas.

Mr. GARDINER: My hon. friend is simply advancing my own argument, but that is not the argument he used a moment ago. He was arguing that the farmers who have crops were assisting the farmers who have no crops. I am pointing out that many other people in Canada are paying into this scheme than the farmers who have good crops. People all across Canada are paying into it for exactly the same reason as that given by the hon. member for Acadia. They are paying in because they believe that the wheat industry of western Canada is of sufficient importance to the whole of Canada to warrant their seeing to it that the farmer has an opportunity of establishing himself in his home on his farm. We have managed to persuade them to do that. I think those are most of the criticisms which were made.

One other matter I want to deal with is the inspection itself. The hon. member for Qu'Appelle described one of the inspector's activities. He said that the inspector took a square of the crop, took the heads off, took them home and threshed them. I would suggest to the hon. member that that is pretty much the method which is followed in checking hail damage in western Canada. A man takes a hoop, throws it out into the field, then counts the heads inside the hoop and counts the number damaged by the hail.

Mr. PERLEY: Fifty yards away in the same field he would not have found any heads.

Mr. GARDINER: Perhaps so, but if he did the job properly he would go over the field and take those squares at a sufficient number of places to give him the average wheat crop in that field. I am going to say this: Every inspector was asked to do that, and most of the inspectors did do it. Then we checked and found out that it had not been

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done carefully enough to be very useful. So that was discarded. Again I say that we are experimenting more or less with this legislation. There are probably only three men in western Canada and probably only a dozen or so in the United States who have made a life work of checking crops, and I think there are only three or four who have made enough of a reputation by it to have themselves employed by the great grain companies for the purpose of checking and estimating crops. These men travel through the whole crop area every year and they do estimate the crop very closely.

Mr. PERLEY: There is one woman whom the minister forgot to mention, Miss Hind.

Mr. GARDINER: Yes, Doctor Hind has been doing it for many years and has been very successful, too. But I am pointing out that there are very few who have had that experience in checking crops, and we selected the best men we could get. I venture to say that there were not a dozen of them whom I knew personally. We had to take people's word whether or not they were capable of doing a job of that kind, and we took the recommendations of persons who were supposed to know. These men then went out and did the job, and I would point out to the committee that in spite of the fact that this legislation was new and had never been tried out before, out of 1,913 townships that were finally passed for payment on July 9, there were 1,535 about which there was no question at all. They were passed by all those who checked them—1,500 out of about 1,900 townships. I would say that if 159 inspectors can go out and check about 1,900 townships, and 1,500 of those townships are passed by the officials who checked them, the inspectors were not such bad inspectors, and we must remember it was the first year in their experience.

Mr. JOHNSTON (Bow River): It does not necessarily follow that they were such good inspectors, because the final checking did reject some of their findings. It may be that there was overchecking.

Mr. GARDINER: I come back to the point I urged a moment ago. There has been considerable urging that I should make this an individual matter. These inspectors could drive through most of those 1,500 townships and gauge the crops as being, let us say, under five bushels to the acre in 260 townships, under eight bushels to the acre in a number of others, and no one would question it. The townships about which the hon. member for Qu'Appelle was talking were like the townships in my own constituency.

Mr. PERLEY: I would suggest that the minister and I were unfortunate in the inspectors sent to our districts.

Mr. GARDINER: No, I do not think so. We were in exactly the same position as the hon. member for Acadia. He was on the boundary line of the drought area; so was I; so was the hon. member for Qu'Appelle; and when you are on the boundary line you have all the questionable townships, like the townships he was speaking of, with 11.8 bushels to the acre. Is there any hon. member who would go to any township in Canada and take an oath that he could come within four points, four-tenths of a bushel, of the yield of that township?

Mr. MacNICOL: It is two-tenths, is it not?

Mr. GARDINER: Yes.

Mr. PERLEY: That was the fourth inspection.

Mr. GARDINER: We had to make more than four in some instances, and some we have not decided yet.

Mr. QUELCH: Could the government not give the farmer the benefit of the doubt in those instances?

Mr. GARDINER: He was given it in most instances because this is what happened. We started out, as the hon. member for Qu'Appelle has said, with the idea that we would make these inspections; that the result of them would be sent in to the central office in Regina, and that the central office in Regina would send on their recommendations to Ottawa. At this point I should like to explain to the hon. member for Souris that the only reason for the difficulties which existed in Manitoba and of which he spoke was this. When the director at Regina got his reports he had not been properly instructed from here, and he took it for granted that he had the right to make the decision. I was on the train between Ottawa and Toronto when I picked up the paper and noticed that the townships in Manitoba had been announced. I immediately telegraphed the director, telling him that he had no right to announce them, that he could not make the decision, that the act said that the minister had to make the decision, that the minister in that sense was the deputy minister at Ottawa, and that all the director had the right to do was to make recommendations to Ottawa, where his recommendations would be checked and decisions given accordingly. When these recommendations were checked, some of the townships he had recommended were not accepted. In other words, he did just what

the hon. member for Acadia suggested a moment ago; he was inclined to give the farmer the benefit of the doubt. But the authorities here, the treasury authorities, said, and quite properly, that no one getting more than twelve bushels to the acre can be paid. If it is shown that the yield was a fraction of a bushel over twelve bushels to the acre, then under the law the bonus cannot be paid, and the auditor would not pass it. So all the recommendations had to be checked. When I returned to Ottawa we discussed the matter, and I suggested that in view of this mistake—and others said the same—we had better appoint an independent committee to do what the act had said the minister might do through the officials of his own department.

For the benefit of the hon. member for Lake Centre, may I say this. We took, as one of the members of that committee, the financial representative in the Department of Agriculture, the man who had been checking the records all the way through. Then we took the secretary of the wheat board in western Canada, which the hon. member said should be represented. He was the statistics official for agriculture in the Department of Trade and Commerce. We put him on the committee. Then we went up to what at one time was the home city of the hon. member for Lake Centre, Saskatoon, and we took Professor Hope out of the university of Saskatchewan, a man whose activities are partly financed by this government. We therefore took three men of the very type that has been suggested we ought to have—not men who were going to cost the government something more, but men who were already in the employ of the government, and we asked them to check these reports. I admit that if we had done this earlier in the season, that if we had been checking all the way through, there would not have been the delays which did develop.

That is the reason why we have a provision in this bill for a board to be set up, and this board will be set up immediately after this legislation passes. It will consist of officials already being paid by the government of Canada. This is not, and it could not be, a board in the sense in which we often speak of boards. There is no reason for having a continuous board operating throughout the year. The board is only required for three or four months while the work is being done, and we consider that we should have officials of the government doing that checking. So that what we have in mind conforms with the views expressed a few moments ago. The men whom the hon. gentleman was criticizing are not in my department and I am not in a position to answer what was said this afternoon with regard to them. I should expect

that they would have considerably more to do than was indicated by what they did in inspecting four or five or half a dozen instances of the type stated. They must have more than that to do or they would not be paid the salaries they receive. But there is a possibility that one of these men could go on this board and do that kind of work. In other words, we shall be selecting men from among our employees somewhere to make these checks in order that it may not be said that they are political checks.

In answer to what was said by the hon. member for Qu'Appelle, I might point out that the deputy minister of agriculture at Ottawa was not appointed by the present government. He was selected by the previous government, and I wish to say this for the previous government, that they picked one of the best men they could find in Canada. I do not know anything about his politics, but I would doubt very much whether he has party affiliation.

Mr. PERLEY: I was not complaining of his action as a political action. I said that when he was communicated with from Regina in this regard he might have telegraphed to some other person than he did.

Mr. GARDINER: I do not know the particulars, but I should think that if Doctor Barton communicated with Mr. Fred Dundas, the local member, it would be because Mr. Dundas telegraphed him and asked him for information. I doubt very much whether the deputy minister of the department here would know Mr. Dundas was a member of the local legislature. I would be aware, from what I know of Mr. Dundas, that he would be busy in connection with anything that had to do with his constituency, working all the time.

Mr. PERLEY: In this instance he said he did not know why they telegraphed him because he had not made any representations.

Mr. GARDINER: I was not here, as the hon. member said. I was in the west, and the story is new to me.

Mr. PERLEY: I will give the minister credit. We did get action afterwards.

Mr. GARDINER: I know all the parties, and I do not think the present deputy minister of agriculture at Ottawa would allow politics to interfere in any way with any judgment he might make in connection with the administration of the act.

Mr. PERLEY: I did not charge that at all.
[Mr. Gardiner.]

Mr. GARDINER: I think that is all I wish to say in a general way in connection with the measure. As we go through it we shall find that most of the difficulties mentioned in the discussion have been taken care of as well as it is possible to cope with them after one year's experience. Probably when we have had another year we may be able to correct some other difficulties that may arise as we go through the year.

There is one other point raised by the hon. member for Weyburn, but it has slipped my mind for the moment.

Mr. NICHOLSON. I asked the minister a question regarding the reason for the change to 171 instead of 135.

Mr. GARDINER: As I stated the other day in introducing the resolution, we took 135 last year. We were absolutely sure when taking it that Saskatchewan would be in. Saskatchewan had 260 townships, so that it did not make much difference what we took, but we took 135 at that time. We took the figure 100 in Alberta because we were practically certain at the same time that Alberta would not be in the crop failure area. We had the same idea with regard to Manitoba and it turned out to be correct in all three provinces. I said at the time that the matter was experimental, that we would experiment with it for one year and arrange about the number of townships in the next year which would be fair to all. This year we have taken fifty-four for Manitoba, 171 for Saskatchewan and ninety for Alberta, believing that these, as nearly as we can draw the line, indicate where it ought to be drawn as among the three provinces.

Mr. NICHOLSON: How did the minister arrive at 171?

Mr. GARDINER: In its relationship to Alberta. It is about double what Alberta is—not quite double—and Alberta is not quite double what Manitoba is. That is based largely on the areas which are usually afflicted by drought.

Mr. DOUGLAS (Weyburn): There are one or two matters upon which the minister has not touched. His explanation why we could not use the municipal set-up does not really hold water. The fact that it would turn to what someone in past days suggested was a Liberal machine does not meet the situation. Why build another one, then, if that was the situation? The fact remains that it could be handled through the municipal offices by a declaration made by the farmer in the spring and in the fall. In the new department which the minister has taken over, a great appeal is

being made throughout the country, and is being responded to everywhere, for voluntary action. The people will not take kindly to appeals for voluntary effort on the one hand, and on the other for an expenditure of \$200,000 and more for inspectors to go out through the country as they did last fall.

With reference to the regulations, although the minister touched very well upon some points, he did not deal with the whole situation. It is true that the act bases the definition of "farmer" upon residence, but my point was that it did not base the definition of "farmer" on his income or the proof that farming was his primary occupation. As a matter of fact, many men were eliminated from the benefits of the act who actually did farm, on the ground that during a part of the year, in the winter, they operated a blacksmith shop or something of the sort. The onus was put upon them to show that farming was their primary occupation and blacksmithing secondary. In some instances the application was granted, and in others the opposite view was maintained.

Mr. GARDINER: It will be found that the mistakes were made early in the season before the defining of the regulations was done at all. The defining was done because the mistakes were made, and explanations were sent out to all inspectors in order to see that these mistakes would not be repeated. At first some of the inspectors would say that because a man had a filling station in his front yard along the highway he was not entitled to payment. Another inspector would say that because a man was elected a delegate to the wheat pool he was not entitled. Still another inspector would say that although a particular man was blacksmithing in town, he had a farm, made most of his money on the farm and therefore should be paid. They had to define the dividing line sooner or later in order to get the cases properly settled. I admit that mistakes were made; it could not be otherwise.

Mr. DOUGLAS (Weyburn): That is natural. But it was a fact that a man who had three hundred acres in a non-bonus area was eliminated despite the fact that he might not have four bushels to the acre.

Mr. GARDINER: It was assumed that since the township was out, the responsibility for taking care of people in that township was laid on the municipality or the province as a result of the township being out. It was said that if a man lived in the township and had a half-section of land in that area, it was to be presumed that he was as well able to take care of himself as anyone else living within that area. That was the basis on

which it was done. I admit that there were some difficulties in connection with the administration of that regulation, and there will probably be an attempt made to change it this year. It is partly dealt with by the amendment in the bill which limits the amount on which a man can draw to three thousand bushels provided it is not over eight bushels to the acre.

Mr. DOUGLAS (Weyburn): The burden of the minister's argument lies in the fact that the people of Canada are paying, I think he said, five to one in this scheme. Actually it does not work out that way when we consider all the facts. Last year it worked out, I think, about four to one.

Mr. GARDINER: Yes, four to one last year.

Mr. DOUGLAS (Weyburn): About \$9,000,000 was spent and the farmers contributed \$2,165,321. But may I remind the minister that while it is true, as he says, that those municipalities which did not come within the ambit of this act were supposed to receive provincial relief, in the drought areas of western Canada in the last few years provincial relief has been negligible. The important thing has been the emergency relief that has come from this parliament. I think it was about \$13,000,000 last year and an even larger sum the year before, \$18,000,000 if I remember correctly; very large sums from the dominion treasury to take care of the people in the drought area. When this bonus was paid, it is true the farmer was getting \$4 for every \$1 he put in, but the emergency relief was no longer paid.

Mr. GARDINER: Let me give the figures on that. In the year 1937-38 the direct relief in these same municipalities that got assistance last year—not all in the province—amounted to \$8,202,753.31, and they got \$7,233,289 for feed and fodder. In 1939 the amount for direct relief was \$5,157,000, and for feed and fodder only \$432,000. For last year for the same municipalities direct relief was \$1,298,000 and nothing for feed and fodder.

Mr. GERSHAW: I point out that relief was a big factor in the administration of the act, and a hardship came about in this way. The municipality and the province would say to a man, "If you got more than twelve bushels to the acre you do not need relief and if you got less than twelve bushels to the acre you will get the bonus." The result was that the poor fellow could not get relief and he came up for investigation and in the end did not qualify, so he really suffered greatly on that ground.

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Mr. ROSS (Moose Jaw): Suggestions have been made from the other side of the house that the municipal secretaries should check up the average yield by getting a statement from the farmer. That, of course, would mean that no statement could be got until after all the threshing was done, and there have been many years in western Canada when the crop stood out all winter, the farmers being unable to thresh in the fall. If the matter is to be left to a system of that kind, some people will not be paid their bonus at all.

Mr. QUELCH: If the crop is going to stand out all winter how can anyone estimate what it will be? By the time the spring comes there will be no crop.

Mr. ROSS (Moose Jaw): Some apparently did not follow the system of estimating the crops under this act last summer at all. Some did. The system used was that when an area was found to be failing in crop, as soon as possible inspectors were sent in to judge the yield of the standing crop. When hon. members say that a municipal secretary can do that, let me say that the men who went out as inspectors started soon after daylight in the morning and worked steadily until dark at night—

Mr. QUELCH: Sometimes I think they went after dark too.

Mr. ROSS (Moose Jaw): No they did not. I watched this very carefully all the time this acreage bonus business was being inspected last summer; I watched the job that the men had to do from the Regina office, and the inspectors did an excellent job in western Canada last year. Surely hon. members will be fair enough to admit that in the early part of the season it looked as if there were going to be a very good crop over practically the whole territory except the region in which the hon. member for Weyburn and the hon. member for Assiniboia are located. The crop looked good until well on into July. Under the act only a small office staff, a small number of supervisors and inspectors, was provided to handle what looked to be a small area of dearth. Then late in July hot winds came through that part of the country and in a very few days much of the crop was ruined. Suddenly there was thrown on that office in Regina the task of trying to get supervisors and inspectors to cover a large territory. That was done to the best of their ability, and they did a really good job.

These inspectors went out—and I know it because I saw them working—and drove from early in the morning until dark checking the crop through the area. Some hon. members

[Mr. Gershaw.]

say, "Well such and such a field was not looked at." Of course it was not; the township average was what was being looked for. If a man went through a township taking pieces of land at regular intervals on the roads north and south and east and west, he would get the average yield of the township, and that is exactly what was done. At least fifty pieces were inspected in each township. The inspectors did not go to look for a good crop or a bad crop; they took definite distances between each check and thereby they got the average of the standing yield of the township. It is not hard for an experienced man to ascertain the yield from a standing crop. The minister said there are some men in western Canada and some in the United States—

Mr. JOHNSTON (Bow River): Three in Canada and eight in the United States.

Mr. ROSS (Moose Jaw): There may be more. These are known and noted men; I know some of them myself, I have travelled throughout western Canada with some of these men who make it their business the year round to inspect crops.

Mr. DOUGLAS (Weyburn): But they are not listed here..

Mr. ROSS (Moose Jaw): No; surely the hon. member would not expect to get that type of man.

Mr. DOUGLAS (Weyburn): That is exactly the point.

Mr. ROSS (Moose Jaw): The men they got did a very good job, because when this board of supervisors, who gathered a great deal of reliable information from many sources checked the work of these inspectors they found that in at least nine cases out of ten the inspector was correct in his yield. I believe that they did a remarkably good job for the first year that they were on this work. What municipal secretary could spend all day long for at least two weeks driving through the townships in a rural municipality? If I know anything about the municipal secretaries in western Canada, they have more work to do now than they can do in the hours they have to do it.

The crop was inspected by these men in the fall. A second inspection was made, the hon. member for Qu'Appelle said, by using a square yard and determining the number of heads and the yield per acre in that way. But a remarkably good job was done, and in most years I believe that is the fairest and best way to get the yield in western Canada. From practically thirty years' experience in farming in western Canada I would say that this last year's crop was the worst crop we ever had to estimate in any way. We

had a high crop, with plenty of moisture in the early part of the season; a tall, luscious stem, and a root system that never had to go down for water. The result was that when the heat hit the crop, the stems were cooked. There was not a big enough root system to bring up subsoil moisture even if it had been there. Therefore many crops that looked good from the road were not good, because they had been considerably damaged by the heat. These men had the hardest crop to estimate that was ever estimated in western Canada, yet they did a remarkably good job of it. With regard to political action by these men, I want to state that they did not have time to talk to anybody, and they did not go in to talk to people while that inspection was proceeding, at least I never saw them doing so. They were inspecting field after field through the township; they had to cover the ground as rapidly as possible, because the crop was being ruined very quickly and the inspection had to be made within a few days. I think with the experience the department has had in this matter, and with the assistance of this board of supervisors, the system used last year will be followed again, and I believe it will work out well as, to my certain knowledge, it worked out last year.

Mr. QUELCH: There is just one point on which I should like to comment. In the attempt to build up an argument against payment of the bonus on an individual basis the minister has repeatedly stated that the people of Canada have given six cents for every cent the farmers have given. That is not a statement of fact, as the minister must know.

Mr. GARDINER: On a point of order, Mr. Chairman, I did not make any such statement. I did not say the people of Canada had paid six cents for every cent the farmers had paid. I stated that if the act had been in effect during the last eighteen years the people of Canada would have paid \$5 for every \$1 the farmer would pay under it. I did not say he had paid anything.

Mr. QUELCH: The point is not whether it is five or six.

Mr. GARDINER: The point is that I did not make the statement.

Mr. QUELCH: They are not giving it; that money has been advanced as a loan which is to be repaid. That is specifically stated in the act, which I should like to read to the minister.

Mr. GARDINER: I know what is in the act.

Mr. QUELCH: I will read it, because if it is not meant in that way let us change it and make it a grant instead of a loan. Subsections 8 and 9 of section 6 read:

(8) If at any time the fund is insufficient to pay awards made under this act the Minister of Finance may, out of unappropriated moneys in the consolidated revenue fund, with the approval of the governor in council, make an advance to the fund of the amount required to meet the deficit.

(9) An advance made by the Minister of Finance under this section shall be repayable out of the fund without interest.

The money is to be repaid out of the fund. I would remind the minister of the statement made in this house last year by the then Minister of Finance, who said that if the next twenty years should be similar to the last twenty years he could see the basis for a considerable fund under this act. I do not believe he would make a statement of that kind without due thought. He must have had a reason for making it, and I suggest that reason was based on section 3 of the bill, the very point to which the hon. member for Weyburn referred. Section 3 states:

Any crop year in which the average price is less than eighty cents per bushel may be declared by the governor in council as an emergency year under this act.

Every year is not going to be an election year in Canada. I do not for a moment doubt that there will be years, when the average price is below eighty cents, when we shall not have an emergency year declared, and thereby it will be possible to build up a fund to repay advances made by the people of Canada. That is why I asked the minister if he would guarantee that in the event of the price being below eighty cents, this would be declared an emergency year. The minister has not answered that question. Is he prepared to give that assurance? I should like very much to hear it.

Mr. GARDINER: That was the question raised by the hon. member for Weyburn that I could not recall a moment ago. I can only say that the bill provides that if the average price of wheat between August 1 and November 1 is under eighty cents, then the government may declare the year to be an emergency year. That decision cannot be made until November. I am not in a position to state what the government will do in November. I am not in a position to state what will be the price of wheat or what conditions will be. I can say, however, that when the month of November rolls round, the matter will be given consideration by the government; and I think it can be

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said of the government so far that usually they have dealt with matters of this kind in a fair way.

Mr. NICHOLSON: Why was the announcement made a year ago?

Mr. GARDINER: For the reasons stated a few moments ago, that we had suffered ten crop failures. That was one of the reasons why we were not so careful last year in making payments to people who had large crops and large yields. We thought a man who had suffered ten crop failures was entitled to benefits under this legislation for at least one year, even with a good price; but we said that after one year that would not be the practice. The situation previously had been met through the payment of the eighty cent price, with a bonus averaging eighteen cents a bushel, and we thought some further assistance might be given through these payments. We have done that for one year. Now we are leaving the act as we passed it last year, and it will function in this way during the years to come.

To get back to the hon. member for Acadia and his suggestion as to there being money in the fund with which to pay back the advances made by the government, apparently I did not make myself clear. I stated that if the act had been applied exactly as it stood, taking only as emergency years those years when wheat was less than eighty cents a bushel; and if one took into account the years when the crop failure section would have come into effect, then the farmers would have collected \$180,000,000 and would have paid in only \$31,000,000.

Mr. QUELCH: If the five years had been declared emergency years.

Mr. GARDINER: Yes, and I do not think there would have been any doubt about those years being declared emergency years, because one of them, 1937, cost us \$28,000,000, and it could not have cost us any more under this measure.

Mr. DOUGLAS (Weyburn): Part of the minister's answer goes back to the point he was making in his earlier statement. The very fact that wheat being below eighty cents a bushel does not automatically declare a year to be an emergency year is the point which has been at issue in most of the discussion to-night.

Mr. GARDINER: The provision with regard to less than five bushels to the acre does not operate automatically either. The government has to pass an order in council in each case.

[Mr. Gardiner.]

Mr. DOUGLAS (Weyburn): That is true, but this could be made to apply automatically. Earlier this evening the minister took the case of the farmer in good territory and said he must be prepared to pay into this fund because it is a general scheme of all the people. The farmers of Canada do not mind doing that, but the farmers in the good areas, where they have had fairly good crops over a long period of years, are not likely to come within the crop failure scheme under section 4. But there is a fairly strong probability that some year they may come under the emergency plan under section 3. As the minister says, in eighteen years there have been five years during which they would have come under it by virtue of the fact that the price was less than eighty cents. But then they would come in only if the government passed an order in council. I am inclined to think, with the hon. member for Acadia, that if the word "shall" were substituted for the word "may" it would clear up the matter. These men then would know that after paying a one per cent levy year after year, if at any time their township had an average yield of twelve bushels or less, and the price of wheat were less than eighty cents, they would automatically come under the scheme. But they have no such assurance. The very year in which they have no crop, and in which there is no crop in their township, may be the very year in which the government decides not to declare that year an emergency year. The point raised by the minister answers his own argument.

Mr. DIEFENBAKER: I believe the minister entirely misapprehended the position I took this afternoon when I suggested the use of the grain commissioners in western Canada on this board. The minister mentioned that there has been criticism on my part of those commissioners. There was no criticism intended, nor would my words permit such an implication.

However, in fairness to the commissioners I might have mentioned this afternoon that in addition to the claims re settlements to which I did make reference, there was further work done in reference to complaints with regard to which, entirely through inadvertence, I did not elucidate. I think I should add to what I said this afternoon so far as Saskatchewan is concerned, that in addition to the claims re settlements there were ninety-three other claims dealt with in 1938 by the assistant grain commissioner in Saskatoon, and in 1939 there were twelve other claims dealt with. I mentioned claims dealt with in Manitoba, other than those for compensation, but I neglected to mention those in Saskatchewan and Alberta. In 1938 there were fifty-seven

claims dealt with in Alberta, other than claims re settlements, and in 1939 there were fifty. The total amount of claims re settlements dealt with in the three western provinces by the commissioners was approximately \$11,000, and not \$8,000 as I stated this afternoon, having failed to take into consideration one item on page 2 of the order for return I received. In my observations there was no criticism of the board, but there was the suggestion that, having regard to the fact that in the three western provinces there are three assistant commissioners, they would have leisure time and the necessary experience to act as a board of review.

Mr. JOHNSTON (Bow River): The minister pointed out that last year was declared an emergency year because there had been a crop failure for the preceding ten years, and that that was why people who had thirty bushels to the acre received a bonus, in addition to the price they got for their grain. That was the reason he gave for not paying more to those fellows who had a bad crop. I would point out that right there is one of the unfair features. Surely those men in the areas which were not declared under the act, but who did not have a crop at all, had a greater right to receive aid than those men in the dried-out areas who had thirty bushels to the acre.

Mr. GARDINER: They did.

Mr. JOHNSTON (Bow River): That is an unfair situation, and there should be a change.

Mr. GARDINER: I think we have already carried out the undertaking. I would suggest that hon. members should not make three or four speeches on a general section. Those matters should be left until we come to them in the bill. We have had a general discussion.

Mr. NICHOLSON: I should like to pursue the question of declaring this an emergency year.

Mr. GARDINER: I have already dealt with that.

Mr. DOUGLAS (Weyburn): I understood the minister to say that this board of review would be a board of departmental officials. Would they sit here in Ottawa?

Mr. GARDINER: They might sit in Ottawa. Last year they sat part time in Regina and part time in Ottawa, depending on what they were considering. If the matter under consideration required calling people from the area in question, they sat in Regina, and if it required taking up matters with the treasury, they sat in Ottawa.

[Mr. Diefenbaker.]

Mr. DOUGLAS (Weyburn): It would be well to have them sitting in Regina the greater part of the year. Last year some townships were passed and were then referred to the board of review in Ottawa. There was a good deal of feeling that they were being turned down by men a long distance away who were not familiar with local conditions and problems.

Mr. PERLEY: Since the first payment is made in December, I believe it would be advisable for the board of review to sit in Regina in October and November, when the survey is practically completed.

Mr. GARDINER: That is about the time it would be required to sit.

Section agreed to.

On section 3—Computation of sum awarded as assistance.

Mr. CASGRAIN: I move:

That subsection 2 in section 3 of the bill be amended by deleting the word "unorganized" in the fifth line thereof and substituting the word "other" therefor.

Mr. GARDINER: "Unorganized" is intended to cover local improvement districts, but there are some districts that are not local improvement districts and not municipalities; so we used the word "other".

Amendment agreed to.

Mr. DOUGLAS (Weyburn): This is the section which has to do with the emergency year. In view of some arguments advanced last year, which need not be repeated, would the minister give consideration to making 1940 an emergency year?

Mr. GARDINER: The matter has been discussed, and it has been decided to leave the bill as it is this year.

Mr. NICHOLSON: Last year the bill was passed on June 3. As the minister pointed out, we had had ten crop failures, and for that reason an emergency year was created. In the present instance we have had eleven crop failures, and it is now July 30. On Saturday I crossed Saskatchewan on a train, and I saw farmers cutting crops with their mowers in what were obviously crop-failure areas. In view of the lateness of the season I suggest that something should be done.

Mr. GARDINER: A few minutes ago I corrected a statement made by one hon. member. I did say a year ago that one of the reasons for the declaration was that we had had ten crop failures. But I added to that the further fact that in the year previous we had paid eighty cents a bushel, which resulted in

our paying a bonus of eighteen cents a bushel. That was added to the other. I said this year that we were quite prepared in the drought areas where it appeared from information we had at that time, that we were likely to have drought again, to take whatever chances we did in connection with overpayment of some people; but that we would come in, even if the price was high last year, in order to assist people who in the previous year got no benefit at all from the eighty cents, because they had no wheat. We said that in order to assist those people last year, even if wheat were above eighty cents, for one year we would do that. And we did it. This legislation is intended to take care of crop-failure areas. We should not be giving consideration every year to the fact that there was a crop failure in the previous year, when we now have legislation on the statute books to take care of crop failures from year to year.

Mr. NICHOLSON: It is now the end of July. I should think it would not be unreasonable to expect that the department might make a decision.

Mr. GARDINER: Last year declarations as to crop-failure areas were not made until representations were made by the province to the effect that there were more than 135 townships in which the crop was less than five bushels to the acre, and then only after our inspector had checked those townships, and found that there were more than 135. Already this year representations have been made by the government of Saskatchewan that there are more than 135 townships in Saskatchewan with less than five bushels to the acre. I assume they will require to check again if they are not certain that there are more than 171. When representations are made we shall check the number of townships, and if there are 171 we shall probably declare it a crop-failure area.

Mr. PERLEY: Is there any inspection being made through the west?

Mr. GARDINER: Yes.

Mr. DOUGLAS (Weyburn): What is the minister's objection to making this emergency plan automatic provided the price goes below eighty cents?

Mr. GARDINER: When I was piloting the bill through the house last year the opposition insisted that I have the consent of the governor in council before anything was done. I had considerable difficulty in getting the power to do anything as minister. Where I did get it, it was only after a battle for a number of nights.

[Mr. Gardiner.]

Mr. DOUGLAS (Weyburn): It has always been "may"; it has always been optional. Why should the section not be altered to make it automatic? If it should happen that there are not 171 townships in Saskatchewan with a yield of under five bushels to the acre and the province thus be unable to qualify under section 4, perhaps the minister would be prepared to say that it could qualify under section 3 provided the price was below eighty cents.

Mr. GARDINER: I would be prepared to say that if there were no crop failure area in Saskatchewan or in any other province and the price of wheat remained below eighty cents, the government would be more likely to declare it an emergency area than we would if there were crop failure areas. That is about as far as I think I can go.

Mr. DOUGLAS (Weyburn): I hope there is no possibility of the province being shut out from the provisions of both sections.

Mr. GARDINER: There is a possibility if the crop is not so large or if the area is small.

Mr. QUELCH: According to the regulations, applications must be made by August 15, and the minister has stated that the regulations will have to be adhered to this year. For obvious reasons it is not always possible to state with any certainty whether an average yield will be above or below the base. Can the minister say what the regulations will be this year and whether the date will be set back?

Mr. GARDINER: The intention is to set back the date. I am saying that subject to the fact that these regulations have to go before the council. It is difficult to be absolutely certain by August 15.

Section as amended agreed to.

Section 4 agreed to.

On section 5—Conditions for declaring area a crop-failure area.

Mr. DOUGLAS (Weyburn): Could the minister give us some idea of what money was spent last year, divided between the two schemes under sections 3 and 4?

Mr. GARDINER: The figures up to July 9, 1940, are as follows:

| | Town- ships | Farmers | Amount paid |
|-------------------|----------------|---------|----------------|
| \$1.00 category.. | 1,074 | 35,027 | \$4,132,206 07 |
| \$1.50 category.. | 499 | 13,799 | 2,617,830 95 |
| \$2.00 category.. | 56 | 822 | 173,951 81 |
| \$2.50 category.. | 260 | 8,226 | 2,839,197 38 |
| | | | \$9,763,186 21 |

Mr. DOUGLAS (Weyburn): Has the minister any estimate as to what areas in Saskatchewan will come under this section this year?

Mr. GARDINER: I have only what I referred to a moment ago, that is, the statement from the Saskatchewan government that there will be at least 135 townships with a yield of five bushels or less.

Mr. DOUGLAS (Weyburn): I hope this addition of thirty-six townships will not be sufficient to keep them out.

Mr. GARDINER: That statement came in about two or three weeks ago. In view of the weather that they have had since, the number will probably be up to 171 by now, but I have no definite information.

Mr. DOUGLAS (Weyburn): I do not hope that it will go up to 171, but for the sake of the people in the 135 townships I trust that they will not be eliminated. If the minister has had information from Saskatchewan that the province would qualify under the act as it now stands, I think it is too bad that it should be changed in such a way as possibly to disqualify them. I have not heard any valid reason for increasing the number of townships in Saskatchewan. According to the draft bill last year, all that was necessary to qualify was fifteen municipalities in any one province.

Mr. GARDINER: Twenty-five.

Mr. DOUGLAS (Weyburn): It was changed to fifteen. There were three separate drafts of that act, and in the second draft we got it to fifteen municipalities in any one province, or 135 townships. Alberta and Manitoba were both reduced to 100 townships and they are now being reduced further. I have no objection to that because I think it is quite justifiable in view of their experience of the last few years. But I do object to Saskatchewan being increased to nineteen municipalities or 171 townships, which may be just sufficient to keep Saskatchewan out of the operation of this section. On account of the lateness of the hour I shall not labour this point. It is hot and everyone wants to get on with the business of the house, but I do protest against the government adding four municipalities or thirty-six townships which may be just enough to rule out Saskatchewan.

Mr. QUELCH: What is the situation in Alberta with regard to the number of townships having five bushels or less to the acre?

Mr. GARDINER: I have not had any representations from Alberta up to date.

Mr. PERLEY: I should like to associate myself with the protest made by the hon. member for Weyburn. Has the minister had any preliminary reports based on inspections which have taken place in Saskatchewan to indicate that that province would not come under the bill if the number of townships is increased to 171?

Mr. GARDINER: I have not had any definite information with regard to inspections. That information came to me some time ago. I assume the inspectors are now working, but I have not had any report to indicate whether the province will come under the act.

Mr. PERLEY: Will the minister give consideration to changing it back to 135 townships?

Mr. GARDINER: The matter has been definitely decided.

Mr. FAIR: A province to be safe should make application for everything there is under the act, because we know from experience that many things may happen to the crop in July and in the early part of August. I say that because experience has told us that crop experts, employed mostly by the grain companies, go round the country and usually predict a yield far above what it actually turns out to be, and the result of their forecasting is a drop in the price of grain. We have heard a good deal about the wonderful work done by the inspectors during the past year. I am not going to criticize their work, but I would point out that no inspector is able early in August to estimate what the crop yield will be. I know on my own farm last year in one field I had a yield of ten bushels to the acre and it took less than half a pound of twine to tie the crop, while in a field less than a mile away I had twenty-five bushels to the acre, and it took three and three-quarter pounds of twine to tie it up, so I feel that no expert is able to estimate anywhere nearly correctly the yield in any particular field.

Mr. McILRAITH: Could the minister tell us how many townships there are in Saskatchewan?

Mr. GARDINER: There are 301 organized municipalities with nine townships in each. That makes 2,709 townships in the organized areas in Saskatchewan. Then there is quite a number of areas that are not organized, I presume about half as many more.

Mr. QUELCH: Could the minister give us some idea how many times a crop failure would have been declared in Alberta during the past twenty years on a ninety township basis?

Mr. GARDINER: I do not think the records in connection with either of the other two provinces are kept in a way that would make it possible to give the information.

Mr. QUELCH: Would there have been two years even?

Mr. GARDINER: Yes, there have been two recently.

Mr. DOUGLAS (Weyburn): In how many years would Saskatchewan have qualified on the basis of 171 townships?

Mr. GARDINER: I am not in a position to state.

Section agreed to.

On section 6—Board of review established.

Mr. PERLEY: Section 5, subsection 3 states:

The board shall decide, under the act and regulations, any question concerning the eligibility of any farmer or class of farmers for an award under this act.

I would ask the minister to make the eligibility of any farmer or class of farmers a little more definite.

Mr. GARDINER: I cannot say any more than I have said already, but probably it will be pretty much on the basis of last year, that a farmer will be a man who is operating his land and making his living at that. If he happens to be doing, incidental to his farming, something which does not bring in very much by way of return he would not be rejected on that account, but if he is receiving a high rate of pay at some full-time job or approximately full-time job apart from his farm, he would not be considered as maintaining his home by farming.

Mr. DOUGLAS (Weyburn): What does section 5, subsection 3 mean? It reads:

The board shall decide . . . any question concerning the eligibility of any . . . class of farmers.

Mr. GARDINER: The class of farmers is exactly the point which the hon. member for Qu'Appelle had in mind. There are certain groups of farmers who do certain things. There is a group who live close to sidings on the railway where there is only one elevator, and the farmer may run the elevator for a few hours each day and take in the little wheat that comes in. He is really a farmer, and there is a considerable group of these men. Other men do threshing as well as farming. Anyone will agree that they are farmers. They do work that has to do with actual farming in addition to their own farm work.

[Mr. Quelch.]

Mr. DOUGLAS (Weyburn): The minister has not in mind any separate class such as market gardeners.

Mr. GARDINER: Market gardeners were ruled out last year. Certain ranchers were also ruled out. Farmers operating irrigated farms are not counted in estimating the yield in townships.

Mr. FAIR: Would a man who was running a farm for somebody else and operating on the side his own half-section be eligible for the half-section that he owned?

Mr. GARDINER: I should not like to decide that without having all the facts before me.

Mr. QUELCH: Can the minister explain what happens in a situation of this kind? I know of some instances where a father and a son live in the same house, but each has his own outfit and each was paid the bonus. In another instance, under exactly the same circumstances, the bonus was paid to only one. Just what is the determining factor?

Mr. GARDINER: The representations before the superintendent or the board would not be exactly the same in the two instances. It must have been shown in the one instance that the son was actually running his own business and operating part of the land. They might have been using the same equipment, but the son must have been operating the land either under lease or under ownership. Whether it was under lease or ownership, it did not make any difference that they were living in the same house.

Mr. QUELCH: In the one instance both father and son got the bonus. I had this information from Ottawa, but as time went on, the regulations were tightened up and only one bonus was paid. I was wondering what the regulations would be in the future.

Mr. GARDINER: Whether my hon. friend received it from Ottawa or not, it never was intended by the office at Regina or by the inspectors or by anyone else from the very beginning that the bonus should be paid to an owner unless he was operating land of his own or rented land for which he had a lease.

Mr. CASTLEDEN: I understand that the one per cent levy will go on year after year whether the government declares an emergency or not.

Mr. GARDINER: Yes, the one per cent levy goes on as long as the legislation is on the statute books.

Mr. CASTLEDEN: It is quite possible, if an emergency is not declared for two or three years, that the rest of Canada will not have to contribute to keep western Canada going.

Mr. GARDINER: You would have to take in as much for four years more to pay what was paid out this year, and you would have to take in six times as much as would have been taken in during the last eighteen years in order to have paid it out.

Mr. PERLEY: The minister should have the board publish the regulations under section 5, subsection 3, so that everybody will understand what is meant by "farmer". The board should set out exactly what is meant.

Mr. DOUGLAS (Weyburn): The board has no power to issue regulations, has it?

Mr. GARDINER: The regulations will be issued by the minister, but on the recommendation of the board and other persons concerned in the administration.

Section agreed to.

On section 7—Regulations by minister.

Mr. DOUGLAS (Weyburn): Will the regulations of the past year continue in effect, or will new regulations be issued?

Mr. GARDINER: New regulations will be required as a result of these amendments.

Mr. DOUGLAS (Weyburn): The section reads:

The minister may with the approval of the governor in council make regulations (g) excluding from the operation of any section of this act any lands in the spring wheat area and any grain grown thereon.

I assume that is carried out by regulation No. 7.

I would ask the minister to give consideration to paragraph (e), to which I referred earlier this evening.

Mr. GARDINER: That is one of the regulations under consideration and we are trying to draft it in such a way as to be fair.

Mr. QUELCH: Will the minister see that in future regulations and amendments made are forwarded to members, at least to those who are interested in the act. I never saw a copy of the regulations and was never informed that the regulations were made. I suggest that members should not be kept in the dark.

Mr. GARDINER: I will undertake to see that regulations when formulated are given to hon. members.

Section agreed to.

95826—138½

On section 8—Part of an ineligible township may be substituted for part of eligible township.

Mr. CASGRAIN: There are certain amendments which I wish to move:

That clause eight of the bill be amended by inserting the words "immediately after section six thereof" after the word "inserting" in line twenty-one.

That section seven of the act as contained in clause eight of the bill be amended by striking out the words "local improvement district" in line twenty-four and inserting the words "any other area".

That the said section be further amended by striking out the words "municipality or, in the case of an unorganized area," in lines twenty-eight and twenty-nine and inserting the words "rural municipality or, in the case of any other area,".

That paragraph (a) of section eight of the act as contained in clause eight of the bill be deleted and the following substituted therefor:—

"(a) receive in any year with respect to the same land both emergency assistance under section three and crop failure assistance under section four, and in the event that a farmer has land in a township eligible for emergency assistance and in another township land eligible for crop failure assistance, no award shall be made with respect to more than two hundred acres of cultivated land calculated on a proportionate acreage basis: Provided that where not less than one-half of the total eligible acreage of such farmer lies within a crop failure area, he may be paid an award calculated on such basis or the sum of two hundred dollars, whichever is the greater."

Mr. DOUGLAS (Weyburn): Can the minister undertake, by regulation, to have a township split where there is not a proportionate amount that can be substituted from an ineligible township?

Mr. GARDINER: The bill does not permit the splitting of a township under any other condition than that laid down. I do not know of any way in which it could be done without taking a smaller area than the township as the basis, and I would not suggest that this year.

Amendments agreed to.

Section as amended agreed to.

Sections 10 and 11 agreed to.

On section 12—Expenses.

Mr. PERLEY: I think we should have something definite with respect to expenses. The amount allowed last year was seven cents, and the men drove back and forth, running up expense accounts that were unreasonable. I have here a statement showing the salaries and expenses of 159 inspectors. They were out of proportion to the services rendered, and something should be put in this section to control these travelling expenses.

Interim Supply

Mr. GARDINER: The expense rates are fixed by the treasury board, seven cents a mile being allowed for that kind of work throughout the service. It is possible that some employees do abuse the provision. We keep as close a check as possible on it, and where there is any abuse we dispense with the services of the person doing the driving.

Mr. ROSS (Souris): What was the basis of remuneration of inspectors? Was it a daily basis?

Mr. GARDINER: Yes, five dollars a day. Section agreed to.

Sections 13 and 14 agreed to.

Bill reported.

Mr. DEPUTY SPEAKER: When shall the bill be read the third time?

Mr. STIRLING. Next sitting.

Mr. GARDINER: If there is no real objection, I wish the house would allow the bill to go to the senate. I move that the bill be read the third time.

Motion agreed to, and bill read the third time and passed.

SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

He said: I spoke to the leader of the opposition (Mr. Hanson) and he said he had no objection to granting interim supply in the amount of one-twelfth. To-morrow is the last day of the month and interim supply is required. I hope the house will, by consent, suspend the eleven o'clock rule for the few minutes necessary to get interim supply through.

Motion agreed to and the house went into committee of supply, Mr. Vien in the chair.

INTERIM SUPPLY BILL

Mr. ILSLEY moved:

Resolved, that a sum not exceeding \$20,727,533.23, being one-twelfth of the amount to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1941, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending March 31, 1941.

Mr. DOUGLAS (Weyburn): Will any supplementary estimates be brought down this session?

Mr. ILSLEY: Some may be necessary, but they will, I hope, be of a formal type. There will be no extended supplementary estimates.

[Mr. Perley.]

Mr. DOUGLAS (Weyburn): I was thinking of the Department of National War Services.

Mr. ILSLEY: There may be some.

Motion agreed to.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1941, the sum of \$20,727,533.23 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilesley thereupon moved for leave to introduce Bill No. 122, for granting to his majesty certain sums of money for the public service for the financial year ending March 31, 1941.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Vien in the chair.

Sections 1 and 2 agreed to.

Bill reported, read the third time and passed.

On motion of Mr. Crerar the house adjourned at 11.06 p.m.

Wednesday, July 31, 1940

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PERRON BOULEVARD, GASPÉ, TOURIST ROUTE

Mr. ROY:

1. Has the government made any contribution to the development of the tourist route in Gaspé known as the Perron boulevard?
2. If so, in what year and what month?
3. For what amount?
4. What was the nature of the contribution?
5. At what particular place, and for what work was the grant applied?

Mr. McLARTY: Under relief legislation various contributions have been made to road works in Gaspé but from the details of

the projects supplied by the provincial authorities it is not possible to identify any of them as forming part of the tourist route referred to.

Information has been requested from the provincial authorities as to which, if any, of the projects contributed to by the dominion were part of the Perron boulevard which information will be furnished upon receipt.

FUEL CONTROLLER

Mr. GILLIS:

1. When was Mr. J. McGregor Stewart appointed fuel controller?
2. How much time has he spent in Ottawa, since his appointment, on official business?
3. What expenses have been paid him since his appointment to date?

Mr. McLARTY:

1. Mr. James McGregor Stewart was appointed coal administrator, wartime prices and trade board, by order in council P.C. 3117, 18th October, 1939.

2. To June 30, 1940, he was absent from Halifax in connection with his duties as coal administrator 68½ days of which 42½ days were spent in Ottawa.

3. \$2,102.36.

SOLDIERS' INSURANCE

Mr. CHURCH:

1. Will a survey be made of the cost of instituting a system of national insurance for Canada's soldiers on land, sea and in the air, and for their protection after the war from unemployment after demobilization?

2. Has any consideration been given to the matter?

Mr. MACKENZIE (Vancouver Centre): Certain committees are now engaged on the study of the general question of the demobilization and reestablishment of Canada's forces, and the matter referred to in the question will be among those submitted to these committees for study and report.

Mr. CHURCH: Will legislative action be taken this session?

Mr. MACKENZIE (Vancouver Centre): They have been sitting now for several months studying various questions.

Mr. HANSON (York-Sunbury): The question was whether any legislative action will be taken this session. That evidently escaped the minister.

Mr. CHURCH: You can insure those who stay at home.

SUMMER CLOTHING FOR SOLDIERS

Mr. CHURCH:

1. (a) Will soldiers in training in Canada be supplied with summer clothing at the various district camps? (b) If so, when?

2. Until they are supplied, will some amendment be made to the military regulations to permit them to wear summer mufti, or when on leave at weekends, mufti, until summer clothing is provided by the departments concerned?

Mr. RALSTON:

1. (a) Yes.

(b) As regards the non-permanent active militia district camps; it is expected summer clothing will be available before the camps open.

As regards the Canadian active service force; summer clothing is available for the number of men enlisted. Some sizing difficulties are being experienced. These are being rapidly dealt with.

2. No amendment is considered necessary. *Vide* answer to question 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SOLDIER'S ALLOWANCE BRANCH

Mr. ROY:

1. Has a personnel of about 400 accountants and clerks been appointed to the soldiers' allowance branch?

2. If so, who made the appointments?

3. Who is the head of this service, and what position did he occupy before his appointment as such?

4. How many members of this staff are bilingual?

5. What rates of pay will these employees receive?

Mr. CASGRAIN: Return tabled.

NATIONAL DEFENCE—AUTOMOBILE PURCHASES

Mr. DOUGLAS (Weyburn):

1. How many automobiles have been purchased by the Department of National Defence?

2. (a) What models were purchased; (b) how many of each model?

3. What price was paid for the respective models purchased?

REPORTS OF COMMITTEES

DEFENCE OF CANADA REGULATIONS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yesterday my hon. friend the leader of the opposition (Mr. Hanson) asked if I would let the house know when the report of the committee on the defence of Canada regulations might be presented. I understand that at the latest it will be presented to-morrow morning.

BANKING AND COMMERCE

On the orders of the day:

Mr. E. G. HANSELL (Macleod): Yesterday I asked whether the chairman of the banking and commerce committee was going

to move concurrence in the fourth report of that committee, and the Minister of Mines and Resources (Mr. Crerar) answered "Not to-day." The chairman of that committee is not now in his seat. I wonder if the Minister of Mines and Resources would care to tell us when we may expect a motion for concurrence in that report.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I did not hear the whole of my hon. friend's question. However, we have passed motions and are now on orders of the day, so it would not be possible, without reverting to motions, to take up to-day the matter to which he has referred. I may add that it is not always necessary to have concurrence in a report. What action may be deemed wisest in connection with a report depends largely on the nature of the report itself. I am not saying there will be no action taken on this report, but the report does speak pretty plainly for itself.

CANTEEN FUNDS

TABLEING OF ANNUAL REPORTS OF PROVINCIAL BOARDS OF TRUSTEES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to direct a question to the Minister of Pensions and National Health (Mr. Mackenzie) with reference to the provincial canteen funds. Under the federal statute of 1925 the trustees of these funds are required to make annual reports to this parliament. For some years these reports appeared in the annual report of the minister's department, but I cannot find them for the past few years. This money was given to the provinces in trust, and these reports should be made to parliament. My question is, what is to be done in this connection during the present war?

Hon. IAN MACKENZIE (Minister of Pensions and National Health): It is not necessary to table these returns, but I can assure my hon. friend that in every case reports have been made to parliament, and I shall be very glad to let the hon. member see those reports any time he wishes to examine them.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved the third reading of Bill No. 120, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian
[Mr. Hansell.]

National Railways system during the calendar year 1940, to provide for the refunding of financial obligations and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. T. L. CHURCH (Broadview): I should like to ask the Minister of Finance if he will negotiate with the railways with a view to giving soldiers cheaper transportation. Nearly 600,000 passes are issued under the Railway Act, and surely the two railways can carry 50,000 soldiers free at week-ends. Will the minister take up the matter with the railway companies?

Mr. ILSLEY: We are not in committee on this bill; besides the question is not relevant to the bill. I suggest that it be asked on some more suitable occasion.

Mr. CHURCH: The line of least resistance again.

Motion agreed to and bill read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Normal services.

205. To provide that expenditures of the Department of National Defence in the fiscal year ending March 31, 1940, chargeable to capital account by the Appropriation Act No. 3, 1939, be charged to ordinary account in the public accounts of Canada for the fiscal year ending March 31, 1940, and that no sums be voted or paid into the consolidated revenue fund to provide for the retirement of the said expenditures chargeable to capital account. \$326,050.

Mr. RALSTON: This is perhaps as general an item as could be found.

Hon. GROTE STIRLING (Yale): Mr. Chairman, I had hoped that opportunity would have been given to study carefully the speeches of the five ministers connected with Canada's war effort, but unfortunately, so far as I am concerned, there has not been that opportunity. I doubt whether, following the procedure which necessarily must be adopted, in any examination of the expenditures on national defence this year it will be possible to do justice to those five voluminous statements. It appears to me that we must look on them as books of reference, descriptive chapters of what the government has done and is doing, endeavouring to glean therefrom what information we can as to how the government proposes to pursue this war effort in order to carry it to a successful

finality. We are permitted, under an item in the published estimates, to talk in a discursive way—though I hope not at great length—on the whole question of Canada's war effort, and to that end there are a few rather general observations that I should like to take this opportunity of making.

The activities undertaken by the government of course are principally based upon government policy, and in its turn government policy is based upon the principles which have been followed by the Prime Minister and those associated with him in past years and the views they have held, views which of necessity have had to be modified having regard to the exigencies of the day. In the formation of that policy the government has a secretive hold on the facts. I do not say that in a controversial way; probably of necessity it must be the case. The government has sources of information, principally in the form of cables, conversations and communications with Canada's partners in this British commonwealth of nations; and, as is so frequently pointed out in this house, even if there were a desire on the part of the government to do so such cables could not properly be tabled without the acquiescence of the others concerned. We are therefore very largely in the dark as to what has passed between ourselves and our principal partner in this struggle. Such communications are continually passing in peace time, and in the light of the knowledge thus obtained the government of the day tends to form its policy. With the outbreak of war the number of such cables increased enormously, and they became even more secret than previously. The government is aware of their contents and formulates its action thereon. Those who are not in the government are not aware of what passed in this instance between Canada and the United Kingdom, what passed when the United Kingdom indicated to the dominions what in her opinion would be the desirable course for them to take. Nor do we know what reply Canada gave. Only after the passage of time shall we be fully aware of the setting on which Canada's policy was created in connection with the war effort.

It is evident to the onlooker that a considerable change has taken place in the policy which has directed Canada's war effort. In the beginning Canada was in the war to the hilt—by word of mouth; but she did not appear to be in it to the hilt so far as action was concerned. The Minister of National War Services (Mr. Gardiner), in that now famous speech which he delivered in Saskatchewan, painted a perfectly true picture when he described the people of Canada as being

divided roughly into three classes, namely those who wanted to avoid war, to have nothing whatever to do with it; those who wanted to get into this war with every sinew Canada has, and those who were in between those two extreme classes, of which the minister said he was one—

Mr. GARDINER: Mr. Chairman, on two occasions I have denied that statement in the House of Commons, and I deny it again.

Mr. HANSON (York-Sunbury): Well, to which do you belong?

Mr. STIRLING: I do not raise the question for the purpose of stirring up controversy. I have said that in my opinion the minister painted a true picture.

Mr. GARDINER: May I repeat that I did not paint any such picture and finish with such statement, and I suggest to my hon. friend he is starting considerable controversy.

Mr. HOMUTH: What side are you on?

The CHAIRMAN: If an hon. member makes a statement as to what he said or did not say, hon. members of the house have to accept it.

Mr. STIRLING: Certainly. I accept the minister's statement. But I must say I wish the minister—or perhaps you, Mr. Chairman—would collect in pamphlet form the statements the Minister of National War Services is reported to have made and which are subsequently denied. He now states he did not make that statement. Then it appears to me it is a great pity that the statement he made was used subsequently by, may I say, supporters, following that meeting.

However, as I have pointed out I do not wish to be controversial in this connection. I am speaking more particularly of the picture which the minister painted, and I referred to his allegedly having occupied a middle-of-the-road position because, in my opinion that was the position which to a large extent the government itself occupied in the earlier days of the war. Unquestionably the government was hampered by the fact that within its own party that picture could be said to be truly delineated. Within its own party there is no question that those three classes were recognizable. It is true that supporters of the government in the house have not to any great extent voiced their opposition to the pace of Canada's war effort. But those hon. gentlemen have tongues, and they wag those tongues outside this chamber. Supporters of the government throughout Canada, in industry and out of it, in professional occupations and out of them, in every walk of life, have been insistent and noisy in asserting

that the government was not proceeding at the pace that Canada would desire it to proceed. There is no question to my mind that it is a true statement, and it is not by any manner of means a controversial one, that in the earlier phases of the war the government was following a middle-of-the-road policy. That, I say, has changed.

The invasion of the low countries came as a terrific shock not only to Canada, but to others; it was a shock to those who were not too well informed. But I entirely disagree with the Prime Minister (Mr. Mackenzie King) when he says that the invasion of neutral countries came as a surprise. For weeks and weeks prior to the actual invasion—almost running into months—day by day the press was full of the accounts of great concentrations of nazi troops at Aachen and other points east of the Dutch boundary. We were fully aware, we who were not members of a staff, that in all probability when Hitler chose there would be an attack on France and the channel ports which would menace Great Britain via neutral countries.

Mr. MACKENZIE KING: Do my hon. friend's remarks apply to the invasion of Denmark and Norway?

Mr. STIRLING: I was coming to that. No, they do not apply to the invasion of Norway. So far as I am concerned that was a great surprise. But the invasion of Denmark was not nearly so much of a surprise, and for this reason, that everyone knew that when this great conflict came it would be a fight the heart and essence of which would be an attack on Great Britain, probably by air. The northern tip of Denmark is so situated in relation to Lincolnshire or Yorkshire, and other English counties that it appeared to offer an excellent opportunity to the Germans, if they could, to establish additional air bases for attacks on Britain. So that it did not come with anything like the surprise that the attack on Norway did. When the attack on Norway actually took place it was of course evident that the same line of argument which brought Denmark in would naturally also bring in Norway.

However, the lowlands were invaded, and this was a factor in the production of a change in the government's attitude. I have mentioned that among the three sections of the Liberal party, if I may so describe them—I am referring to the supporters in the ranks of the government—there were those who desired far greater intensity in Canada's war effort. This was demonstrated also in that portion of the press which was not necessarily among those supporting the government. Their position had nothing whatever to do

[Mr. Stirling.]

with political opinion, but was in line with the views of the rank and file of the Canadian people.

There was the view, increasingly held, that Canada was capable of a much greater war effort than she was making. This feeling was noticeable at the beginning of the present session, and it was at about that time, when the lowlands were invaded, that this party in opposition indicated its position. My leader said that it was the desire, indeed the intention, of the official opposition to give assistance to the government in Canada's war effort, and to refrain from criticism merely for the sake of criticism. It has carried out that undertaking. When I spoke earlier in the session I indicated my views in this matter. I have carried out the undertaking, and I am carrying it out to-day.

So it was that all these factors, brought to bear upon the government at that time, had the effect of producing a change in policy. We no longer hear that it is not possible for Canadian industry to build tanks—we are doing it to-day. We were told that Canadian industry could not make guns, that Canadian industry could not do this or do that. The Minister of Munitions and Supply is far too knowledgeable a man to agree with such a statement. I think it was in May that he spoke with regard to this matter, and at that time he had to bear a portion of the responsibility for the government's decision that it was not good policy to urge Canadian industry into these other classes of production.

He knew, as any man in that type of industry must know, that Canadian industry is capable of adapting itself to the manufacture of anything. All that was needed was the direction which must come from the government by announcing its policy to the people of Canada and calling on industry to do this and that to help Canada's war effort. Of course Canadian industry is capable of building a tank—it is doing it. Of course Canadian industry can build planes—it is building them, not by the tens and scores, but by the hundreds, and in a little time it will be by the thousands. But in the early days of the war no particular assistance, direction or encouragement was given to the aeroplane industry. I do not know how many factories are now turning out aeroplanes. Only the other day seven were mentioned, and for all I know there may be ten or a dozen to-day. These factories are employing Canadians who are working not merely for their bread and butter but with an intense desire to play a part in Canada's war effort.

The actual direction of our war effort has been placed under the control of five departments, whose ministers have spoken. The

size of these departments has increased considerably with the enormous number of appointments which have been made. I am not criticizing, nor is there any reason why I should, the difficulties which must have been encountered in finding the square man to fit into the square hole. There is no doubt that there will be misfits, and unfortunately it may take a considerable time to discover who they are. I mention these difficulties not by way of criticism but merely by way of observation, by way of explanation of the difficulties which the government has had to face.

So far my remarks have been general, but I should like to devote a few moments to the subject matters dealt with by the ministers who spoke. The Associate Minister of National Defence (Mr. Power) spoke on behalf of the Minister of National Defence for Naval Affairs, who has not yet acquired a seat in this house. It appears to me that the time has passed when ignorant members of the public enjoy themselves by sneering at Canada's navy. Even in this house remarks have been made, which I gravely deprecated, drawing attention to the smallness of Canada's navy. But never have I heard any responsible person say anything derogatory of the efficiency of that small force. Why was it small? It was not the Royal Canadian Navy wanted it to be small; it was successive governments, in their wisdom or unwisdom, have allowed it to remain small. But small as it was, when the minister took over his duties he found a most efficient nucleus upon which to build. And he has built surely.

He described, in general terms at least, the vessels which have been drawn together to work in close cooperation with the ships of the Royal Canadian Navy. He referred to the fact that there is the closest cooperation with the Royal Navy. Right gladly do I pay my tribute to that collaboration. The Royal Canadian Navy would not be what it is were it not for the assistance in training given by the Royal Navy. There are far too few people in Canada who are ready to boast of what we get from our partnership in the British commonwealth of nations. They are far too prone to forget that we should be ready at all times to pay the price for those gifts which we receive. I welcomed the remarks of the Minister of National Defence, to which I shall subsequently make reference, when he referred to the future.

Even though our ships are small in number, for years past they have had the benefit of training with the North American squadron of the Royal Navy in their winter and spring exercises. As I pointed out in this house

before, they have shown themselves to be worthy of comparison with the ships of the Royal Navy. Our young officers go to the Royal Navy for their training, largely because Canada has never provided herself with a vessel larger than a destroyer. It is quite impossible to give training in a destroyer; its size is not sufficient to house the more junior officers of the fleet.

We have benefited further by having the opportunity of sending our petty officers and men to Great Britain for training courses. We would have fallen down in our job if we were not to-day in possession of highly efficient ships' companies and ships. We started out with six destroyers, but a few weeks after the war broke out we acquired a flotilla leader. This flotilla leader was of the same class as the destroyers which Canada had purchased with Great Britain's consent, given perhaps a little reluctantly, so that the flotilla leader came to her own. It was good of Great Britain to allow us to purchase this ship. If evidence were needed, there is evidence that our ships, our officers and our men are efficient. There has been disclosed to us that epic of the bay of Biscay in which *Fraser* suffered disaster. Her bow was sunk and the afterpart, comprising more than half the vessel, turned on her beam end. A sea was running but even in the darkness *Restigouche* was laid alongside the hull so that fifty or sixty men were able to step across without even wetting their feet. Subsequently the young officer in charge of this operation took upon himself a breach of regulations such as perhaps that one-eyed man on top of the column at Trafalgar square would have committed when he turned on his searchlight and so was enabled to rescue another hundred or so men swimming in a fuel-coated sea. That could not have been done, Mr. Chairman, without efficiency, and our Canadian navy is efficient.

The same minister, speaking in his own right, shall I say, as Minister of National Defence for Air, described to us in general terms—so vast is the undertaking that it would not have been possible for him to go into great detail in the time at his disposal—the defence of Canada by air; first, the defence of Canada on the other side of the ocean, which is sorely needed now, and second, the defence of Canada in Canada. I have little comment to make with regard to that part of Canada's defence other than to say that in the great war, and in the civil aviation period which followed, and in the beginnings of this present effort, Canadians have shown themselves just as much at home in the air as they have shown themselves at home on

the sea, and it will be no difficulty for them to uphold Canada's efforts in the defence of Canada.

With regard to the air training project, it would be impossible in the course of a few remarks to do justice to its magnitude and scope. I do not want to engage in any controversial discussion to the extent of referring at length to what passed between London and Ottawa in 1937 and 1938. That has been dealt with in this house; it has formed the basis of controversy, and it had better be left alone, at least for the time being. The day may come, and earlier than some think, when the facts in connection with that matter will be at our disposal. The original conception having been declined by Canada, this other one took its place. But this thought has occurred to me, in view of certain things which have taken place quite recently: if Great Britain should now ask for Canada's assistance, somewhat on the lines of the 1937 suggestion, that we should provide further facilities in Canada for training British airmen, what would the answer of the government be? There is no necessity and probably no inclination on the part of the government to give any answer to a surmise, but it will be extremely interesting to see whether the co-operation that is taking place, and good cooperation for aught I know, within the bounds of this training scheme will be extended further and grow.

Mr. MACKENZIE KING: I do not like to interrupt my hon. friend but I do not wish his remark to pass unchallenged when he says that any proposal made by the British government was declined by Canada. A reading of the actual facts which are of record will show that the Canadian government was prepared to meet the proposal that was made in the fullest way as regards affording facilities for training at the time it was made, and it has never changed its attitude in that regard.

Mr. STIRLING: Mr. Chairman, I welcome the Prime Minister's remark, but I am affected somewhat by the question and answer in the British *Hansard*, which I have not at my hand at the moment. I do not desire to dwell on it, but my recollection was that the question was asked by a Labour member in the House of Commons at Westminster and that the gist of the reply was that the original conversations had not borne fruit.

Mr. MACKENZIE KING: On the contrary, the answer was to thank the Canadian government for its ready cooperation, cooperation which it was ready to give then, as we are prepared to give now, and will be prepared to give at any future time it may be asked.

[Mr. Stirling.]

Mr. STIRLING: I have not the papers available with which to go any further into the matter, and it is not my desire to discuss it now. The day will come when further and more detailed information will be before the Canadian people, the British people too, yes and the world; and then it will be far easier to measure the whole circumstances which attach to that controversy.

I turn, then, to the statement of the Minister of National Defence (Mr. Ralston), speaking on behalf of the army, the land forces. There was not very much actually new in the discursive statement that he made. It was more, I thought, a collection of a large amount of material, which had been given in the house and by the director of information from time to time, and the minister pieced it together and produced a more collected whole. To my mind the principal thought that emerges from his statement is that the non-permanent active militia has at last come into its own. We owe a debt of gratitude to those who years and years ago saw as the measure of Canada's defence two skeleton forces which could be clothed with men and equipment when the day arrived, but which in peace-time must be restricted to the limit of efficiency possible with the sums of money voted by this parliament. It is a lamentable thing, looking back now, that this country under two successive governments was affected so seriously by the cloud of the League of Nations—it is no use being wise after the event. We were all guilty, some more than others, if you can use the word "guilt" in that connection. But now we know that miscreants in aggression will go on with their work in the future, and that this particular beast whom we are fighting will not be the last one. We know that if we value the possessions of this Canada of ours we must in future maintain a more effective force, even though it be but a skeleton force, than we had in those days. It was a notable remark of the Minister of National Defence when he said early in his speech:

But we must realize and prepare to meet the absolute necessity for a comprehensive organization of Canada's armed forces so that whatever befalls we shall in future be a country which shall be as adequately prepared as it possibly can be to take care of its own responsibilities in respect to defence.

I do not for one moment think that the minister in using those words was but voicing his own view. He was saying what the government's policy in general must be, just as it would surely be the policy of any government occupying the treasury benches. When the war is over, when the empire has been victorious, the dominions will not be allowed

to slide back into the defenceless, inert condition which, trust in a theory, allowed them to slip into after Versailles.

Mr. REID: There will be no more "neutrality."

Mr. STIRLING: As the hon. member says, we shall hear very little of "neutrality." But the difficulties into which we have got ourselves are surely made worse by the fact that in the years 1937, 1938 and 1939 the government made no preparation whatever for providing itself with equipment. I use "equipment" there in a very wide sense, from guns to gaiter buttons.

So far as the heavier equipment was concerned, the government said that they were relying on undertakings from Great Britain. Were they wise in so relying? Was it conceivable that it would be possible for Great Britain, as busy as a modern nation could be, having awakened from her slumber, in providing herself with the larger munitions, to supply Canada, with her far smaller needs, from an industry so cumbered?

To go back to the days of my predecessor in the Department of National Defence; he was ordering small numbers of guns, and he had to tell the house that delivery of these guns would not be made within one, two, perhaps three years. When the hon. member who to-day holds the portfolio of Minister of Pensions and National Health was Minister of National Defence, he also had to disclose to the house, "We are ordering them." "Where are you ordering them?" "In Great Britain." "When will you get delivery?" "I cannot say." That being the case, was it reasonable for Canada to rely upon that source for the equipment, particularly the heavy equipment, which when wanted would be not only desperately wanted, but the lack of which would withhold cooperation of the very units of a division?

This condition applied also, perhaps even more seriously, to uniforms. With the greatest difficulty, by scratching around, sufficient personal equipment was caught, captured, on the eve of the sailing of the first division so that, I believe, each member of each unit had his personal equipment. What did that mean? That, so dire had been the necessity to scratch the shelves to get together this material, that the non-permanent active militia remaining in Canada had to wait for its requirements, although recruiting for those other units had started. When the first wave of hot weather struck Ottawa, about a month or six weeks ago, the second division was collected in huts and under canvas for the purpose of its preliminary training, and it was then found that there were no summer uniforms available,

and sickness resulted, because the men, being far too hot in their battle dress, discarded their underwear and got chafed legs. No doubt the second division has proceeded, having been supplied with this necessary personal equipment.

But I do blame the government for not having foreseen the necessity of getting Canadian industry busy in manufacturing, from gaiter buttons to guns, what Canadian industry is perfectly well able to do. The delay was due simply to lack of money. Why was there a lack of money? Because there was a minister of finance whose duty it was to keep his hand on the purse strings, and under conditions of this kind a minister of finance has an onerous task in holding back his colleagues when they see clearly and plainly the needs of their own departments, and when there is a war on. And now, whether the fact be regarded as catastrophic or admirable, the Minister of National Defence, who had his hands on the purse strings, has become one of the great spending ministers of this government; so that whatever strings of whatever purses are pulled tighter and tighter, he will have the pleasure of endeavouring to bring pressure to bear upon the hon. gentleman who was Minister of National Revenue. But there was the difficulty, and in my opinion it could have been overcome if the collective judgment of this government, acting on the basis of a policy of one hundred per cent war effort, had said to its minister of finance, "The money must be available because we must get ahead and provide these necessary pieces of equipment."

I do not understand nor has it ever been explained what happened to recruiting when the war broke out. Let me use my own part of British Columbia as an illustration. Recruiting started and then stopped. The only reason I have been able to find for the stopping of recruiting was that money was not available. After a lapse of time, running, I believe, into weeks, recruiting started again, and there was a hashing up of units: men were allowed to pass from one unit to another. Then recruiting stopped again. After that the keen young men—officers, non-commissioned officers, men—intent and anxious to do their duty, got permission or slid out, left their own units and joined up with others which were part of the Canadian active service force and one day might go overseas. What is the result? The result is this that now, recruiting having been resumed, those officers who have remained, shall I say, loyal to their units, particularly in the units to which I am now referring, find that they have lost the best of their officers and non-commissioned officers and perhaps the best of

their men, but they are being asked to recruit, and in spite of these two discouragements they are enlisting. All honour to them. But the task of training these units and endeavouring to bring them back to the standards to which an infantry unit of a division should conform, will be one of extreme difficulty. It is made all the more difficult in that the non-permanent active militia of the present and the past has relied on the permanent force for instructors in every walk of military life. Certain units and certain officers of the permanent force have already been deflected to the overseas divisions. An effort has been made to replace them with other instructors. But the difficulty of the immediate future in this phase of the war effort will be to find those who are in possession of the necessary knowledge to instruct these brand new young men who join the units. Nor is that going to be made any easier by the result of this registration. Recruiting is to stop in a fortnight. Then there will be a gap, and during that period the training of those who have enlisted will make what progress it can with the scanty instruction. But then, when the results of the registration first begin to come, I assume as far as the non-permanent active militia is concerned those whose training has started will slip off and make room for the brand new men who are going to receive military training. There again the instructors will have to work tremendously hard to pass on their knowledge to others on whom we must lean for the instruction of these men.

These are difficulties connected with Canada's war effort, and the five ministers will put their heads together, I trust in perfect unison, in working out this problem. I trust very much that these five ministers will find that they are able to cooperate; for it is perhaps a not very common thing at the time of a great emergency, a time of serious stress, for the directing force of the war effort to be divided rather than to be joined together. So much for the militia.

There is one word I want to say with regard to the Department of Munitions and Supply—not that the minister is likely to be able to touch the matter at this time, but I should be very much obliged if he would look into it. On two previous occasions I have drawn to his attention the fact that in western Canada there are industrial firms and contractors anxious to do their part in the war effort, and anxious also to earn their bread and butter, because industry which is not occupied in war work is finding it difficult to employ itself so that there shall be butter on the bread. It seems to be almost impossible to get the officials of the ministry

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of munitions and supply to realize the time it takes for a letter or communication to get out there, three thousand miles away from Ottawa. Twice before I have drawn the attention of the minister to the fact that a contracting company in the Okanagan are unable until the whole matter is disposed of to get the information which would enable them to tender. This may seem a comparatively trivial thing, but remember that it is not one individual only; there are many such; they are three thousand miles away, and the people who work with and for them are just as anxious to make their contribution to the war effort as the minister is or I am. Must it not be bothersome to them to find that, anxious as they are to do this work, they cannot because of something which they fail to understand?

Let me read two short paragraphs from a letter which reached me yesterday. It is from the Interior Contracting Company, Limited, of Penticton, British Columbia. It is dated the 25th of July, and reached me yesterday. They say:

Yesterday, the 24th, there appeared an invitation to tender on a radio range station at Penticton.

The invitation to tender appeared in the *Vancouver Daily Province*.

Time for tenders to be received in Ottawa Tuesday next, July 30. This gives six days to send a certified cheque to Vancouver for plans and specifications, look at the work and forward tender to Ottawa, which makes it practically impossible for us to tender. On the other hand anything in the nature of proposed airports on the prairies we were sent notices in advance. I suppose this is being done through the ignorance of distances, or sheer stupidity or vicious discrimination. It is pretty difficult when a contracting firm cannot get a chance to bid on a contract in their own district.

I have no doubt the minister will be good enough to do something further with regard to that in order to have it corrected.

There is one matter to which I should like to refer in connection with what the Minister of National Defence said. The words he used with regard to the Bren gun contract were that it was a complete success, and that it was ahead of contract. I do not understand why the government is so reluctant to give more information regarding the Bren gun contract. It has its decision to make, however, and if it chooses to do so, there it must lie. But for myself it seems that there are several reasons why it is desirable to take the Canadian people a little further into the confidence of the government regarding the output under that contract. Turning back to the contract we find—under exhibit D I think it was—that between last March and next March the contractor was to supply

1,000 Bren guns. We are told now that the delivery under the contract is ahead of schedule. We have been told that for weeks by the director of public information.

Mr. HOMUTH: We were told that during the election campaign.

Mr. STIRLING: And we were told it again the day before yesterday by the minister. If they are ahead of the contract, and if the contract called for one thousand guns in this twelve months' period, of which we are now in the fourth month, it would appear to me that the guessing public could arrive at a figure of at least five hundred guns. We are also told by the minister that the Lewis guns have been taken from the first division and replaced by Bren guns. He was not quite so clear with regard to Bren guns provided for the use of the second division. Perhaps they have them too; perhaps they moved on in possession of them. But over and above that there surely must be Bren guns in sufficient quantity for training purposes for the large number of infantry units in Canada which are now undergoing training. There are infantry units in the Canadian active service force and in the non-permanent active militia which cannot possibly get on with their training unless they have the tools with which to train.

This brings me back to the gravest criticism I have of the government, that it has had no foresight in this matter of equipment. The minister of the day, the present Minister of Pensions and National Health, boasted that in 1936 the government had brought down the great reorganization scheme of the non-permanent active militia. That reorganization scheme of Canada's non-permanent active militia—if the minister said this he glossed it over; in fact I do not remember his saying it—was the work of years. As a matter of fact it was ready for issue before I left the Woods building, but it was thought wise on the eve of an election that it would be better to withhold it.

Mr. MACKENZIE (Vancouver Centre): It was withheld for four years, from 1932 to 1936.

Mr. STIRLING: That interruption, Mr. Chairman, is not only discourteous; it is inaccurate. I was informed by the officials, who must have known a great deal more about it than my successor did, that the scheme was ready I should say in the month of June, 1935.

Mr. MACKENZIE (Vancouver Centre): That scheme was first promulgated in 1932 and submitted to the government in 1933.

Mr. STIRLING: I do not know how to handle the hon. member. Earlier this session, Mr. Chairman, you suggested that if an hon.

member made a statement it could not be denied merely by someone shouting across the floor of the house. Let us leave it at that. I know my facts, and I have stated—

Mr. MACKENZIE (Vancouver Centre): So do I, Mr. Chairman, and my statement is absolutely true.

The CHAIRMAN: The hon. member for Yale has the floor. As regards the point raised by the hon. gentleman, when one hon. member refers to a statement alleged to have been made by another hon. member, the hon. member interested may deny having made such a statement or may correct a statement inaccurately reported, and his denial or correction must be accepted. When a statement of fact is made as regards something alleged to have taken place in a department or in any particular circumstance, in which an hon. member concerned is not personally involved, the said hon. member may deny the accuracy of that statement of fact and nobody is obliged to accept the statement or its denial. For instance, if an hon. gentleman states that a certain thing has taken place, another hon. gentleman can challenge the accuracy of that statement in which its author may persist; but if an hon. member says, "You have stated so and so," the hon. member concerned may deny it, and his denial is conclusive.

I would like to take this opportunity of reminding hon. members that when an hon. gentleman has the floor nobody may interrupt him, except with his permission, and only to ask him a question.

Mr. STIRLING: I have almost finished, Mr. Chairman; I just want to touch on that point again for a moment. That reorganization scheme had been worked upon by successive members of the general staff, who endeavoured to surmount the difficulties in connection with the joining up of units, the destroying of this unit, shall I say, and the enhancing of the strength and position of that unit, difficulties which one might expect in connection with the prestige of units. When all those difficulties at last had been overcome the plan was ready for promulgation. In my opinion it was not ready until 1935, and then in 1936 it was presented.

Within that organization scheme the cavalry were divided into this and that, and all sorts of new and what might be called scientific units were created, such as coast defence units, searchlight units, motorcyclists, tanks, anti-aircraft units and many others whose names I cannot even remember. All these units would be impotent until they had a sufficient number of the tools they would some day have to use, at least to look at; and

unfortunately I believe unit after unit has not yet received a piece of equipment to look at. Therefore no stronger charge can be brought against this government than—oh, I need not use harsh words; I shall say that no greater criticism of the government can be made than this, that having promulgated a scheme which required equipment, it did not begin to think of getting that equipment. Now we are faced with the emergency; the trouble is upon us. Equipment now is being provided, but how much greater a task it is to-day, with a war on, to get Canadian industry to do the things that Canadian industry was so anxious to do months and months ago.

I greatly appreciate the kindness of the committee, Mr. Chairman, in allowing me to exceed the forty minute limit.

The CHAIRMAN: I would point out that under rule 37 the hon. gentleman was not limited to forty minutes.

Mr. M. J. COLDWELL (Rosetown-Biggart): Mr. Chairman, the speeches of the ministers gave a detailed outline of the activities of the government in relation to our war effort. They were instructive and enabled hon. members to understand what had been done, more particularly in the last two months. In my opinion, however, it is doubtful if in such statements large amounts of detail are really necessary. The Minister of National War Services (Mr. Gardiner) for example, told us of the proposed organization within the registration booths, the number of tables to be placed there, and so on. I noticed that the house was weary by the time the ministers had concluded, so much so that the chamber was almost empty by the time the last minister had finished speaking. I think, too, that the Prime Minister (Mr. Mackenzie King) misunderstands the basis of our anxiety at the present time. It is not only that we are anxious to understand what is being done in the raising and equipping of men. We want a fuller understanding of the policies being followed by the government at the present time in the international field.

The present war, I venture to say, has united our people in a manner which seemed impossible a year ago. At that time many of us were distrustful of the Baldwin and the Chamberlain governments because of the series of events which had destroyed collective security and supported the aggressors in Manchuria, in Ethiopia and last of all at Munich. May I just interject that collective security must yet be the foundation upon which intelligent people will rely. I cannot conceive of the great nations, when this war is over,

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relying on recurrent wars in the future, arming consistently year by year in a poverty-stricken world.

It seemed that we were following a path which led away from the interests of democracy towards the support of selfish and narrow policies which placed property interests first. To-day, however, there is no longer any doubt in the minds of lovers of freedom throughout the world that the present government of Great Britain, which is giving us leadership in this war, stands for the democratic way of life. It is true that the presence of certain members in that government gives us cause for anxiety; but we have every reason to believe that the courage of Mr. Churchill and the determination of his Liberal and Labour colleagues in the cabinet eventually will lead the people to victory over Hitler.

It seems to me that at last we have recovered the power to revitalize democracy. When we look across the seas we see the people of Great Britain united as they seldom have been in their long history. I submit this unity has been brought about because the people of Great Britain have at last found leaders whom they can trust. In the organization of their war effort they have chosen men who believe implicitly in the power of democracy to plan its economic life, for common defence in war and for common security in peace. Those men believe that the planning in this period of war must be efficient and whole-hearted, and must be continued for the common good after the present struggle ceases. It must, we believe, be undertaken everywhere by men who believe in the fundamental principles and purposes of economic planning. It must be undertaken by people who understand all that is implied in the democratic planning of an industrial system for a great and common cause.

We have not yet achieved that end in Canada. On the contrary more and more we are handing over the controls of our economy to business executives whose lives have been spent in competing one with the other, and organizing their industries for private gain. That is a serious defect in our war effort at the present time, and one which, unless we are careful, will lead this country into a regimented state—although we are engaged in a war against fascism abroad.

In his statement the Minister of Munitions and Supply (Mr. Howe) has told us about the millions of dollars being spent in the building of new plants. Yesterday he said he had received a cable from Great Britain authorizing the doubling of the expenditures. On Monday, in reply to a question I asked, the department indicated that out of eight

government-owned munitions plants erected or to be erected, five are to be operated under arrangements with private interests. It was said that the remaining three are arsenals operated by the Department of National Defence. I presume they are not new. Thus our war effort tends to fasten upon Canada the control by powerful interests of even the government plants we are erecting. This to my mind is wrong and dangerous and, as I understand it, contrary to government policy. We are engaged in a war which will tax our economic resources to the limit. They should be organized for the common good. Last September we urged upon the government the necessity of undertaking that organization at that time. We said it was more important to organize our material resources and our industrial life than to raise large bodies of men for overseas service.

To-day Great Britain has millions of men lacking the necessary equipment. Moreover the factories required to provide new equipment to make good the losses in Great Britain are vulnerable to air attack. We do not know how or when the great industrial centres of Great Britain will be devastated by German bombs. Since last September we in Canada should have been organizing our industries to provide the equipment so badly needed. Even to-day we have thousands of unemployed people, and our factory output is pitifully small.

The minister has put the best face upon the matter, but those of us who are alarmed with regard to equipment and the supply of Bren guns and aeroplanes know that there are empty spaces in our assembly plants, and that we have hardly begun to perform the services which we must ultimately undertake. Had we organized our economic life last September, as it should have been organized, we would have been in a position to supply Great Britain with badly needed equipment, and at the same time to equip our own men who are undertaking the defence of Canada and British possessions in the western hemisphere, as well as assisting in the defence of Great Britain herself.

It is now late. But it is not too late, because I believe Great Britain will withstand the attacks which may be launched this summer and autumn by the German forces, and before another summer season we can, if we will, supply her with much of the mechanical equipment she will need to achieve victory. Therefore we are not yet satisfied that the right steps are being taken. It is obvious that the mobilization bill is being used to register man-power, and that is being done largely with a view to military training for the

defence of our own country. We are not objecting to that. But at the same time we deplore the fact that no steps are being taken to mobilize equally, under compulsion, the financial, industrial and economic resources of the country. This should have been done prior to the mobilization of our man-power, because the need is even greater.

But Canadian defence involves more than this. We believe that eventually Great Britain will emerge victorious, but there is a tremendous struggle ahead. Night after night and day after day German planes have been bombing military and industrial objectives in the heart of Britain. This battle concerns us vitally, for upon its outcome the safety of this country, and its future alike, depend. We are protected now by the British navy and by the Monroe doctrine; for there is no doubt that the United States must assist in the defence of Canada, in order to safeguard her own territory, should we be threatened. Moreover Canada is a part of the North American economic area. United States investments in this country total over four billions of dollars, and over a quarter of that amount is invested in various types of government securities. Canada is the only nation in the western hemisphere now at war with Germany. We have sent thousands of troops abroad. Our ships are patrolling our home waters and are fighting in the English channel. Our whole Canadian economy is called upon to render war services. Thus while we strike at Germany, Germany cannot strike back at us, so long as the British navy remains and the United States adheres to the Monroe doctrine. If the war is prolonged our position may introduce many new issues to the north American international outlook.

Recently Mr. Churchill said that Great Britain would defend herself, road by road, village by village, street by street, and house by house; and that even if Hitler succeeded in invading and devastating the British isles, Britain would fight on from the outposts of the empire. If that should happen Canada would have to decide whether Ottawa should be the seat of a war government. But whether or not Canada became the seat of an empire government, the defence of our Atlantic coast would become a matter of immediate concern to us.

What then is our relationship to our powerful neighbour to the south? Is the government taking steps to keep the Washington administration informed of all the possibilities involved? Are we entering into any consultations with the government of the United States in connection with the preparation of a joint plan of defence for North America?

I realize that these are questions which may be considered delicate in an open session of parliament. That is one of the reasons why we have suggested on several occasions that a closed session be held in order that matters such as these might be discussed without the fear of adverse publicity or harm to our common cause.

Mr. MACKENZIE KING: If it were impossible to answer that question in an open session of parliament, it would be equally impossible to answer it in a secret session. The same reasons would govern on both occasions.

Mr. COLDWELL: I cannot see the force of the Prime Minister's reply, more particularly when I learn that in Great Britain the most intimate matters of public and foreign policy have been discussed in private sessions of the house. Since the war broke out six sessions of the British House of Commons have been held in camera, to-morrow's session is to be held at the insistence of the prime minister of Great Britain in order to discuss foreign policy. There are other questions of the same sort that ought to be discussed at this time in this House of Commons, but one hesitates to bring them up in an open session.

Before the war broke out Mr. Grant Mac-Neil brought different phases of this matter to the attention of parliament. I should like to quote from the remarks of this former member for Vancouver North, as reported on page 4037 of *Hansard* of May 13, 1939. At that time he was dealing more particularly with the matter referred to by the hon. member for Yale (Mr. Stirling), the kind and type of the equipment we should be providing for our forces. He said:

We should recognize the precious gift of geography and natural resources. We should take advantage of our position and not squander those resources on schemes that are far too ambitious for a country of eleven million people, but we should prepare for the emergency which may require Canada to place itself, as it were, in a state of siege, and prepare to procure our munitions and supplies from within. For that reason I consider it dangerous to rely so blindly and slavishly on the British pattern of army organization. We are standardizing altogether too much on British types of equipment. I think there should be closer collaboration now with the United States with regard to types of equipment. There should be a fuller exchange of ideas and information, and the Department of National Defence should explore more fully the possibilities of establishing sources of supply in the United States.

Surely the lesson of the past few weeks has been that advice of that sort should have been taken long ago. Surely the speeches of the ministers have shown that exclusive reliance upon British equipment for our armed

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forces has been a fundamental error. To what extent are we cooperating with our powerful neighbour in view of the experience of the past few months? What is our naval policy? Are we building numerous fast boats to protect ourselves against submarine raiders, or are we still thinking in terms of naval defence across the ocean? Is our naval defence programme being correlated with the naval programmes of the American countries? Surely naval defence is a continental and not merely a Canadian problem. Finally, are any plans under consideration to provide the United States with a base in one of our Atlantic ports in case of attack? The country has a right to know what is being done.

Mr. RALSTON: Does my hon. friend think that any answer could be made to a question of that kind?

Mr. COLDWELL: To members of this house, yes. I think the representatives of the people have a right to know that the safety of this country is being looked after by this government in every particular. We have a right to know what this government is doing. That is why I am asking these questions now. We have requested again and again that we might be given the opportunity of asking such questions in a closed session of parliament, but that request has not been granted.

Mr. MACKENZIE KING: Does my hon. friend think that this government would be justified in bringing into discussion in this parliament matters affecting the domestic affairs of the United States, which if discussed at all might occasion great controversy in that country, particularly at this time?

Mr. COLDWELL: I would say that if we were meeting in a closed session that danger would be eliminated. After all we were told at the close of the great war that the time of secret diplomacy had passed away. Recurrent wars have often been due to the fact that secret diplomacy has been practised. The time has come when all the facts should be placed before this house. We should understand exactly the dangers which we face and we should know the policies that are being followed and the needs of our country's defence in every particular.

A few days ago I asked the Prime Minister whether Canada had been consulted with regard to the closing of the Burma road. He replied that we had not been asked for advice, had given no advice and had made no comment. That is exactly the answer which was given in this house a year ago April when the right hon. gentleman was asked if he had been consulted in connection with the Polish guarantee, the giving of which resulted in our

being involved in war a few months later. The situation in the orient is threatening, yet we continue to allow Japanese people to control valuable Canadian resources.

We are erecting fortifications on the Pacific coast and at the same time we are permitting dummy companies, operating under English names but controlled by Japanese interests, to acquire bodies of valuable ore and timber limits in the vicinity of our defence preparations. In May, 1939, Mr. Grant MacNeil directed the attention of this house to the fact that a Japanese controlled firm had acquired the old Tidewater mine, about eighty miles north of Port Alberni on Vancouver island. Some of the shares were held by gentlemen such as Nelson Spencer, of Vancouver; O. F. Lundell, of Vancouver; and L. L. McGhee, of Vancouver, but the majority of the shares in this company are held by Japanese interests. At that time Mr. MacNeil also questioned the government in connection with the harbour of the Sidney Inlet mining camp and four other harbours on the west coast of Vancouver island which had been dredged and where preparations had been made by the construction of tunnels to provide for the storage of oil. Some of this work had been carried on under the supervision of a former Japanese naval officer.

The Louise Mining Company of Vancouver controls the old Iron Duke mine on Louise island, in the Queen Charlottes. In order to get this control the Japanese had to buy nine crown grants. Although certain Canadians are listed at Victoria as being shareholders, the majority of the stock is controlled by well known Japanese interests. The N. S. McNeil Trading Company, Limited, controls six hundred million feet of timber near Port Hardy. The real owner of this timber is the Nisso Rayon Pulp Company, Tokyo, which is controlled by the Nippon Soda Company, Limited. The Granby mine at Princeton renewed a contract lately, with the approval of the government, whereby Mitsui and Company, Limited, have agreed to purchase all the copper this mine can produce for the next three years.

At least some of these operations, and perhaps others of which I have no knowledge, are going on at a time when Great Britain is threatened with war in the orient by Japan, at a time when British citizens are being thrown into prison in Japan, and at a time when one has been done to death. Perhaps it may be said to be unwise to discuss these matters openly in the House of Commons, but the Prime Minister has left us no alternative, and we would be negligent in our duty if we did not protest the arming by ourselves of potential enemies who may eventually destroy us.

I believe this war is a war between two ways of life. The lines have been clearly drawn in the past few months and we must make every sacrifice in order to defeat those who would destroy the freedom which our forefathers dearly won. I am sure the government have realized this, but are they still casting a wistful eye backwards to the days of Mr. Baldwin and Mr. Chamberlain?

Mr. MARTIN: And Mr. MacDonald.

Mr. COLDWELL: Mr. MacDonald was out of office before Hitler rose to power.

Mr. MARTIN: He laid the foundations on which Hitler rose to power.

Mr. COLDWELL: Mr. MacDonald went out of power because he could not carry with him the gentlemen who to-day form the backbone of the British government.

Mr. CHURCH: Is it not true that Mr. Ramsay MacDonald was under observation and supervision by the British government in the last war? And on one occasion did not the seamen on a channel boat go on strike rather than carry him to the continent?

Mr. COLDWELL: If that is so, Mr. MacDonald subsequently became head of the government under whose observation he was placed during the great war. That I say may be a vindication of what he did at that time.

I confess that when the new government took office in Great Britain I was amazed at the contrast between the two telegrams which were sent from Canada to Great Britain on that day. They were given to the press and I have a copy of them here, taken from the *Ottawa Journal* of Saturday, May 11, 1940. I quote:

Prime Minister King on Friday sent messages to Winston Churchill, new British Prime Minister, and Neville Chamberlain, Mr. Churchill's predecessor. Following is the text of the message to Mr. Chamberlain:

"I was proud to be at your side the day you assumed office as Prime Minister. I am equally proud, though separated by an ocean, to be again at your side this afternoon as you lay down the burdens of that office. I shall always be grateful that it has been my privilege to give to you such support and assistance as it was within my power to give throughout the anxious days and months and years that have intervened. My admiration and understanding sympathy are yours in fullest measure at this hour."

That was a warm telegram. But the other to Mr. Churchill is cold in contrast. The text of the message to Mr. Churchill follows:

On your assumption of office to-day I desire to assure you of the continued whole-hearted cooperation and strong support of my colleagues and myself in all that pertains to the vigorous

prosecution of the war effort of the British commonwealth. May you be given the vision and the endurance so necessary to the duties of your high office and never more needed in the guidance of public affairs than at this critical hour.

Mr. MACKENZIE KING: What could have been better than that?

Mr. COLDWELL: In my opinion one telegram was enthusiastic, the other was cold in its language. Look back to the Munich agreement and see the telegram that was dispatched from this country to Mr. Chamberlain at that time.

Mr. DUPUIS: Does the hon. member call that constructive criticism?

Mr. JOHNSTON (Bow River): You try to compete with it.

Mr. COLDWELL: Yes, I do consider it constructive, because I believe that to-day we have to make up our minds that there must be no more of the kind of appeasement that was undertaken in the time of Mr. Chamberlain in days gone by.

Mr. MARTIN: What about the Burma road? Be consistent.

Mr. COLDWELL: I did not hear the question.

Mr. MARTIN: The hon. gentleman is talking about appeasement. The Burma road was closed under the Churchill government, not under Mr. Chamberlain.

Mr. COLDWELL: I am quite aware of that, and the probability is that there are still in the Churchill government members who are appeasers and still able to influence the cabinet to that extent.

Mr. MACKENZIE KING: Would my hon. friend like to see war between Japan and Britain?

Mr. COLDWELL: No, I would not like to see war between Japan and Britain, but I will tell the Prime Minister, if I may, what I should like to see. I should like to see Canada cease arming Japan against Britain.

Mr. MACKENZIE KING: Canada is not doing anything of the kind.

Mr. HANSELL: Canada has done it over the years.

Mr. COLDWELL: Less than one month ago the government headed by the present Prime Minister allowed the Granby mine to renew a three year contract to sell its entire output of copper to interests who are arming Japan.

Mr. MACKENZIE KING: May I say to my hon. friend, so that there will be no misunderstanding, that he must realize so far

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as the sale of certain metals from Canada is concerned that so long as the country to the south of us maintains its attitude of not prohibiting sale and export, these metals could be sent across the border and then sent to Japan on a day's notice.

Mr. HANSON (York-Sunbury): But we could prevent them from being shipped across the border if we wanted to, to persons who are going to sell them to Japan.

Mr. MACKENZIE KING: The government has taken all possible precautions to see that no metals did go to Japan which were likely to be used for war purposes.

Mr. CHURCH: The pacifists caused this war.

Mr. COLDWELL: May I reply to that interjection "the pacifists caused this war", which has been made a number of times. People who believed that war was an outworn method of settling international disputes tried to devise ways and means of preventing war, and for that purpose the League of Nations was instituted. It failed of its purpose not because the league itself failed but because the statesmen who were within the league failed the league idea and betrayed it.

Mr. GARDINER: And advocated no armaments.

Mr. COLDWELL: And advocated no armaments. Many persons labelled league supporters as pacifists were in power in those European countries and assisted in the rise of Hitler to power as well as the rise of Mussolini and promoted the interests of the rebel government in Spain. We—I, if you like, said that I would not vote one dollar to a government for arms until I knew how those arms were going to be used. We had no reply to that question in days past. I still take that attitude. To-day I know that I can trust the government now in power in Great Britain to continue this fight and to wage it for the democratic ideals which we have at heart.

Mr. GARDINER: Will the hon. gentleman permit me?

Mr. COLDWELL: Certainly.

Mr. GARDINER: I should like to read exactly what he did say. On February 15, 1937, at page 891 of *Hansard*—

Mr. COLDWELL: What is the hon. gentleman quoting from?

Mr. GARDINER: The hon. gentleman gave me the floor. I am quoting from *Hansard* of February 15, 1937, where at page 891 the hon. member for Rosetown-Biggart said:

I am convinced, therefore, that if we in Canada are to progress we must stand clear of this mad race for armaments which can lead only to war.

Mr. DOUGLAS (Weyburn): The hon. member is quoting from a manuscript; that is not *Hansard*.

Mr. GARDINER: It is a quotation from *Hansard*, and that is the position which the hon. gentleman took at that time.

Mr. COLDWELL: That is quite right but I would ask the hon. gentleman to quote the entire passage. You can pick out a sentence from what I have said—

Mr. GARDINER: I can pick out a dozen sentences worse than that.

Mr. COLDWELL: I know you can. I know you can pick out twenty sentences where I have said much the same thing, but if you will look at the context you will find that I have always said that because I distrust those who were betraying democracy and selling the world down the red river of war. That is the reason, and the hon. gentleman knows it as well as I do.

Mr. DUPUIS: The programme of your party was against war.

Mr. JOHNSTON (Bow River): So was yours.

Mr. COLDWELL: The programme of our party and of all intelligent men and women throughout the world was against war, and ought to be still, because one of our aims should be to prevent the recurrence of wars in future.

I want to say something about the pan-American conference. Canada was not represented. The Prime Minister indicated that we had not been invited. Perhaps we were not invited because we did not wish to attend.

Mr. MACKENZIE KING: No, that is not the reason. I think the reason would be, first, that Canada is at war; these other countries are not.

Mr. COLDWELL: Because Canada is at war is probably all the more reason why we should have been represented.

Mr. MACKENZIE KING: We were not invited.

Mr. COLDWELL: If we indicated at the time that we did not wish to be invited, that might be the reason why we did not get an invitation.

Mr. MACKENZIE KING: No, there was no intimation at all with respect to the matter.

Mr. COLDWELL: Let me put it this way: had we either in the past or recently stated

that we would appreciate an invitation, we would, I think have got it. Invitations of this sort are seldom issued until it is found that the organization or nation invited will accept.

Mr. HANSON (York-Sunbury): Would the hon. member allow me to ask the Prime Minister a question arising out of what he has just said? The Prime Minister has indicated that Canada had no official representation at the conference. Had Canada an "observer" there? There was a gentleman present from McGill university.

Mr. MACKENZIE KING: He was not there under the auspices of the Canadian government.

Mr. HANSON (York-Sunbury): Directly or indirectly?

Mr. MACKENZIE KING: Directly or indirectly.

Mr. HANSON (York-Sunbury): That answers my question.

Mr. COLDWELL: I said that because in my opinion the times warrant the closest cooperation between the peoples of the western hemisphere, and Canada might, as a member of the British commonwealth of nations, render a signal service to our common cause by using her influence at gatherings of nations in the western hemisphere. That, I think, is illustrated by the declarations which were made at the conference. The principal decisions which the conference has reached, according to the press, concern the administration of European possessions in this hemisphere; provisions for economic surpluses; the application of the Monroe doctrine; and collective action against the fifth column. Is it not clear that these matters directly concern the future of this country? Yet we were not represented, even by an official or an unofficial observer. Another reason why we should have been there is that the Anglo-Saxon conception of democracy differs to some extent from conceptions held in the Spanish-speaking countries. The United States, representing the Anglo-Saxon democratic ideal, might be glad of Canada's support, at pan-American conferences, for common ways of life.

These, it seems to me, are some of the matters involved in the defence of Canada at this time. The ministerial speeches touch none of them, and yet they are of as vital concern to Canadians as the catalogue of achievements laid before the house by the Prime Minister and his colleagues.

The people of this country are prepared to make sacrifices. To-day they realize that their way of life is at stake. But if we are to unite the Canadian people, young and old, in this great struggle we must place before them

clearly and explicitly the hopes that we have for them when this war ends. Long years of insecurity, of poverty and want haunt thousands of young and old in this land. I listened the night before last to a broadcast from Great Britain. In the course of that broadcast the speaker indicated some of the sacrifices which must be made in that country. He said, "We are dissatisfied with our budget, not because the taxes are too high but because the burden is not heavy enough." He also said, "I believe that there is a growing consciousness in Great Britain that in order to finance this war we shall not have to tax the rich or the poor, but we shall have to say to rich and poor alike, 'Upon these incomes you can live; we are going to take all above them for the purposes of war.'" Well, in our own country we have not yet imposed even a one hundred per cent excess profits tax. If we wish to unite the people in the common cause we shall have to show them that when this war ends we shall build in Canada a society in which there will be security such as we have never known before. Our people will ask us how we are going to do that, and we have to answer that question.

I see that it is nearly one o'clock, and I will not proceed further except to say that the questions I have seen fit to ask this morning are in the minds of many thousands of intelligent Canadians all over this country. They know that we have men overseas, they know that we are manufacturing equipment for overseas service; but they say, what are we doing in defence of the country itself should our first line of defence break across the seas? I do not think that that line will break. I believe that the British isles will hold. But in this strangest of all wars there is always that possibility, and I submit that the Canadian people who are giving consideration to these things and who are thinking as I am thinking have a right to have these questions answered, in the only place where they can be answered.

It may be said that they could not be answered in open session. I realize that. But they could be answered in a closed session.

Mr. RALSTON: Would my hon. friend permit me again, because he is dealing with an important point and perhaps some of us will have to answer him. My hon. friend says he wants to know how this country is being defended. I have already described as clearly as I could—"eyewash", as it was characterized by the leader of the opposition—the policy which it seemed to me, subject to the advice of my advisers, should be followed. Does my hon. friend suggest that in secret session or anywhere else this government should state

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what is the disposition of the troops in this country for the purposes of defence?

Mr. COLDWELL: No. I did not describe the hon. gentleman's remarks as "eyewash."

Mr. RALSTON: I know.

Mr. COLDWELL: But may I say that our defence consists of two parts. There are the physical defences, men, munitions and so on, and the places where they are stationed. I do not think that that concerns us, except to know that they are adequate. But more vital still, in my opinion, are the political aspects of defence, our relationships with our neighbours, what we shall do in certain eventualities—

Mr. HANSELL: Future policy.

Mr. COLDWELL: And the future policy to guide us. Those are the things which concern me, and that is why I say that these matters should be discussed in a closed session of parliament.

Mr. BLACKMORE: Mr. Chairman, may we call it one o'clock?

The CHAIRMAN: It being one o'clock, I now leave the chair.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. MACKENZIE (Vancouver Centre): Would the hon. member for Lethbridge (Mr. Blackmore) give way for about two minutes? I wish to refer to certain remarks made earlier to-day by the hon. member for Yale (Mr. Stirling) with reference to the question of the reorganization of the militia. The following discussion took place:

Mr. Mackenzie (Vancouver Centre): It was withheld for four years, from 1932 to 1936.

Mr. Stirling: That interruption, Mr. Chairman, is not only discourteous, it is inaccurate. I was informed by the officials, who must have known a great deal more about it than my successor did, that the scheme was ready I should say in the month of June, 1935.

Mr. Mackenzie (Vancouver Centre): That scheme was first promulgated in 1932 and submitted to the government in 1933.

Mr. Stirling: I do not know how to handle the hon. member. Earlier this session, Mr. Chairman, you suggested that if an hon. member made a statement it could not be denied merely by someone shouting across the floor of the house. Let us leave it at that. I know my facts and I have stated—

Mr. Mackenzie (Vancouver Centre): So do I, Mr. Chairman, and my statement is absolutely true.

During the recess I have verified the facts from the original records, and I find that in

1931, in preparation for the disarmament conference which took place in 1932, an interdepartmental committee was set up on the instructions of the then prime minister.

Mr. HANSON (York-Sunbury): This is a speech.

Mr. MACKENZIE (Vancouver Centre): I am entitled to speak, with the forbearance of the hon. member for Lethbridge.

This committee completed its investigation and reported in January, 1932. The report was laid before the Prime Minister in January, 1932, at a meeting at which were present Sir George Perley, Hon. D. M. Sutherland and the members of the interdepartmental committee. The report was approved by the Prime Minister at that time. The changes carried out in that reorganization of 1936 were recommended by General McNaughton in that report. The scheme was submitted confidentially in draft form to the district officers commanding throughout Canada in the autumn of 1933; it was submitted to my hon. friend as minister on May 28, 1935, and the report, somewhat amended, was submitted to me on November 12, 1935. Nothing definite was done on these reports until I took action within one week of receiving the recommendation of the then chief of staff. I think these facts speak for themselves.

Mr. STIRLING: On the question of privilege, I have nothing to add except a reiteration of my recollection. I cannot ascertain the dates as the hon. member can, but I have a clear recollection of asking the officials of my department, who of course were in a position to know, I should say about the first of June, 1935, whether it was advisable for us to proceed with the scheme at that time, and the reply, according to my recollection, was that difficulties had again arisen with regard to the details and it was not then proper to promulgate it.

The CHAIRMAN: I would like to call the attention of hon. members to the ruling given this morning. When a statement of fact, as distinguished from a declaration attributed to an hon. member, is questioned, every hon. member is free to admit or deny such statement of fact and nobody is bound by such admission or denial. But when an hon. member is stated to have said something, he may offer his denial or correction, and such denial or correction is conclusive. I did not want to interrupt the hon. member for Yale, because I assumed his statement was a correction of a statement of fact made by the hon. Minister of Pensions and National Health, but I would like to remind hon. members of the committee that questions of privilege cannot be raised in com-

mittee. If there is complaint of a breach of privilege while the house is in committee the committee reports progress for the house to deal with the question of privilege. (May, page 264.) We are now dealing more with a correction of a statement of fact than with a question of privilege.

Mr. STIRLING: I understood the hon. member to rise to a question of privilege.

The CHAIRMAN: No; he had asked the hon. member for Lethbridge to yield his turn, and then he proceeded to make his own correction of the statement of fact made this morning by the hon. member for Yale.

Mr. J. H. BLACKMORE (Lethbridge): The members of the Social Credit group have, I believe, made it sufficiently clear that they are as much concerned about winning the war as any group of people in Canada. All that we hold dear is at stake. If anything should happen to the British race it would be one of the most dreadful calamities of modern times. Therefore we are deeply concerned about the preservation of the Anglo-Saxon people and the Anglo-Saxon culture.

I wish to pay some attention to certain remarks which the Minister of Finance (Mr. Ilesley) made the other night. As reported on page 125 of *Hansard* he used the following words:

The task of finance is to provide the funds which are used to pay for the war services. But in a deeper sense the task of finance is, by taxation and borrowing, to restrict the civilian demand for economic resources in order that they will be free when the defence or supply departments require them.

The bearing of that statement on the possibility of Canada doing her full share towards winning the war is the matter to which I wish to direct attention. The policy which the minister laid down in those words is a purely negative policy. It is applicable to a country like Great Britain or Italy, a country whose resources are definitely limited, a country which will soon reach the limit of its resources if it expands generously its production. But these principles do not apply to a country like Canada nearly so immediately as to a country like England. To apply these principles to Canada is to limit Canada's war effort by a bottle-neck which is completely impassable.

There are two ways of attacking this problem which the minister has raised. The first is to limit consumption, which is the policy he advocated. The second is to increase supply. If there is danger of a rise in the price of potatoes, we will say, there are two ways in which that might be prevented. We might restrict the consumption of potatoes by taxation, by quotas, by rationing or by some of

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the other devices well known to economists in the older countries; or we might increase the number of potatoes in the country. If we increased the number of potatoes in the country it would be impossible for potatoes to rise in price, if there was any kind of governmental control exercised.

This concept the minister probably has in mind, though as far as I have been able to discover, he did not refer to it in his speech. The possibility of increasing the supplies in Canada, I submit has been almost culpably overlooked by this government up to the present time. We can increase the available supplies of food, clothing or shelter in Canada almost at will, because we have resources far beyond the needs of our people and perhaps beyond the needs of those who are our allies and who will have to call upon us for support and assistance. Therefore I am quite sure we have it within our power to increase our supplies to the point of complete adequacy for our war effort.

Mr. ILSLEY: Not all supplies, surely.

Mr. BLACKMORE: No; I will not say all supplies, but a very great number of supplies. Certainly there are some things in which we cannot increase our production; but just because we cannot increase our production of bananas, let us say, or asbestos or some other commodities I do not happen to have in mind at the moment—

Mr. ILSLEY: Cotton and rubber, which are very important supplies.

Mr. BLACKMORE: Yes, we can take cotton and rubber. Just because we cannot increase our supplies of those commodities is no reason whatever for making our people suffer for want of lumber, fish, apples or other things. But the policy the government is following to-day is going to make people suffer for the lack of these commodities which we have in Canada in superabundance, together with the means of creating ever greater abundance. I say the policy which is being followed is fallacious.

Has the government done anything definitely to increase production? If it has I shall apologize for the remarks I am making; but so far as I have been able to find out it has not done so. Let me illustrate what I mean. Does the government know definitely for example, just what products are likely to run short? Perhaps it does. The other night the Minister of Munitions and Supply (Mr. Howe) told us we were already beginning to suffer from a shortage of wool and a shortage of leather for the manufacture of shoes. Has the government carefully canvassed the whole field of Canada's production, and the entire possible field of her consumption as

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against that production, with the object of determining of what commodities we are actually running short, and in connection with which there may be danger of a rise in price? If the government has not done so the government has fallen short of its duty in these days, beyond any question.

Mr. McLARTY: May I say to the hon. member that the war-time prices and trade board has made a complete analysis, not only of wool but of hides and leather, and are keeping a running account of the demand and supply of those commodities in Canada.

Mr. BLACKMORE: I am very glad to hear the Minister of Labour make that statement, because that is as it should be. Now let us examine the situation in the light of that fact. Has the government formulated a remedy for the shortage of wool, let us say?

Mr. McLARTY: I am afraid the hon. member is starting from a false premise. At the present time there is no shortage of wool. Since France has ceased to be in this war, the difficulty is not a shortage of wool but the possibility of an over-supply.

Mr. BLACKMORE: I was going entirely on the remarks made last night by the Minister of Munitions and Supply. If I misapprehended them I am sorry, but I will go ahead and discuss the question of wool merely as an example.

Mr. HOWE: I said it had been a difficulty in the early days of the war, or that is what I intended to say.

Mr. BLACKMORE: But it is now no longer a difficulty?

Mr. HOWE: No.

Mr. BLACKMORE: I am greatly relieved to hear that, because certainly we do not want suits to increase in price as they did in the last war. But using wool as an example only, has the government taken measures to save the female lambs in Canada? If there is danger of running short of wool obviously the first measure should be to forbid the slaughter of female lambs and sheep. That should be one of the very first steps to be taken. If the government has not taken measures to prevent such slaughter, then evidently the government is not aware that there is likely to be a shortage of wool.

Then, has the government taken steps to import breeding stock in order to supply the particular kinds of wool that are needed? In my constituency there is a woollen mill. Last year when that mill received an order from the government for the production of blankets they discovered that a great deal of the wool that had to be used was not available

in the constituency, though we thought sufficient wool was produced there to keep two or three factories going. But somehow there was a failure to connect, and the wool we were producing was not the kind of wool that was required. If we need a kind of wool that we are not now producing in Canada, obviously the first thing for any intelligent administration to do is to see that our people are provided with sheep which will produce the kind of wool we want.

Then, Mr. Chairman, if we were in danger of running short of wool another important matter to be considered would be the provision of pasture. Has any definite measure been taken to estimate the amount of sheep pasture readily available throughout Canada, and to give the people who are producing or ready to produce sheep an idea of the location, extent and availability of such pasture? Having discovered that we have plenty of pasture on which to produce all the sheep we want, have we made provision to see that the farmers who would produce sheep are able to borrow money with which to go into that business? If the government have not done this, then they have not done what is obviously the duty of the government in providing against a possible shortage of wool.

Having attended to all these other matters, has the government looked into the question of guaranteeing markets to the producers of wool at a stabilized price, and guaranteeing that they will be able to buy the feed they need, in sufficient quantities and at a price which will enable them to produce these sheep?

I realize that all this, to some hon. members of this house, will seem rather a strange matter to be discussing in connection with inflation, but long before this war is over I believe every person in this country will realize that inflation is brought about by two causes, one of which is a shortage of goods. If you provide for an abundance of goods of every kind you cannot have inflation. Therefore I say that if the minister was seeking such a financial policy as would avoid inflation, he should have had in mind the production of sufficient supplies. And so I say that if measures have not been taken to guarantee the producers of sheep a market at fair prices, and to guarantee those producers that they shall be able to procure the feeds they should, and the other supplies they require in order to produce in sufficient abundance, then obviously the government has neglected its duty in the matter of wool supply.

At page 2116 of *Hansard* the Minister of Munitions and Supply told us about wool, and then at page 2119 he told us about boots. He pointed out that the demand for boots had already greatly outstripped the supply.

What is the Minister of Finance going to do in order to remedy that condition? Is he going to put such a tax on the common people that they cannot buy their meagre supply of shoes, such as they are already buying; or is he going to take the manifestly sane attitude of increasing the supply of hides to the point where there will be plenty of hides, plenty of boots and plenty of leather for all the shoes that all the soldiers and all the people may need? In a land like Canada there is utterly no excuse whatsoever for a shortage of hides. In a land where we can produce cattle in such tremendous quantities, where we have the resources and every other facility necessary to the production of cattle how can there be an excuse?

What has the present administration, under the direction of the Minister of Finance, done with regard to increasing the supply of cattle in Canada?

An hon. MEMBER: Nothing.

Mr. BLACKMORE: If he has neglected that, then undoubtedly he has neglected to do the things which in his speeches he has said he has taken pains to do. For example, with respect to cattle: Up to the present time has any measure been taken in this country to prevent the wholesale slaughter of female cattle? If no such measure has been taken, then undoubtedly we are not doing a good job of housekeeping in Canada, so far as cattle and hides are concerned. Has any measure been taken to guarantee the price of cattle or to guarantee a market for them? Has anything been done with respect to guaranteeing the prices which farmers are going to have to pay for feeds with which to produce cattle?

I happen to come from a constituency in which much live stock is produced. These are matters which are in the minds of the farmers producing cattle in my constituency—and I have hundreds of them. They will produce cattle in further abundance—and so will the farmers in the constituency of the hon. member for Medicine Hat (Mr. Gershaw)—if they just know that they are going to be able to sell their cattle without a loss. They want to know how many cattle they will be able to sell, and if they are going to be able to buy feeds with which to finish those cattle. They want to know if they are going to be able to procure breeding stock and pasturage. In a province like Alberta, those are some of the limiting factors. And unless the government has taken steps to see that the means of encouraging and sustaining adequate production of cattle have been made available, then unquestionably the government is not providing for a sound economic and financial situation.

Has the government taken steps to see to it that the farmers who would go into the production of live stock can obtain the loans which would make it possible to enter into that production? If the government has not made the money available at sufficiently low rates and on sufficiently easy terms, then clearly it is neglecting to provide against a possible scarcity of materials for the production of shoes. And what will be the unfortunate condition if in a year or two we discover we have allowed our live stock supplies to become greatly depleted, or depleted to an extent where we cannot, by any manner of means, hope to produce all the shoes needed by our men in action and our people at home? Under those circumstances there would be a rise in prices of shoes which would be completely prohibitive and destructive of the morale, the financial security and standard of living of everybody. Unquestionably men who lacked vision to provide against such eventualities would be open to censure.

Only within the last three or four days I have received from my constituency definite word that a good many men highly skilled as live stock producers are contemplating enlisting. There is no particular reason why a man skilled in the production of live stock should not enlist; but I submit that if Canada happens to need live stock, as the words of the Minister of Munitions and Supply uttered the other evening would seem to indicate, then possibly the greatest kind of service open to men able to produce live stock is that of remaining right here in Canada and producing. Right away in any event the government should be getting a register of men skilled in the production of live stock, so that this country might see to it that those men are equipped so that they can produce that live stock. One of the means of equipping them is seeing to it that they may procure adequate loans.

My submission is that the Minister of Finance and his colleagues should immediately organize the whole field of Canada's production, registering the men skilled in the production of various kinds of commodities we will need in the war, seeing to it that adequate loans are made available to those who wish to go into the production of those commodities, that there is a guarantee of markets at remunerative prices and that there is a guarantee respecting the prices of raw materials necessary to produce more of the required commodities—and in this I include food, clothing, taxes, and so on.

Another matter I consider of great importance is that of the securing of surpluses. Just now there is a good deal of anxiety in Canada

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about our great wheat crop. I say that that bountiful crop should be the greatest cause for rejoicing. Yet we fear it. Why do we fear it? We fear it because for some reason the men who are directing the financial affairs of the country have not learned it is possible to buy and to store that surplus. They have not learned that it is possible to keep it. To admit in this day and generation that we do not know how to store up grain, as well as they did in Egypt of old, is a reflection upon our intelligence. Certainly it should be removed at the earliest possible moment. Unquestionably we can buy up and store our godly supplies of wheat.

To show that what I am talking about is not wild, and that it might be quite in conformity with what is accepted even by the most highly recognized financial experts in Canada, I would crave the indulgence of the committee to read from the proceedings before the banking and commerce committee of last year and to apply those findings to the Canadian wheat surplus. Turning to page 283 of the proceedings of the committee I find this in the evidence of Mr. Towers, governor of the Bank of Canada:

Q. Now, as a matter of fact to-day our gold is purchased by the Bank of Canada with the notes which it issues, Bank of Canada bills.

A. Or cheques shall we say.

Q. Well, if you wish, cheques; with cheques which can be redeemed in Bank of Canada bills?

A. Yes.

Q. So the medium of exchange that is used to purchase gold by the Bank of Canada is Bank of Canada bills?

A. Yes.

Q. And these Bank of Canada bills are not redeemable in gold?

A. No.

Q. So that we are in effect using a paper currency authorized by parliament as the medium of exchange to purchase gold?

A. Or, anything else, as it is legal tender.

Notice the words "anything else"; because I am going to return to them in a minute or two. The evidence continues:

Q. I am just thinking of gold.

A. Quite.

Q. Now, aren't we then in effect using printing press money not convertible into gold to purchase gold?

A. That is the practice all over the world with few exceptions; and there is nothing wrong with printing press money except the connotation. I think the phrase when generally used conveys the thought that once having started the presses going you can never do anything to stop them.

Q. I am quite aware of that argument. What I want to get at is the fact that we in Canada are using to purchase gold a printing press form of money authorized by parliament.

A. We are on a fiat money basis in Canada, there is no mistake about that.

In all sincerity, humility and common sense, if fiat money can be used to buy gold, is

there any reason under the sun why it cannot be used to buy wheat in western Canada? If it does not have to be redeemed with gold when used to buy gold, why should it have to be redeemed with gold or with anything if it is used to buy the wheat of western Canada? If it is used for buying the surplus wheat of western Canada, is there any reason why similar money should not be used to buy the surplus of any other non-perishable commodity which might be preserved for a few years, such as hay, barley and other feeds? Is there any reason why it should not be used to buy hay, to buy beans, to buy peas, to buy any other non-perishable commodity of which we might happen to have a surplus but of which we might have a shortage all too soon?

I turn from that aspect of the minister's remarks, to another matter which is reported on the same page of *Hansard*, page 2125. Before I read this, may I commend the minister for his remarks. I think he is a very progressive minister, but I believe there are one or two ideas which he could embody in his philosophy and which would help him greatly. If that were done, I am sure the country would look back upon him with rejoicing. I read:

—(1) that we would, so far as practicable, pay as we go by means of taxes based upon ability to pay—

Perfectly sound.

—(2) that we would borrow as cheaply as possible and—

Sound up to a point.

—(3) finally, that we would continue to follow scientific principles in monetary management, avoiding inflation on one hand, and monetary stringency on the other.

My observation there is that if the minister applies the policy which he has followed since the beginning of the war and contends that he is following sound monetary principles, he is only showing that he has not yet become acquainted with the facts. He certainly has not been following sound monetary principles which will prevent inflation on the one hand and monetary stringency on the other. Already at the end of ten months of the war we have both inflation and monetary stringency.

May I proceed to give my reasons for making that statement? In the first place, he has not applied any of the scientific principles of money. He has borrowed and has thereby increased our debt. I said a moment ago that borrowing might be acceptable up to a certain point, but to borrow money when you can safely create it without debt is manifestly unsound. Anyone should be able to see that. I should like to read again from the proceed-

ings of the banking and commerce committee of last year. Mr. Towers said, as reported on page 29 of the proceedings of the committee:

A government can find money in three ways: by taxation, or they might find it by borrowing the savings of the people, or they might find it by action which is allied with an expansive monetary policy, that is, borrowing which creates additional money in the process.

I submit that if only last spring the governor of the Bank of Canada acknowledged that it was possible to create money, the people of Canada should not be forced to have that money added to their debt burden. Such a procedure is unsound. To borrow money and increase debt where it is unnecessary to borrow is patently unscientific. It is not in accordance with the facts. It is not in accordance with knowledge. The word "scientific" comes from *scio*, which means "I know." A man who knows all the facts certainly would not call borrowing in this generation a sound scientific monetary principle.

The minister has taxed the country, and what has been the result? He has decreased the markets of the country by decreasing the purchasing power of the people. He has made it more difficult for the producers of goods to sell their commodity, let that commodity be anything you wish. This would apply to the sale of apples, produced in the constituency of the minister, or to fish or any other commodity. Manifestly every dollar taken out of the pockets of the consumer, who is the potential purchaser of our apples and fish, constitutes a deprivation for the producer of fish or the producer of apples. There is no other way of looking at it, unless the minister is in position to buy that fish and those apples for war purposes, which I do not think he is at the present time.

Furthermore, by taxing he has raised prices. This was inevitable. I do not know whether this processing tax on wheat will result in a one cent increase in the cost of a loaf of bread, but there is talk already that this will occur. If the minister by the application of this processing tax on wheat increases the cost of a loaf of bread, he will be lowering the standard of living throughout Canada and decreasing the ability of the wheat and other producers to sell their products. Moreover, by causing a rise in the price of bread he is increasing the cost of production from one end of Canada to the other. Everyone must have bread to live. This is a step toward unsound inflation.

Sales taxes have been applied, which have raised the prices of articles beyond any question. If the raising of commodity prices

is a step toward inflation, then sales taxes make inflation unavoidable. To label a taxing technique as a scientific principle of money is to call upon one to stretch the imagination.

As I indicated a few minutes ago, the minister has neglected the creation of debt-free money. To that extent he certainly has not been scientific in his dealings with the monetary affairs of this country. I should like to read one or two more excerpts from the proceedings of the banking and commerce committee of last year, which I think will prove of interest to hon. members. I turn now to page 286, and quote:

Q. Twelve per cent of the money in use in Canada is issued by the government through the mint and the Bank of Canada, and 88 per cent is issued by the merchant banks of Canada on the reserves issued by the Bank of Canada.

Mr. Towers: Yes.

Q. But if the issue of currency and money is a high prerogative of government then that high prerogative has been transferred to the extent of 88 per cent from the government to the merchant banking system?

Mr. Towers: Yes.

If that has occurred and the minister has neglected to get that high prerogative back for the government, I do not see how he can present a really convincing argument to prove that he has manipulated the monetary affairs of this country in a scientific manner. I quote from page 228 of the proceedings:

Q. In other words, when the \$1,000,000 worth of bonds is presented to the bank a million dollars of new money or the equivalent is created?

Mr. Towers: Yes.

Q. It is a fact that a million dollars of new money is created?

Mr. Towers: That is right.

I put this to the intelligence of every hon. member of this house: if the money is being created, should it be registered as a debt upon the Canadian people?

Then the minister has neglected to issue production loans. In a few moments I intend to quote statistics to show the increase in prices which has occurred already in Canada. First I should like to deal with the price rise in sugar and sugar products. For five years I have stood in my place on the floor of this house and urged, almost pleaded with the government, to take measures to see that the sugar producing capacity of Canada was increased. If that were done there is no conceivable reason why the price of sugar should rise at all. But it is now rising. Whose fault is it? It is the fault of the people whose short-sighted policy left this country without the means of producing the sugar which is necessary to equip us to play our part in this war. Not that we have not the means of

[Mr. Blackmore.]

producing sugar. I have pointed out that in the province of Alberta alone it would be possible to produce half the sugar that all the people of Canada consume, and it would not take more than two years to get enough factories into production. It just illustrates what I have to say with regard to providing adequate supplies. Not even yet have any measures been taken by the government to supply more sugar in Canada, notwithstanding the fact, as I indicated a few moments ago, that there has been a definite and alarming rise in the price of sugar which constitutes inflation.

And not only sugar. I could name a dozen or more commodities with respect to which, because of the almost fatuous indifference of the government, their almost unawareness of the problem that exists, if we may judge by outward appearances, there have been similar rises in price.

Again, the minister has neglected the price structure. With all deference to what the Minister of Labour (Mr. McLarty) said, I ask him now before I read the figures I am going to put on *Hansard* to tell me whether he thinks the war-time prices and trade board has been functioning adequately when it has allowed prices to rise as they have risen.

Mr. McLARTY: Mr. Chairman, that is a very direct question and I shall give an equally direct answer. I think that the war-time prices and trade board is functioning as well as any board appointed by this government during the war. Its personnel is competent and its work has been splendid.

Mr. BLACKMORE: The minister in putting that statement on *Hansard* has condemned his whole government from end to end, as I shall show in a minute or two.

The finance department has neglected the price structure. Primary products have not received adequate prices. As to wheat, the price that is contemplated now of 70 cents a bushel to the western farmer I maintain is hopelessly inadequate. It is a disgrace.

Mr. McLARTY: I wonder if the hon. member remembers that the function of the war-time prices and trade board is not to fix or to regulate the prices of primary products. It is essentially a consumers' board.

Mr. BLACKMORE: Then I suggest that the war-time prices and trade board ought to have its functions expanded so as to take care of the prices of primary products. Otherwise, how in the world can you take care of the price of bread, for instance, if you do not take care of an adequate production of wheat, and how can you be sure that you are going to have a stabilized production of wheat unless there is a stabilized price to the pro-

ducer? You may do it for a year or two, but in the long run if you do not provide an adequate price you will destroy the wheat producing industry in Canada.

Let me go on. The present government has not taken care of the prices of raw materials which go into the manufacture of a great many commodities in Canada. I shall not go into details. If I had had the time I would have brought down with me figures to prove that statement.

Nor has the government adequately taken care of the tax structure. One of the costs of production in any industry is the taxes which it has to pay, and they include not only municipal and provincial taxes but dominion taxes as well.

The government has not taken care of the prices of agricultural machinery. The cost of agricultural machinery is a most important factor entering into the cost of wheat, and I would say that if the war-time prices and trade board were attending to its business at all, if it has been given the necessary powers, it would be looking after the costs of the means of production which enter into the production costs of every commodity which the farmer produces. I am informed that the local machinery dealers in Ottawa report that the cost of an International Harvester company binder has risen in the ten months since the war broke out from \$269.50 in August, 1939, to \$283 to-day. That is a step towards inflation. Certainly it is going to be registered in the cost of living of the people of Canada from one end of the country to the other. To say that the government of Canada could not have taken care of that rise in price is to say something nonsensical, because the government has had power to conscript everything in this country. Yet it is leaving the farmers of the western plains and of the whole country at the mercy of price rises such as this.

The cost of a mowing machine has risen from \$116.50 in August, 1939, to \$122.50 to-day, and the cost of a seeder drill in the same ten-months period has risen from \$166.50 to \$176.50. How can it be said that the price structure in this country has been adequately taken care of when such outrages as this are taking place? Unquestionably the price of wheat must affect the standard of living of the people from one end to the other, as well as our productive efficiency, and ultimately the country's efficiency in the war.

Again, the government has permitted monetary stringency. I should have brought down with me two or three bits of evidence to show the extent to which men in my constituency have been denied loans with which to produce all manner of agricultural commodities, with the result that there were

thousands of acres which could have been producing grain and sugar beets and other things this year but which are not producing them because the loans were not made available to men who were completely credit-worthy. Unless the government is looking after the lending policy of the banks and thereby enabling the producers to procure the loans which will enable them to produce, and without which they cannot produce, it is failing the people in this time of crisis and risking the loss of the war.

The CHAIRMAN: May I point out to the hon. member that his time is up.

Mr. BLACKMORE: I do not want to take extra time, Mr. Chairman, but I thought I have five minutes more.

Some hon. MEMBERS: Go on.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Chairman, it is gratifying to learn from the reports of the ministers of national defence and the Minister of Munitions and Supply (Mr. Howe) that the task of national defence is being faced at long last with some appreciation of the magnitude of the task which lies before this country. I do not intend to occupy the time of the committee by comparing some of the very frank admissions in these statements with earlier assurances given by the Prime Minister (Mr. Mackenzie King) and some of his colleagues that our defence forces were fully equipped and that all necessary steps had been taken to meet the demands of war upon our human and material resources. It is sufficient for me to say that the statements of the ministers directing the affairs of our land, sea and air forces are at least a partial answer to the complacent reassurances given to the people of Canada such a short time ago by the government.

I only mention that now because of the continued attempt to make it appear that the present efforts of this government are merely a normal expansion of its earlier efforts. Only by facing the facts as they really are and by recognizing the stern necessity for developing new methods of organization and supply can we hope to arouse the people of Canada to the need for haste in training men and creating the necessary supplies of weapons and equipment.

The simple fact is that we were hopelessly unprepared for war and that the attempts to meet the situation with which we were confronted were pitifully inadequate until the tragic events which began on May 10 shook the whole world. The frank admission of this obvious truth would give us greater confidence in statements about our future expectations.

I should like to observe that it is no answer to point to the millions of dollars worth of contracts let in this country. Many more millions of dollars' worth of contracts for similar material have been let in the United States. We must not confuse commercial transactions with the efforts of this country to defend itself. Fortunately for Great Britain, fortunately for us, we are in a position to supply vast quantities of the most vital needs of war, but so also is the United States, and so also is any other neutral. Therefore I suggest that we should not confuse the things that involve some national sacrifice as a combatant in this war with the things which we would have done, and done gladly, on a strictly commercial basis even if we had been a neutral nation.

Contracts for our necessary requirements, are, of course, of vital importance. But wars are not won by contracts. Wars are won by trained men equipped with all the technical paraphernalia of modern war. In estimating the extent to which our preparation for war has advanced, the thing with which every one of us in this chamber should be mainly concerned is the quantity and time of delivery of each type of fighting equipment. The millions of dollars involved in the contracts which have been awarded mean nothing of themselves.

The statement of the Minister of National Defence (Mr. Ralston) falls far short of giving this house or the people of Canada any idea of when we may expect to be ready to defend Canada and to equip from our own supplies the additional troops which, he has told us, will go to Great Britain when we are able to equip them. That is the most important consideration before this house at the present time, and until we know exactly what the situation is we as a democratic parliament have not discharged our duty to the people of Canada.

The Minister of National Defence has frankly admitted the serious shortage of equipment which existed. That admission in itself is reassuring. But it is not enough to be told in vague terms that we are in a position to meet the situation adequately.

It is no secret, I believe, that we need enormous numbers of rifles. I suggest that it is not enough for this house to be told that tenders have already been called for, for the erection of a rifle factory. We have the right to know when we may expect these rifles, also whether this is to be a government or a private venture. We want no repetition of the circumstances connected with the production of the Ross rifle.

[Mr. R. B. Hanson.]

Once again we have heard that production of Bren guns is ahead of contract. That statement, I suggest, has been repeated *ad nauseam*. It has very little meaning in practical effect. The contract referred to is the contract which was made two years ago last March for production on a peace-time basis, and if it is a fact that, after all the effort the government has made to assist this company with its experts and with its money, their production is up to contract, that means very little. The contract calls only for delivery to Canada of seven-twelfths of a thousand guns, or 583 guns, by March 31, 1941. That is the schedule which is so constantly referred to. We need thousands of Bren guns now, and yet, if the contract is lived up to, we would have only this pitifully small number by the 31st of March next.

It is time that the Minister of National Defence told us what effective steps have been taken to revise a peace-time contract and assure a war-time production on a basis which is at least slightly in keeping with our actual needs. As the Minister of National Defence well knows, 583 Bren guns by the 31st of March next are an insignificant part of our actual needs. I hope therefore that we shall not again in this house hear the statement that the delivery of Bren guns is ahead of the terms of the original contract.

It would also be an interesting thing for this house to know, and for our troops to know, how many Canadian-made Bren guns have been delivered to active service units. That is something we have not been told. I have been informed, and I ask the minister to make this clear, that not one fully-equipped Bren gun has been delivered to active service units. I do not know if that statement is true. I have no means of checking it. But even if we had many times the number of Bren guns which we actually require, and many times the number of rifles, that would only be the beginning of our needs, because this constitutes only the lighter equipment, and men armed with Bren guns and rifles alone might just as well be equipped with pea-shooters in the face of the deadly engines of war with which modern armies are equipped.

What arrangements have been made for the heavy machine guns? When may we expect to provide the equipment for our artillery? True, we are told we are going to have one of the largest gun plants in the world. We have been told that it will be turning out 25-pounders. But when?

Mr. HOWE: Before the end of the year, I said.

Mr. HANSON (York-Sunbury): Let us hope that is true. There is no certainty that that will be so.

We are fighting a war with which the word blitzkrieg has become synonymous. It is for this lightning war we are preparing, not for some distant dangers years away. We have a right to know how soon and how adequately our artillery will be equipped with the guns it needs, not only 25-pounders but all the various calibres required by a modern army.

What arrangements have been made for the production of anti-tank rifles, anti-tank guns, 2- and 3-inch mortars, all of which are essential for the defence of our infantry? If arrangements have been completed, when will they be delivered? These things we must know, because we have been told we cannot now look to the United Kingdom for these requirements.

What steps have been taken to produce torpedoes and torpedo tubes for our fast surface craft? What steps have been taken to produce the special type of guns they carry? Silence. What steps have been taken to meet the urgent need for anti-aircraft guns, both for our land and sea forces? Unless we know these things, how can we tell the people of Canada that we are satisfied that effective measures have been taken to prepare for the defence of this country?

It is no answer to say that it takes time and that we are moving as fast as possible. We are facing an enemy who has moved and may move again with extreme rapidity. If old methods will not produce the things we need with the speed called for by the dreadful urgency of the situation, then we must improvise some other methods. If it is going to take years to procure the equipment which complies with traditional requirements, then we must use our ingenuity to find some way of facing the danger with new weapons. Germany will not wait for us to complete our leisurely production of special types of equipment. If the equipment we think we need cannot be made rapidly, then we must use the mental vigour of this young nation to conceive new methods of defence, having regard to the methods of attack we shall be called upon to face. Personally I have sublime confidence in the ability of Canadians to meet an unusual situation if their ability is given the chance to express itself.

We need more than anything else to-day new ideas and new plans for defence. So far as I am aware we have merely been attempting to make good our shortages of equipment upon the basis of our war establishment of 1939. But that is not the way wars are won.

We have the testimony of Ludendorf and Hindenburg that it was the invention of the British tank that was the greatest single factor in defeating Germany in the great war. Then there was the ingenious invention of the Stokes mortar, invented by a civilian I am told, who had the greatest difficulty in getting the army experts even to look at it. I am informed that if Mr. Lloyd George had not chanced to hear of it, it is probable that this invention would never have emerged through departmental red tape. While we are still relatively unequipped is the very time when new ideas should be sought, which could not only be of great practical advantage to us in speeding the equipment of our troops but might be a deciding factor before the war is over. We should be thinking not only of obtaining the weapons we thought were needed when war began; we should also recognize the special advantages we have in the matter of experimenting with completely new devices. With the lessons of the last war before us, efforts should be devoted to experiments of this nature; and it should be borne in mind that in the last war, as in other fields, many of the revolutionary inventions were the products of the civilian mind.

I repeat that I believe it is not only our right but our duty in this house to obtain detailed information in regard to the steps that have been taken to provide Canada's defence forces with every type of equipment. We must know not only the steps that have been taken but when that equipment will be delivered. I am not impressed with the contention that this information should be withheld because it might be useful to the enemy. I am afraid that the enemy is only too well aware of our actual situation. Our first concern now is to prepare for the defence of Canada and to play the greatest part possible in assisting Great Britain and the rest of the empire to defeat the common enemy. We cannot say whether this is being done until we know the exact facts. It is possible that if full details are known to hon. members, useful suggestions might be offered by members whose varied activities may bring them in contact with different phases of these problems.

I have great confidence in our ability to meet the emergency. The very nature of our life in Canada develops an adaptability to unusual situations. If we face the facts as they really are, and tear ourselves free from the shackles of tradition if necessary, then I am convinced that Canada can meet the test whenever the time comes.

Mr. G. B. ISNOR (Halifax): I do not propose to follow the arguments, or rather the queries, which have just been advanced by the hon. leader of the opposition (Mr. Hanson). I have no prepared statement, and if I had it would not be my place, rather it is the place of the Minister of National Defence (Mr. Ralston) to answer certain questions put by the leader of the opposition. I agree with him that the people of Canada have the utmost confidence in our national ability to cope with the situation which we face at the present time. I am confident also that the industrialists of Canada will produce as they never produced before. It is safe to say that the people of Canada have confidence not only in the Minister of National Defence but also in his colleagues, particularly the ministers of naval and air defence and the Minister of Munitions and Supply.

The leader of the opposition the other evening stated that he was not particularly impressed with the prepared statements of the ministers. I believe he will find very few to agree with him in that respect. These statements were carefully prepared and placed on *Hansard* so that there might be a record for the future of what this government has done since last September. Not as a supporter of the present government but as one who is directly interested as a resident on the Atlantic coast I am satisfied that this government is carrying on as efficiently as any group of men could possibly do at the present time.

Now I turn my attention to remarks made by the hon. member for Yale (Mr. Stirling). I offer him my sincere congratulations and compliment him upon the very fair and clear manner in which he presented his side of the picture. Having had the experience of serving as minister of national defence he was in a position to offer constructive criticism which should be helpful to the present administration of defence affairs.

He stated that he was presenting these facts in a non-partisan way. But he very cleverly wove through them a thread of party politics. Slight as it was, it was nevertheless there. He was hardly fair in his comparison of defence estimates in various periods. He touched particularly on 1937, 1938, and 1939. If he had been fair to himself and to the situation as it is to-day he would have gone back to 1925, not to dwell to any extent on the figures, but simply to give a true picture of what was happening and the attitude of the public in respect to defence measures and estimates at various times. I propose to place some figures on record, simply to show that this government has not been lax since assuming office in 1935.

[Mr. R. B. Hanson.]

He spoke of the organization, or rather the lack of organization, the slowness with which the purchasing department was set up and the purchasing board and ministry of munitions and supply functioned. Surely as a business man and with the experience he had in the Department of National Defence he must realize that an organization cannot be created overnight to cope with such a large undertaking as we face to-day. It takes time to develop such an organization, and great credit is due to the present minister for the splendid manner in which he has brought together the organization which is producing such results. It is true that compliments were paid, and rightly so; but the opposition have also endeavoured on every occasion to belittle the efforts that are being made to have Canada function one hundred per cent. We are not satisfied yet, Mr. Chairman, but we are well on the way to having the greatest organization, with the largest purchasing power, ever to be set up in Canada. I believe that when the war is over it will not be possible to point to any discrimination or laxity in the manner in which this department has carried out its duties.

I should like to draw the attention of the minister to the fact that before the war we had two or possibly three very fine contract departments, and I should like to ask just what use he is making of them to-day. I know that for years the naval department had a very fine organization on the Atlantic coast. It is true that the minister has taken over some of the key men and linked them up with his own organization, but I wonder if full use has been made of these branches as they existed before the war. I do not believe it was altogether the fault of these purchasing departments that stocks were not on hand at the outbreak of the war, that stores were low and equipment almost washed out. Some hon. members may question that statement, but that situation prevailed because the necessary funds had not been provided. If these contract branches or purchasing agents had been allowed to function then as they are functioning now I feel satisfied that they would have had the necessary clothing, equipment, munitions and other materials available when Canada was called upon to enter this war.

The hon. member for Yale spoke of the navy, and I should like to speak of it also from one angle only, that is, with regard to the situation on the Atlantic coast. I wish to join with the hon. member in what I believe is the feeling of all who had the opportunity last week-end of visiting Halifax and seeing the efficient manner in which the

navy is doing its work there. I should like to outline briefly what we saw in Halifax. Perhaps I should say "an eastern port," but every time you see a dispatch in a newspaper referring to an eastern port it refers invariably to Halifax, so that I do not think I am betraying any secret when I say we visited Halifax, where on Sunday morning we saw a fine parade of some fifteen hundred of our Canadian boys. I am sure every hon. member who watched those boys as they marched down and took their places on the parade ground was impressed with their clean-cut appearance and the splendid manner in which they carried out their drill. It was an impressive ceremony, and I am sure it left its mark on the minds of those who were privileged to attend. It was not only their appearance; it was the way they had been drilled, in the efficient manner in which the navy do things on the Atlantic coast. I did wish to pay this tribute to the officers in charge of naval affairs in that area.

Then it was our privilege to learn something about the convoy system. The other night the Minister of National Defence for Air (Mr. Power), referring to our naval activities, said that more than two thousand ships had sailed from an eastern port since the outbreak of the war. I am told that 2,069 ships gathered in Bedford basin, that wonderful body of water where all the navies of the world could be assembled at one time, and at stated times, under the orders and control of our naval authorities, sailed for the old country. When it is remembered that of those 2,069 ships only six met with any mishap, the protection given by this convoy system will be realized.

Mr. HANSON (York-Sunbury): By the British navy.

Mr. ISNOR: The leader of the opposition speaks of the British navy, to which I give all credit for the fine part it has played in this convoy system. But I would remind the leader of the opposition that it is the Royal Canadian Navy, not the British navy, which controls the system of assembling and dispatching the convoys.

Mr. HANSON (York-Sunbury): At the start, but not towards the end, where the danger is.

Mr. ISNOR: I say they carry on that work, and they are responsible for the code messages received, amounting to not one or two but 180,000 every month, establishing routes, times of departure and so on.

Mr. HANSON (York-Sunbury): Is it not true that the shipping is all British and that

the Royal Navy takes over just as soon as the ships leave? The hon. member had better look into that point.

Mr. ISNOR: What the hon. gentleman says is correct only in part. The British navy is represented at Halifax by Admiral Bonham-Carter, a very fine type of naval gentleman, but I would not like the statement to be broadcast that he has the entire direction in connection with the convoys. We have our own Commodore H. E. Reid in control at Halifax, who gives the necessary directions as to when the ships shall sail, how they are to be grouped according to speed, and so on.

Mr. HANSON (York-Sunbury): After notification from the Royal Navy.

Mr. ISNOR: I should like to suggest to the minister that instead of centralizing control, as has been done, greater authority should be vested in the various districts. I refer particularly to military district No. 6, on the Atlantic coast, where we have very great activity. That is perhaps the only part of Canada where the nation may be seen in warlike attire. On our streets may be seen scores of naval officers, carrying out their duties, and hundreds of soldiers carrying on their work as guards. I was very glad to hear the minister refer to those men, as reported on page 2095 of *Hansard*, in these words:

Sometimes I think we do not fully realize the fine service which is rendered by the men on guard duty and in coast defence positions and these troops of ours who "stand to" at home and in the isolated outposts. They are on duty day and night. They are in practically the same situation as if they were in the trenches, holding positions in the face of the enemy.

I have advanced that thought time and again. I suggested to the late Minister of National Defence, Mr. Rogers, and to the present minister that these men have long hours and should be kept up to strength at all times. During the past few months they have not been up to full establishment. I have known units whose establishment called for 412 men, we will say, who had only from 376 to 380 men. Particularly last winter, I believe at some points proper quarters were not provided. One can understand how that would happen. It happened during the last great war, and it will happen again. Men were off on sick leave, and I believe at one time, out of a total of 376 men, there were 65 on sick leave or in hospital. I pointed out to the late minister of national defence, and I point out to the present minister, that in my opinion there should be a pool of two or three hundred men who could act as a reserve for these units, and that such reserve might be drawn on when necessity required and

for purposes of relieving the difficult situation which arises when, owing to large numbers on sick leave, guards must take longer shifts.

May I at this point say a word about equipment? I pointed out that there had been a scarcity, and in my opinion there was bound to be. For twenty-two years we were a country at peace. Year after year, and particularly between 1925 and 1930, estimates for national defence were decreased to the point where the money was not sufficient even for the purchase of supplies. It was then that we should have taken note that our supplies were short and built up stores in reserve.

But I do not think it will help matters to be too critical in respect of what has taken place in the past. Those shortcomings cannot be corrected at the present time, but they may be taken as a lesson for our guidance in the future. If we are to expect our men on active service to give of their best, we must supply them not only with guns but with the necessary clothing, so that they shall be able to carry on during all types of weather. It will be recalled that the men were called out on August 28. They went to camp in the fall months and slept in tents. Then winter came on. Those who have spent a winter in forts along the Atlantic coast will realize the difficulties a man must experience. They will understand that the men must be able to withstand cold winds when they are on duty in those forts, situated over 200 feet above sea level. I would point out that in the coming winter great care should be exercised to see that the men are properly equipped with clothing which will give them the necessary protection against illness which might be contracted in the carrying out of their duties.

The hon. member for Yale suggested that industries throughout Canada have been wanting to gear up to a higher pitch, and that they should have been given that opportunity. I would venture to point out to him that seven or eight months ago industries in Canada were not in any better position to gear up to a very high pitch of efficiency than was this government, or any other large organization which might be suddenly called upon to perform some extraordinary task. I cannot understand why the leader of the opposition and other hon. members of the opposition should stress the suggestion that the government was lax, and showed lack of vision, when in fact private industry could not be geared up overnight. Why do hon. members of the opposition believe that in such a short space of time the government can gear up its various departments to a point where they will act with one hundred per cent efficiency? As I have said before, in my view the govern-

[Mr. Isnor.]

ment has done exceptionally well, and in every department connected with its war activity is doing a real job.

Perhaps I should not have said so much, when we are dealing with one item of the estimates, but I considered there were some observations which should be made. Then there is one further matter I would bring to the attention of the Minister of National Defence. I believe it is not properly understood at military headquarters—or at least is not understood as we in Nova Scotia understand it. I refer to a race of people who perhaps are not blessed as we are, or as we think we are, namely, those people who have not white skins. My observations will have particular reference to members of the coloured race at present in Nova Scotia.

I realize that the mind of the leader of the opposition immediately suggests that I am going to play politics. It is strange that he and one or two other hon. members should take that view.

Mr. HOMUTH: He would never think that.

Mr. ISNOR: It is strange that they should permit their minds to be so twisted.

Mr. HOMUTH: We have too high an opinion of him to believe that.

Mr. ISNOR: I am sincere when I say to the Minister of National Defence that he should give serious thought to the formation of service battalions to be recruited from our coloured race, including those members of it who are in Nova Scotia. They have volunteered their services and have been turned down. Why have they been turned down?—that is what I should like to know. Are they turned down just because gentlemen in positions of high authority in the Department of National Defence have not come in contact with them, and do not appreciate that they are just as anxious to serve as their white brethren?

Mr. POWER: So that the record may be clear in respect to members of the coloured race enlisting in the Canadian forces, may I point out that when I was acting as Minister of National Defence some four or five months ago this matter was brought to my attention in connection with proposed enlistments in the Royal Air Force. I was informed that only people of purely European descent were to be enlisted. However, upon looking up the regulations I found that that was not so, and the particular applicant in question, who was of the coloured race, was allowed to enlist in the Royal Air Force. Moreover, making further inquiries—and I made a considerable study of the matter—I found that the first Victoria Cross ever won by a Canadian was won by a

negro from Windsor, near Halifax, back in the fifties, in the days of the Crimean war. It was won by a negro who was a member of the Royal Navy, the senior service. So far as I am aware there is no bar to the enlistment in either the Canadian expeditionary force, the Royal Air Force or the Royal Navy of anybody of coloured descent.

Mr. MARTIN: That is not correct; they cannot enlist.

Mr. POWER: There is no legal bar, I believe. And there are coloured people in all branches of the service. As a matter of fact during the last war I have recollections of one of my coloured friends going to a Toronto battalion and being dressed in kilts.

Mr. ISNOR: I should like to thank the minister for assisting me in placing the case for the coloured folk before the committee. He was very careful to point out there was nothing in the regulations to prevent their entry into the service.

Mr. HANSON (York-Sunbury): No legal bar.

Mr. ISNOR: That is the point I make.

Mr. MARTIN: Hear, hear.

Mr. ISNOR: There were one or two of them in the air force, and I must say they are very trim airmen. I am particularly interested in making use of coloured men who are willing to volunteer, so that later when they are drafted they will not be placed in the position where they will be looked upon as men who were forced into the service. At least over a hundred of these men who appeared before officers in Halifax and elsewhere in Nova Scotia have not been received in the way in which I believe a man should be received when he comes forward willingly to offer his services to his country. Perhaps I have over-laboured this point, but I ask the minister and those associated with him not to think of the members of this race as being illiterate, flat-footed and barbarian people who cannot be disciplined, who will run at the first sound of a rifle or the first sight of the enemy's bayonet. I often wonder if the heads of the Department of National Defence visualize a camp ground occupied by these people as one filled with chicken feathers and empty beer bottles. I am afraid that is the impression which some at military headquarters have of the members of our coloured race. I ask them to disabuse their minds of any such thought and to give these people the same opportunity as is given to others.

I should like to touch briefly upon one or two naval matters. The acting Minister of National Defence for Naval Affairs stated

that last year the total number of officers and ratings comprising Canada's navy was 6,124, but this total has since increased to 11,450 and the number may be still greater at this date. We were told also that in March, 1940, we had six destroyers, five anti-submarine boats and mine sweepers, and two other vessels, or a total of thirteen. To-day we have ninety-four vessels of all types serving on the Atlantic. I suggest to the leader of the opposition that this shows the aggressive policy of those in charge of naval affairs. In addition, there are fifteen yachts which are used for special purposes, as well as four motor-boats adapted for patrol service.

Certain hon. members who were privileged to visit Halifax over the week-end witnessed these boats in operation. They saw them plying the Bedford basin and the harbour proper, and they also had an opportunity of enjoying a cruise on one of the destroyers. They saw how Halifax harbour and the Atlantic coast were protected by guns of various types, which I cannot mention at the moment. If the ammunition is available, they should give a good account of themselves if necessary. I could mention the matter of communications and the control of shipping. I could refer also to the efficient management of our dockyards and how construction work has been increased to five times the normal capacity, while ten times the normal amount of repairs are being carried out. I could refer also to the intelligence department and that having to do with supplies. As far as the naval branch of our defence services located on the Atlantic coast is concerned, it is operating in a most efficient manner, and great credit is due to the officers in control at that particular section of the coast.

I would say in the most kindly way possible to the leader of the opposition and to other hon. members who are prone to criticize and to broadcast to the world and those who are not in sympathy with the war effort being made by this country such matters as give them an opportunity to talk that it would be better to speak of what has been done and our sincere efforts to carry on and win the war.

Mr. A. R. ADAMSON (York West): Mr. Chairman, in this war the first battle in which Canada has taken part has been won. This was not a bloody battle, nor was it particularly spectacular. No one was wounded, no skin was broken, because it took place on the floor of this chamber. The result is that we now see a changed attitude on the part of our government. No longer are we waging a defensive war; we have now begun to wage

an offensive war. Democracy has been vindicated in this house, for we have proved in this parliament that action, even drastic action, can be taken under our present system of government. There has been a hastening of effort on the part of a government whose previous sole claim to fame was its complete inability to face or admit the facts and its overwhelmingly slothful scepticism, which has defeated every effort made to awaken the country to its peril.

When the Minister of National Defence (Mr. Ralston) spoke the other evening he made one remark which I suggest the Minister of Public Works (Mr. Cardin) should have carved on one of these stone plaques in order that all future governments will have a constant reminder before them. His words were:

We must never again lapse into the inadequate position which the armed forces of Canada—and Canada was not unique in this respect—were in for many years prior to the outbreak of war.

Those words should be placed permanently in this chamber so that no government, whatever its politics may be, will ever again lapse into sublime but dangerous complacency.

In this connection I should like to quote what Mr. Churchill said in the British House of Commons when speaking in the war debate two weeks ago. He said:

If we are going to have an inquest on the past then I suggest to every man that he search his own heart, and his speeches, to see if he can say that he has absolutely no responsibility for what has happened.

I propose that from now on we discuss this war objectively. Both the Minister of National Defence and the Minister of National Defence for Air (Mr. Power) have made statements which I think show their realization of their tremendous responsibilities at this time. The Minister of National Defence said on July 29:

I do not think this house will expect me to go into too much detail. I would be wanting in candour if I did not say at once what I think everybody knows, that there is a serious shortage in some items of equipment. We have to face that fact.

The Minister of National Defence for Air said:

If hon. members were to ask me whether the home war establishment is fully, completely and adequately equipped with aircraft for the full defence of Canada, quite frankly and bluntly I would be obliged to say no.

He went on to qualify that statement by speaking of the difficulty of making our eastern coast invulnerable to air attack, and he took cognizance of the control of the sea by the British fleet. He went on to say that Great Britain is now our first line of defence

by air, just as we in Canada are the first line of defence by air of this continent. It is a bad day for Germany when ministers of the crown are as candid as that. It has always been my contention that the truth, no matter how unpalatable, never hurts men of courage and resource. My criticism of the government in the past is that they have not recognized this salient fact. But now we are beginning to get the truth and we see an improvement in the action of the government.

To the statement which the Prime Minister (Mr. Mackenzie King) made on the same date, at page 2091 of *Hansard*, that the invasion of the neutral countries and the intensity of the blitzkrieg "was something wholly unexpected", I take definite exception. The inability of the Prime Minister to think objectively about this war has been one of our great misfortunes. Many were the counsels of preparedness, and no one who had had experience in Germany in recent years or had even read *Mein Kampf* by Adolf Hitler could have been surprised at the turn of events. I have no particular military knowledge despite the fact that I have trained under instructors in the German army in specialized warfare, but on February 23 of this year over a radio hook-up I used these words:

Germany now has three courses of action open to her. She can continue the status quo, hoping to break the British blockade, while her air force harries the civilian population of the allies, hoping to break down their morale. She may attempt a mass assault on the French fortified line, hoping for a break-through similar to that of March 21, 1918, or she may try to "blitzkrieg" some neutral country either east or west with her strong, mobile mechanized army, in the hope of obtaining necessary raw materials and food.

This I have previously mentioned, and it is to be found in *Hansard* on page 756.

With reasonable foresight we should have been prepared for all eventualities. The collapse of France, coming with such awful suddenness, was a stunning blow. But had we looked at conditions in France; had we frankly analysed the morale of the French people, should we have been surprised at what happened? In a country whose governments for the last twenty-five years, ever since the last war, have been so corrupt that they have had twenty-one different Prime Ministers; in a country which during the month of the Munich crisis was so bedevilled by the virus of communism that not a single military aeroplane was produced, is it surprising when we look at these facts that France did collapse as she did? I think it should have been the duty of the government to weigh all these things and weigh them well.

Then, when the debacle came, we should not have been so totally and absolutely unprepared.

I would ask the minister what the government's attitude is towards the present puppet government of France which has broken off relations with Great Britain and is at present an active and energetic ally of nazism and fascism. Are we still recognizing the Petain government? Are we still conferring diplomatic immunity upon the representatives of that government, with which Great Britain has broken off relations? I shall leave it to the Prime Minister to answer at some future time, and go on with one or two other matters concerning our future which we might well consider.

In the last war General Wilson, chief of the imperial general staff, used to sit in conference with his officers and tell them to turn their hats back to front. Then he would say, "Now you be the Boche. What are you going to do? Where are you going to attack?" I think it would be helpful if we in this house put ourselves in a similar position with regard to Germany, Italy, yes, and even Japan. How do they regard us is the important thing, not how we regard them. Germany at the present time, with her axis partner Italy, has virtually conquered all of Europe. Yet she starves, and all Europe must starve, before we win. We have a great surplus of wheat and meat. What does Germany think of that? I can tell the committee. From the cradle every German is brought up to look at us in Canada as being the greatest example in the world of dogs in the manger. They see Canada as a vast half-continent, a great storehouse of food, a great treasure house of agriculture, forestry and hydro-electric power, sparsely settled by eleven millions of people. They see themselves a teeming population but starving. Every German is brought up with the one idea that we are hanging on, and that we are not entitled to hang on to so much country. I have heard it preached—I know the German people—that we in Canada are not entitled to our natural resources. That is the way in which Germany looks upon us at the present time, and even if she conquers Europe, even if she gets into the Balkans and conquers Rumania and Bessarabia, she will still be far from content. We are the prize. With Italy it is the same, although not to the same extent.

A word with regard to the attitude of Japan, a friendly power with which we are at peace. I think we must try to place ourselves in the position of the Japanese, living in a teeming island, hoping for Asiatic conquest, looking towards us as a great storehouse of metals

and foodstuffs. Japan is a practically barren island with no mineral resources. All her iron, her steel, her copper, her nickel, her gold—all must be imported. She looks to us as the means whereby she may continue her conquest of Asia. With the aid of the raw materials we possess she can carry out her scheme on the Asiatic mainland and become the dominant power of that huge continent. The situation has elements of great danger. This is the way in which we are regarded by the three powers I have mentioned.

One thing more. How are we regarded by the United States? The great republic is a friendly country whose government could not be on better terms with us and whose good neighbour policy provides much hope for collective security in the future. But how do the people of the United States regard this world conflict? They have not yet realized their international responsibilities; they do not yet think internationally. We must think internationally because we trade with the world at large to a greater extent proportionately than they do. Let us not count upon the Monroe doctrine for security, or be content to bask in the reflected glory of the British empire. Rather let us prepare and perfect our defences, east and west, and so become more and more capable of standing continually on our own feet. We must trust our own strong right arm, or it may be that our friends will be too busy to help us when our house catches fire. If war must come, let it be that blessed war in another land, not the devastation of our own civilization.

With regard to man-power, possibly the present method of recruiting with varied types of service open to enlisted men, is the best which can be evolved under the prevailing policy. It is true that more man-power from overseas is not required in England at the present time. But how do we expect to win this war? Is it intended that we shall wait and let the Germans exhaust themselves, or are we not going to build up a military weapon so powerful and so well equipped that we can take the war to the enemy? I see no end of this war except through invasion of the enemy countries by the British army. In that event it is likely that we shall need our entire resources of man-power. I believe the government should realize that and make preparations in the year to come.

In this connection may I make one suggestion to the Minister of National Defence. It happened to be the guest of one of the most famous of Canadian regiments, which is being used as a home guard. Several of its officers are only debarred by their age from being overseas; every one I met had fought gallantly in the last war. They told me that

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they did not like the designation "home guard", and I suggest that these gallant troops be called by some more appropriate name, for instance, "veteran defence force".

This is a war of machines; indeed it is much more so than many in this chamber realize. The slogan of the British tank corps, "Be lavish with steel but stingy with blood", expresses the point of view of every officer who has anything to do with the fighting services and might well be adopted by all of us. The most valuable element in an army, and the one which takes longest to replace, is man-power. If a tank, an aeroplane, or a machine gun is destroyed, another can soon be built; but if a man is killed or wounded, it takes at least eighteen years to replace him, and at the same time the country is losing the greatest asset it has. Therefore I urge that we redouble our efforts in the production of war machines.

Apropos of the statement of the Minister of Munitions and Supply (Mr. Howe), I have had an experience which I do not think I need treat in confidence. No one will accuse me of being unduly friendly to the present administration, but I may say that I am glad to have had an opportunity of seeing and operating the famous Bren gun. While I am no outstanding marksman, in firing this admirable weapon I was able with one drum to knock over all the four targets. The gun I used was made by the John Inglis company in Toronto, and I know from first-hand experience that it is an accurate and efficient weapon. There were a number of them at Valcartier camp. I can also say that the work being done—belatedly I admit—in the Quebec arsenal is being excellently done. I have had a unique opportunity to inspect in some detail the eastern defences. I have also seen our air defences; the officers and the people who are constructing those eastern air defences are doing a magnificent job.

I come now to a question to which I think this committee should receive an answer. As representatives of the people we should know. Whether it is wise to give this information outside this chamber or whether we should be told in camera is a matter which I leave to the committee, but I believe we should receive, not such general statements as that the Bren gun is in production, but information as to how many different size shells and how much ammunition are being produced; how soon this is coming; how many bombs are being made; how many different types of aircraft—fighter aircraft, not training aircraft—are being constructed. For the good of the morale of the country, not as material for criticism of the government, hon. members should have this information. Whether it can

[Mr. Adamson.]

be given in public session or whether it should be given only in secret session, I leave it to the committee to decide. Every officer, every soldier, every sailor who take part in the war are given from time to time confidential information, secrets. Surely this parliament, which is directing our war effort, is entitled to all the information that the government has with regard to the production of war equipment.

I believe that the house should sit in secret session. It is insulting for hon. members to have the stigma put upon them that they are not capable of keeping secret, information which is given to them in confidence. I have received information in confidence from the minister; I dare say I could obtain all the information I wish from him in confidence. But I believe it is most important that this house should have this information in order that we may discuss it, particularly so that when this house is not in session, hon. members will be able to deny statements and rumours that spread around the country. Through all my career in politics I have held that view, and I still think we should have all this information.

I should like to make one more suggestion to the government. Machinery should be set up to provide for the information of the house. I suggest that before parliament prorogues, a permanent committee of the people's representatives in parliament assembled be appointed to investigate and report to the house on Canada's war effort. The formation of a committee of this kind would create confidence throughout the country that the people's representatives were constantly vigilant over the state of the nation. The armed forces would be reassured that complaints of shortages or lack of equipment were being constantly and continuously investigated, and it would be one of the strongest safeguards against the spread of rumour and false statements. I believe the government should welcome the formation of such a committee, because it would give members of the cabinet, who are so tremendously overworked, a sense of security against idle gossip which is so damaging to the peace of mind of the Canadian people. Therefore I suggest that a committee of this house be set up to investigate and report at the next session of parliament any matters brought to its attention with regard to our national war effort.

We have endeavoured to do a job. The government have in their changed action shown that they have become fully cognizant of that fact. They are to-day aware, as they have never been before, of the vital necessity of keeping up the pressure. It is the duty of

every hon. member to see to it that as far as he is able he keeps up the pressure both on the government and on the war effort, so that no moment, no wheel, no factory, shall remain idle while the war lasts. Total action for a total war.

Mr. T. L. CHURCH (Broadview): The presentation of the estimates of the Minister of National Defence is the only opportunity we have had this session of discussing the policy of the government in relation to the war. Hon. gentlemen opposite are the government of the day and on them rests the responsibility for the conduct of this war. It is the desire of every good citizen to support the government in the heavy task which is theirs during this war, which from the look of things is going to be a long one.

The Prime Minister said that there must be more publicity. If there is to be publicity let us have the facts. The country expects this government to be a real war government. I hope they will be successful; I believe they will. I believe that Great Britain will win in the end, even though to-day she is left to fight alone.

The ten-point statement of the Prime Minister the day before yesterday was a little weak on one point, the need of man-power, although the ten points are very good if they are carried out by the government this year. But my criticism of the government since the war started is that during the past two years they have misjudged the whole question of man-power. In the British house papers are tabled every day. In this house I cannot recollect a single white paper being tabled since the war started, except last September. What is the reason? Does the Department of External Affairs think that this war is their own private business, that everything has to be locked up in a strong box? I say no. These communications are addressed to this parliament, and documents are laid on the table of the British house which are not produced here. I read the British *Hansard* almost every other day, and I can find in it information given the British house which is not given to this parliament.

Last year, on March 21, on a motion on going into supply I asked that something should be done in regard to publicity in order to give the people of Canada the facts. I think about that time it would have been a good thing if, when our proceedings are not reported, leaflets had been dropped by the air force in order to let the people of Canada know what was going on with regard to defence and foreign affairs. There are only two agencies through which the people can obtain information—the press and the radio.

In the city of Toronto we used to have six newspapers which reported the proceedings of the House of Commons, but look at what you have to-day. Important matters are not dealt with at all. As far as the radio is concerned, I believe last year the government listened too much to the pan-American views of the pacifists of this country. That has been the trouble for the last five years; in and out of this house we have been listening to the babble of the pacifists. As a result, our people are the worst informed in connection with defence and foreign affairs of any people in the world to-day, certainly of any of the British dominions.

I think we should congratulate ourselves on having had at the head of the government in England for the last few years a man of the calibre of Mr. Chamberlain, notwithstanding all the talk of appeasement urged by the dominions on Britain. The wonderful work that has been done in Great Britain since the war started constitutes a glorious chapter in the history of the British empire. It may be that a few mistakes were made in regard to appeasement, but if it had not been for Munich I doubt that the British empire would have survived after that disarmament folly or been able to put up such a good show since Munich and the start of this war. On January 9, 1939, Mr. Chamberlain said that "if the people were not allowed to learn the facts, but only so much as their rulers permitted them to know, the people themselves would embark on a course which might be fraught with grave circumstances to the country".

We have had publicity of a kind, pamphlets giving information about the life and times of certain men in the old country, many of whom always have been pacifists, believing in collective security, and who never at any time have been right. If that is all the information people can get through this information bureau, the sooner it is abolished the better. I believe press censorship should be abolished. I have advocated the system followed in England, under which the press is left alone to do its own censoring. The other day the British house reaffirmed that policy. There they have had no trouble at all. The editors of the newspapers have been responsible for what appeared in those papers, and as a result to-day the British people are told the bad news as well as the good news. They are educated in world affairs as no other people in the world are educated, and know the truth. In this war truth has been the first casualty and self-respect the first victim of neutrality.

I should like to offer one or two constructive suggestions to the Minister of

National Defence, but before doing so I should say that he has brought about more improvements in the Toronto district in the last week with regard to recruiting and the summer uniforms he has ordered, than have been made since the beginning of the war. I believe we should find a way of making possible the impossible. In other words, where there are no barracks or implements of war, we should do as we did at the time of the last war, when we took over public buildings. In Toronto the university, the school board and the civic authorities have offered the government the use of all their buildings, so there was no need to put men into old stables, as was done at the Eglinton hunt club, where now I believe there is an outbreak of scarlet fever, with the place under quarantine. I say the government of the day should conscript these good buildings. If men have no uniforms, let them train without them. If they have no rifles, machine guns or other implements of modern warfare, let them do as they did in France and Great Britain, namely, use dummies until the real weapons are available. That is what was done when Kitchener's army was raised; the men were given proper training at once. In the city of Toronto, which is the main recruiting centre of Canada, a list of very good buildings was furnished to the government. The people are proud of the wonderful showing of the Royal Canadian Air Force, but I believe the very active minister would do well to accept some of these offers and make use of these buildings. Right near the Eglinton hunt club are several new public schools which were offered to the government, so I do not see any reason for putting men into stables. At the opening of this session I referred to the way in which the Chamberlain government treated new recruits, conscripts who came from the ranks of the civilians, from good jobs, public schools and universities. They were given the best huts in the district. When the regulars came back, many of them complained about it, but that was a good policy to help recruiting, and aroused the youth of England to the grave danger with the Hun at the gate; sport even was abandoned and Lord's field ploughed up.

The Prime Minister said we would have an opportunity of discussing the matter of insurance for the soldiers. I do not wish to discuss it. Enough has not been said on that matter. It has been made a football, and no doubt has been placed in cold storage at least for this session. I am sorry, because many of these people who gave up good jobs to enlist at \$1.30 a day have no other insurance whatever. I believe there should be a proper system of national soldier insurance, and I

[Mr. Church.]

believe the minister would agree if he had listened to what various members have had to say.

To return to the subject of accommodation for our men, during the last war I worked night and day to help furnish the government with proper buildings and accommodation, and I object when I see young men from our high schools and universities living in stables, while better places have been offered and are available free. I should like to ask if it is a fact that the government has taken over government house in Toronto for the headquarters staff of No. 2 military district. If that is so, why in the name of all common sense should the men who do the actual fighting be put into stables when there are suitable buildings available for them?

Another change I advocate is that there should be a system of civilian inquests all over this country into the deaths of those killed while in training. Some time ago four boys were killed at Trenton; to-day three more were killed in British Columbia, and there have been many others. During the previous war civilian inquests were held in such cases, and aided public policies and reforms. In the fall of 1917 there was an outbreak of influenza among the men quartered in huts in the Niagara district, at Camp Borden and in the vicinity of Toronto. As chairman of the police commission of Toronto I insisted upon civilian inquests. The authorities here did not like it very much, but the fact was brought out that the government of the day had only three or four military hospitals for all Canada. At that time it was proposed that the base hospital on Gerard street, a rat infested building that was closed as not being good enough for civilians, should be reopened for the soldiers who come back from the war suffering and broken in body and soul, and we found the country then had no adequate hospital accommodation. I think the Minister of National Defence for Air (Mr. Power), who has been doing splendid work, might consider that point, because I believe it would help recruiting, if civilian inquests were held into the cause of death. In my opinion the parents of our boys are entitled to know the circumstances surrounding any accidents which may occur. This has been done in England and Australia.

I should like to refer for a moment to the matter of recruiting, with particular reference to Toronto, the most military-minded city in Canada. As I said before, if the government of the day had gone about the matter in the proper way last September they could have raised three-quarters of a million men under the voluntary system. Toronto is also an air-minded city, and boys are coming there

to enlist from as far away as Quebec. Last night, in the last issue of a Sunday newspaper published in Toronto, I read an advertisement which said: "Do your part. Enlist now in the Royal Rifles of Canada." Not long ago the tank regiment at Oshawa came to Toronto and got three hundred men. Then they came down from London and Welland. We know that in Welland there is the Welland regiment, recruited from Lincoln and Welland. Those men moved to Toronto. I believe the other day a hundred men were taken over in trucks. Then the Hamilton Argyll and Sutherland Highlanders brought in a recruiting unit of another 150 men. They are taken even to Quebec city. We find an advertisement in a recent edition of a Toronto weekly newspaper which makes that point clear. Quebec units too are enlisting Toronto men. Men from Toronto are being enlisted in a number of units, including the Royal Rifles of Canada, which has headquarters in Quebec city. Evidently they know that Toronto is a good recruiting district, the best in our empire.

I believe the government would be well advised to sign up all possible men, and not to turn any away. The Minister of National Defence has laid down a progressive programme. I am not criticizing the government. As a matter of fact I am giving them a few ideas; of course, if they do not wish to accept them, they may reject them. However, I believe that the government of the day should accept constructive suggestion. As long as they are not based on bias, they are helpful. I have seen many mistakes made. I know that all governments make mistakes; no government is perfect, because all governments begin to die the moment they are born.

Since the opening of this session the government has been considerably more active. I wish they had been as active since war broke out, or for two years before that time. It would have been better if they had not listened to the babble of the pacifists in the country.

These are the six points set out by the minister, as reported at page 2095 of *Hansard*:

- (1) The possible duties of Canada's military forces;
- (2) The military units and formations through which these duties are carried out;
- (3) The progress of organization and recruiting of these military units and formations;
- (4) The matter of equipment;
- (5) The camps which we are establishing and the accommodation which is available and which is in prospect; and
- (6) General methods of training.

That is most constructive and planned a right, if carried out. However, we waited until the eleventh hour for Canada to put on the whole armour of the country. Recruiting has been

carried on from day to day in an on-again-off-again fashion. That has been the practice since the beginning of the war. It was for that reason that I asked for the production of orders in council. I did not know what was being done, but I interviewed the minister, and he gave me in part a satisfactory explanation.

However, there was one matter concerning which I did not get an explanation, and that was in connection with the order sent out on December 5 of last year stipulating that soldiers would have to wash such personal issues as socks, shirts, towels and underwear, or pay for the washing of them, according to regulations made at national defence headquarters. It is pointed out that articles which may be washed at public expense are overalls, service trousers and service shirts and also certain articles of bedding.

Those are the things which hurt recruiting. This country spent \$4,500,000 on the League of Nations. Those who attended the meetings of the League of Nations on these sightseeing tours did not have to pay to have their own socks washed, oh no! But while that is one of the small things, there is a principle in it which hurts recruiting in Canada, and shows the utter indifference to those who offer their services. Also recruiting is harmed by the line-up for hours of recruits outside armouries, who have to stand in the heat of this summer, and last winter, on January 8, they were standing out for hours at six o'clock in the morning, with the temperature eight degrees below zero. Many of them were without coats. The present Minister of National Defence changed all that very quickly after I called it to his attention, and he will be commended by many people throughout the country and by the parents of these boys who offer their all. At the very first he saw what the men had to put up with in Toronto, and changed the whole situation in twenty-four hours after the complaints were made to him.

My suggestions may be small, but in principle they are big things, especially to the poor people who enlist for \$1.30 a day. May I point out one further circumstance: Men are stationed at the exhibition grounds in Toronto. That is some distance from the main centre of the city, and in bad weather those men have to pay 25 cents a day for four car tickets. I believe the government provides motor-cars for many officers and non-commissioned officers, and I have no doubt that some of those cars are properly provided. But I suggest that some system should be adopted whereby the men could be supplied car tickets; and men coming from the country for purposes of recruiting should be given lunch,

lodging and care. In the last war the city carried men free on the street cars. I believe they should also be given special consideration on week-ends on the railways, with free transportation. Many of the men in Toronto had to go to the Scott institute, and last fall, because they had no place to go, some of them had to sleep in the parks, with no lodging or food. The railways issue 600,000 passes a year free, and could carry 75,000 soldiers free at week-ends too.

What was done in Canada does not compare favourably with what was done in England by the Chamberlain government. I believe that in the policy he has adopted, the present Minister of National Defence is travelling along proper and progressive lines, and in ordering reports on such grievances, which mean much to our youth in their first few days in the army and away from their homes.

In the last four years I have urged that the government conduct a compulsory national registration. It is now about to be made, and it has taken four years to attain it. However, the registration now suggested is not the one I wanted. It was to be carried out through the Post Office Department, and would have been a real, national stocktaking and Domesday book. It would have included a complete survey of large and small plants, resources and services. In my opinion the survey should be carried out through the Post Office Department, as the income tax is done. There is no reason in the world why old people of around sixty years of age, especially women, should have to go out in the heat of summer to sign cards which ask, "Do you do plain cooking?" and all that sort of thing. I suggest that if a little plainer cooking had been done by the government of the day, we would now have had an army of three-quarters of a million men, and a register through the mails done quickly. May I point out that in Australia the registration took place through the post office department, and the information was obtained as it is obtained in connection with income tax returns, and tabulated by the bureau of statistics.

Last September I urged that a board should be formed, and that registrations be made through the Post Office Department or the bureau of statistics. I pointed out that that survey should include the number of men available for production of munitions, and should provide a classification of persons for defence and for other purposes. I suggested that in that survey we should seek the cooperation of industry and labour unions in the provinces and municipalities.

National defence should not be a party issue at all. I have said that in the last four

[Mr. Church.]

years. These are matters which concern all parties alike, and all classes in the community. War has come and disaster may be near. The war is now pretty close to home. Do not forget this: No party in Canada can hope to escape the general ruin of our country and her people, or to escape the same fate as has befallen many countries in Europe, including France.

The very fate of all freedom and liberty is in the scales, and the very existence of democracy is at stake. The whole future of mankind, including the British empire, is now to be decided. As it is written in the third verse of the eleventh Psalm, "If the foundations be destroyed, what then can the righteous do?" If to save his soul man must be born again, then if we are to save the soul of our empire there must be a new birth, a new army, navy and air force to do it.

We know that France controls some islands in the St. Lawrence river, and because of that fact I say the terms of the French surrender should have been laid on the table by the government of the day. I say that because those terms of surrender give Germany the use of French territory at home and overseas, for purposes of the prosecution of the war against the British empire. One of the terms of surrender was the giving up of war materials. France was to be deprived of her fleet, and was to be completely disarmed. I believe the government of the day would be wise to keep a sharp lookout on the St. Lawrence river, and there should be some degree of supervision and protection in connection with the French islands in the gulf of St. Lawrence.

I am pleased to note that hon. members to my left have come round to a point where they seem to know what this war is about, and they are to be congratulated on their change of outlook. They were somewhat responsible for what Canada has done in the past, and for too long the government has listened to them. Canada helped Great Britain to disarm the finest army, navy and air force the world has ever seen, and we cannot get it back again in a day or a generation. As I said the other day to hon. members on my left, quoting the words of Jeremiah, as they appear in the 37th chapter, 19th verse:

Where are now your prophets which prophesied unto you, saying, the king of Babylon shall not come against you, nor against this land?

Two or three sessions ago hon. members to my left introduced a resolution declaring to the world that if war came, whether or not Britain was in it, Canada would be neutral. That was their policy. They were misguided and wrong in those days. But to-day I am glad they have come round to view affairs in a

different light. How, I ask, are freedom and liberty to be preserved without a police force on land, sea and in the air to-day?

There are eighty-five new members in the House of Commons, many of whom have come up from the municipalities. I believe they will find the House of Commons to be a place of much kindness. There is no more patriotic work for any citizen to do than that which is to be found in parliament. There is not much gain in it; it is a hard taskmaster and, in many instances, a poor paymaster. There are many disappointments in the life, but if you do your work in the right spirit you find the deepest satisfaction in it, and the only reward is in a sense of having done your duty. I would refer particularly to the sacrifices being made by those men who are heading the important departments of the government, and by the leaders of the opposition and the house also.

There are one or two other matters to which I should like to refer. I have been disappointed at the apathy of the Canadian people towards the war. Our people have not taken this war seriously. I have raised this question in a non-party way for many years past. Many Canadians, supported the ideas advanced by the pacifists, the professors and others who contended that Canada should depend upon the United States, upon Americanism, upon collective security, and such like shams and delusions against these savages. It is a great regret to me that our people have not taken this war seriously, and that in Canada, in sport and other matters, everything goes on as usual.

I believe the women of Canada have a grievance to advance. They were led to believe last fall that their services would be utilized, and a misguided and useless voluntary registration was conducted, which is now in the archives, and saved the government from doing its duty by a compulsory registration. These women undertook Red Cross work, army work and soldier comforts as in the last war without any solicitation, and I am sorry that voluntary registration did not bring the expected results. The past eleven months are ones of wasted opportunities.

What of the press? "The two main functions of a democratic press are to present to the electorate a true picture of what is happening at home and abroad and to stimulate an interest in public affairs by illustrating their relation to the day-to-day life of the individual citizen. Political ignorance and political apathy are twin enemies of democracy and prove the most valuable allies of the dictators. It is the duty of the press to dispel both by the accurate presentation of news and by a reasoned comment on current affairs." That

is how the press was described by Arthur Mann, the able patriot and editor of the *Yorkshire Press*, now suspended by economic war troubles, when he was urging the British press to do their duty to the government of the day without any censorship whatever, and to give the people the real facts by reporting impartially what is said in parliament, the only place where people can seek redress of grievances.

Since last September I have been urging the creation of a division manned and officered entirely by veterans of the great war. Such a unit would wake up Canada in connection with the question of man-power. Hitler had over two hundred divisions, while Canada has only the number given the other day by the minister. I believe a unit like that would have a good effect upon recruiting. I was glad to hear the minister say the other day that a settlement had been arrived at in connection with the mobilization of the home guards in Canada. The municipalities all had these units during the last war. Our cities and towns have no defence from air raids, and if these should occur we shall have what occurred in Ethiopia, the utter destruction of public utilities and the morale of our people. At the beginning of the session and during the past three years I asked these questions:

1. Have any steps been taken by the government to secure a national register for Canada for defence or economic or industrial or labour purposes?
2. If so, what are they?
3. Will a census or modern doomsday book, or national register be ordered or compiled of (a) industrial power, (b) economic power, (c) food power, (d) man-power, (e) military and defence power and (f) unemployed?

In 1937 the Cooperative Commonwealth Federation introduced a notice of motion which was debated here for a whole day, in connection with our foreign policy. They asked "that in the event of war that Canada remain neutral, regardless of who the belligerents might be." If our empire fell as a result of that policy, civilization would come to an end. Civilization and freedom cannot be preserved without an army, an air force and a fleet to protect our shores. This empire has always stood as a bulwark to protect freedom of thought and religion, and it is our duty as Canadians to maintain these for all time to come.

One of the most outstanding things in England under Mr. Chamberlain since the war started has been the way in which the Royal Navy took command of the seas, and the Royal Air Force, the command of the air. There was a close economic alliance with France and a swift mobilization of our

man-power. The gigantic and difficult problem of home defence, the protection of the civilian population, the organization of supply, the suppression of profiteering, the control and equitable distribution of food stuffs, the evacuation of women and children from the thickly populated centres, were all carried out in a manner to thrill the entire civilized world. And now Britain deserted by all; having lost her former allies and parted with her friends, is left to go it alone.

There are many who were in favour of the league, of pan-Americanism and of national security. What is national security? I define "national security" as a system of relying on others for protection. The Cooperative Commonwealth Federation meant the United States—a myth. I realize it is of tremendous importance to have good relations with our neighbours to the south, but we should not forget that they said they would not stand idly by when this country was attacked, and that they would quarantine the dictators. But now they are back to that position which I referred to three years ago; they are back to the days of Andrew Jackson and George Washington, their first president, who contended that the United States should not fight unless the country was actually invaded. We cannot blame them for adopting that attitude, but the fact remains that their previous words were only idle and mischievous words, that hurt the cause of the allies and encouraged Hitler to invade and treat brutally the small nations.

The day of the pacifist should be no more. The government should take strong measures to protect the people of Canada from these people. This is what I said last session:

The end of all things came at Munich. At Munich there was a beginning of a new era in Europe. When Mr. Chamberlain and the president of France signed the pact at Munich, it was the death warrant of the League of Nations and collective security.

And again:

The result of all this was the state of affairs we saw in Ethiopia, in Spain, in Czechoslovakia and in many other small countries of Europe. This is due to pacifism. I thought we would have seen the end of pacifism after Munich. After Ethiopia I thought we would never hear any more about pacifism in this country. What is the policy of the Cooperative Commonwealth Federation? What would the members of that group have done if they had been in Mr. Chamberlain's place? They probably would have declared war. They probably would have declared war on Italy over Ethiopia. They would probably have declared war on Germany. What is their policy? What would they do? If Great Britain had declared war in connection with sanctions against Italy, if Great Britain had declared war on Germany because of Czechoslovakia, would the hon. gentlemen themselves of the Cooperative Commonwealth Federation have enlisted to stop these dictators?

[Mr. Church.]

No, they would not have enlisted. They would have said to our soldiers, "Get over to the war and fight for us while we stay at home and preach pacifism." That is the policy of hon. gentlemen.

War will never be abolished until we make a much better job of peace than we have. War would be further off if all the sham of Geneva had been eliminated and had our empire rearmed itself. When men are ready to do their duty to their neighbours, war will go. What is the use of talking, as they do in Geneva, about the mote in war's eye and the beam in the eyes of Geneva and peace? We would be nearer peace if we got rid of all these pacts and became more critical of what we have failed to do to make a success of peace. Did we not say in 1914 that that war was a war to end war? Did we not say that it was a war to raise nationhood, manhood and individuals to heights of service and sacrifice never before reached?

Let us look at the economic aspects of peace and war. Peace as we have had it, with all its suffering, with all its unemployment and misery, has been in many ways as dreadful as war. There are wars which are just as terrible an evil and which occur in times of peace and under the wings of peace. These are our social wars and the evils of unemployment, of racketeering, whether individually or politically, and those conflicts which are a part of human life and which always occur in some form or another. An hon. member mentioned the name of a certain British statesman in the old country when speaking this morning. Let me say that during the war this man organized strikes in munition factories favouring Russia and was thought to be so dangerous to the country that he was kept under supervision by the government. He tried to support the cause of Russia, but his efforts failed. In the darkest hours of the last war he was against Britain's war efforts, and the labour unions regarded him with suspicion. Had his efforts been successful Germany would have won the war. The seamen on one occasion on the boat on which he was to sail from a channel port went on strike rather than carry him to the international gathering, and he had to leave the boat and stay in England under close supervision. That is the answer to the hon. gentleman who referred to that matter this morning of the pacifist. That led Britain to disarm and has caused her now to fight to save her man-power.

I shall not take up the time of the house further. I hope that in the recess the government will keep up the good work which they have started this session and which so far they have been doing, and that they will have the people of this country united behind them

and that everything will be done without any political bias. If the government does that, we shall have the maximum of union and the minimum of criticism, if the government continues the good work which they say they have started. Delays are dangerous, and we have been too late in everything and have missed two years of opportunities. I wish the government success in their heavy task if they give us a real war government of action immediately.

Mr. J. A. ROSS (Souris): I am one of those members who think we should have had a private session of this house to discuss matters of war policy. As was stated this morning by the hon. member for Rosetown-Biggarr (Mr. Coldwell), in Great Britain they have had six private sessions of the house, one of them being held yesterday at the suggestion of Prime Minister Churchill. The reason which the Prime Minister (Mr. Mackenzie King) gave for not holding a private session here was not complimentary to the elected representatives in this chamber.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: May I interrupt? I hope that my words have not carried a meaning which was never intended. I had not the least idea of reflecting on any hon. member, and after looking at what I said I think hon. members will see that the words I used bear out that I had reference to rumours that would be started throughout the country as a result of what had taken place here, rumours not emanating from hon. members but from others who had not been in the house at all. That would give rise to a great deal of discussion and be the occasion of inquiries of the government as to whether this or that was true or not. That is what I had reference to, the rumours that might be started, and not to the honour and integrity of any hon. member.

Mr. HANSON (York-Sunbury): I am glad the Prime Minister has made that statement because I am bound to tell him that his previous statement bore the interpretation of a reflection on hon. members. That was the instant reaction in my mind. But now that he has cleared that away, I should like to emphasize that no prime minister ever would, I think, make any such reflection on the membership of this house. Certainly I would not.

Mr. MACKENZIE KING: I had not the slightest intention of doing so.

Mr. ROSS (Souris): I am glad to hear the statement of the Prime Minister, because my understanding was that he was referring to the members of the house.

After this government had declared war in September and had professed to be raising an army, I cannot conceive what more they might have done than they did to discourage voluntary enlistments during the first ten months of this war. But I shall say no more on that, because the matter was ably discussed this morning by the hon. member for Yale (Mr. Stirling), and I trust that from now on we may have action of a different kind from the Department of National Defence.

Like the hon. member for York West (Mr. Adamson), who spoke this afternoon, I was a member of a party which probably is not regarded as too friendly to the present government. I had the privilege of firing one of those Bren guns on the range, and I, although not a very good marksman, succeeded in knocking over the four plates on the ranges with one painful of ammunition.

I consider the Bren gun a very fine weapon and I am glad that it is now in production, but I should like to have more definite information as to the volume and speed of its production.

Reference has been made to the new Department of National War Services and to the minister in charge. He has in the past been recognized as a master mind in the development of what might be termed a political machine. Notwithstanding that, I am sure that we are all compelled to have great respect and admiration for his dynamic driving force and his power to get things done. In view of his past record I am satisfied that he will shed his coat and make a good job of this new department.

I should like to quote, with reference to a statement that was made this morning, from an article which appeared in the *Fort William Times-Journal* of February 7, 1940. This article appeared at that time in the press of every province from Fort William west to the Pacific coast. It is headed, "Conscription not needed in Canada, declares Gardiner" and reads:

Markinch, Sask., Feb. 7. More men are willing to enlist in Canada's army to-day than authorities can take care of and necessity of conscription of man-power can be dismissed, Hon. J. G. Gardiner, dominion agriculture minister, assured electors of Melville constituency.

When the call for recruits went out the response was so great an immediate supply of sufficient clothing and boots was impossible and large numbers of enlisted men had to be sent home temporarily.

This shortage of clothing for soldiers was subject to the only criticism levelled at the Liberal government in connection with the call for men for the first division, Mr. Gardiner said yesterday in addressing meetings at

Markinch and Dysart as he opened his campaign in Melville riding where he is Liberal candidate for the March 26 federal election.

The Liberals, he claimed, were the "in-between" group of those in Canada with opinions as to the best method of prosecuting the war.

One group, including the Cooperative Commonwealth Federation, urged conscription of wealth. Another group, including the Conservatives, opposed conscription of men to be sent out of Canada but did not oppose conscripting men for home defence.

The Liberals had taken a definite stand against conscription of men or wealth but proposed men and money for the war effort.

When the Minister of National War Services (Mr. Gardiner) took office, he summoned all the members of parliament to a conference on July 10 in order to discuss methods of procedure for the national registration. At that meeting he was accompanied by his deputy minister, Mr. Justice Davis, and the minister gave a clear-cut idea of his proposals. I very well recollect one member suggesting that the returning officers who acted in the recent federal election might be appointed as registrars, whereupon the minister distinctly stated that he wanted nothing that savoured of political patronage in connection with the national registration. He suggested that the registrar might be of one political faith and the assistant of the other, but that he wanted no political appointments, and he also stated that a considerable number of voluntary assistants would be required. I thought that was a fine statement of the minister's, and the same principles were enunciated by his deputy minister. But since that time I have received from various parts of Manitoba, the province from which I come, many letters as to these appointments and a united war effort.

First, however, let me remind the committee that from 1914 to 1918 that province had the honour of having more men enlisted per capita of population than any other province during the last great war. Manitoba's percentage was 10.8, British Columbia being a close second with 10.7, and then the figures ran down until we got a percentage of 3.7 for one of the large industrial provinces of eastern Canada. That was a splendid showing for Manitoba, which I need not remind hon. gentlemen is essentially an agricultural province.

Returning to the matter of appointments for the national registration, I think it is regrettable that, notwithstanding the statements of the minister and his deputy, the vast majority of the appointments in the federal ridings in Manitoba have been made on a political or patronage basis, and these ridings include Churchill, which is represented by the Minister of Mines and

[Mr. J. A. Ross]

Resources (Mr. Crerar), and Winnipeg South, which is represented by the Manitoba whip (Mr. Mutch).

I wish to compliment in particular two members from Manitoba, the hon. member for Portage la Prairie (Mr. Leader) upon the absolutely impartial and fine appointments that he recommended, and the hon. member for Macdonald (Mr. Weir), who also made two fine appointments, impartial and quite free from political patronage motives. With respect to the vast majority of government members, it is apparent that the thought uppermost in their minds is the preservation and welfare of the Liberal party in Canada, and that while people of all parties are invited to shed their blood for this country, yet to the Liberal party must come the spoils of office. Many people complain that they are asked to organize the voluntary effort for these registrations when, as they state, the plums of office are handed to the political friends of the present government. After all, I think we are entitled to a better example, if not from private members, at least from those occupying seats in the cabinet. Notwithstanding that, I am sure that the people as a whole will put forward a united endeavour, not only in the matter of this national registration, but in the conduct of the war effort as a whole.

Considerably more might be said of the war effort. Personally I am not satisfied that the government of the day have adopted a new line of thought or that we can expect much more in future of an impartial nature. But, in the face of all that has been said by various hon. members to-day, I do not think that I should take up at present any more of the time of the committee.

Mr. ANGUS MacINNIS (Vancouver East):
Mr. Chairman—

Some hon. MEMBERS: Carried.

Mr. MacINNIS: It will be carried, perhaps, when I have done speaking; not until then.

In saying a few words in this discussion, I do not wish it to be supposed that I am merely indulging in destructive criticism of the government's war effort. On the whole, the groups on the opposition side have dealt kindly with the government this session. We realize the difficulties of their task, and, speaking for myself, I have hesitated to embarrass them unduly, even by asking questions which might require them to take time from work which is possibly more important. I believe that the same attitude has been taken by the opposition as a whole. However, we were elected as members of this

parliament and are expected by our constituents to take part in deciding the policies of this country both in peace and in war.

Canada to-day is at war, and it is probably correct to say that never before have our people been more united in a war effort than they are at the present time. It would be incorrect, however, to assume that the people are satisfied either with the way in which the war effort is being carried on or as to the results which may be expected when peace comes. For these reasons I want to say a few words this afternoon.

Yesterday and the day before we listened to long statements by cabinet ministers on the extent of Canada's organization for war purposes. These statements are good enough as far as they go, but they do not go far enough. Neither hon. members nor the people in general know a great deal about what Canada is really doing in connection with the war.

Reference has been made to some past history, particularly to what hon. members of this and other groups have said or done in relation to foreign affairs. It seems to me only fair to say that possibly we have all made some mistakes and, as I said on another occasion, we need not be ashamed of those mistakes. If we made them we did so because we were freedom-loving people, because we were opposed to war, and because we hesitated to believe that other nations would organize deliberately for the wholesale destruction which has come upon the world during the last year.

I said a moment ago that in my opinion the people of Canada are neither satisfied with the government's war effort, nor assured that when peace comes we shall receive in any adequate degree the blessings for which we say we are fighting. Let us not forget that we fought the last war in order to make the world safe for democracy, and that we were promised a place "fit for heroes to live in." But we have found that neither those who fought in the last war nor those who produced the implements and materials which were used in fighting it received many of the assumed benefits of democracy after the war was over. Indeed, no sooner was it ended than we had to begin our fight afresh in the industrial field and the political field in the cause of that democracy which the war was supposed to have maintained for us. Before the people of this country can rid themselves of the distrust and suspicion which they feel to-day, they must have the assurance that they will not be betrayed at the end of this war as they were after the last one. It is because I am not satisfied in that connection that I wish to speak at this time. I shall refer to one matter in particular.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacINNIS: Since this war began last September, a number of boards have been set up by the government to organize the various activities necessary for carrying on the war. On the 8th of this month the Prime Minister gave to the house the personnel of the various boards set up in this connection. One thing struck me very forcibly. It was that on these boards labour representation is almost entirely lacking. Except for the National Labour Supply Council, which is composed of an equal number of representatives from labour organizations and from industry, so far as I have been able to ascertain, there is only one labour representative on all the other boards put together. Take perhaps the largest of these bodies, that connected with the Department of Munitions and Supply. It consists of, I think, sixty-five or sixty-six members. Among these there is one lone representative of labour; all the others are representatives of big business, with some civil servants and some men taken from the universities and from government owned or operated institutions. Yet labour, organized and unorganized, will be called upon both on the field of battle and in the factories of the country to bear the brunt of fighting and winning this war.

I say in the most emphatic terms possible that my class is suspicious of the gentlemen who have been called in to organize Canada's war industries. We know their past records. As was said here the other day, these same gentlemen have on every possible occasion opposed every attempt to improve the condition of the working class. They have consistently opposed and obstructed every piece of social legislation put on the statute books either by this parliament or by the legislatures of the provinces. They have opposed the organization of trade unions in the industries which they control. In many of the larger industries of this country an employee is not allowed to belong to a trade union or even to the political organization to which I belong. I could name members of this body associated with the Department of Munitions and Supply in whose industries an employee cannot belong to the Cooperative Commonwealth Federation on pain of dismissal. And the same is true in regard to the trade union movement. Is it then any wonder that the people are suspicious, and doubt that after the war is over we are going to have real democracy in Canada?

Let me show the close resemblance of these people to the very thing that we are fighting against. The first action Hitler took when he came into power in Germany, and also in those other countries of which he has now

taken control, was to destroy the trade union movement and the social democratic parties. These were the effective economic and political organizations of the working class in those countries. Many, if not all, of the industrialists who have been brought in by the government to organize our war production will not allow the organization of a trade union in the industries which they control. If any of these industries are organized, they are organized in spite of those who control them rather than with their consent and approval.

I should like to have time to take the names of these industrialists one by one and give their records to this committee. It would not make nice reading. I will, however, mention one, Mr. G. C. Bateman, president of the Canadian Institute of Mining and Metallurgy, who is also, I believe, secretary of the Ontario Mining Association. A short time ago Mr. Bateman was one of a conciliation board of three set up by the Dominion Department of Labour to investigate a dispute at the Teck-Hughes Gold Mines Limited. One of the matters in dispute was recognition of the union. The history of the dispute is given in the report of the conciliation board in the *Labour Gazette* for July, 1940. The other two members of the board were Mr. Justice W. M. Martin, of the Supreme Court of Saskatchewan, and J. L. Cohen, K.C., of Toronto.

I am not going into the various aspects of the dispute, although that would make interesting reading, but I am going to quote briefly from the majority report signed by Mr. Justice Martin and Mr. Cohen, and also from the minority report signed by Mr. Bateman. The report is fairly long, the board going into the questions in dispute rather exhaustively. On the matter of union recognition the majority report had this to say:

In British industry, trade unionism and collective bargaining are firmly established.

In the United States and Canada some employers of labour still refuse to admit the principle of collective bargaining and are opposed to the organization of their employees in unions. According to the Hon. Norman Rogers, former Minister of Labour for Canada, half the strikes which occurred in the United States in 1937 arose over the question of union recognition and methods of collective bargaining, while in Canada these questions accounted for a large number of strikes during the same year.

They quote as their authority for this statement the *Labour Gazette*, volume 38, 1938. Then they continue:

Mr. Rogers also stated that a minimum of strikes had occurred in industries where the practice of collective bargaining is firmly estab-

[Mr. MacInnis.]

lished. In referring to the importance of collective bargaining as a factor in maintaining industrial peace he said in part (volume 38, *Labour Gazette*, 1938):

"Whether the recognition of unions is left to the discretion of employers or made obligatory by legislation there is no doubt that the organization of unions will continue and their membership increase . . . In voluntary association for mutual benefits and collective bargaining wage earners feel that sense of self-reliance and definite status which only voluntary action can give. These qualities are of great importance in any democratic country. In England it has long been recognized that the union with established traditions of good faith in meeting its engagements is a bulwark of democratic institutions and a stabilized influence in the economic organization of the state."

Then the majority report goes on:

In view of the general recognition which has been given both by law and practice to the right of workers to organize and to the right of collective bargaining, it does not seem reasonable for any industry to refuse to recognize these rights unless there is some substantial justifying reason. In respect to this dispute—

That is, the dispute under consideration.

—no sufficient justification has been shown to the board for the refusal of the company to recognize local union No. 240 of the International Union of Mine, Mill and Smelter Workers.

Then I turn to page 655, where I should like to read briefly from Mr. Bateman's minority report opposing the organization of a trade union in this industry. He said:

It does not seem necessary for me to go into details of all the different charges and the evidence or lack of evidence supporting them. The one thing which stood out most clearly was that at present an almost unbridgeable gap exists between the union and the management. Whatever the wisdom may be of the ultimate recognition—

This gentleman, who has a high post in the munitions and supply department, is doubtful of the wisdom of labour organizations.

Whatever the wisdom may be of the ultimate recognition of some form of organization, my opinion is that no good purpose can be served by attempting to force such recognition at this time. There is too little confidence and perhaps too much prejudice on the part of management, and too much suspicion, irresponsibility and lack of constructive leadership on the part of the union to give grounds for the belief that this can be done without further aggravating the situation. The question of recognition or nonrecognition is something which should be left for the future, when calmer reason and judgment can prevail. In the meantime Canadian citizens have something more important to do.

What have Canadian citizens to do that is more important? We are fighting to win democracy in Germany, but in order to win democracy there, are we to forgo the winning of democracy in Canada? Are we to postpone that until we win democracy in those fields

far away? In my opinion the place to begin fighting for and winning democracy is right here in Canada. Then we shall have some right to take up the fight on a world scale. Surely it would have been good policy to appoint members of organized labour to the munitions and supply board, where they would be able to take up the cudgels on behalf of organized labour in the various industries now working on orders for the defence of Canada. But that has not been done.

Mr. MACKENZIE KING: Is my hon. friend taking into account the National Labour Supply Council of the Department of Labour, which is composed half of representatives of labour and half of employers?

Mr. MacINNIS: Yes, I referred to that. Mind you, that board is composed half of industrialists and half of representatives of organized labour. That is not enough. If half the members of the labour supply council are industrialists, why should not half the men on the other boards be representatives of labour? All the understanding, all the knowledge and all the ability to organize and administer are not vested in the owners of big business in this country. That has been amply proved time and again. Now let me read briefly from a statement made by the right hon. Prime Minister (Mr. Mackenzie King) in this house on February 27, 1933, when he was outlining the policy and programme of the Liberal party. He quoted from the last speech made by Sir Wilfrid Laurier, on January 14, 1919, when speaking before the eastern Ontario Liberal association. Sir Wilfrid Laurier said:

The other question to which I wish to ask your attention is the new condition which ought to prevail in the industrial world. We live in an industrial age. Reading the history of the last sixty or eighty years, we are simply dumbfounded at the advances which have been made in industry. Great establishments reckon their employees not by the hundred but by the thousand and ten thousand, and the output is not limited to hundreds or thousands, but runs into millions of articles every day. But while this growth has proceeded, conditions have developed which are very unsatisfactory, even dangerous. The relations between labour and capital have never been on a sound basis, and the two have been inimical rather than friendly. Labour has looked upon capital as a master, and capital has regarded labour as a servant.

May I tell this committee that from the point of view of the majority of the big business men on this munitions and supply board, that relation still exists. In the opinion of Mr. Bateman, emphasized in his minority report, that has been proved to the hilt. He looks upon labour as something to be ordered

about, something that cannot have a say in the management of the industry in which it works and the profits which it produces. Sir Wilfrid continued:

In such relations as these there should be neither master nor servant, but equality, equality of right and cooperation in administration. In this new country of Canada, and in this new order of society which we are starting to build up, we must have another and a better system. Instead of labour and capital being, as they have been, inimical, they must henceforth be friendly, seeing that labour needs capital and capital needs labour, and seeing that when one is injured the other suffers. How is that to be done? You have approached this subject to-day in your deliberations and have passed a resolution which seems to me to afford a key to the solution of this problem. Let me read it: I look upon it as the most important of all the resolutions you have adopted this day.

Then the resolution follows:

The eastern Ontario liberal association is of the opinion that the problem of the future is reconstruction, and that industrial reconstruction is the most important phase. To introduce into the government of industry the principle of representation whereby the interests of labour and of the community may be considered in industrial control and the shaping of policies is the natural work of Liberals.

Liberals proceed terribly slowly with their natural work. They do not take kindly to their natural work; it comes hard to them.

Mr. MacNICOL: Their platforms are charts.

Mr. MacINNIS: I continue:

It is to liberalism that we owe the transition from autocratic to representative and responsible government in the affairs of the state. To democratize the government of industry so as to give to the workers and consumers a larger share in the government of industry is the task that lies ahead.

When concluding this quotation my right hon. friend mentioned that he, himself, had had a part in the drafting of the resolution. I submit that he has had a good chance to put into active operation the principle embodied in that resolution, by appointing representatives of organized labour to the boards which have been set up since the beginning of the war.

As was pointed out in the majority report of the conciliation board, to which I referred, the situation prevailing in Canada is quite different from that existing in Great Britain. Even before the Churchill government came into existence, and labour gained real representation in that government, there was close cooperation between the Chamberlain government and the Trades Union Congress in Great Britain. But as soon as the Churchill government was formed, that cooperation was greatly improved. So that to-day in Great

Britain labour is consulted. It is asked to come in; to discuss matters and to give its opinion respecting those matters. Indeed, soon after Mr. Ernest Bevin was made British Minister of Labour, he held a conference with the executive of the Trades Union Congress. He established a national labour board with both worker and employer representation, a board similar to our own labour supply council. When he had completed the outline of his plans for the mobilization of labour, he asked the Trades Union Congress to call a conference of local union executives. This was done, and over one thousand delegates attended. The minister outlined his plan, and listened to criticisms and suggestions. In his presence a full, democratic debate took place, and his programme was adopted by an overwhelming majority.

In addition, there are regional joint committees of labour and employers. Further, there are trade union shop committees which take up with the Department of Labour all the problems arising from the war speed-up in their shops. These committees perform a great service in keeping production at its highest pitch, and also serve to ensure that no resources and labour needed for war production shall be expended in the production of more profitable luxury articles.

I have not in a long time seen anything which has indicated to me more clearly the peculiar mentality of big business than was indicated in an item I read in one of the Vancouver papers. It was an interview with a member of a delegation from Canada which during the present summer had visited Japan. It appears in the Vancouver *Daily Province* of June 20, and the person giving the interview is Mr. Mayne D. Hamilton. It is pointed out that Mr. Hamilton is a prominent Vancouver businessman, and a retired bank manager. He is quoted as saying this:

Japan is hungry for some of our raw materials to keep her manufacturing industries busy.

He did not say what manufacturing industries in Japan were doing.

Later on, he said:

Canada and Britain have many good friends in Japan, some of them in high influential places, and British Columbia in particular is bound to be influenced to a great degree.

Possibly we have not as many friends in Japan as Mr. Hamilton thinks we have. The article continues:

Supplying Japan with some of our much needed raw materials and buying her improved manufactured goods would tend to lessen the discrepancy between our exports and imports about which they still complain.

[Mr. MacInnis.]

Then Mr. Hamilton proceeded to point out that he found considerable industrial movement, and that the great ports of Kobe and Yokohama were "hives of industry" with much goods going to China. Mr. Hamilton did not say what goods were going to China. He did not tell his interviewer that the goods going to China from Japan were bombs to murder the men, women and children of China. But to Mr. Hamilton and men of his type bombs are merely the commodities of trade. The purpose for which that trade is carried on is not of the slightest importance to them, so long as big business can make a profit out of it.

Before taking my seat I should like to touch upon two other points which I believe to be important. Speaking in the House of Commons on March 30, 1939, in a debate on Canada's foreign policy, the Prime Minister said this:

We have tremendous tasks to do at home, in housing the people, in caring for the aged and helpless, in relieving drought and unemployment, in building roads, in relieving our heavy burden of debt, in making provision for Canada's defence and in bringing our standard of living and civilization to the levels our knowledge now makes possible. There is no great margin of realizable wealth for this purpose; we must to a greater or less extent, choose between keeping our own house in order and trying to save Europe and Asia. The idea that every twenty years this country should automatically and as a matter of course take part in a war overseas for democracy or self determination of other small nations, that a country which has all it can do to run itself should feel called upon to save, periodically, a continent that cannot run itself, and to those ends risk the lives of its people, risk bankruptcy and political disunion seems to many a nightmare and sheer madness.

We have embarked on the sheer madness. I am not imputing blame to the Prime Minister in that regard. But I wish to draw attention to something which to me is intimately implied in the situation in which we find ourselves to-day. Canada is now engaged in a war to the end. I contend that if the Canadian people are to be asked to fight empire wars, the Canadian government must have some say in formulating those policies which may lead to war or to peace. The making of policies cannot be left to one partner in the British commonwealth of nations, while the remaining partners have no say in formulating those policies. Our government should have the courage to say that we shall be either in or out of the empire. It is not enough to say that we have been consulted but have expressed no opinion. We should have the courage to say that we will

not take part in any war brought about by policies in the making of which we had no part.

One other point. We cannot fight and win this war by military organization and military strength alone. With only these we might win the war, but we shall lose the peace, as we did in the last war. We must have an effective social and economic organization which will give real freedom to our people. The universal franchise and a parliament are not all there is to democracy. We must also have economic democracy where the people are free from the exploitation of irresponsible monopolies. We are not free from that in this country at the present time, and nothing has been done during the last ten years to free us. If we are sincere in saying that we favour democracy, then let us fight for it at home and free our people from the thralldom of monopolistic control under which they suffer at the present time.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Chairman, I do not wish to delay the committee unduly, but I should like to refer to some of the statements which have been made during the last two days. I listened attentively to the various ministers when they reviewed the activities of their departments. One of the most regrettable things about the speeches and explanations which have been given by the ministers this session is that they have not been frank enough with the people of the country and the members of this house. The press releases, the radio addresses, everything in connection with the war effort of this government seem to have had some tinge of politics about them. Ministers are only human and they make mistakes. The present ministers have made many mistakes. I think the people of this country would have more admiration for them if they would admit some of those mistakes. They should be ready to say that they have made mistakes, but have rectified them.

Mr. McNEVIN: Will the hon. member cite some of those?

Mr. HOMUTH: There are many of them; in fact, it would take the rest of the night to tell them all. The other night the Prime Minister (Mr. Mackenzie King), when prefacing the speeches which were to be made by the members of his cabinet, stated that the war effort of the government had been reviewed during the election campaign. The fact of the matter is that only half the truth was told during the campaign. During this session it has been made only too clear that the charges levelled against the administration during the election campaign were only too true. These charges concerned clothing and other

equipment for our troops. When the so-called neutral countries were over-run, we actually got into the war.

The Prime Minister has always been adroit in his leadership of the Liberal party. He has never stepped into any place yet without leaving both back and front doors open so that there would always be a way of escape. I remember the first broadcast he made on February 7. It was said that the Prime Minister and the members of his cabinet were going to be so busy looking after Canada's war effort during the campaign that they would not have time to travel across the dominion and that they would have to do their campaigning mostly from Ottawa over the radio. There were times during the election campaign when it was difficult to get a quorum of cabinet ministers together at Ottawa. In his first radio address the Prime Minister in a most subtle way pinned conscription on to the Conservative party. Quoting from "Canada and the War. Mackenzie King to the People of Canada, 1940," I read:

Least of all was it brought about by pledges to extend the life of parliament in a time of war without any reference to the people, or to form a so-called "national" government that might enforce conscription or disfranchise many classes of Canadian citizens. The memories of those experiences in the last war are still bitter in the minds of the Canadian people.

On the same evening the Minister of Agriculture (Mr. Gardiner) was speaking in the west. He referred to conscription and to the three lines of thought which were prevalent in this country. He said there were those who wanted no participation in the war other than economic; there were those who were willing to go to war, and there were those who wanted to take the middle road. Referring to the Hon. Doctor Manion, he said:

In the second group were Conservatives headed by Hon. R. J. Manion, who opposed the conscription of men to be sent out of Canada but did not mind conscripting men for defence of Canada.

The Liberals, through their leader, Premier Mackenzie King, had already taken their stand, no conscription of men, and no conscription of wealth, but men and money for the prosecution of the war.

We now find that the very government which was then against conscription has now brought in legislation which is nothing more than a conscription act, even though it is claimed to be only for the defence of Canada. Let us be frank and call it by its right name. All through this war effort there has been a tendency on the part of the government not to give us all the facts with regard to these matters. Some two weeks ago I referred to the fact that this seemed to be a Liberal war because of the patronage which was evident throughout this country in connection with

our war effort. The Minister of National Defence promptly took me to task for making that statement. I made that general statement because that condition was general throughout the country. Later on, a member of our party demonstrated the truth of that by showing photostat copies of cards which had to be signed by the Liberal boss in the riding before men could get jobs. In the early days of this war milling companies and other industries who were not on the list did not even get a chance to tender for the supplying of the commodities required in our war effort. These things went on. Let us be honest and admit it. What we are concerned with to-day is the prosecution of the war. The people of this country are not concerned with political speeches made by the government to try to lull the people into a sense of false security. What harm will it do if the government is frank and honest and tells us how many Bren guns are being produced?

The CHAIRMAN: Order. I resisted the impulse to bring the hon. gentleman to order at an earlier stage because I thought he was making only a passing remark.

I call the attention of the committee to paragraph 108 in Beauchesne's Parliamentary Rules and Forms, which imposes upon the Chairman and the Speaker the duty to inter-vene:

108. The Speaker . . . is bound to call attention immediately to any irregularity in debate or procedure and not to wait for the interposition of a member.

I refer hon. members to paragraph 297, (*ibid.*) reading in part 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—

These are expressions that have been ruled to be unparliamentary. For instance; accusing a member of having "deliberately raised a false issue"; of being guilty of gross misrepresentations; telling a member that he went about the country telling palpable lies; telling a minister that he has stated what he knew not to be correct; that he does not believe a statement he himself has made; imputing want of straightforwardness; charging a member with duplicity, are unparliamentary.

The hon. gentleman's remarks contain a clear implication of lack of straightforwardness, and therefore are out of order.

Mr. HOMUTH: Mr. Chairman, I bow to your ruling, but I do say this, that I can see no reason whatsoever why the government should not tell the committee frankly the

[Mr. Homuth.]

position with regard to the production of Bren guns. I made a reference in the house one day to the fact that if we were ahead of schedule, Bren guns should have been delivered a considerable time ago, and the Minister of Finance said, "not according to the contract." I well remember the inquiry that was held by the Bren gun committee. That very same question was raised at that inquiry. We pointed out that under the terms of the contract not one Bren gun would have to be delivered until the thirty-sixth month of the contract, and that if the company delivered 1,000 guns in the thirty-six months of the contract they would be complying with its terms. As reported at page 571 of the evidence before the Bren gun committee, the hon. member for Vancouver-Burrard (Mr. McGeer)—I do not think anyone will question that he was the government representative on that committee and conducted practically the whole examination and cross-examination for the government—tried to establish before the members of that committee and the people of this country that delivery of Bren guns would start in the twenty-sixth month of the contract, and not the thirty-sixth month. I quote from the evidence, where that hon. member is examining Mr. Gillespie:

Mr. McGeer: I should like to keep the record straight, if I may. As I read the contract, it is dated March 3, 1938.

Mr. MACKENZIE (Vancouver Centre): March 31.

Mr. HOMUTH: March 3, it says in the evidence. It goes on:

The date of deliveries is set out in exhibit D of the schedule to the contract. It reads:

"Schedule of deliveries from date of execution and delivery of the attached agreement:—

| | |
|--------------------------------|-------------|
| 24th-36th month inclusive..... | 1,000 guns |
| 37th-48th month inclusive..... | 3,000 guns |
| 49th-60th month inclusive..... | 6,000 guns |
| 61st-64th month inclusive..... | 2,000 guns" |

As I read that contract, delivery will be called for to commence on the 24th month after the execution of the agreement.

Mr. Green: Mr. McGeer is attempting to straighten the record presumably on my behalf. We have all read the contract before, and all the contract calls for is delivery of a certain number of guns at some time during the year from the first of April, 1940 to the first of April, 1941. In other words, these guns do not have to be delivered until the last of that year, which would throw it into 1941. That is what I said and that is what Mr. Gillespie agreed to.

Mr. McGeer: No, what you said to the witness was a very different thing. The contract calls for delivery of 1,000 guns over a period of 12 months. What you said was that there was no delivery required until 1941.

Mr. Green: That is true.

Mr. McGeer: Obviously if you can presume that in some miraculous way this factory can produce all the guns at the very end of this twelve months' period—which is a patent absurdity, I submit—then of course that will be correct. But does it not naturally flow from this actual operation—and I am asking you as a practical witness, Mr. Gillespie—that to get 1,000 guns by the end of the 36th month after the execution of the contract, there must be a flow of guns over the preceding year, so that the actual delivery of the guns under this contract will commence—

Mr. Homuth: No, not "will"; "may".

Mr. McGeer: Well, it must. I am submitting it to him as a practical man, that it will have to commence at the commencement of the year of production.

The Witness: Yes.

So the impression was given to the country and to the members of the committee that delivery of the guns would start in the twenty-fourth month. Therefore I say that if delivery did start in April, it did not start ahead of schedule. I feel that we should have a little more frankness from the government in regard to the production of Bren guns. For instance, the minister stated the other day that a large addition was being built to the plant where the Bren guns are being made. The only conclusion one could draw from that was that the addition was being made to the plant in order that more Bren guns might be produced. The press report said that a \$400,000 addition was being built to the Bren gun plant. All to the good. But I think the Minister of Munitions and Supply (Mr. Howe) ought to tell the committee and the country whether that \$400,000 addition is being built by the government; whether that \$400,000 addition is being installed with machinery by the government as the other part of the plant was under the old contract; and whether there has been an extension of the nefarious Bren gun contract with the John Inglis company on the same terms. I think the country should be told exactly what the situation is with regard to the extension of this plant. Who is paying for it? Who is supplying the machinery? Have any further orders been given under this contract? I think we are entitled to know this because, let it be remembered, under the Bren gun contract we do not know yet what the Bren guns are going to cost us, nor shall we know what they will cost us until the last Bren gun is turned out under the contract and the machinery returned to the government.

Then we have the situation in Montreal with the Montreal Construction company, a company which was given a contract, which acquired for itself a building which the government fitted up with machinery, a company to which the government paid a big price for the

shells produced in that plant, and whose further proceedings were explained in answer to a question I put on the order paper. I asked if the contracts had been completed; the answer was, yes. "Have any further contracts been given to this company?" "No." "What is the value of the machinery the government has invested in that company?" "Two hundred and forty and some thousand dollars." Does that mean that there was \$240,000 of public money lying in a plant in the city of Montreal which is producing neither shells nor any other equipment for our army?

These are matters which the government should explain to this committee. These are matters about which hon. members are entitled to know. But so far we have not been told. If the Prime Minister, the members of his cabinet and the members of his party expect to have the confidence of other hon. members in their war effort, and if they feel that that information cannot be given to us in open session where it could be reported in the press, at least let them call this house together in secret session and give us the facts, so that we can go home feeling assured that the government is putting forth every effort it can in the prosecution of the war. We have as yet no reason for assurance on that score. As my leader has said, we deal in large figures; we hear of contracts to the value of millions of dollars being given each day, and we have been at war since last September. The contract for Bren guns was awarded two years ago last March. The Department of National Defence knew at that time that tripods would be needed and that Bren carriers would be needed. When were they ordered? The tripods were ordered in March of this year, and I think the Bren gun carriers were ordered at the same time.

Mr. RALSTON: Does my hon. friend know what the tripods are for?

Mr. HOMUTH: Yes. Quite.

Mr. RALSTON: What are they for?

Mr. HOMUTH: I was on the committee. Certainly I know.

Mr. RALSTON: What are they for? Would my hon. friend—

Mr. HOMUTH: I am making this speech.

Mr. RALSTON: I beg your pardon. Would my hon. friend permit a question?

Mr. HOMUTH: Yes.

Mr. RALSTON: I am asking if my hon. friend knows that the tripods are for use in connection with anti-aircraft?

Mr. HOMUTH: Yes. There is a tripod and there is a bipod; there is also a Bren gun

carrier in connection with the Bren gun. Certainly I know. Let me tell the Minister of National Defence that I sincerely trust he will put a lot more pep in the department than was in it before. It is a crying shame that although the government knew long ago that this equipment would be needed, it was not ordered until March of this year, whereas the Bren guns were ordered two years ago last March. Surely that is no indication of efficiency in our war effort. The ministers and the Liberal members of this house may laugh and jeer all they like, but the people of this country are not satisfied. They are far from satisfied.

An hon. MEMBER: They showed that at the last election!

Mr. HOMUTH: Yes; I said that during the election, and the people are much less satisfied now. Quite a few hon. members will have plenty of fun going back and trying to justify the government's conscription law, too.

I say to my hon. friend that if there is one thing we members want, it is to be able to go home and do our part in encouraging the people to do theirs. The only way we can do it is through a feeling of confidence induced by frankness on the part of the government in explaining its position. If they will do that, we can give encouragement to our people back home and everything will be all right in so far as Canada's war effort is concerned.

Mr. G. H. CASTLEDEN (Yorkton): I wish to submit a proposal which I feel sure will have the support of every hon. member and of the people of Canada. It is, that the defence department should institute a system of free railroad passes to all members of all branches of the Canadian active service forces. The partial payment system in vogue at the present time is, I think, extremely unfair. It works great hardship on those men who, when they are granted leave, happen to be a long distance from their homes.

We are passing a bill to grant over \$15,000,000 to the Canadian National Railways. Parliament has voted hundreds of millions of dollars for the benefit of the Canadian National Railways. Surely something can be done in the way of arranging with the railway companies to carry these men while on leave to and from their homes without making it necessary for them to spend up to \$25 or \$30 as their part of the fare.

To thousands of young men on active service this land of their birth has not been very kind. I can say that tens of thousands of them have not found it possible to make a decent living, and certainly not to establish

themselves in a decent home of their own. Nevertheless in the hour of danger these young men are willing to pour out their life-blood if necessary to defend this land. Let me remind all those who are enjoying wealth from the dominion that if they were to give everything they have, they would still be falling far short of the contribution which these boys may be required to make. Here is an opportunity for some slight gesture of appreciation. It can be and it should be made. I would ask my fellow members if any one of them is willing to rise in his place and say that he is opposed to making possible the granting of free railroad transportation while on home leave to every one of our men who are on active service. If this proposal has the support of the committee, I trust that the minister will take steps to put it into effect, as a slight token of thanks and appreciation from the people of Canada to these boys who are willing to give everything.

Mr. J. F. POULIOT (Témiscouata): Mr. Chairman, it seems to me that this is no time to make speeches. When the house sits in committee it is to afford every hon. member an opportunity to ask questions of the ministers. Of course, several speeches were made on the motion preceding our sitting in committee, and now we have been listening to some interesting speeches from all sides. I will not pay too much attention to the hon. member for Waterloo South (Mr. Homuth), because I did so during my campaign. I told my electors that if Mr. Manion were successful at the polls the hon. member for Waterloo South, would, if elected, probably be the Minister of National Defence in Mr. Manion's cabinet, and this is one of the reasons why they voted for me.

There has been much talk about this Bren gun business. Does the hon. gentleman know what was behind the whole investigation, or is he the victim of sweet illusion in believing he knows what happened then? The whole purpose of the investigation into the Bren gun business was precisely to hide the truth. And it was done not by the government but by the opposition. Everyone knows the story; I could pick up any page of any report of any committee and read it to the house and put the house to sleep, but I will not do so. The Bren gun matter has been put before the electors of Canada by every Tory candidate in every constituency where there was a Tory candidate; they said all they had to say, and the people of Canada decided that there was nothing in it, nothing serious enough to change the opinion of honest Tories

who were willing to vote against their former friends and to support the government which now carries on the business of this country.

What has surprised me since the beginning of the session is the fact that no one on the opposite side, with the exception perhaps of the hon. member for Broadview (Mr. Church), who belongs to the old Conservative school of Sir John Macdonald, realizes what the duty of an opposition is. The duty of an opposition is to be on the lookout, to watch what is being done by the government, to criticize what is wrong and praise what is right in order that the government shall be more often right than wrong. But here we see a new school trying to teach lessons to the government, trying to impose their views on the government, telling them that they should take in some great men—without always naming them—men who are no political asset, men whom they call clear brains because they use nebulous language, men who have been rejected by the Canadian people several times more than Jonah by the whale. Here they are praising unknown people, not daring to name them, but saying to the government, "You are pigmies compared with those giants." This is what we have heard since the beginning of the session.

I have no lesson to teach to the leader of the opposition (Mr. Hanson); personally I think he is an estimable and likable Canadian. But he failed in his effort; he did not impress the government—so much the better for the country—he took the wrong course. I gave him some suggestions; he followed them only in part, alas. In one of his latest utterances he said something that was in accordance with true parliamentary tradition about the duties of the leader of the opposition.

What may be wrong with this government? Only one thing, listening to the bad suggestions of the leader of the opposition and his supporters in the house. That is the only complaint I have about the government. Why do hon. members such as the hon. member for Waterloo South insist that there is so much patronage being exercised by this government when the patronage is exercised by Tories who were continued in their positions by this government? Let me say to the government, Get rid of the Tories in high posts in the administration and there will be no cause for criticism. That is the only thing I have to say. And a gracious smile adorns the face of the leader of the opposition. He never looks any better than when he smiles.

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: The high appreciation by the committee of the smile of the hon. gentleman will, I hope, be an incitement to him never to be grouchy again.

But, sir, when we think of that, we must come back to true parliamentary tradition. This house, as I said the other day after the hon. member for York-Sunbury had spoken, is not a pink tearoom, it is not a place where five o'clock tea should be served to us with cookies and muffins or a glass of lemonade; it is the House of Commons of Canada. We have been in opposition for a time, but I never saw my leader follow the tactics of the hon. gentleman and try to tell Mr. Bennett to take this one and to take that one. My leader knew very well that if he had made any suggestion of the kind to Mr. Bennett, that gentleman would have done exactly the contrary. It is not good tactics for the hon. gentleman to waste his time making absurd suggestions to the government. He told us that we are at war; I must repeat to him and to the hon. member for Waterloo South—who has vanished, like Elijah in his chariot of fire—think of your great leaders of the past, of Sir John Macdonald who was the last great leader of the Conservative party. The Conservative party were more honest than these Tories may be. Sir John Macdonald died in the early 1890's; since then we have had Sir Robert Borden, who had some quality but could never be compared with Sir John Macdonald.

I belong to the old school of parliamentarians of Sir John Macdonald and Sir Wilfrid Laurier; I am one member who asked Mr. Bennett to honour the memory of Sir John Macdonald by placing a tablet before the house where he lived for several summers at St. Patrick in my constituency. It was promised by Mr. Murphy, then Minister of the Interior, a colleague of the hon. member for York-Sunbury, but it was done by the Mackenzie King government. That was suggested by a Liberal, not a Conservative. The Conservatives cannot honour their glorious dead because they spend their time in rejecting their leaders. And that will be the fate which my hon. friend will meet with soon if he continues to press such queer views on this house and committee.

Now, sir, let the Conservatives—I mean the more honest ones—and let the Tories, who are quite different, remember this, that if they want good work to be done by this government, they must help the government by making practical and constructive suggestions on every matter that is submitted to this house, to the committee of the whole or to the other special or standing committees of the house. Until now what we have heard is

political propaganda to a large extent. Are we, the Liberal members, to stand for it? Must we listen to this sort of thing, nod affirmatively and say, yes, yes? I cannot stand it; I have had enough of it. Let the Tories remember their record of the last forty years. How did I win my election? I won it by mentioning their name, and that was enough to give me the largest majority I ever had in my political career.

In spite of their past record, however, they can still be useful to this country and even to their own party if they desire to act with that purpose. They can do so by not wasting their time in childish talk but by studying, deeply and seriously, the various problems confronting us and making useful suggestions for the present and the future. Any school child can make speeches such as those which have been delivered by hon. gentlemen opposite. I am referring to most of the Conservatives. Members of the Cooperative Commonwealth Federation and Social Credit groups are working much harder and understand better the political problems of the day. What have we heard from the leader of the opposition and other hon. gentlemen opposite, including the hon. member for Parkdale (Mr. Bruce) who replaces my dear friend Dave Spence, who was a great Canadian and a great member of parliament? Severally and jointly, since the beginning of the session they have been like magpies repeating the same thing, trying to tell the government, "You have not the confidence of the people, although you have the largest majority that any government ever had." I say that the government have the confidence of the people, but they may lose it if they accept the advice of hon. gentlemen opposite. Perhaps that is what the Conservatives have in view in making such absurd suggestions.

In conclusion, I have only one suggestion to make to my leader and to his colleagues in the cabinet. It is a very simple matter, and while I speak only for myself I think some other members of the Liberal party may agree with me. Let me say to my leader and his distinguished colleagues through you, Mr. Chairman, that the best thing for this country is to pay no attention whatever to the recommendations made by the Tory party. That is my first suggestion. My second is that they fire, without compassion or pity, all the nonentities, all the stupid asses who were placed in high positions by the Bennett administration, of which the leader of the opposition was a member. Then let the government listen to the recommendations of the Liberal members who are in touch with

[Mr. Pouliot.]

the people and who wish this government to stay in power and retain the confidence of the people in order that this country may have the best possible government.

Hon. H. A. BRUCE (Parkdale): It is quite evident, Mr. Chairman, that the hon. member for Témiscouata (Mr. Pouliot) does not like some of us on this side of the house.

I have no desire to prolong unnecessarily the deliberations of this committee, but during the proceedings of May 30 last I was made the subject of an attack, not merely in respect of my utterances as a member but in regard to my private character and professional competence in a calling to which I have devoted my lifetime. I need not dwell upon the extraordinary circumstance that the Minister of Agriculture (Mr. Gardiner) and certain private followers of the government should have selected a day which, in terror and anxiety, was perhaps outstanding in the history of the British empire, for a series of attacks upon individual members of the opposition, including myself, lasting for the better part of the afternoon and evening.

Without delaying the committee unduly, I should like to refer to a report which I made some years ago and which was attacked that evening by the hon. member for Moose Jaw (Mr. Ross). In regard to the extract read by the hon. member from a discredited book entitled "History of the Canadian Forces, 1914-19", by Sir Andrew Macphail, I need only say that as a result of the investigation I made, some twenty-four recommendations were presented for the improvement of the service which I had the opportunity of examining, and with the exception of one or two minor matters all those recommendations were adopted before the end of the war.

During that debate I was attacked under two headings. The first was that I was chairman of the Leadership League. May I say that the essential purpose of that league was to induce the electors of this country to take a more active interest in public affairs and not leave them entirely in the hands of professional politicians. I need say no more. Obviously it was not the kind of organization that would meet with the approval of the Minister of Agriculture. Neither was it an organization of which I or any other patriotic Canadian need feel ashamed.

I was attacked under another heading as well. Evidently the government has a research department, which placed in the hands of the hon. member for Moose Jaw a stillborn and forgotten book, "History of the Canadian Forces, 1914-19: Medical Services," by the late Sir Andrew Macphail.

This book was published in July, 1925, and was not even a nine days' wonder. Such attention as it received from the press of Canada was due to the acrimonious attacks made in the book upon the late Sir Sam Hughes and others, including myself, who had served in that war. The book was so biased that many of the leading newspapers of Canada refused to notice it at all; but now, after fifteen years, it is brought to the attention of this house by the hon. member for Moose Jaw as a work of undoubted authority. Much of the extract read by the hon. member must have been as Greek to hon. members, but the attempt to disparage me and the part I played in the last war was plain enough. Far from being accepted as an undoubted authority, it was widely regarded as neither fair nor judicial, and it was dismissed as the work of a special pleader who had distorted the facts in order to prejudice the public in favour of General Jones, director of medical services overseas, whose administration I had severely criticized, and with whom Sir Andrew Macphail was associated as confidential adviser and assistant.

The *Toronto Star*, the most widely circulated of all Liberal newspapers, was the only journal which gave extended space to Sir Andrew's aspersions and allegations, and it took the precaution of saying editorially:

As to the particular political features of the volume it appears that Sir Andrew conceived it to be his duty to pass judgment upon the merits of Sir Sam Hughes and Doctor Bruce, and he pronounced his verdicts with a vigour that suggests intense conviction. Indeed it would appear that having come to the conclusion in his own mind as to the rights and wrongs of certain issues, he has endeavoured to establish those conclusions without making reference to circumstances which might justify other viewpoints. Those who may think Sir Andrew has erred in that respect will charge that the official historian has not shown that impartiality which enables the reader to form a truly unbiased opinion.

Thus, in this gentlemanly way, the *Star* impressed its readers with the fact that Sir Andrew had been unfaithful in the primary obligation of all historians, official or otherwise, and had ignored such facts as did not fit in with his prejudices and preconceptions.

The *Star* also took the honourable course of sending to me the proofs of excerpts it proposed to publish, and gave me permission simultaneously to prepare a four-thousand word reply. The result was that never for more than a day was Sir Andrew's so-called history accepted as authentic. It had been expected that Sir Andrew would contribute other volumes to the series planned, but after

this short book he received no further commissions from the historical section of the Department of National Defence. It should be said that the coldness with which the book was received was in part due to its vituperative aspersions on the memory of Sir Sam Hughes, who had been but a few years in his grave.

I think it is due to the hon. member for Moose Jaw to say that when he resurrected this forgotten book for the sake of the reflections contained therein against me, he could not have been aware that it had from the outset been discredited. With regard to the so-called Bruce report on the Canadian Army Medical Service overseas, which was the subject of so much controversy in the latter part of 1916, and for several years thereafter, it should be said that although as inspector general I was responsible for the report, I had associated with me five distinguished officers, four of whom were medical officers, and the fifth an administrative officer. All of these gentlemen helped to make the investigations upon which the criticisms were made and which formed the basis for our recommendations.

I should like to read the names and some brief statement respecting each of these gentlemen who took part in this report. First there was Colonel Reid, whose post as director of recruiting and organization had placed upon him the responsibility for the disposition of all our Canadian casualties for over a year, and who was therefore able to give us important information supported by records in regard to unfits, and the conduct of other branches of the service.

Then there was Colonel Wallace Scott, fellow of the Royal College of Surgeons in England, formerly teacher of surgery at the university of Toronto. After fifteen years previous military training he joined the first contingent at Valcartier, and has been in the medical service overseas ever since. He is now in charge—or was then in charge—of a thousand-bed hospital at Shorncliffe.

The next is Lieutenant-Colonel F. W. E. Wilson, who was for ten years in the Canadian Army Medical Corps, had been an administrative officer in the Shorncliffe district for a year and a half, and was deputy director of medical services for England during the reorganization, which post he held until removed by General Jones upon the latter's return to office.

The next was Lt. Col. Charles Hunter, a prominent physician of the city of Winnipeg, who as president for a year and a half of the medical board examined thousands of casualties, and was admittedly the foremost expert in medical board matters.

Colonel Walter McKeown also was a member of the board, and I believe he will be well known to the Minister of National Defence (Mr. Ralston), having served as a member of a commission appointed by the present government to investigate and to report upon complaints made by certain officials of the Great War Veterans' Association, and certain questions pertaining to pensions, medical treatment and reestablishment needs of Canadian ex-service men and their dependents. He was appointed on July 22, 1922. Their report, of which I have a copy in my hand, was submitted on July 15, 1924, and proved to be a valuable and comprehensive document.

Mr. RALSTON: The hon. member is referring to the final report; I understand there were two reports before that.

Mr. BRUCE: Yes, the final report. It might not be inappropriate to ask the Minister of National Defence whether he found Colonel McKeown a capable and honest investigator, whose word could be relied upon, and it might be proper to ask the minister whether, in the event of finding Colonel McKeown's name attached to a report, he would have implicit confidence in the correctness of the facts contained in that report.

Mr. RALSTON: I wish to say only this, that Colonel McKeown and I enjoyed close and happy association; but I really do not see what that has to do with the item in the estimates now under discussion.

Mr. HANSON (York-Sunbury): I would point out to the minister that the hon. member has felt aggrieved because of the attack made upon him by the hon. member for Moose Jaw. This has been the first opportunity available to him to place his case on record in answer to that attack, and I advised him to make his observations at this time. Although we should be hurrying along, yet I do not see any other course open to the hon. member.

Mr. MACKENZIE (Vancouver Centre): It is entirely out of order to discuss a previous debate at the present session.

The CHAIRMAN: I have listened to the speech of the hon. member. At the beginning of this debate six ministers of the government explained the general policy of their departments with respect to our national war effort.

Mr. POWER: In this war.

The CHAIRMAN: They explained the activities of the government. When this resolution was referred to the committee of the whole, it was intimated that the broadest possible latitude in the discussion of our war

[Mr. Bruce.]

effort should be allowed. Judging by the last two speeches, I think it will be admitted that a great deal of latitude has been given by the chair. A couple of times I had in mind to draw the attention of hon. members to the resolution now before us. I felt, however, that in view of the fact that a great deal of territory had been covered by the statements made by the ministers, that it was not easy to limit discussion in committee. The remarks of the hon. member to which exception is now being taken by the Minister of Pensions and National Health are more in the nature of a question of personal privilege or personal explanation, but in view of the latitude granted to the last two speakers, I think it would be unfair to restrict the hon. member.

Mr. RALSTON: I thought my hon. friend was going far beyond any possible suggestion of latitude to be considered in the discussion of this particular item. I rose when my own name was brought into the discussion by the hon. member asking me to testify in connection with this matter. It did seem to me that I was not called upon to do that.

The CHAIRMAN: It is appropriate to point out that speeches made by ministers and hon. members, in this debate, were in reference to the effort of Canada in the present war. The hon. gentleman is, I think, out of order when he refers to what was said in a previous debate, during the present session. Furthermore, his remarks relate more to his personal activities during the last war, and that is not involved herein. Notwithstanding all that, in view of the latitude granted to other hon. members, I think the hon. member should be allowed to continue his speech.

Mr. BRUCE: I thank you, Mr. Chairman. I would have raised the question of privilege some time ago, only I was advised to wait until an occasion such as this arose. It will take me only a few minutes to conclude my remarks, but I should like to have this information on the record for the sake of the history which may be written at some time in the future. Although this has to do with the last war, if we are going to benefit from the experiences gained then, somebody should tell what happened. I hope that what I am dealing with this evening will be of practical benefit to those who are conducting the administration during the present war.

I should like to refer to certain parts of the report. In order to be brief, I shall not read too many extracts in full but will refer only to the pages of the report. On page 9 of the report on the Canadian Army Medical Service, dated London, September 20, 1916, will be

found twenty-three headings under which that service was criticized. I shall refer to only one, which I think has an important bearing upon what may happen following this war, namely, the question of the payment of pensions. I quote from the report:

The exceedingly important question of pensions, which will involve the expenditure of large sums of money by Canada annually, has been neglected by the Canadian medical service.

The importance of pensions has not been recognized in any way. Canada will have to pay in pensions millions of dollars a year for the next fifty years. It may be safely assumed that the country is anxious to do full justice to all claims, which may fairly be urged for disability resulting from, or aggravated by, military service. To be scrupulously fair to the individual soldier, and to give him the benefit of the doubt when such exists, yet to protect the state against unjust claims for compensation now and in the future, is the obvious duty of the medical service.

Attention was then called to the necessity of having some means whereby a man could be identified with certainty and it was recommended that reliable records and first-hand documentary evidence should be secured and placed on record. With regard to identification we recommended that the photographs and thumb-prints of the soldier be taken, as well as a careful record of any personal marks or peculiarities. A short time ago I asked what precautions were being taken with respect to the identification of soldiers. The statement was made in the return handed to me that X-ray examinations were being used, which I think is excellent. But, in addition, I suggest that finger-prints should be taken in all cases.

In the last war a number of men were sent overseas who were over age. On page 97 of the report appears a list of these men. The first name is that of Private Emson, who was seventy-two years of age when he went overseas. Then at the other extreme, we find on page 94 a list of those who were under age. There we see that Private Mick enlisted with the 224th battalion on March 17, 1916, at Pembroke, Ontario, when only sixteen years of age. He weighed eighty pounds and had had infantile paralysis which left him with undeveloped and weak muscles in the right hip and thigh. He did not do any military service during his stay of four and one-half months in England, and I presume ultimately was returned to Canada.

May I refer for a few moments to the court which examined my report, known as the sub-militia council. This council, consisting of staff officers, was appointed by the ministry and functioned in England as the governing body of the Canadian overseas army. After my report was submitted, General Jones was asked

to make a reply. The sub-militia council instructed Major Lash, then deputy judge advocate general, to make a precis of the two reports, so that the council, which was headed by General Carson, could more readily reach a conclusion. This was done and the sub-militia council ultimately asked me to carry on with the reorganization as proposed, which I did. It was only after a change was made and Sir George Perley became overseas minister, that anything further happened in respect to the reorganization upon which I was then busily engaged. Sir George thought that in order to quiet certain criticisms which were being heard, he should appoint another board, and did so, naming General Babbie, president, not to make another investigation of the medical service which I and my investigators had done, but to examine my report, and the investigator, namely, myself, and report to him. This seemed an extraordinary thing to do.

The board was appointed on November 25, 1916, and as a result of its labours it issued a report which made it necessary to reinstate General Jones although I believe it was not the intention of the government to have him continue as director of medical services. When he was reinstated he was told that he would be left there for only a few weeks, and he was then returned to Canada to report to the adjutant general.

I shall not delay the committee to quote a number of items dealing with the whole controversy, from a book which I wrote after coming back from the war in 1919. The book is called "Politics and the Canadian Army Medical Corps," and in it will be found a complete documentary record of what went on at that time. I would commend it to the hon. member for Moose Jaw if he wishes to get an accurate account of the controversy upon which the historian Sir Andrew MacPhail was writing for his friend General Jones.

Mr. POULIOT: I hold the book in my hand.

Mr. BRUCE: Now I pass to page 278 of that book from which I quote as follows:

It would thus appear that although the Babbie board of so-called experts, employed by the government for reasons which are abundantly clear, stated that my criticisms were unfounded and my recommendations unnecessary, yet the director of medical services, who succeeded Surgeon-General Jones, nevertheless put into effect practically all of these recommendations.

I shall not delay the committee further than to read a short comment published by the Toronto *Saturday Night* of July 7, 1917. From that editorial, which gives considerable space to the break-down in the medical service in Mesopotamia, over which General

Babtie presided, and the Canadian Army Medical Corps, I should like to make this quotation:

It is thus quite clear that when Surgeon-General Babtie, who, after the Mesopotamia disaster, had been brought back from India, issued a whitewashing report in connection with the Canadian Medical Services, he was seriously in need of whitewashing himself.

At the end of the editorial is this statement:

It is, then, quite clear that the Babtie report was not worth the paper it was written on, and by induction the Mesopotamia revelations are a vindication of the Bruce report.

I wish to add only one or two words in regard to the medical service. Medical men are not taken into the Canadian army medical service because of their administrative ability, and some of them never learn more than the rudiments of administration. Yet by the iniquitous system of promotion on a seniority basis only, men may reach the top who are quite incompetent as administrators. Under these circumstances what a tragedy it becomes if we are suddenly plunged into war and the necessity arises for rapid expansion of the medical service under an incompetent head! It is affirmed that this situation existed when war broke out last September and was allowed to continue, with the handicaps it involved, until recent weeks when statutory requirements came into effect.

Mr. POULIOT: Mr. Chairman, my specialty is to read books that nobody else reads, and I found on the shelves of oblivion a book entitled "Politics and the Canadian Army Medical Corps, a history of intrigue, containing many facts omitted from the official records, showing how efforts at rehabilitation were balked—by Herbert A. Bruce, M.B., F.R.C.S. (Eng.), Colonel, British Army Medical Service and C.A.M.C.; Associate Professor Clinical Surgery, University of Toronto; Surgeon to the Toronto General Hospital—with introduction by Hector Charlesworth—William Briggs, Toronto, 1919," and copyrighted by the same gentleman who wrote the book.

It is easy to understand that *Saturday Night* would have a word of praise for the author, because he and Mr. Hector Charlesworth, who was the editor of the paper at the time, were very good friends.

Mr. BRUCE: If I may interrupt the hon. gentleman, I do not think Mr. Hector Charlesworth was editor of the paper at that time. I do not think he was ever editor of the paper.

Mr. POULIOT: Perhaps he was not the editor at the time, but he wrote very fine articles in the paper on music and it was probably on account of the harmony that existed

[Mr. Bruce.]

between Sir George Perley and the member for Parkdale (Mr. Bruce), that Mr. Charlesworth wrote the article in *Saturday Night*.

This book "Politics and the Canadian Army Medical Corps" is full of information, and what surprised me greatly was that the hon. member for Parkdale did not disclose much of the information contained in it. As soon as he learned that I had a copy of the book in my hand, he closed it up. I received my copy of the book from the maritimes. Of course I would not have spent a penny to buy it but I got it from a friend of mine who lives in the maritimes and who said, "Well, well, well, it is time to tell the story."

The hon. member for Parkdale is greatly mistaken if he thinks I dislike him. I hold the view of the great St. Augustine that the greater the sinner, the more we must love him, and we shall desire not the death of the sinner but his conversion.

This book is like the illustrious dead whom the hon. gentleman mentioned. It speaks for itself, and the facts that he mentioned therein apply now. Through the chair I will ask the hon. member for Parkdale to turn to pages 152 and 153 of "Politics and the Canadian Army Medical Corps, a history of intrigue containing many facts omitted from the official report"—and I will add, omitted from his speech—"showing how efforts at rehabilitation were balked."

I find on page 152 a letter from Sir George Perley to the hon. gentleman, dated December 30, 1916, in which Sir George Perley, who was High Commissioner for Canada in London, decided to dismiss or fire him. That letter will complete the case, which will then be ready for the jury. I refer to page 152, and I would ask the hon. gentleman, who does not seem to rely very much on me, to read closely with me. As he is not young enough to remember what happened so long ago, let him take his notes and his glasses as well, and follow this with me, otherwise I will not read, and hon. members will not believe that Sir George Perley ever "fired" the hon. gentleman when he was fulfilling important functions in Great Britain. Let the hon. member be a good sport and look at his own book. Is he afraid to look at it? I can look at it, and I am not sick. I hope he will look at it.

On December 30th Sir George Perley replied as follows:—

Dear Colonel Bruce,—

I duly received your letter of the 28th inst., and I now enclose herewith a copy of the report made by the board of officers. I have not yet received the evidence, but in any case I do not intend making that public, though I will, of course, send a copy of it to the government at Ottawa.

It seems to me that at the present there is no further need of a special inspector-general of medical services, and I have therefore decided to relieve you—

Relieve you!

—of the duties of that office, to which you were appointed by the honourable Sir Sam Hughes, K.C.B., when he was Minister of Militia and Defence. I have also decided to withdraw at the same time the authority given to you through Major-General J. W. Carson, under which the management and control of the medical services were handed over to you, and the acting D.M.S. was to take his instructions and orders from you. Will you kindly hand over the books and papers connected with your office to Colonel Murray McLaren, acting D.M.S.

Past Minister of Pensions and National Health, and lieutenant-governor of the great province of New Brunswick, and a personal friend of mine. He acknowledged my congratulations in French when he was appointed lieutenant-governor. Of course I have some good friends on the other side; they are among the best of my friends.

I am sending a copy of this letter to Major-General Turner for his information.

Thanking you for the attention which you have given to your duties.

George H. Perley.

Mr. BRUCE: Mr. Chairman, I should just like to say one word. In deference to your request and suggestions from the minister, I did not read or quote from this book extensively, as I had intended doing.

Mr. POULIOT: After I said I had the book in hand.

Mr. BRUCE: Not at all, because the hon. member for Témiscouata had a copy, and I had a copy here with the places all marked; but in deference to the Chairman and in consideration for the time of the committee, I shall be quite glad to leave my case where it stands now.

Mr. POULIOT: Amen.

Mr. HANSON (York-Sunbury): The case is not quite closed. At the risk of detaining the committee for three or four minutes, I desire to place on the record the opinion of a man whose name, I believe, is still cherished by the Liberal party in Canada.

On the twenty-second day of January, 1917, from his place in this house, the Right Hon. Sir Wilfrid Laurier, in speaking on the debate on the address, in reference to this very report, the subject matter, and the hon. gentleman, had the following to say:

As to the medical service, I have found nothing more than I have stated, namely, that it was deficient, but we have a good deal of information in the public press upon this subject. I think, however, that my hon. friend

was well advised and made an excellent move when he secured for the medical service of the Canadian troops in England the services of Dr. Bruce of Toronto. Dr. Bruce is one of the eminent men of his profession in Canada; his name carries weight wherever it is mentioned; he is known to be a man pre-eminent amongst the most eminent in surgery. In Toronto, moreover, he has the reputation of being a man of the highest character and integrity, and the very soul of honour. It is known that Dr. Bruce has made a report in which he has absolutely justified the charges made by the Minister of Militia; but it is known also that when the Minister of Militia ceased to be in office, a commission was appointed which controverted and denied everything that was affirmed in the report made by Dr. Bruce. Wherever Dr. Bruce has approved, the commission blamed, and wherever he had blamed the commission approved. We have not those reports; we should have them, and I hope we shall have them during the present session. In their absence it is not for me to pronounce either in favour of Dr. Bruce or in favour of the commission; but as far as my personal sentiment on the matter is concerned, I must say that, without further evidence, any information which is presented to me signed by Dr. Bruce will bear the character of truth, from the very fact that it bears the signature of Dr. Bruce.

Mr. J. H. HARRIS (Danforth): I should like to go back to the subject matter with which we are supposed to be dealing, and refer to it in two or three sentences, looking to the future as well as the present.

The five directors of this great undertaking have given their reports to their shareholders in the statements which they have made. One feature I found missing from each of the reports. They contain no reference to one factor of great importance in the conduct of any business, or, indeed, of any domestic establishment. If those charged with the running of a home are provident, if they are careful to see that there is no waste of any consequence, that establishment will have good success. If, in an ordinary business enterprise, the directors see to it that those charged with the operations are provident and tolerate no unnecessary waste, that business will prosper.

We are now considering the greatest business that Canada has ever had in time of war, and I feel disposed to say that the amount of waste in the conduct of this business amounts almost to a tragedy. I urge these five directors, charged with the great responsibility of our war effort, to see to it that some kind of committee or conservation branch makes a study of that one problem. I had the privilege of being not long ago in the camp at Barriefield, and saw the men burying hundreds of feet of copper wire. When they finish that phase of their training, is it

recovered or is it not? It may be, although I know for a fact that many hundreds of pounds have not been recovered. Those who had access to the camp, whether officially or otherwise, got hold of this scrap copper. Whether or not the government got their value back for it, is a question.

What obtains in that regard also obtains in connection with scrap metals of all kinds. At Camp Borden on Sunday I saw the English tanks being moved from one spot to another; I went through the tank unit grounds there and saw waste metal, here, there and yonder. Outside the camp are dumped thousands and thousands of tin cans and other material which could be salvaged and a substantial revenue secured by the government. In the matter of second-hand uniforms and the tailor shops and what-not, and all the other part and parcel of this great job of work that we have on hand at the present time, there is a tremendous waste; I do not say wanton waste exactly; it is largely due to the nature of the work that is going on. War is a wasteful business, whether in the training or organization or any other branch of it.

I hesitate to refer to what occurred in the last tragedy, 1914-18, but at that time they found it necessary to have a conservancy department to take care of waste. I learned of one instance where waste was being hauled away from the camp and they were paying to have it hauled away. Investigation under Sir Hormisdas Laporte of Montreal, who was chairman of the war purchasing commission of that time, resulted in transforming that expense of \$10 a load to a revenue of \$10 for every load carried away from the camp.

The same condition exists to-day; dollars are being spent for the removal of waste, whereas someone charged with responsibility throughout Canada for this matter could, I am satisfied, turn it into a considerable source of revenue. In England, as we learn from the newspapers, they take care to see that there is a minimum of waste and a maximum of revenue returned to the government from waste material.

In training our young men for the air force thousands of gallons of motor oil are finally exhausted and have to be replaced with new oil. At the same time that old oil is of some value; someone charged with responsibility in one of these five departments could make a considerable saving there. At present a good deal of the oil comes in small cans; it ought to come in tank cars; and the back yard of the air fields should not be littered up with thousands of empty motor oil cans. The cans themselves ought to be turned into revenue. In that office, just as in the offices attached to this parliament, there is a

[Mr. J. H. Harris.]

tremendous waste of paper. The waste of paper in this building is shocking. I do not think it obtains to the same degree in the military offices at the camps. We are setting a very bad example, and someone looking after conservation in that regard as well as these others I have mentioned would be doing a real service for Canada.

The waste from kitchens is very great. In days gone by, I have seen them lighting the kitchen stoves at four o'clock in the morning with a few pounds of butter to help the fire, if the cook was a little behind on his job.

If clothed with the proper authority, this board could save Canada many thousands of dollars. I hope the directors will give some consideration to the thought that I am trying to express.

Mr. HANSON (York-Sunbury): I should like to call the attention of the Minister of Finance (Mr. Ilsley) to the request I made yesterday, that the total obligations outlined by the Minister of Munitions and Supply (Mr. Howe) should be collected together and added up so that we may know the total of the commitments, and the amount in which we shall be reimbursed by the British government, so that we may know the net.

When I asked for this statement which we have been discussing yesterday and to-day, I asked that the Minister of National War Services (Mr. Gardiner) lay on the table of the house as soon as possible the regulations upon which men are to be called up under the mobilization act. That has not been referred to. In the statement which he made yesterday he intimated, rather to my surprise, that a board would be set up. Previously it was intimated that a single judge would be the only person in the military district who would be charged with certain responsibilities. Now I understand that tribunal is to be enlarged by the appointment of two laymen in each military district. This, of course, is a distinct departure from the principle earlier enunciated by the Minister of National War Services, and unless a wise selection is made of the two laymen, might open the matter to some abuses.

Mr. GEORGE BLACK (Yukon): Since the subject now before the committee is the most important question that this house has had or will have to deal with this session, and probably in sessions to come, I cannot let this occasion go by without saying a word or two.

I do not intend to criticize the government. I think the government have been justly criticized during this session, and I am confident that that just criticism has had a good effect and that the government have perhaps

been induced by it to speed up the war efforts. The members of the government, like the rest of us, are only human, and I am sure that they were as astonished as other Canadians when the war took the sudden turn that it did. I believe that the government are now awake to the situation and are doing the very best they can and all that is humanly possible to have Canada assume her full responsibilities and do her full share in this war.

Nearly a year ago Canada declared war; parliament was assembled for that purpose. Personally I do not think this was necessary, because whether we like it or not, Canada was at war when Great Britain went to war. Canada is a member of the British commonwealth of nations, and when the British commonwealth of nations went to war Canada was at war and, in my opinion, it was entirely unnecessary to call parliament together and formally declare war.

After all, honestly speaking, Canada is not a nation. That is it is not an independent nation. The word "national" in naming government institutions and departments seems to me to be altogether overworked. It began, I think, with the use of the word in the title of the Canadian National Railways. Well, that institution had some respectability attached to it by the use of the word "Canadian". Then we have the term "national defence". It is not national defence; it is Canadian defence. We have "national defence" for air, meaning Canada's defence by air. We have the national harbours board, which is really the Canadian harbours board; the national research council, which is not for the nation but for Canada. We had to get the permission of the British government to pass our Unemployment Insurance Act; we did not have power to do it ourselves. If we had been a nation we could have done it, but until that permission was obtained, any attempt on the part of this parliament to enact that legislation was declared to be *ultra vires*. We are not an independent nation; we passed that measure by virtue of the British legislation, which amounted to permission.

When Canada declared war in September, it was a war of aggression, not a war of defence. That was the time when we should have begun to fight; that was the time when we should have been prepared to begin fighting, just as Great Britain should have been prepared. It is only since this parliament has been in session that the government has gone all out in its war effort. With all due respect to the Prime Minister (Mr. Mackenzie King), when he said this morning that the British government or the British Prime Minister had expressed satisfaction with the assistance

Canada was giving, I ask him what else Great Britain could have done. Would he expect the Prime Minister of Great Britain to say that he was not satisfied or that he was disappointed?

Mr. MACKENZIE KING: My reference this morning was to the statement made in the British House of Commons two years ago with respect to the air training plan. It was not in regard to the war effort of to-day.

Mr. BLACK (Yukon): The air training plan has not had very much to do with this war. It would not matter how slow Canada had been, or how feeble or inefficient her effort, the British government had to say they were pleased and satisfied. This is Canada's war. It is unthinkable that Great Britain should be defeated and have to surrender; that will never come to pass, but if it should happen, we still will have our war.

In recent years we have heard a good deal about our wonderfully friendly neighbour to the south. For the most part they have been friendly neighbours, but I do not think it was the act of a good neighbour to discount Canadian money as it is being discounted now. I do not think it was a friendly gesture for the United States to require Canadians entering that country to have passports. Why should we have them? And if we should have passports in order to enter the United States, why should not the citizens of the United States be required to have passports to enter Canada? I venture to say that for every enemy alien in Canada, there are probably a hundred in the United States; yet we welcome them to this country without restriction. Why? Because they happen to be tourists. An enemy alien could come in as a tourist, without a passport. Why? In order that we may not lose the comparatively small amount of money tourists might spend in Canada. I say "comparatively small"; I mean small in comparison with the damage that might be done to Canada's public works in a few moments by an alien enemy.

Until the Minister of National War Services (Mr. Gardiner)—and if it were left to me, I would say Canadian war services—reminded the house the other day, I had forgotten, as I venture to suggest a great many hon. members had done, that we have living within Canada people who are not subject to Canadian laws. The minister reminded us of the Mennonites and the Doukhobors. It is to protect these people that our young men are to be registered under this national registration which is to take place; that they are asked to enlist,

and perhaps give their lives. I do not think it is fair; I think it is an injustice to the young men of Canada. I suggest to the government that under the defence of Canada regulations, which give the government all the power of a Hitler—and rightly so—they should meet that situation; and if these people will not conform to the laws of Canada, they should be put out of the country. If they will not submit to Canadian law, I would go so far as to expropriate their property at fair values and deport them to the country whence they came, and the sooner we do it the better.

On this occasion I should like to express my appreciation, and that of the people of the far-away constituency which I have the honour to represent, of the courtesy and prompt action that were shown me when I went to the United States legation, just across the street from this building, to explain a situation brought about in the Yukon territory through the necessity to have passports before entering or passing through the United States. Because of its geographical position, people cannot enter or leave Yukon—unless they travel by air, which everyone cannot afford to do—without passing through United States territory. They must cross Alaska and sail for several days through United States waters. In addition, there is no United States consul in Yukon, so these people were practically prisoners; they could get neither in nor out without waiting for months to get a passport.

I explained the position to the proper official at the United States legation. While I sat with him at his desk he picked up the telephone, called Washington and explained the situation. After his conversation he told me that the matter would be remedied within a very short time. Within twenty-four hours I had a telegram from the president of the transportation company in Yukon saying it had been decided that passports were not needed by people entering or leaving Yukon by an accredited transportation line. That was the action of a good neighbour, very much different from the others of which I have just spoken.

I am sorry the right hon. Minister of Justice (Mr. Lapointe) is not here. I should like also to express my appreciation of the courtesy and understanding he displayed when I pointed out to him the difficulty that was being encountered by a large number of people in the Yukon because of the literal interpretation of one of the defence of Canada regulations, that prohibiting the possession of firearms by aliens. In that country there are a great

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many good people, Americans and people of Scandinavian origin, who make their living by prospecting, trapping and hunting. It would be fatal for these men to go into the forest without rifles. They need them not only for protection against wild animals, but in order to obtain food.

Then there are the tourists. I see several members from British Columbia here to-night. I think they, together with members from practically every other province, know of the parties of United States big-game hunters who come to Canada and spend money freely every year. They do not come without sporting rifles, but under the strict interpretation of that section even the guide could not lend a hunter his rifle. As I say, I discussed the matter with the Minister of Justice, who saw the point and suggested that I draw up a suitable amendment to the regulations and submit it to the special committee considering that matter. I had the privilege of appearing before the committee and presenting my case. The Minister of Justice took that amendment and submitted it to council. It was passed, and the defence of Canada regulations were amended accordingly. Now those people can carry on without being lawbreakers.

In connection with the national registration, the Minister of National War Services told us that there were to be twelve organizations. There are to be eleven across Canada, and there is to be one other including Prince Edward Island. There will be twelve boards. There is to be a committee in each of those districts, and the leader of the official opposition has just made reference to that feature. The committee is to consist of a judge and two or three citizens. Each district board shall have a district registrar. Under that registration men of a stated age will be called up for training. Groups will be called up eight times in a year, and each group will be given thirty days' training.

With all due deference to the Minister of National War Services—and I would direct the same observation to the Minister of National Defence (Mr. Ralston), the Minister of National Defence for Air (Mr. Power) if he were in his seat, and the Minister of Pensions and National Health (Mr. Mackenzie)—it must be apparent to them that thirty days' training is not worth taking, so far as the making of a soldier is concerned. You cannot make an artilleryman in thirty days. You cannot make a machine gunner in thirty days. You cannot teach a man to operate a tank in thirty days. If you are going to call them up and train them, then I say: Train them; make soldiers out of them, and then let them go back to their civilian vocations. But do

not make those men waste thirty days of their time, and thirty days of the time of the officials.

As I understand it, the Yukon is in military district No. 11. I should like to outline to the minister and the committee the experience we had up there last September when Canada declared war. I communicated with the district officer commanding in district No. 11, and told him, by telegram, that I could get him at least one hundred young, healthy, competent, eager and for the most part skilled men who were ready to go as a machine gun unit. I offered to go with them, because I had been in a machine gun unit in war No. 1. We thought Canada wanted soldiers; we thought she wanted men to take part in Canada's war. But the district officer commanding military district No. 11 made the astonishing announcement that those men could enlist if they would pay their own transportation charges from the Yukon territory to Victoria, and take a chance on being accepted. If they were not accepted they would have to pay their own way home. Each of those men, to make that trip, would have had to pay not less than \$200.

Some of them did go. I advised them not to go, but rather to wait until they were called. I knew they did not want to be conscripted, because they are not that kind of people. Some of them did come out. They appeared before medical examiners, passed A1, and were told to wait. They waited and waited and waited all through the winter; still they were not wanted. So they went back home, and they are up there yet.

Mr. RALSTON: Has any recruiting centre been established up there? I am sorry to say I have not been informed as to that point.

Mr. BLACK (Yukon): It has not, no.

Mr. RALSTON: Is any portion of a unit of non-permanent active militia up there?

Mr. BLACK (Yukon): There is no non-permanent militia unit up there. There have been no soldiers there since the great war.

Mr. RALSTON: I was looking through the list I have here, and I did not recognize any names in the Yukon.

Mr. BLACK (Yukon): At the time of the last war, I had the honour of going from the Yukon with about 250 men in an infantry unit. When we got to England we were put into a machine gun unit, and for the duration of the war were machine gunners.

The then district officer commanding went overseas with the first division. He did the best he could, because he is a good soldier and one who had had experience in the last

war. The present district officer commanding assured me that when the time came, a recruiting officer would be sent to the Yukon and the men who wished to enlist would be given an opportunity to do so. I will say to the appropriate minister that if he will give someone authority to recruit men in the Yukon, he will find that there are volunteers ready to go. Then, in addition, there are medical men up there fitted to give medical examinations. They have more than one X-ray machine, and the men could be given an examination as complete as could be given anywhere else in Canada. I hope the government will call for recruits in the Yukon because, as the men up there put it, they do not want to be conscripted. They want to be able to volunteer, as the men did in the last war. I hope the government will authorize enlistment in the Yukon, and I should be only too glad to cooperate in any way possible in that undertaking.

May I point out that I have come in contact with many returned men who are now serving in what the government chooses to call the veterans' home guard. A surprising number of them have complained to me, expressing dissatisfaction at the term "home guard." They do not like the word "home," because the idea of Canada ever becoming a battle field has never entered their heads. We know it may, but we hope it never will. They suggest that the organization might be known as the veterans' home defence, or the veterans' defence guard, or something of that kind. These are only suggestions I offer to the minister, but they might be accepted by the changing of one word. I am certain that a change in the name of the organization would be most acceptable to those men. Perhaps they might be known as the Canadian veterans' guard.

As I have said, those men never expect to see Canada a battle ground. But due to a far-sighted policy on the part of the enemy, due to great preparedness and due to the ruthless measures it employs, the situation has changed. The British empire declared a war of aggression; now we have been driven back until we find that we are fighting a war of defence. I was proud to hear the Minister of National Defence say, in effect, that that is not good enough. We will fight a war of defence; we will fight it successfully; we will beat back the enemy, and in time we will assemble an army and equip an army which will go into Europe and exterminate the enemy. Until then we shall have no peace in the world.

The best we can possibly expect from a successful defence of the British empire is an armed truce. We would have to be on our

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guard all the time. As I see it, at this time we must fight a successful defence, and then strengthen ourselves to such an extent that we shall have an army of aggression sufficiently strong to win this war.

Mr. DOUGLAS (Weyburn): A week ago Tuesday, as reported at page 1690 of *Hansard* the hon. member for Rosetown-Biggar (Mr. Coldwell) asked the minister what would happen with reference to people who have conscientious objections to belonging to an army. In reply the minister said that this was merely a registration, and that when the material was gathered, consideration would be given to ways and means of meeting situations as they might arise.

Yesterday the minister outlined the scheme for the training of men and the setting up of military districts. As I understand it, there will be no appeal in respect of private or personal exemptions. Only firms may appear and lay complaints before boards in the respective military districts. There are Quakers or people belonging to the Society of Friends who have conscientious objection to bearing arms. Personally I do not share that view. I have always felt that under some circumstances force can be met only with force, and that the things which are worth preserving are worth fighting for. Nevertheless, inquiries are coming in from many of these people, and if the minister would explain the position I think it would clear up many misunderstandings. Irresponsible statements are being made by certain individuals in different parts of Canada who are not familiar with the facts. I make this suggestion, not for the purpose of embarrassing the minister but to prevent these statements being made. It is being said that these conscientious objectors will be compelled to undergo military training.

Mr. GARDINER: This matter will be dealt with by the regulations which have not been completely drafted. It was dealt with in this way during the last war.

Item agreed to.

Normal services.

203. Book of Remembrance, \$6,500.

Mr. STIRLING: What arrangement has been made to complete this book since the death of the man who was doing this work?

Mr. RALSTON: I am sorry I have not that information before me. There may be some opportunity on the orders of the day to give it to my hon. friend.

Mr. BLACK (Cumberland): What provision is being made for the family of the late Hon. Norman Rogers? I think all the

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members of the house and all people in Canada who have to do with the war are anxious that some consideration be extended in this instance.

Mr. RALSTON: I appreciate my hon. friend having brought up this matter. I realize how interested he is, as I am, in the family because of his long and intimate acquaintance with them. I can assure him that the matter is very much in the mind of the government. There seems to be general unanimity about it, and I anticipate that a supplementary estimate will be brought down in due course.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Marketing service.

26. Dairy products, \$355,452.

Mr. TUSTIN: I should like to direct the attention of the minister to cheese prices, as I did in connection with bacon a few nights ago. At that time I complimented the buyers of cheese for holding prices stationary in this country. I thought that this was due to the fixed f.o.b. price at Montreal. However, last week there was a wide variation of prices on several cheese boards throughout eastern Ontario. For instance, in Ottawa 1,471 boxes of white cheese were boarded, of which 686 sold at $13\frac{5}{8}$ ths cents a pound; 363 boxes, at $13\frac{1}{4}$ cents, while 422 boxes remained unsold. At Napanee 2,083 boxes of white cheese were boarded, of which 436 sold at $13\frac{9}{16}$ ths cents a pound; 1,508 boxes, at $13\frac{1}{2}$ cents, while the remainder was refused. I understand that word is being put out through the press by the Department of Agriculture in an effort to encourage farmers to deliver more milk to the cheese factories in order that more cheese may be produced for the United Kingdom. In the face of this, the buyers have seen fit not to accept all the cheese being offered to the boards.

I do not want to take up further time by giving additional figures, but I should like to quote prices paid in other districts. At Perth, 785 boxes of white cheese were boarded and all were sold at $13\frac{1}{4}$ cents. At Delta, 2,648 boxes of white cheese were boarded, all being sold at $13\frac{1}{4}$ cents. There are a number of other boards where cheese brought $13\frac{1}{4}$ cents. Last week I drew the attention of the minister to the fact that in connection with bacon the government had fixed the price which the packers were to receive; and at that time I contended that the government should also fix the price to be paid to the farmer. The government has entered into an agreement with the United Kingdom whereby the price

of cheese is fixed at 14 cents a pound f.o.b. Montreal. I contend that the government should go further and fix the price to be paid by the buyers. A spread of $\frac{1}{2}$ ths cents a pound means approximately 5 cents per 100 pounds of milk delivered, which makes a considerable difference in the milk cheque of a farmer selling a large quantity of milk.

Item agreed to.

Marketing service.

27. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, \$188,987.87.

Mr. STIRLING: Is it the intention of the government to make any further grants this year?

Hon. J. G. GARDINER (Minister of Agriculture): It is not the intention of the government to increase the amount provided in the estimates. I think this amount will just about take care of those which have been passed upon already.

Mr. STIRLING: It will take care of existing ones, and there will be no new ones?

Mr. GARDINER: I would not be absolutely certain of that, but I would say that if there are any new ones they will be very few. I think this sum is just sufficient to take care of the present ones.

Mr. HATFIELD: Would the minister explain the two amounts for Moncton Cold and General Storage, Limited. There is an amount of \$3,833.69 on page 74 of the estimates, and \$6,806.25 on page 75.

Mr. GARDINER: I am sorry I have not the explanation here.

Mr. HATFIELD: What is the explanation of the item of \$6,128.85 for New Brunswick Apple Exchange, Fredericton?

Mr. GARDINER: These amounts are all paid under agreement with the cold storage company. Under the agreement we make payments spread over a period of years. We pay a certain proportion the first year and the remainder is spread over four years. We simply carry out the terms of the agreement, making payments from year to year.

Mr. HATFIELD: There is no cold storage at Fredericton.

Mr. GARDINER: There must be a cold storage there, or there would not be a payment.

Mr. WRIGHT: Is the Trenton cold storage a private or a cooperative association?

Mr. GARDINER: It is privately owned.

Mr. WRIGHT: Do we make grants to privately owned cold storage plants?

Mr. GARDINER: Yes, to any cold storage concern that will take in products for storage from the public.

Mr. WRIGHT: What sort of products?

Mr. GARDINER: Meat, fish and all products that can be stored under cold storage.

Item agreed to.

Marketing service.

28. Fruit, vegetable and maple products, and honey, including grants of \$5,000 to the Canadian Horticultural Council and \$500 to the Advisory Export Council, \$532,150.

Mr. GRAYDON: Has any action been taken either by the minister's department or by the Department of National Revenue to stop the inrush of United States fruits and vegetables in recent times?

Mr. GARDINER: There have been some arrangements made under which there is a certain control over the importation of certain fruits. I am not sure whether the control applies particularly to importations from the United States. The product that is under the greatest degree of control at the present time is the quality of pineapple coming in from the Straits Settlements. It was coming in from there in very much larger volume than any other quality of canned pineapple from any other country. Importations from the United States and all other countries from which pineapple is imported were small in comparison, and control was put upon further importations from the Straits Settlements.

Mr. GRAYDON: Has anything been done in the last week or two with regard to other products?

Mr. GARDINER: There was something done, I recall now, with regard to fruits, but that is all that I recall.

Mr. HATFIELD: Why are United States grade 1, size B potatoes allowed to come into Canada contrary to the regulations? Why are the regulations under the Fruits, Vegetables and Honey Act in regard to this class of potatoes not enforced? The act says that potatoes of this size and grade shall not be shipped into Canada. Grade 1, size B potatoes are from $1\frac{1}{2}$ to 2 inches in size, and under the act they cannot be imported into Canada, nor can they be sold in Canada. I should like to know why the act is not being enforced?

Mr. GARDINER: I have no information to the effect that the act is not being enforced.

Mr. HATFIELD: Grade 1, size B potatoes have been coming into Canada ever since last March. They have come in every month up until July, in competition with our own potatoes. They are not allowed to be sold in Canada and under the act they cannot be imported into Canada, yet still they are allowed to come in. I should like to have an explanation from the minister.

Mr. GARDINER: I shall have the matter looked into, and if the regulations are not being enforced I will find out why.

Item agreed to.

Marketing service.

29. Live stock and live stock products, \$513,843.

Mr. TUSTIN: How much bacon is in storage in this country at the present time?

Mr. GARDINER: I have not the figures right up to date, but the amount in storage has come down rapidly, and I am informed that there will be very little bacon in storage probably towards the end of this month. However, I am also informed that the amount which will be required to go back into storage shortly afterwards will be such as to increase considerably the amount in storage over what it was a year ago.

Mr. TUSTIN: The reason why I ask that question is that a short time ago we were told that there were 72,000,000 pounds of bacon in storage, but I saw by the press to-day that the chairman of the bacon board reports that much of the storage bacon is being used up rapidly and that that is accountable for the increase in the price of hogs from thirty-five to fifty cents per hundredweight. The chairman of the board goes on to state that the amount of pork coming into the market recently is, roughly, 2,250,000 pounds less than the total domestic and export demands, but just a few days ago we were told that there were 72,000,000 pounds of bacon in storage and that that amount was expected to be greatly increased.

Mr. FAIR: Who pays the cost of storage on bacon stored for the British government?

Mr. GARDINER: Once the bacon has been delivered to the British government, if there is any storage to pay on it, the British government takes care of the storage charges, but with respect to bacon stored at the request of the bacon board until the time of its delivery to the British government, the storage is paid out of the fund that has been created by withholding seventy-two cents per hundredweight up to a certain date, and \$1.02 from that date until quite recently. The fund thus created is used for the payment of that storage.

[Mr. Gardiner.]

Mr. FAIR: In view of the fact that hog prices are declining, is it the intention of the government to continue the importation of hogs from the United States as in the past?

Mr. GARDINER: The importation of hogs from the United States is controlled under an agreement entered into between the United States government and this government, which restricts the importation to 1,600,000 pounds, which is the average monthly amount coming into Canada for the nine months preceding the declaration of war. My information is that in a very few months, if any, since the time when that arrangement was made, has that quota been reached.

Mr. COLDWELL: Will that quota continue?

Mr. GARDINER: I expect so.

Mr. FAIR: I understand that the production of hogs in Canada has greatly increased. What effect will that have on the price to be paid in future months? I think this question ought to be carefully considered in view of the fact that we shall not be able to get rid of all our grain.

Mr. GARDINER: As was stated by the hon. member opposite a few moments ago, the tendency of price has been upward of recent weeks, due to the fact that there has been some reduction in storage, and that tendency upward may or may not continue, depending upon the amount of hog products which is delivered within the next two or three months, and depending also to some extent upon the new agreement which may be entered into with Britain. The old agreement calls for a reconsideration of the whole matter in August. We have already opened these negotiations with the British government, but as to what the results of the negotiations will be, I am not able to state at the moment. They will depend to some extent upon the price range, and to some extent upon the volume which Great Britain is prepared to take within the coming year.

Mr. MACKENZIE KING: As the house knows, there is a rule which prevents any estimates from being taken up on Thursday or Friday where the department concerned has not already had some item called. To prevent the possibility of advantage being taken of that technical rule, I think we might just call an item in each of the four departments which still remain to be considered, which would enable us to take the estimates of these departments in the next two days. If that is agreeable, Mr. Chairman, I suggest that you call an item in the Department of External Affairs, at page 8, item 41.

DEPARTMENT OF EXTERNAL AFFAIRS

41. Departmental administration, \$181,760.

Mr. ROSS (Souris): I should like to ask one question; it pertains to the French legation. In view of what has occurred as between the British government and the diplomatic service with France, what is our position with regard to the French legation here at the present time?

Mr. MACKENZIE KING: I shall be pleased to answer my hon. friend's question at another time. All that I wish to do now is to call one item to-night, allow it to stand, proceed to the Department of Justice and call an item there. That will not interfere with the discussion.

Item stands.

DEPARTMENT OF JUSTICE

95. Departmental administration, \$152,505.

Item stands.

DEPARTMENT OF LABOUR

108. Departmental administration, \$119,976.

Item stands.

DEPARTMENT OF TRANSPORT

403. Departmental administration, \$385,070.

Item stands.

PRIME MINISTER'S OFFICE

272. Salaries of staff, \$51,395.

Item stands.

Mr. MacNICOL: That is what you call cooperation.

DEPARTMENT OF FINANCE

52. Departmental administration, \$286,590.

The CHAIRMAN: Item stands.

DEPARTMENT OF AGRICULTURE

Marketing service.

30. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed \$30,000, \$100,000.

Mr. PERLEY: There is a considerable reduction here. I notice in the details on page 77 of the estimates that it is principally in "marketing projects, including advertising." What part of this reduction consists of cutting out advertising?

Mr. GARDINER: As the estimates show, there was a vote of \$200,000 last year. That was to cover the activities of the depart-

ment generally having to do with marketing. This year it was decided, on account of the effort to reduce expenditures generally, to ask for only half that amount. A considerable part of this \$100,000 will be spent on advertising—I would imagine, about proportionate to the amount which was spent last year in relation to the vote.

Mr. PERLEY: Are the marketing projects eliminated entirely?

Mr. GARDINER: No; that does not mean that the marketing projects will not be carried on, if new agreements are made in connection with them. The agreements are just from year to year, and none have been made covering next year, but there is just a possibility that agreements will be entered into, in which event they will be carried out.

Mr. NICHOLSON: Is this the item which provides for the salary of Doctor Allen? If so, would the minister tell us something of the nature of the work which Doctor Allen is carrying on at the present time?

Mr. GARDINER: Yes; this will cover the work of Doctor Allen. I am not absolutely certain that his salary is in this amount, but in any event the expense of the work he is doing is largely covered by this item.

Doctor Allen was sent to Britain to be head of the marketing organization there. We had six men in England, some of them being inspectors of cargoes, one of them being an inspector of activities in connection with meat marketing at the Smithfield market. We have a representative who is cargo inspector at Bristol. These men, located in different parts of England, have been advising us as to what standard of product is required in Great Britain, and prior to the war time, of course, they were carrying on some activities having to do with the gathering of information regarding the continent as well.

The reason for sending Doctor Allen over was to have him gather together information as to the kind of product required, the way in which it should be packaged in order to make it appeal best to the British public, and also the kind of product we should develop in this country to supply the demand in England. Of course, since the war has commenced, the activities of Doctor Allen have been rather different. He has been closely associated with the drawing of the bacon agreement, with the carrying on from time to time of negotiations with the British government relating to it, and with examining into the quality of the product which arrives under the agreement—everything of

that kind which would be helpful in promoting trade with Great Britain or the supplying of products under agreements with Great Britain. At the moment he is in Canada, reporting to us on the conditions in Britain at present.

Mr. HATFIELD: I think this is a poor time to cut down expenditure on marketing. We have lost practically all the markets in Europe for agricultural products. But Germany, Holland, Belgium, Denmark, Norway and Sweden have built up a good market in Latin America for agricultural products. I believe the minister should extend this advertising campaign in Latin America. The department should send live salesmen there to look for and develop markets. Germany alone shipped agricultural products to Latin America to the amount of \$257,000,000. That source of supply is now cut off for products that we can furnish, such as wheat, tobacco, potatoes, apples, and potato and apple by-products. I believe a big market could be worked up in South and Central America for these products. The trade commissioners cannot do the work; it needs live salesmen. Every effort should be put forth, and this estimate should be increased rather than reduced. It is cut \$100,000 in the marketing service alone. This is the time to develop these markets, while these other countries are shut out.

Mr. GARDINER: That kind of marketing promotion is not done under the Department of Agriculture. It is done by the Department of Trade and Commerce. All the advertising outside Canada is carried on under that department. Under this vote we have occasionally sent people to inquire into the type of products required in some other countries, but we have not carried on the actual marketing activities in other countries.

Mr. NICHOLSON: The last paragraph of the minister's report deals with supervision of race track betting—

Mr. STIRLING: On a point of order, I really cannot agree to this; it is distinctly out of order; it is past eleven o'clock.

Progress reported.

FARMERS' CREDITORS

AMENDMENT OF ARRANGEMENT ACT—FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS

Mr. SPEAKER: I have here a message from the Senate which I have not had opportunity to read before, because the house was in committee of supply.

[Mr. Gardiner.]

I have the honour to inform the house that a message has been received from the Senate informing the house that the Senate do accede to their request for a free conference with the Senate for the purpose of considering certain amendments made by the Senate to Bill No. 25 to amend the Farmers' Creditors Arrangement Act, 1934, to which the House of Commons have disagreed, and upon which the Senate insists.

And that the Senate have appointed the honourable senators Beaubien (Montarville), Calder and Haig, as managers on their part of the said free conference, and

Also, that the managers of the free conference on the part of the Senate will meet in senate committee room, No. 258, this day at nine o'clock p.m.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Thursday, August 1, 1940

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Third report of the standing committee on miscellaneous private bills.—Mr. Fournier (Hull).

DEFENCE OF CANADA REGULATIONS

Fourth and final report of special committee on the defence of Canada regulations.—Mr. Isley.

Mr. HANSON (York-Sunbury): There has been no motion for concurrence in this report and possibly there will be none. Will the Prime Minister (Mr. Mackenzie King) say if the recommendation as to the consolidation of the regulations will be considered by the government? I think it would be most convenient to have this done as soon as possible.

Mr. MACKENZIE KING: Yes, certainly.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL REGISTRATION

Mr. ADAMSON:

1. What action is the government taking in connection with the registration of persons in reserved occupations?

2. Has a committee been set up to consider this matter? Has any report of recommendations been given? If so, could it be tabled?

Mr. GARDINER: This question, and questions by Mr. Adamson and Mr. Pinard

(See below), are difficult to answer. The answers will depend upon the regulations now being drafted. The regulations will be brought down just as soon as they are completed, and I ask that these questions be dropped.

Mr. HANSON (York-Sunbury): Will they be brought down before the house prorogues?

Mr. GARDINER: If not, they will be sent to hon. members.

Question dropped.

ISSUANCE OF BADGES TO MEN IN SPECIALIZED OCCUPATIONS

Mr. ADAMSON:

What action has the government taken with respect to the issue of badges or certificates to men who are prevented from enlisting because of their specialized occupations?

Question dropped.

HOME DEFENCE TRAINING

Mr. PINARD:

1. With regard to calling out men for training under the compulsory training plan for home defence, have provisions been made requiring employers to keep open the positions for these men during the period of their camp training?

2. Has provision been made requiring employers of these men to pay them the difference between the non-permanent active militia rate of pay of \$1.20 per day and their civilian rate of pay during the period of their camp training?

Question dropped.

MUNITIONS AND SUPPLY—VALUE OF CONTRACTS

Mr. HAZEN:

1. What is the total value of the contracts let by the Department of Munitions and Supply and its predecessor purchasing bodies since war was declared to date, for (a) war material and supplies of all kinds, (b) construction contracts?

2. What is the total value of the contracts let by the Department of Munitions and Supply and its predecessor purchasing bodies since war broke out to date, to persons or companies in the province of New Brunswick for (a) war materials and supplies of all kinds, (b) construction contracts?

3. What are the names of the persons or companies in New Brunswick to whom contracts have been let by the Department of Munitions and Supply or its predecessor purchasing bodies since war was declared, what was the nature of the goods or services contracted for in each case, and what was the price of each contract?

Mr. HOWE: I should like to ask the leader of the opposition if he has considered dropping this question.

Mr. HANSON (York-Sunbury): Dropped.

Question dropped.

*NATIONAL REGISTRATION—PERSONNEL

Mr. ROY:

1. Is it the intention to appoint a number of temporary clerks at Ottawa to carry out the national registration?

2. If so, who will make the appointments?

3. Will a knowledge of both official languages be required of candidates for these positions?

4. How many such temporary clerks will be appointed?

5. What remuneration will these employees receive according to their rank?

6. Has the head of this personnel been already appointed? If so, is he familiar with both official languages of the country?

Mr. GARDINER: This is a most difficult question to answer in its present terms. As to the first question, I may say that temporary clerks will be appointed, but most of them will be appointed in the different branches, such as the statistics branch and the branch having to do with the conduct of elections. They will not be appointed directly under the set-up of the department.

2. The appointments will be made after consultation with the civil service commission.

3. In some cases, yes; in other cases a knowledge of both languages will not be necessary.

4. This will depend upon the work to be done from time to time.

5. The remuneration will be in accord with the general remuneration paid for similar work throughout the service.

6. As I said at the beginning, temporary employees in most cases will be brought into branches already established in this or in other departments. There will be no one head for this purpose.

LEAVE TO ENLISTED MEN FOR FARM WORK

Mr. AYLESWORTH:

1. What provisions, if any, have been made under which those who have enlisted in the military forces of Canada may be permitted leave for the purpose of assisting farmers in harvesting of the crops?

2. Will the government give consideration to this matter?

Mr. RALSTON:

1. Personnel of certain Canadian active service force military units may be granted harvest leave for a period not to exceed eight weeks. Such leave will be without pay or allowances of any kind.

2. Answered by No. 1.

Questions

VIMY RIDGE MONUMENT

Mr. CHURCH:

Has the government any information to give the house regarding the effect of the war on the Vimy Ridge monument? Has it been damaged or destroyed by Germany as yet, or has any report been received and, if so, will it be tabled?

Mr. RALSTON: No definite information has been received. On May 25th, Major D. C. U. Simson, supervisor of Canadian memorials in France and Belgium, cabled, "Report on Vimy forwarded by bag June 1st. Trying to obtain aerial photograph Vimy to confirm report of destruction".

In the report which was dated May 31st, Major Simson said, "However, since that time the ridge has been unfortunately the scene of very heavy fighting and I can but think that the monument must have received considerable damage. If it is possible I shall endeavour to obtain an aerial photograph to see the result".

On June 3rd a letter was received from the chairman of the Imperial War Graves Commission speaking of "the damage done to the Vimy memorial, if the report which has been published is confirmed".

No confirmation has been received. Quite recently it was learned that Major Simson on arrival in London had gone through Royal Air Force photographs which were available but these did not disclose the information desired. R.A.F. officers said that they would endeavour to obtain a photograph when opportunity offered.

Steps were taken in the summer of 1939 to protect all the lower sculpture and the bases of the pylons by sand-bag barricades.

*LEAGUE OF NATIONS

Mr. BLACK (Yukon):

1. Is Canada a member of the League of Nations?
2. If so, when did Canada become a member?
3. What has it cost Canada to be a member during its membership of such league?
4. What has been accomplished for Canada by the League of Nations?
5. Has the government decided whether Canada will continue membership in the League of Nations?

Mr. HANSON (York-Sunbury): I think the Prime Minister could answer this offhand.

Mr. MACKENZIE KING: I am able to answer one or two of the questions offhand. The answer to the first question is, yes. The answer to the second question is that Canada became a member the first year of the existence

[Mr. Ralston.]

of the league. As to question 3, I cannot give the information offhand, but I shall try to obtain it.

Mr. HANSON (York-Sunbury): Much money.

Mr. MACKENZIE KING: A certain amount, yes. As to question 4, this is a matter of opinion on which views might vary. As to question 5, the government has not decided to discontinue.

Mr. CHURCH: Who were the delegates last year to the league, and have they sent in any report?

Mr. MACKENZIE KING: A report, I believe, has been tabled, but I shall make sure.

Mr. CHURCH: Why not apply for a wind-up order so far as the league is concerned.

POTATO EXPORTS

Mr. HILL:

How many bushels of Canadian (a) seed potatoes, (b) other potatoes were exported to the United States during the years 1938 and 1939 respectively?

Mr. MACKINNON (Edmonton West): Canadian exports of potatoes from Canada to the United States during the calendar years 1938 and 1939.

| Item | 1938 | | 1939 | |
|---|---------|------------|---------|------------|
| | Bush. | Value | Bush. | Value |
| Potatoes, seed, government certified... | 735,185 | \$ 592,253 | 851,125 | \$ 767,041 |
| Potatoes, n.o.p. | 177,352 | 91,941 | 238,105 | 148,389 |

LAKEFIELD, ONT., MAIL CONTRACT

Mr. McGREGOR:

1. Was the mail contract for R.R. No. 1, Lakefield, Ontario, renewed this year? If so, by whom?
2. Were tenders called?
3. Who received the contract, and for what amount?
4. When did the previous contract expire?

Mr. MULOCK:

1. Yes, on authority of Postmaster General as provided by section 77 of Post Office Act.
2. No.
3. Harry A. Shearer, \$1,541.06 per annum.
4. 30th September, 1936. The present contract with Harry A. Shearer was obtained by regular transfer from Roland Windover in December, 1933, and was renewed for a further term in 1936 and 1940.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FOSTER CHILDREN IN CANADA

Mr. JACKMAN:

1. How many foster children under the age of twenty-one are there in Canada?
2. Is the \$400 per child income tax exemption allowed to the foster parents of these children?
3. How many of these children are related by blood or marriage to the foster parents?
4. How many adopted children are there subject to income tax exemption in Canada?
5. How many child refugees have been admitted into Canada since the beginning of the war, up to the most recent date for which figures are available?

Return tabled.

OLD AGE PENSIONS—AGREEMENT BETWEEN DOMINION AND NEW BRUNSWICK

Mr. HATFIELD:

1. Will the minister of the department concerned submit a copy of the agreement entered into between the dominion government and the government of the province of New Brunswick or the old age pensions board of that province, as at January 17, 1936?
2. If there have been any amendments to that agreement, subsequently made, will the minister also submit copies of all such amendments to that agreement?

NORTHWEST REBELLION—PENSIONS FOR VETERANS

Mr. CHURCH:

What action has been taken regarding applications during 1938, 1939 and 1940 for pensions for veterans of the Northwest rebellion, 1885?

BUSINESS OF THE HOUSE

SATURDAY SITTINGS

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

That on Saturday, the 3rd of August, 1940, and every Saturday thereafter until the end of the present session the house shall meet at eleven o'clock a.m. and the order of business and procedure shall be the same as on Wednesdays.

Motion agreed to.

BOOK OF REMEMBRANCE

ARRANGEMENTS MADE BY THE COMMITTEE FOR COMPLETION OF WORK

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, last night the hon. member for Yale (Mr. Stirling) asked what arrangements had been made to complete the Book of Remembrance.

Prior to the death of Mr. James Purves, the artist who had been engaged to complete the Book of Remembrance, the Book of Remembrance committee reached the conclusion that, to ensure its completion, certain

reorganization of the work was necessary. This involved the employment of skilled assistance to make and lay out designs, assist in the colouring and in various repetitive work in connection with the whole scheme. The services of Mr. Alan Beddoe were commissioned to assist the artist.

Upon the death of Mr. Purves on June 18, 1940, Mr. Beddoe was requested by the Book of Remembrance committee to continue this work, and the employment of two assistants has been authorized. By this means the committee hope that the pages of the book can be almost ready for binding by the end of the current fiscal year. The cost of salaries and materials can be provided within the limits of the amount being requested.

CANADA'S WAR EFFORT

TOTAL FINANCIAL COMMITMENTS AND PROPORTION ASSUMED BY BRITISH GOVERNMENT

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Finance (Mr. Ilsley) if he will be good enough to bring down the figures I asked for on a previous occasion and to which I referred again last evening?

Mr. ILSLEY: Yes.

MOBILIZATION OF RESOURCES

REQUEST FOR TABLING OF REGULATIONS BEFORE CLOSING OF SESSION

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): The regulations under the mobilization act must be in such form by this time that they could be laid on the table before we either prorogue or adjourn. I feel insistent about this because we should know something about the regulations before we separate.

Hon. J. G. GARDINER (Minister of National War Services): Mr. Speaker, the regulations are not yet in form to be tabled. As a matter of fact I have not yet had the opportunity to review them; they are not yet in form to be reviewed, but I gave the substance of them in the statement I made to the house the other day.

RULES OF THE HOUSE

RIGHTS OF MEMBERS WITH RESPECT TO ATTENDING MEETINGS OF COMMITTEES

Mr. ALAN CHAMBERS (Nanaimo): Mr. Speaker, I rise to a question of privilege. On Thursday, July 25, I endeavoured to attend

a meeting of the select committee appointed by the house to consider the unemployment insurance bill, and I was denied admittance on the ground that the committee was sitting in camera. Being a new member and not fully aware of a member's rights in the matter I naturally withdrew without comment, but in view of the fact that a distinct principle seems to be involved I thought it well to ask your honour whether the committee's ruling was correct or not.

A reference to May, chapter 17, would seem to indicate that the ruling then given to exclude a member from a select committee of the house was not correct. I quote May, page 476:

Members of the House of Commons have claimed the right of being present, as well during the deliberations of a committee as while the witnesses are examined; and although, if requested to retire, they would rarely make any objection, on the grounds of established usage and of courtesy to the committee, they ought immediately to retire when the committee are about to deliberate; yet it appears that the committee, in case of their refusal, have no power to order them to withdraw.

The quotation is from a ruling of the Speaker on February 23, 1849, in the course of which the Speaker said that although it had been the practice for members of the house to withdraw under such circumstances the committee had no power to exclude them.

Mr. SPEAKER: Order. There can be no question of privilege involved. The hon. member has made his statement and I presume is asking if members of the house may be allowed to attend the sittings of a house committee of which they are not members. If that is so I am prepared to give a ruling now.

Mr. CHAMBERS: Not exactly, Mr. Speaker, but whether they have the right to attend meetings of select committees when they are deliberating. I do not mean meetings of secret committees.

Mr. SPEAKER: There is no question of privilege involved because any question of privilege must necessarily be raised immediately the breach of privilege takes place in order that a remedy may be applied forthwith. But the hon. member has raised a question which may be of interest and I feel that I should probably say something from the chair in regard to the attendance of members at committees, select or otherwise.

The hon. member began to read a statement from May at page 476:

Members of the House of Commons have claimed the right of being present, as well during the deliberations of a committee as while the witnesses are examined, and although, if requested to retire, they would rarely make [Mr. Chambers.]

any objection, on the grounds of established usage and of courtesy to the committee, they ought immediately to retire when the committee are about to deliberate; yet it appears that the committee, in case of their refusal, have no power to order them to withdraw.

Bourinot also deals with this question at pages 468 and 469, and this is also contained in Beauchesne's Parliamentary Rules and Forms:

Members of the Commons may be present during the proceedings of their committees, and a committee has no power of itself to exclude any member at any stage of its proceedings, but may obtain special power from the house for that purpose. Such applications have not been favourably entertained by the house. Consequently the house will at times appoint secret committees which will conduct their proceedings with closed doors. Such committees are often chosen by ballot in the English parliament. It has been decided that "a member who is not a member of the committee has no right whatever to attend for the purpose of addressing the committee, or of putting questions to witnesses, or interfering in any way with the proceedings."

The practice in our house has been that hon. members of the house may attend committees of which they are not members, but they are not permitted to take any part in the proceedings, either to examine witnesses, to consult, or to make remarks with regard to the deliberations of the committee. I have seen once or twice in the course of my own experience cases where an hon. member who is not a member of the committee has asked permission to question a witness or submit some statement of fact to the committee, but such permission has been granted only with the unanimous consent of the committee. The practice has been, and has been accepted by all hon. members for years, that members of the committee will be allowed to sit in camera on their deliberations and that no member of the house will have the right to attend. That has been the practice and the usage of this house; it has not been and is not contained in our rules. Therefore those who have been attending on committees and are not members of those committees are asked to retire when the deliberations of the committees are being entered upon and the report is being prepared. That has been the practice. Whatever privileges a committee may desire other than are contained in the parliamentary rules of procedure, those privileges must be obtained from the house itself.

ROYAL CANADIAN MOUNTED POLICE

COMPENSATION FOR INJURY BY ACCIDENT, ETC.— CONCURRENCE IN SENATE AMENDMENTS

Hon. P. J. A. CARDIN (Acting Minister of Justice) moved the second reading of and

concurrence in amendments made by the senate to Bill No. 112, to amend the Royal Canadian Mounted Police Act.

He said: We have no objection to the amendments made by the senate to this bill. Hon. members will remember that the object of the measure was to permit the Minister of Justice to make agreements with municipalities for the taking over of the policing of those municipalities, and also to bring into the mounted police force the municipal police. The senate has amended the bill by stating that, before entering into an agreement with a municipality for the policing of the municipality by the mounted police, the approval of the provincial government shall be obtained. We have no objection to that, because that was the practice followed even before this bill was adopted.

As regards the taking of officers and men of the municipal police into the mounted police force, the senate desired that the taking in of these municipal police should not confer upon them the privilege of a pension. They can be taken into the mounted police force but they will be deprived of any pension such as ordinary mounted policemen and officers are entitled to receive. The department and the commissioner of the mounted police have no objection to that amendment, because it is well understood that there is no intention on the part of the minister and the mounted police to extend the policy of making arrangements with the municipalities for the policing of those municipalities. In two cases the mounted police are taking charge of the policing of the municipalities, namely at Flin Flon, in Manitoba, and in Melville, Saskatchewan. There is no intention of developing that policy. Under the circumstances, therefore, we have no objection to accepting the amendments made by the senate, because we do not see any necessity in the near future of taking over the policing of any municipality.

Hon. R. B. HANSON (Leader of the Opposition): As I read the senate amendment, it is limited to the two features to which the minister has alluded. In respect to the second one, it would appear to be very useful, because unless something like this were provided for in the bill there is a possibility that officers of the municipal police forces might come under the pension provisions of the Royal Canadian Mounted Police and be a charge upon the fund. That was never intended, and I do not think it would be good policy.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the mounted police

is doing excellent work in Canada. But if we look at section 3 of the Royal Canadian Mounted Police Act, chapter 160 of the revised statutes, 1927, we shall see that the Royal Canadian Mounted Police is a force that has been organized for Canada and that it is employed in various parts of Canada in conformity with orders in council passed in due course. To my great surprise I have learned that a detachment of the mounted police has been sent to England. Of course in peacetime detachments have been sent to England to participate in the coronation festivities, and also to Madison Square gardens, New York. But now we are at war, and home defence must in the first place be in charge of the mounted police, so that I do not see why a certain number of members of that force have been sent to England.

Moreover I cannot understand why, upon the application forms to be filled in by those who desire to enter this force, there has been added a last and typewritten paragraph to the effect that they are asked to consent to serve overseas. Every person who is desirous of getting into the force has to give his consent to go overseas. I find that quite strange, because it is not in conformity with the constitution of the force. It is incredible that the mounted police should do the policing of England, and as for our regiments there, they are doing their own policing. For all these reasons I would ask the minister seriously to consider at the earliest available opportunity the two following requests: in the first place, to bring back all the men of the mounted police who have been sent to England, because they will be more useful in Canada than overseas; in the second place, to see to it that the question regarding consent of applicants to serve overseas shall be struck from the application forms.

Mr. CARDIN: May I say in answer to my hon. friend that I am quite sure that, if a certain number of mounted police officers and men are being sent to England, it is not at all to the detriment of the safety of Canada, and that these mounted police officers and men in England are fulfilling duties which are exclusively relevant to Canada. In any event I shall take upon myself the responsibility and duty of bringing the observations of my hon. friend to the attention of the Minister of Justice (Mr. Lapointe) as soon as he comes back to Ottawa.

Mr. T. L. CHURCH (Broadview): Referring to the senate amendment to Bill No. 112, I am glad to see that the government has at last given direct legislative sanction to using the municipal and provincial police systems

Compensation Act

for auxiliary work. That proposal was made when the estimates of the department were up last year. I think it is a step which will bring about better law enforcement throughout the country.

Motion agreed to; amendments read the second time and concurred in.

COMPENSATION (DEFENCE) ACT

PROVISION FOR PAYMENT OF COMPENSATION FOR PROPERTY TAKEN FOR WAR PURPOSES

Hon. P. J. A. CARDIN (Acting Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the determination of compensation and the payment thereof for the requisition of vessels or aircraft or for the requirement of space or accommodation in vessels, requisitioned, acquired or required by or on behalf of his majesty under the War Measures Act, or any other act of the parliament of Canada.

He said: The purpose of the proposed bill is to establish certain rules in order to determine the indemnity to be paid for the acquiring or requisitioning of any vessel or aircraft by the crown for national defence purposes. At present there are no stated rules for the determination of what indemnity should be paid to the proprietor of a vessel taken over by the crown for national purposes. The main principle of the bill is to enact that the excess value of a vessel, attributable to war conditions, is not to be taken into consideration when the indemnity is being paid the proprietor. The second point is that no lump sum could be fixed for the acquisition of a vessel because we do not know exactly for what period the requisition will last. The bill therefore provides that compensation be paid monthly for the vessel that is to be requisitioned. These are the main points covered by the bill.

This bill will be almost an exact copy of a similar measure passed in the United Kingdom in 1939. The British act is much more extensive because it covers lands that are acquired for defence purposes. It relates also to vehicles of all sorts, whereas our bill is limited to the requisitioning of vessels and aircraft. In the event of any difficulty, according to the War Measures Act, the indemnity or price is to be fixed or determined by the Exchequer Court of Canada, but it was thought advisable to have these rules established by legislation instead of leaving them to the authority of order in council. These are the principal points of the bill which is to be introduced after the resolution is adopted.

Hon. R. B. HANSON (Leader of the Opposition): I appreciate the principles which [Mr. Church.]

the acting Minister of Justice (Mr. Cardin) is laying down for the committee, but I am wondering whether his first statement, that there are no rules providing for compensation for ships taken by the crown from the subject, is quite correct. I am referring to the requisitioning of ships not for a limited period of time but where the title is being taken, as I believe it is in certain instances.

I should have thought that as between the crown and the subject the principle was well established by the common law and that in the event of disagreement the matter might well be left to adjudication by the exchequer court in a case involving the crown in the right of Canada. The principle that the value of the ship taken is its market value at the time of appropriation is well established by numerous cases. What is the reason for the departure from that common law principle, which has obtained for many years, in peacetime as well as in war—only occasionally, of course, in war, though in peacetime it is certainly well established. Perhaps the intention is to override the principles of the common law and to ask the subject to take a lower price than he would have obtained if the matter had been left to the ordinary principles of the common law or to adjudication by the exchequer court, which of course is the crown court.

There may be very good reasons for change. It may be that cases have arisen which would suggest to the law officers of the crown, or to the members of the government itself—the Department of Justice, which is charged with the responsibility of looking after this sort of thing—that there should be a change in the law and the principles of compensation applicable thereto. But I think they ought to be very good reasons. The mere fact that we are at war is not in itself a sound reason why we should change the principle of the law. What is the actuating motive for changing a well-established principle of law which has been recognized for many years by judicial decisions?

I myself, in former years, have had a good deal of experience in matters of this sort, not in connection with ships but with land for public works and so forth, and I have always found that the exchequer court pretty largely defended the position of the crown and the treasury. Unless there is a really good reason for departure from a well-established legal principle, which reason I think ought to be stated either at this stage or later, I really see no necessity for that part of the bill which deals with the expropriation, shall I say, of ships where the title actually passes.

With respect to the payment for the acquisition of vessels or aircraft or for the acquire-

ment of space or accommodation in vessels requisitioned, acquired or required, the same principle in a lesser degree is applicable, but it may be desirable, much more desirable perhaps, to establish a scale based upon marine commercial usage for the use of these ships. Regard, however, ought to be had to any damage which through the necessities of war may accrue to the owner of a ship as a result of the requisitioning of the ship by the crown on an established route whereby a man's business is practically taken out of his own hands. Some reasonable arrangement should be made to protect the owner's position. This is quite serious legislation. Perhaps the minister, either at this stage or later, will deal with the two points to which I have referred.

Mr. CARDIN: The reason why the legislation was prepared and is proposed to parliament is that, according to the advice of the officers of the departments concerned, the Department of National Defence and the Department of Transport, there is no such thing at present in connection with vessels and aircraft as ordinary market value. Values of vessels and aircraft are at present upset by war conditions, in comparison with values in ordinary times. In fact the government is practically the only purchaser of vessels and aircraft just now.

Mr. HANSON (York-Sunbury): There is a principle that the value to be attached is not the value to the taker but the value to the owner at the time of the taking. That does not need to cause the government any embarrassment.

Mr. CARDIN: When the bill is brought down my hon. friend will see that every precaution is being taken not to cause any unfair treatment to owners.

Mr. HANSON (York-Sunbury): With that declaration I am content.

Mr. CHURCH: Would the minister change one word in the resolution? The resolution uses the word "vessels"; in maritime and admiralty law the word used is "ships," meaning any craft not propelled by oars. Would the minister have a statement ready about the number of vessels—

Mr. CARDIN: All kinds of vessels or boats are affected by this legislation.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. CHURCH: I object to the use of the word "vessels"; it is not a legal word. Moreover, there should be some explanation of the number of vessels on the great lakes that could have been used in this war but were

sold as scrap to the United States. Some went to Germany, some to Russia, some to Japan. A number of ships of the Canada Steamship Lines that were in Toronto harbour and other great lakes harbours and along the canal systems of this country since the war started were scrapped and the iron—pig and many other kinds of iron and base metals—shipped across the border, finally reaching our enemies. Ships of our own merchant marine that were built in Toronto and elsewhere at a cost of half or three-quarters of a million dollars were sold, some without tender, for very small amounts. These ships should have been used.

It was announced in the press on October 14 last that the Minister of Trade and Commerce or some other minister had agents, one a deputy minister, down in Washington seeing if they could get charter parties for certain vessels along the lakes, some of them of the whaleback type used on the lakes and the Atlantic coast, for use in the war. It is a strange situation, in view of the position Canada took at the last imperial conference in 1937: our empire with two thousand less ships to carry food than in 1914, and Canada sat back and did not do anything. When New Zealand and Australia wanted to do something Canada sat back and did not co-operate with Britain or the rest of the empire, with the result that we are without the necessary ships to operate during the war in the carrying of food to Britain. I raised this point two years ago, in requesting that we have a storage reservoir in England for food. Nothing was done.

Before the resolution passes we should have some survey presented to the committee showing what these ships are. There are several blank pages in the shipping list of Canadian ships of British registry. What has become of these? Many have been scrapped and sold and others are out of commission. Surely we are a nautical people, we have a new minister, a new department; the merchant marine has always been the backbone of the British navy to keep open our trade routes.

It is time that the province of Ontario had proper representation in the cabinet. We have three very good men, but there are others who might be there looking after Ontario and the shipping along the St. Lawrence and the great lakes and the Welland canal, which has a capacity larger than the Suez canal. We are not getting the returns from that canal that we should. The whole matter of shipping is wrapped up in this resolution, the whole principle and policy are involved. We should have some explanation from the government in this darkest hour of the war.

Compensation Act

Mr. CARDIN: Regarding the hon. member's dissatisfaction about the word "vessel", he will find in the bill that "vessel" means any ship or boat or any other description of vessel used or designed to be used in navigation. The term is sufficiently wide to cover all kinds of vessels and all kinds of boats.

In regard to the requisitioning of vessels by the Department of National Defence, I can only say that so far as I know they have requisitioned all the vessels they thought it desirable to requisition for the purposes of the war.

Regarding the other question, I am not so sure that it is within the purview of the Minister of Justice to answer it. At all events I shall try to supply the information asked for when we deal with the clauses of the bill.

Mr. GREEN: Apparently quite a number of boats were requisitioned shortly after the war broke out, and it is my understanding that there has been some provision under which the government has been compensating the owners of those boats. Could the minister tell us how that has been done? Also, unless he thinks the information should not be given, could he tell us approximately how many boats have been taken over, and the amount that has been paid to date to private owners for the use of those boats?

Mr. CARDIN: I will undertake to give that information when we are dealing with the clauses of the bill. At the moment I have not the information before me.

Mr. GREEN: Under what provision has the compensation been paid for the last ten months?

Mr. CARDIN: It is according to agreements between the officers of the crown and the proprietors of the vessels.

Mr. GREEN: Has there been a separate agreement with each owner?

Mr. CARDIN: Yes.

Mr. GREEN: There is no order in council or any governmental authority?

Mr. CARDIN: These agreements were covered by an order in council, but there is an agreement in each case.

Resolution reported, read the second time and concurred in. Mr. Cardin thereupon moved for leave to introduce Bill No. 123, respecting the payment of compensation for the taking of certain property for war purposes.

Motion agreed to and bill read the first time.

[Mr. Church.]

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS
MARKETS, EXISTING STOCKS AND HANDLING
OF 1940 CROP—INITIAL PAYMENT
OF 70 CENTS

Hon. J. A. MacKINNON (Minister of Trade and Commerce) moved the second reading of Bill No. 118, to amend the Canadian Wheat Board Act, 1935.

He said: Mr. Speaker, I do not intend at this time to make further remarks on this bill or on the amendments; I covered that pretty fully in speaking on the resolution. I am satisfied that I shall have ample opportunity to speak further when the bill is in committee. But I think it is proper at this time to refer to several amendments that will be introduced when the bill is in committee.

To begin with I propose submitting to the committee an amendment providing for the inclusion of the port of Vancouver as a grain shipping point in connection with the initial wheat payment.

An amendment will also be introduced to clear up an indefiniteness in connection with the processing tax. At the present time the wording seems to indicate, or at least permits the interpretation, that it would be the intention to pass the tax on to the bakers in full. This was not and is not the case. That point will be cleared up. There are three other amendments of a more or less minor nature in connection with the wording, and they will be considered when the bill is before the committee.

I believe it only fair to myself and to the government to say at this time that in addition to these amendments the matter of financing the portions of the grain which necessarily will be retained in the farmers' own granaries has been receiving our serious consideration. We fully recognize the seriousness of this matter, as applied to the economic life of all Canada, if some means is not arrived at of liquidating at least to a certain extent these vast amounts of grain which will be left in storage in farmers' granaries and on which, at this time, in the great majority of instances he is unable to realize. Unless something is done to make available to the farmer more money than, owing to elevator capacity conditions, he can obtain from his first deliveries, there will be widespread suffering, and there would be widespread necessity for relief.

In our opinion a farmer must be able to get from the grain in storage on his farm sufficient to take care of the taxes he wishes to pay. I know he wants to pay those taxes to maintain the system of municipal government obtaining throughout western Canada.

Should this not be made possible there would be widespread distress not only in the towns and villages but throughout the farming districts. In this way the farmers would be enabled to make payments on certain liabilities recognized by them and which they are anxious to liquidate as soon as possible. This will make possible the carrying on of trade and commerce, in the usual way, throughout the western country.

Numerous suggestions have been made as to the best method of providing this assistance to the farmers who have grain in enforced storage on their own farms. We have received many representations, and many conferences have been held. Others have been arranged. Our anxiety is to arrive at some fair method of releasing at least in part the purchasing value of the wheat which otherwise would remain a frozen asset on the farms.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, the brief statement the Minister of Trade and Commerce (Mr. MacKinnon) has just given to the house and country indicates better than anything I can say the absolute lack of policy on the part of this government, over a long period of time, in dealing with what I consider to be one of the major domestic problems of Canada. The fact that there will be a great carry-over, and that there will be a heavy crop—perhaps not as heavy as some people have anticipated—has been known to the ministry for many weeks. Now, in the last days of this session, we have had brought down and laid on the table of the house a bill which would seem to attempt to deal with an emergency condition. It is a measure which, we are now told by the minister, at least by implication and inference, was ill-digested, ill-considered and incomplete. I do not congratulate the government on its method, up to date, of handling this problem. Later I shall have something to say respecting the present-day conditions of this problem.

I believe I may be pardoned if I take a few minutes of the time of the house, even at this late hour of the session, to review briefly, as I see it, the position of wheat in Canada. Ever since I was a boy I have read about the romance of wheat in western Canada—and it has been a real romance. No other country in the world, in such a comparatively brief and limited period of time, has made such strides in the production of a great stable and basic commodity. The story of wheat in the three western provinces of Canada is unequalled in the history of production. It is a drama which has been unfolded scene by scene, act by act, over a substantial period of time. Watching that drama we have seen billions of dollars in new

wealth created in the prairie provinces, to the benefit not only of the producers themselves, and their immediate communities, but to the great benefit, I am bound to say, of eastern Canada as well.

This is a huge subject, and I do not intend to take up the time of the house to traverse the whole position in respect to wheat. I came to the house nearly twenty years ago, and one of the first debates to which I listened was on the subject of wheat. During all the intervening years, save and except a few when I was living in retirement, I heard about wheat. What a transition there has been in that story!

Let your minds go back to the session of 1922. In those days I sat in the seat now occupied by the hon. member for Prince Edward-Lennox (Mr. Tustin).

Mr. POTTIER: Too far back.

Mr. HANSON (York-Sunbury): While sitting there I heard the story of wheat, with relation to freight rates. At that time the present minister of Mines and Resources (Mr. Crerar) was leader of the progressive party and sat about where the leader of the Cooperative Commonwealth Federation is now placed.

Mr. CRERAR: Not so far down.

Mr. HANSON (York-Sunbury): But in the front row, as the leader of that party. The Prime Minister (Mr. Mackenzie King) sat where he sits to-day. He was in office, but he was without power. For four long years he was kept in office by playing one party against the other.

Mr. MACKENZIE KING: That is not true. He was kept in office by virtue of his majority in the House of Commons.

Mr. HANSON (York-Sunbury): No, he was not kept in office by virtue of his majority in the House of Commons. He was kept in office by virtue of his astute political ability to play one party against the other.

Mr. MACKENZIE KING: Quite wrong.

Mr. HANSON (York-Sunbury): That is the verdict of history. The right hon. gentleman will have his opportunity to speak on the point, and I mention it only as a passing phase of the situation. I well remember that on the question of freight rates the government of that day had no policy. They referred the whole matter to a committee. If that committee had been left untrammelled perhaps a different position would have been taken. But I shall not traverse that ground again.

I remember the debates which took place in the house in the days when a gentleman

who was then the member for Melville was Minister of Agriculture. I refer to Mr. Motherwell, a gentleman for whom I have the highest regard. I hope he is well. We miss him in this house; I do at least, and I assume the government does. He had a large practical knowledge of agriculture, and he was also an astute politician. He had made a study of agricultural conditions in Canada and had a personal knowledge of this industry which was not equalled by many. I can remember the discussions which took place with respect to elevators, the storage of grain and the charges placed upon the farmers by reason of the operations of the middlemen—and I am not using that term in any offensive way.

I want to view this matter as dispassionately as I possibly can. As a Canadian, as one who has looked upon this matter in days gone by, as one who has tried to visualize conditions as they exist to-day, I want to say to the government and to the country that while this legislation may be viewed as being in favour of a particular section or a particular class, we should decide now that not one kernel of this wheat should be allowed to be destroyed. Wheat is the staff of life. We are at war, and what follows war? Famine follows war, and pestilence follows famine. If these things are allowed to exist, we will have more world hate. We in Canada with this great store of golden grain will be in a position, provided conditions are made right, to help save suffering humanity. That may be Canada's great contribution. This should be one of the ultimate objectives of this country, and it is one of the reasons why the credit of the country should be placed behind this position.

As to the manner and method of carrying this out, these are matters which will be subject to differences of opinion. But we should strive to achieve the ultimate end. Eastern Canada will be ready to bear its share of the load. With few exceptions, it has borne its share in the past. There can be no great prosperity in eastern Canada unless we have a prosperous west, a prosperous Pacific coast and prosperous maritime provinces. We must look at the picture in as broad a manner as possible. I have always viewed sympathetically any efforts which have been made to remedy conditions in the prairie provinces, especially those brought about by drought. I have done this on the theory that a portion of Canada which in a normal year can produce a billion dollars' worth of new wealth is worth trying to save. I have never altered my outlook in that regard. That was the view taken by my leader between 1930 and 1935, and I heard him give utterance to it on more than one

[Mr. R. B. Hanson.]

occasion. It did him the greatest credit, but I am afraid that his labours were not requited by the people for whom he strove the hardest.

I can remember hearing the story of the marketing of our wheat, the rise of the cooperatives and the pools, the history of the Winnipeg grain exchange and the details of the antagonisms which have developed from time to time between the established channels of trade, as represented by the grain dealers in Winnipeg, and the cooperative marketing organizations. I recall the efforts that were made before, at and after 1930 to establish new channels of trade. There had been over-production in Europe, in Australia and in the Argentine, and the question of surplus grains came to the forefront. I recollect the honest attempts which were made at the world wheat conference to limit production, and I recall how they failed. May I say one word, not as one who holds himself capable of giving advice to the western producer, for I do not consider myself to be an expert, but as an intelligent observer—unless conditions change, unless outlets are found for our surplus of this great staple commodity, the people of western Canada will have to consider altering their whole economy. In a word, we have passed from the drama of wealth and prosperity and happiness in the grain trade to the tragedy of to-day.

Unpeg the price of wheat and what will happen? In 1933 the price of wheat fell to what I was told was the lowest price in four hundred years. Conditions to-day in connection with marketing are not nearly as good as they were in 1933. Take away from the wheat market the support of the treasury of Canada and it is my considered opinion, based upon the advice of the best experts I have been able to consult, that the price of wheat will fall to nothing. There is practically no market to-day for wheat save and except for domestic consumption and the British cereals board. This is not an extreme statement; it may not be quite true to say that there is no market for a certain commodity. I think economically there is always a market, but that market may become so narrow, so infinitesimal, that it can really be said that there is no market. I am afraid that that would be the position if the credit of the country were not behind this staple.

What about the position of our coarse grains? I am told that there is no market whatever for our coarse grains, and that in some cases even the cost of harvesting will not be realized. That also may be an extreme statement to make, I do not know. I do not profess to be an expert; this is simply what

I have been told. I mention these things—I hope I am not exaggerating—simply to emphasize the point that the wheat business in Canada has reached a tragic stage. It has been a progressive retrogression, has it not? I remember that in the years between 1930 and 1935 the wheat pools of the three prairie provinces, which had been financed in the major operations they undertook for the selling of our grain, reached the stage—by some process into which I am not going now but with respect to which I do think I have some knowledge and opinion—where they endeavoured to travel outside the established channels of trade both in Canada and, particularly, in Europe. Whether they decided rightly or wrongly, I do not condemn their judgment. They were endeavouring I think to eliminate the profits of those who stood between the producer and the consumer; and if that were their objective who shall say that it was unworthy?

But time went on and credit failed them. The credit of the prairie provinces was no longer acceptable to those who had been financing their wheat marketing operations, and so the time came when the west had to come to eastern Canada and ask that new conditions be set up. I remember when Mr. John I. McFarland was asked by the wheat pools to come into the picture and become selling agent for our surplus wheat. I venture to submit that throughout the whole of western Canada no more loyal or abler man could have been found for the position, and for three years or thereabouts Mr. McFarland served Canada. He served the wheat producers, he served the pools, he served the banks which had their money invested in this great stable commodity, with as great a degree of ability as any single individual could have served those interests in Canada, and without a single dollar of compensation.

Rightly or wrongly, on a declining market the speculator receded into the distance, and the Winnipeg grain exchange practically ceased to function. The futures market which in normal times had been found by Sir Josiah Stamp as a result of his investigations to serve a useful purpose in our grain trade business failed; the time arrived when the selling agency, with the support of the federal treasury, found itself the potential owner of every bushel of wheat in Canada, and the principle was adopted which will be found in the operation of the wheat board act with respect to the surplus that is now in Canada,

together with the incoming crop if we give effect to this legislation. The difference is in method only; the actualities are the same.

I well remember how at first in western Canada the advice was given not to sell our wheat at a fire sale, but later there were certain elements in this country who sought to reverse that policy and demanded that our wheat should be sold and the surplus cleared off, the country taking the loss. That policy prevailed in the end. Time has shown that the policy of selling our wheat at a fire sale was a mistake. Canada did not lose as much as I had anticipated it would lose after 1935, but if the policy of John I. McFarland had been continued this country and the producers of this country would have made millions more than they did.

Now I come down to the summer of 1935. In the session of 1935 this parliament embarked on a new departure and enacted the Canadian Wheat Board Act. While hon. gentlemen opposite were hostile to the principle of the act, they did not go so far as to vote against the principle but they asked that the legislation be referred to a special committee of this house, for the purpose of procuring information. That was done, and when the report of the committee came back into the house the bill was put through with the consent I think of hon. gentlemen opposite but with the reservation that the act should be effective for a limited period of time—at the moment I do not recall just how long, and I have not looked it up. That was done in the spring of 1935. Previous to that, in the session of 1934, there had been an investigation before the banking and commerce committee. Charges or statements in the nature of charges that the country was speculating in wheat had been made by certain members of this house, notably I think by the member for Quebec South (Mr. Power) who is now the Minister of National Defence for Air. The banking and commerce committee held an investigation and I well remember Mr. McFarland appearing before the committee. Statements were made, and to the credit of certain western Liberals be it said that they supported the position taken by Mr. McFarland, and the charges were proved to be nothing but a mare's nest.

Then came prorogation. August came, and in that same year, after the Canadian Wheat Board Act had been passed, the government of the day set up a wheat board, and Mr. McFarland, much against his will I believe, was induced to become chairman of the board. Two other gentlemen from western Canada well versed in the marketing of wheat, were

Canadian Wheat Board

appointed as his associates and they took over the functions of the wheat marketing board as provided in the act.

Then came the election. Then came the defeat of the government. Then came the establishment of a new government led by my right hon. friend (Mr. Mackenzie King) and including the Minister of Mines and Resources (Mr. Crerar). On the 3rd day of December, 1935, on the advice of the then minister of trade and commerce, Mr. Euler, member at that time for Waterloo North, an order in council was passed to which I desire to direct the attention of the house. It was P.C. 3756, and it reads:

The committee of the privy council have had before them a report, dated 3rd December, 1935, from the Minister of Trade and Commerce—

—who has now escaped from the deluge of this wheat problem, along with his colleague the Minister of National War Services (Mr. Gardiner), who also is escaping from the office of Minister of Agriculture.

Mr. MACDONALD (Brantford City): He is still the minister.

Mr. HANSON (York-Sunbury): But only for a limited period; he will be out of agriculture before the tragedy of this thing is borne in upon the Canadian people.

Mr. MACDONALD (Brantford City): He has never run away from anything yet.

Mr. HANSON (York-Sunbury): Well, he is running away from this; at all events he is getting out from under.

Mr. GARDINER: I may be here when you are through.

Mr. HANSON (York-Sunbury): That is probably true. I don't expect to spend the rest of my days here. The hon. gentleman is a professional politician and I am not.

Mr. GARDINER: Let me say—

Mr. HANSON (York-Sunbury): Will the hon. gentleman be good enough to resume his seat and allow me to continue my speech?

Mr. GARDINER: I am only referring to the hon. gentleman's speech—I shall be here after he is through.

Mr. HANSON (York-Sunbury): That won't be long.

Mr. ROWE: The minister may still escape the deluge.

Mr. HANSON (York-Sunbury): Let me proceed, then, after that little interlude:

. . . a report . . . from the Minister of Trade and Commerce, stating that the problem of the marketing of the Canadian wheat surplus—

[Mr. R. B. Hanson.]

And it was a substantial surplus. What did it amount to? I pause to make an examination of what the surplus was. At the end of the crop year of 1935 the Canadian carryover, on August 1, 1935, was exactly 213,000,000 bushels, and the crop in sight was 282,000,000 bushels. The carryover, in other words, was a little more than the average carryover.

Mr. CRERAR: Oh, no.

Mr. HANSON (York-Sunbury): A little more than the average carryover which the trade itself in normal times could have carried with great safety; and the crop, I suggest, was below the average.

—the problem of the marketing of the Canadian wheat surplus has been engaging the earnest attention of the subcommittee of the privy council, consisting of—

Whom? The Minister of Trade and Commerce, the Minister of Agriculture, the Minister of the Interior—now the Minister of Mines and Resources—the Minister of Finance.

. . . which subcommittee was authorized to review and advise upon the operations of the Canadian wheat board.

The minister further states that his opinion, concurred in by the other members of the aforesaid subcommittee,—

Those are the gentlemen to whom I have alluded, two of whom are still in the ministry.

—is that a definite and persistent resistance against the sale of Canadian wheat has existed and now exists in the world markets, which resistance is based on antagonism to the members of the present Canadian wheat board.

I suggest to the house and the country that that is an absolutely false statement. It may be a matter of argument, but as a statement of fact it is not true. It was unworthy of the gentleman who promulgated the statement, and should never have been embalmed in an order in council. It is wholly a matter of argument whether the policy which the board had adopted with respect to the sale of Canada's wheat surplus was sound or unsound. The fact of the matter is that the policy was based on this principle, that there should not be a fire sale of Canada's wheat; and history, the immediate history of the succeeding years, proved that their policy was absolutely sound. I believe that that is generally admitted. There was a great scarcity of wheat in other exporting countries; Canada had that surplus, and if she had held it just a few weeks or a few months longer it would have brought in \$50,000,000 more than it brought in. I say, \$50,000,000: That figure may be exaggerated. But I am safe in asserting that it would have brought in substantially more than it did bring in to the Canadian wheat board, which would have redounded to the benefit of the Canadian farmer.

Mr. CRERAR: I dislike to interrupt my hon. friend, but may I ask him a question?

Mr. HANSON (York-Sunbury): Yes.

Mr. CRERAR: He has stated that the surplus at the end of July, 1935, was 213,000,000 bushels.

Mr. HANSON (York-Sunbury): Yes.

Some hon. MEMBERS: Louder.

Mr. CRERAR: The leader of the opposition stated a moment ago that the surplus at the end of July, 1935, was 213,000,000 bushels. The surplus I anticipate at the end of the present crop year, that is as of yesterday, will exceed that figure possibly by 40,000,000 or 50,000,000 bushels, possibly more. Now would my hon. friend, who is criticizing the wheat board headed by Mr. Murray at the end of 1935 for taking steps to get rid of a surplus which he thinks should have been held so that it would have realized many millions of dollars more, recommend the same policy to-day?

Mr. HANSON (York-Sunbury): I do not see the point of the interruption. If the hon. gentleman sees it—it is too fine for me to see—he may make whatever he likes out of it. I say that the surplus at the end of the crop year, according to the information I have and which I believe to be authentic, for it was given to me by a man who ought to know, who was handling the wheat at the time, was 213,000,000 bushels.

Mr. CRERAR: That is correct.

Mr. HANSON (York-Sunbury): Well, then, I do not see the point of my hon. friend's interruption. I have not been able to get up-to-the-minute figures—the minister is in a position to get them—but I understand that the carryover to-day is greatly in excess of that amount, and that the storage capacity is more limited because of the existence in Canada of British-bought wheat which has not been taken out of Canada and which is not included in the present carry-over.

Mr. ROSS (Moose Jaw): Oh, yes.

Mr. HANSON (York-Sunbury): I am subject to correction, of course, on the details of bushelage, because I have not access to definite information as to the situation on this first day of August, 1940. I do not suppose that as yet anybody has accurate information; it will probably be forthcoming in the course of a few days; but I do say that the carryover as of August 1, 1935, was not as great as the carryover to-day, and that is the only point I am making at the moment.

Now I have said all I desire to say with regard to that paragraph of the order in council, which in my view contains the false statement that the resistance against sale of Canadian wheat was based on an antagonism to the members of the then Canadian wheat board.

I do not doubt in the least that in certain places in Canada there was antagonism to these gentlemen; there was antagonism to them on the part of those who were not sympathetic to this legislation, and many others, including the members of the Liberal party in this house at the time. If you want any evidence of it, let me page the hon. member for Portage la Prairie (Mr. Leader). In the remarks he made the other day he told the government very frankly that the Liberal party in Canada was not favourably disposed to the principle of the wheat board and the wheat board legislation. I am not going to ask for any further evidence than that. Internal evidence is always better than external evidence. Here is a man who is himself a producer and a member of the Liberal party. He knows what is the attitude of the Liberal party with respect to this matter. I am content to leave the issue between him and his leader.

Mr. DOUGLAS (Weyburn): Mr. Motherwell said the same thing.

Mr. HANSON (York-Sunbury): Yes, and it is, I believe, the view generally entertained by the producers of western Canada, that the Liberal party is antagonistic to the operations and to the principle of the wheat board act, a principle which they themselves have adopted in the last few months. If they were a party of principle instead of a party of expediency they would repeal the wheat board act, but they will never do it because they know, so far as western Canada is concerned, that for them, after that would be the deluge.

Mr. DOUGLAS (Weyburn): And they are coming into it.

Mr. ROSS (Moose Jaw): That is what the hon. member said last year.

Mr. HANSON (York-Sunbury): I am not so optimistic. I have run too many elections for that. I watched the Canadian electorate operate in 1926 at a time when I thought that the Conservative party would sweep this country, on the heels of the greatest scandal the country had ever seen. I remember the Prime Minister putting over his constitutional farce, shall I say—or shall I be out of order if I use that word?

Some hon. MEMBERS: Order.

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Mr. HANSON (York-Sunbury): Well, smoke-screen; perhaps that is better.

Mr. MACKENZIE KING: I got down to fundamentals.

Mr. HANSON (York-Sunbury): I always deal with fundamentals.

Mr. MACKENZIE KING: I say I got down to fundamentals.

Mr. HANSON (York-Sunbury): I want to say that no greater smoke-screen was ever put forward before the Canadian people than that.

Mr. MACKENZIE KING: The people did not so regard it.

Mr. HANSON (York-Sunbury): That is always the answer, so I am not—

Some hon. MEMBERS: Order.

Mr. HANSON (York-Sunbury): Just hold yourself in peace, my friends. One at a time. I am willing to take on any of you one at a time, but I confess frankly I cannot take on more than one at a time. I am not so sure that democracy is always right, you know; and I am not so sure that the Canadian people, especially the people in the Canadian northwest—

Mr. MACKENZIE KING: I have great faith both in democracy and in the people.

Mr. HANSON (York-Sunbury): Yes, I understand that. I should like to say to the Prime Minister that before he shuffles off this mortal coil, after the way he has handled this war effort, the Canadian people will look after him.

Mr. MACKENZIE KING: Well now, Mr. Chairman,—

Mr. HANSON (York-Sunbury): You invited that.

Mr. MACKENZIE KING: I should like to know what my hon. friend means by that insinuation.

Mr. HANSON (York-Sunbury): I will tell you what I mean.

Mr. MACKENZIE KING: I have been giving the best of my life, my thought and work to the service of the country, the war effort of the country, and if my hon. friend has any indictment to make against me in connection with it I wish he would state it specifically at once and let the people know, or withdraw that statement.

Mr. HANSON (York-Sunbury): I have been trying to indict the government the whole session; the public press has been trying to

[Mr. R. B. Hanson.]

indict the government the whole session; nearly every great metropolitan newspaper in Canada has been indicting the government for its lack of war effort.

Mr. MACKENZIE KING: And the people of the country are behind this government.

Mr. HANSON (York-Sunbury): I do not believe it. However, I will not be diverted from my argument by any such cross fire. The Prime Minister always falls back on the election.

Mr. MACKENZIE KING: He always falls back on the people from whom he gets his authority.

Mr. HANSON (York-Sunbury): Let me get back to the order in council.

An hon. MEMBER: You are better when you are talking wheat.

Mr. HANSON (York-Sunbury): I wish to call the attention of hon. gentlemen to the wording of the next clause. I cannot believe that the Prime Minister ever saw this order in council or he would never have allowed it to go into the records of this country. It reads:

The minister is of opinion that it is inimical to the best interests of Canada in the circumstances that the present members of the Canadian wheat board should continue in office and, therefore, recommends that the said members—

Naming them.
—be retired.

Now, what does "inimical" mean? It means hostile, unfriendly—I can give half a dozen synonymous terms. Will any man in this house say that John I. McFarland and his associates were hostile or unfriendly to the best interests of Canada? That is what it means. These are the words which the hon. gentleman who has escaped from his place and taken refuge in the other chamber put into the order in council, acquiesced in by hon. gentlemen who are here to-day, in an endeavour to destroy a great Canadian citizen. I do not believe that these gentlemen in their hearts agree that that was a correct term to apply to Mr. John I. McFarland. I do not believe that these gentlemen, if they were doing it again in the calm light of time, would use that word with reference to Mr. John I. McFarland. I have every reason to believe that Mr. McFarland is one of the most outstanding citizens of the Canadian northwest and that he is held in the highest esteem by his fellow citizens. Only a year ago he was asked by the pool, at a time when there was danger of this wheat board legislation being repudiated by this government, to speak on their behalf to the

people of the northwest for the preservation of this system of marketing. I think that the least this government could do, the least the Prime Minister could do as President of the Privy Council, the least that the Minister of Mines and Resources could do, as a man who has known John I. McFarland for many more years than I have known him, is to take such steps as to rectify what I consider a great human injustice. That is all I am going to say about that.

These gentlemen were released from their positions, so far as they were concerned, without regret, except for the inclusion in that order in council of that one word which cast a reflection upon them, and upon their children and their children's children, embalmed in the history of the country. Who would not object to the like of that? Other gentlemen were appointed. I do not know them, but I assume that they were friends of the government; I assume too that they were men who were qualified and capable as grain dealers, who understood the problems of western Canada. But they were men who were put there to carry out the ideas of the government, not their own ideas, and that was that there should be a fire sale of Canada's surplus wheat. And that fire sale took place.

An hon. MEMBER: Not at all.

Mr. HANSON (York-Sunbury): Pretty much so. It was announced; I remember that. I was not paying very much attention to party politics in the fall of 1935. I was so delighted to get rid of the job that I got out of Canada for a holiday as quickly as I could, but I followed the public press.

Mr. EVANS: You were sick of being beaten.

Mr. HANSON (York-Sunbury): I am not sick of being beaten; I can take it like anybody else. But as a rule, I want to tell the hon. gentleman, the men who came up against me in days gone by lost their deposits. Therefore let us not get into that sort of thing. I shall get through much sooner if hon. gentlemen leave me alone.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. HANSON (York-Sunbury): Mr. Speaker, when the house rose I had about completed my references to the order in council of December 3, 1935. Pursuing this topic of wheat in purely chronological order I should have referred earlier to the European situation after the great war. Reference is made in the order in council to the resistance to the purchase

of our wheat by foreign countries, and, in my opinion, quite improperly, the blame was laid at the feet of three men. I do not for a moment accept that proposition. I think the fundamental reason for the resistance by Europe to the purchase of our wheat is to be found in what occurred during the great war. There was not control of prices during the great war, certainly not in Canada with respect to wheat until a very late date. There was no control in the United States with respect to wheat, at least until the entry of that country into the war. There never was any control with respect to Argentine wheat, and, as I recollect, very little with respect to Australian wheat and wheat from other nations.

What was the result? The world witnessed during the great war a succession of rising prices for wheat, with the result that the warring nations of Europe and the neutral nations of Europe were obliged to pay huge prices for the staff of life. And there arose, in Europe especially, a policy of economic self-sufficiency in order that never again would the European nations be obliged to pay ransom to anyone for the staff of life. France, Italy, Germany and other nations encouraged the production of wheat, often uneconomically I think, but that was the trend of opinion in those countries. The result was that there was from time to time a marked diminution in the demand for our primary staple product of wheat. That is the fundamental reason why there was a decline in the demand for our wheat.

All nations have attempted to do this thing with respect to one commodity or another. Take the question of sugar in the old country. Sugar is not a crop indigenous to the old country, yet they raise beet sugar, and the government of the old country for years, up to the beginning of this war—I do not know what the position is to-day—have been bonusing their own beet sugar producers, to the detriment, be it said, of their colonies in the West Indies. I happen to know a little about that; I have seen some of the effects of it. If you travelled to Barbadoes or to Trinidad you would have seen in the last decade the effect of that policy. That was a world trend, but primarily it was based on the fact that the European nations intended never again, so far as they could, up to a certain limited point if you will, to have to pay ransom for food.

That idea is the most striking economic factor resulting from what happened during the last war. There was of course resistance from the established channels of trade in the United Kingdom and in France. Anyone who

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has taken the time to investigate the conditions over there will realize the strength of the grip, if I may so call it, of the grain trade and the distribution of grain in the mother country and in France. I need not go further into that aspect except to say that for all the period after the war the grain trade was in a buyer's market and not a seller's market, and under such conditions the buyer inevitably is bound to dictate more or less not only prices but conditions. I think that is axiomatic. Only once in a while the primary producer finds himself in what may be termed a seller's market; nine times out of ten over-production results in a buyer's market.

I do not wish to delay the house unduly; therefore I pass on to a consideration of the marketing of our crop subsequent to the change of government and the introduction of new personnel into the wheat board. I shall not dwell upon the crop years 1935-36 and 1936-37, but I come to the season of 1938-39, the season ended just a year ago. In that year, from August 1, 1938, to July 31, 1939, this country exported only 166 million bushels of wheat, at a low average price of 60 cents a bushel. Canada, I am informed, was left with a carryover of 102 million bushels. The war, to which I shall presently refer as to its effects on the wheat trade, has not lessened Canada's exports. This is evidenced by the fact that up to the middle of July of this year Canada had exported about 190 million bushels of wheat and wheat flour. Canada therefore, since the war began has exported somewhere around 25 million bushels more than she did in the last pre-war year. And she sold that wheat at higher prices because of the war. I think that is a fair statement of the position.

It will not do to say that the wheat blockade in Canada, the wheat debacle if you wish, is due to the war. I suggest that it is quite false to say so. I suggest that had there been no war in the crop year 1939-40 this country would have exported probably no more, certainly not in excess of 25 million bushels more, than we exported last year. If there had been no war Australia would have exported her wheat, and that would have prevented Canada from doing any more than we have already done. I do not think that the responsibility for the present position can be laid on the war; in fact the responsibility goes back to the failure to export all the wheat crop in 1938 and 1939. That is where the present position begins. With a carryover last year of 102,000,000 bushels, plus a crop of 489,000,000 bushels, making available 591,000,000 bushels as of August 1

[Mr. R. B. Hanson.]

last, war or no war we are bound to have a record carryover, due to the failure to export in that crop year.

What is the record of the carryover? I have seen it estimated as low as 250,000,000 bushels. I have seen it estimated as high as 285,000,000 bushels. I think it is fair to suggest, without the exact figures before us, that as of this date we shall have a carryover of at least 275,000,000 bushels. Then, in the meantime, during the last crop year what was the attitude of the Minister of Agriculture and of the administration? If I correctly interpreted it, the attitude was that farmers in this country should be invited to produce more, because there was a war, and that they would sell more and thereby get more money for their crops. Certainly there was no suggestion of any restrictions. If so I have never heard it. I have never heard it officially suggested by the Minister of Agriculture or in any other way that there should be any restrictions on production.

As a matter of fact it seems to me the attitude of the government was that because there was a war Canada should therefore raise more wheat, that there should be more production, that we would sell more wheat and get more money for it. I suggest that correctly interprets the policy of the government.

Well, war came. The British government set up an allied commission to buy wheat. Why was not more wheat sold in the fall of 1939 and at a price which, I venture to say, would have been infinitely higher than the 70-cent pegged price of to-day? The hon. member for Churchill (Mr. Crerar) went to Europe in the autumn of last year, ostensibly to consult with the British government with respect to the war efforts. But as I understand it one of the objects of that mission was to deal with the marketing of Canada's surplus wheat. When he rises to speak he will correct me if I am wrong. I have no doubt he did discuss with the British government, and with others in authority on the other side, this very position.

There was some movement of our wheat. For a time prices did go up. But we did not sell the crop. We did not sell the surplus which I have estimated at 275,000,000 bushels. Why? I should like to know why.

Mr. MACDONALD (Brantford City): You cannot force them to buy.

Mr. HANSON (York-Sunbury): My hon. friend from Brantford will be good enough to hold his patience a little bit. I am addressing a question to a minister, which I am entitled to do. It is from him I am inviting the

answer, and not from the hon. member from Brantford City—and I say that with all due respect.

Mr. MACDONALD (Brantford City): I was not suggesting it in a critical way.

Mr. HANSON (York-Sunbury): But the interruption tends to throw a man off his argument. If the hon. member will be good enough to permit me to proceed I shall soon have finished.

I invite the Minister of Mines and Resources (Mr. Crerar) to tell us the result of his mission so far as wheat was concerned. I have heard it stated—and I do not say it is a fact—that this country could have sold early last fall the major part of the surplus of 275,000,000 bushels, not only at a price which would have been profitable to the farmers of Canada, but at a price which would have yielded a much greater margin of return than the pegged price of 70 cents of to-day. I invite him to tell the country, because the country has a right to know, what he did last autumn with regard to the sale of our wheat. What were the conversations? What steps, if any, were taken by the government, by the British cereals committee or the British authorities? What was the position of Canada? What price was asked? What quantities were talked about? We must remember that at that time France was an active belligerent, with money with which to buy. England had money with which to buy. On account of the lack of production of wheat in their own countries, between the two of them they needed surplus wheat, whether it was stored in Canada, or the United States, or wherever it was stored. That is the position the minister ought to clarify. And he will have to do it before the Canadian people will be satisfied.

What has been the result of that failure to clear up the position? The result is that if we add the carryover to this year's wheat crop, which is estimated at 400,000,000 bushels—perhaps it will not be that much—certainly the two together will exceed 600,000,000 bushels. And where is it to be disposed of?

I am told that in a normal year Canada will consume 50,000,000 bushels for bread and breadstuffs. That may or may not be an accurate estimate, but it comes from those who ought to know. In addition to that there is an amount for seed, and a further amount for feed. We will place that amount at 75,000,000 bushels more, making a total of 125,000,000 bushels. There is the further fact that Great Britain has pushed through an order in council, or an authoritative decree, whichever you wish to call it, that British bread

shall have a 60 per cent content. The normal consumption in the United Kingdom of any wheat is placed at 200,000,000 bushels per annum. Sixty per cent of that gives the figure of 120,000,000 bushels. If we add that to the local consumption in Canada we have a total of 245,000,000 bushels—in other words, not enough to take care of this year's carryover. We are going to be left in Canada with inadequate storage facilities, and wheat at least in excess of 400,000,000 bushels. That is the position which to-day confronts the government and the country.

What are we to do about it? I have stated my belief that not a kernel of this wheat should be destroyed. I repeat that not a kernel of it should be destroyed. Efforts should be made to house the crop.

I turn now to the proposals of the Minister of Trade and Commerce as contained in his statement on the resolution. Those proposals are amplified in the bill now before us. What are the minister's proposals? Well, from time to time they have changed, in a degree; and possibly before the bill passes they will be changed again, in other details—although not in principle—all of which shows that at least in my opinion the government have not given adequate consideration to the whole problem, long as they have pondered it.

The first proposal is that the producer is to be able to deliver a portion of his crop at the outset, the amount to be delivered to be based on the total available supplies of wheat, and the available storage. Of course that is in the interests of the producer. How it will work out depends entirely on how much each producer is able to deliver. As I understand it the producers must have cash. This is their one cash crop. As has been stated more than once by the hon. member for Souris (Mr. Ross), heretofore a bin of golden wheat was as good as money in the bank. That is not true to-day. It merely emphasizes the tragedy of the position.

The second proposal is that an allowance shall be made to the producer to compensate him for the cost of storing wheat on his own farm. That idea is not original with this government. The hon. member for Qu'Appelle (Mr. Perley) advocated this session that that be done, and he has advocated it on previous occasions. I am glad to see that the government are heeding his suggestion. This will not be accomplished without difficulty. Aside altogether from the question of the availability of storage in home bins, what is the government going to do about protecting the position of the treasury in this regard? Our farmers of western Canada are just as honest and just as honourable as are farmers anywhere else,

but the treasury must be protected and adequate machinery should be provided to safeguard the position in connection with these advances.

Whose money is to be advanced? It is not to be the money of the members of the Winnipeg grain exchange. They recede from the picture whenever there is a prospect of loss. I am not throwing any stones at those gentlemen now or at any other time; I know some of them and they are fine business men, but they are business men and their primary motive is the profit motive. They are not seeking losses. They are not going to put in any money when there is a danger of loss. They and the speculators who go to make up the whole system of dealing in futures go out of the picture once a loss is possible. Once adverse conditions appear, the normal trading facilities simply are wiped out. It will be the public's money that will be paid out. This government are the guardians of the treasury for the people of Canada, and the proper facilities ought to be set up.

What legal arrangements are being made to protect the public treasury? How are we going to police this grant? These are pertinent questions which I think the Minister of Trade and Commerce or some of his colleagues should answer. They should clarify the position in connection with the protection to be provided against these advances. Advances must be made for the reason given by the minister and for the reasons which must be present in the mind of every hon. member. We all realize that this is the one cash crop of the western farmer. He must have money to harvest his crop, he must have money to pay his taxes, he must have money to pay the interest on his mortgage if he is unfortunate enough to have one, and he must have money to pay the grocer, the butcher and the candlestick maker. There is only one source from which it can be obtained, the public treasury.

We have not been told about this. I do not know what proposals the government are making. So far as I can see, they are not in the bill. How are these advances to be made? I invite the ministry to tell us that. There is a school of public opinion in eastern Canada which is against all this. I hold the view that it is not a large school during this time of national crisis, but there has always been some feeling that trade should be allowed to take its ordinary course. I am not advocating that; for the time being I am advocating protection for the producers and protection for the crop in the hope that sooner or later the position will be straightened out without this country being saddled with too much in the way of cost.

[Mr. R. B. Hanson.]

If there are any believers in free trade across the chamber I know they will disagree in theory with that statement, but in practice they will follow it. I am not going to attempt a dissertation of free trade or laissez-faire theories. We must be realistic and practical. We are faced with a condition, not a theory, and it is a pretty serious condition. We are about to pledge the treasury of Canada for the entire wheat crop at a pegged price of 70 cents a bushel, plus all storage and other charges which may accrue until the crop is sold and delivered overseas or wherever it may go. This is being done without any real prospect of marketing this crop at the moment. I invite the minister to tell us how he is going to protect the public treasury on these advances to the primary producer. I think we all agree that they must be made if these people are to survive the coming winter. How is the government going to do it? I am not sufficiently versed in the grain trade to offer a solution, but I have a suggestion to make. The government should avoid creating a multiplicity of inspectors, most of whom I am afraid will be political appointees, and be prepared to take from reputable farmers and other producers in the west documents which will transfer to the wheat board, acting for the crown, the title to their wheat.

I make this suggestion as a lawyer. I have no doubt that it can be done, and the legal officers of the department and the wheat board can advise the government accordingly. This is a matter of property and civil rights and as such would be in the jurisdiction of the provinces, but the country is at war and under the War Measures Act the government has overriding powers for the duration of the war. It is thus enabled to overcome any provincial legislation which might operate against this position. I think this is a constructive suggestion. I am not attempting to outline a complete policy for the government to adopt; I am simply offering something which I think is worthy of their consideration.

The third suggestion is that the initial payment to the producer of wheat will remain at 70 cents, as fixed by the amending act of 1939. Having regard to the fact that wheat prices were higher during this crop year than they were in the preceding year, having regard to the fact that the Bennett government fixed the initial price to the producer at 87½ cents a bushel, I suggest that this government is not being over-generous to the western farmer. We gave him 87½ cents in 1935. Conditions are not exactly similar, but I do suggest that that price of 87½ cents basis Fort William was enough to let the farmer out. I have heard it stated on competent authority that a 70 cent price will not let the farmer out to-day.

Do not let us have any eye-wash with respect to this processing tax. Do not let it be said that the farmer is going to get some part of this 15 cents per bushel processing tax. That is just eye-wash. Unless there is a greatly increased demand for our wheat, not one cent of that 15 cents processing tax will go into the coffers of the farmers. This 15 cents processing tax—I am going to deal with it a little later—will go into the treasury of Canada to reimburse, *pro tanto*, the loss that will accrue to the government on this whole operation. It will come out of the consumers of Canada—all the consuming public, producers, if you will, and consumers too, everybody who buys bread. I must say that I was amused at the innocence of the minister when he stated that this processing tax would not raise the price of bread. Why the news of it was still ringing in our ears, the ink on the paper had not dried, when the millers of this country advanced the price of flour 70 cents a barrel.

An hon. MEMBER: Shame.

Mr. HANSON (York-Sunbury): Perhaps the millers have no friends in this house. I do not know. I am not a miller, and I do not know many of them.

Mr. REID: There is a whole lot I would like to say about them.

Mr. HANSON (York-Sunbury): The only time I had anything to do with them was once when I invested a few thousand dollars of hard-earned money in the bonds of a certain milling company, and I discovered soon afterwards that the manager had wasted \$5,000,000 of the capital funds of that milling company, and the bondholders were left to carry the bag. And he never was prosecuted; I never could understand why. That is the nearest I ever came to the millers of this country.

Mr. ROWE: Close enough, too.

Mr. HANSON (York-Sunbury): Just a little bit too close for comfort. I still have the bonds, and I am hopeful that with good management, as I think the company has to-day, I may some day recover my capital; but I went without the return on those bonds for a substantial period of time.

Mr. MACDONALD (Brantford City): The manager gambled in wheat; that is why they lost money.

Mr. HANSON (York-Sunbury): I understand the story just as well as my hon. friend and I know the gentleman who was doing the gambling. What surprises me is why he was never prosecuted by the government of Manitoba or by some other government. If he

had been a poor man—of course, then he would not have had the opportunity—he would have been prosecuted and would have been out in Stony Mountain long ago. But he was not prosecuted. Perhaps the Minister of Mines and Resources (Mr. Crerar) will tell us why he was not prosecuted.

Mr. MACDONALD (Brantford City): Why didn't you lay information against him?

Mr. HANSON (York-Sunbury): How can one small isolated bondholder like myself away down in the maritimes do much? The underwriters of the bonds might have done something, and I certainly communicated with them, but they did not do anything.

An hon. MEMBER: Are you the only loser?

Mr. HANSON (York-Sunbury): No, I am sorry to say there were many hundreds of others who suffered too. This is only in passing and perhaps I should not have referred to it. But it is something personal which has stuck in my crop for a good many years.

Coming back to the processing tax, the millers immediately raised the price of flour 70 cents a barrel. I do not know what action the war-time prices and trade board had to take to prevent an increase in the price of bread. The bakers are bound to pass that 70 cents along. What does it cost to a baking company? I saw it estimated by one baking company in the city of Toronto that this 70 cents a barrel increase, if passed on to them by the millers, would cost them \$17,000 per month. Does anybody for a moment think that that baking company is going to absorb that sum? Why, it is ridiculous even to talk about it, and I was amused at the childish innocence of the Minister of Trade and Commerce in even suggesting that the processing tax would have no effect on the price of bread.

Mr. MACDONALD (Brantford City): It has not yet.

Mr. HANSON (York-Sunbury): The price has been raised already, as I told the Minister of Trade and Commerce.

Mr. MacKINNON (Edmonton West): In one case only that has come to my attention.

Mr. HANSON (York-Sunbury): Of course this is a far-flung country and the minister cannot be aware of everything that is going on. In the city of Montreal the price of bread has been raised already, and to-day I am informed it has been raised in Vancouver. To-morrow it will be Ottawa, and the next day Toronto and all over the country. It is childish to deny that the tax will have that effect. It is bound to be passed on to

the consumer, and this government has to bear the ignominy of adding to the cost of bread all over the country. Why didn't the government in the selection of a policy grasp the nettle man-fashion and say: We will pay the farmers a price of 70 cents a bushel; if we get more for it after we market the crop, we will give it to the farmers, and in the meantime the treasury will bear this burden. But no; they put on this tax in the hope of fooling the farmer that some day he will get some of that \$7,500,000 that will be brought in by the processing tax. You may fool all the people some of the time; you can even fool some of the people all the time, but you can't fool all the people all the time.

An hon. MEMBER: You fooled them once.

Mr. HANSON (York-Sunbury): Let me say to my hon. friend that when we were in office and dealing with this matter we did not attempt to borrow discarded ideas from the new deal in the United States. Either the government should not have imposed this processing tax at all, or it should have made it high enough to put the farmer's bushel of grain on a parity with what he had to buy. But as it is now, the government is just straddling the fence—so characteristic of this government—taking a middle course, straddling the fence, and pleasing nobody. We are going to have to carry the load and to pay the deficit, and this \$7,500,000 that will accrue to the treasury will never reach the producers.

The minister announced on the resolution that the Winnipeg futures market was to remain open, this policy apparently being based upon a recommendation from the cereals import committee. Being a lawyer I know something about alibis. I have had occasion to use them in my practice. And this is just an alibi, passing along to the British committee the expression of the desire that the Winnipeg wheat pit should be kept open. I do not believe it for a minute, and I want the evidence. The Winnipeg futures market is not operating and cannot operate under present conditions, but it is being allowed to continue alive because certain influential members of the grain exchange are political backers of this government. They were in the last election; make no mistake about that. I remember years ago when they used to back the Conservative party, and probably they sucked out of the orange everything they could get. Then they discarded the Conservative party and the gentle shepherd from Churchill ushered them into the bosom of the Liberal party.

Mr. CRERAR: On that point may I say that representations were made on behalf of

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the Winnipeg grain exchange to keep the market open, and may I add that the gentleman who made the representations was an ardent supporter of the party which my hon. friend now leads.

Mr. HANSON (York-Sunbury): I do not doubt that, because there are still reputable gentlemen in the Winnipeg grain exchange. As a matter of fact I think they all are reputable gentlemen, but they are thinking of themselves, which is the most natural thing in the world. Speaking of gentle shepherding, this is not the first time that the hon. gentleman has acted in the capacity of the gentle shepherd. I remember 1922 and 1923 when he tried to shepherd the Progressive party in under the wing of the Liberal party in this house, and because he did not succeed he resigned the leadership of the Progressive party. I remember that because I used to watch with a good deal of admiration his attempts to do that very thing. I do suggest that the gentle shepherd sits where he is to-day and where he has been since 1935 because of his efforts to do that. Every labourer is worthy of his hire. But the progressives from the prairies, with few exceptions, were not to be caught in that net, not at that time anyway.

Mr. MACDONALD (Brantford City): Let us get back to modern history.

Mr. HANSON (York-Sunbury): Yes. This is a lot of fun for me. I have been wanting to say this for a long time. And it is not so long, either.

Mr. MACDONALD (Brantford City): Just about a generation.

An hon. MEMBER: What has this got to do with wheat?

Mr. HANSON (York-Sunbury): Quite a lot to do with wheat, my friend. When you get through with this your education will have been quite liberalized.

Getting back now to the serious consideration of this matter, I should like the minister to tell us what was the recommendation of the United Kingdom cereals import committee. I think we have the right to know.

Mr. MacKINNON (Edmonton West): Could I give that to the hon. gentleman now?

Mr. HANSON (York-Sunbury): I am putting the interrogatories at the present time; the minister can give the answers later. Let us have them, and then let us have a statement from the ministry as to what useful function the grain exchange can perform at this time. I do not know. I am not setting myself up as an expert. I never do. But I think I have the right on behalf of the

Canadian people to know what are all the considerations which prevailed upon the government in deciding to keep this wheat pit open.

Mr. FAIR: It is a gambling den.

Mr. HANSON (York-Sunbury): I do not say it is a gambling den. I want that made clear. That charge has been made in this chamber time and again in former years under different conditions, under nearly normal conditions. Mr. Bennett heard that charge made; a discussion took place; and he brought out to Canada, without a dollar of expense to the people of this country, Sir Josiah Stamp, one of the best economists in England, a gentleman who is to-day rendering noble service over there to his country in its war effort. Sir Josiah Stamp made a thorough investigation of this very question of the sale of futures in wheat in Canada, and after hearing everybody who had an interest in the subject he gave what I think was the most unprejudiced decision which could have been given in the circumstances by anybody. Free as he was from any local considerations or any local prejudices pro and con, his view was that the system served a useful purpose. I believe that most students of this question agreed with that view. I do not like to hear these men termed gamblers. They may be speculators. I suggest there is a difference—to me there is a great difference—between a gambler and a speculator. But why in the world the wheat pit is allowed to remain open now, when it cannot perform any useful function, I do not understand, and I ask to have it demonstrated on the floor of this house. That is the only observation I intend to make with respect to that matter. The wheat pit may serve a useful purpose, but so far as I have been able to determine from the investigation and the study I have made, it cannot do so at the present time.

Another recommendation contained in the minister's preliminary statement is, that that portion of section 7(b) of the Canadian Wheat Board Act limiting deliveries from one producer to 5,000 bushels, as well as the clause dealing with penalties, is to be repealed, so that every producer may be enabled to deliver if he so desires all his crop to the wheat board. I am frank to say that that is a technical matter which I do not understand very much about. I think I understand why under previous legislation a man's deliveries were limited to 5,000 bushels. It was so that the man who was nearest to the elevator or to his market would not get an undue advantage over his neighbour who was farther away.

The removal of that limitation will put everybody on an equal basis. Probably that is a good thing. Others may speak about that.

I come to the seventh recommendation:

Provision is also being made to authorize an interim payment on producers' participation certificates at a time when such payment cannot possibly result in a loss to the board.

What I understand is that these producers' participation certificates are to be handed out in accordance with the practice and under the law as heretofore, but what is meant by the limitation, "at a time when such payment cannot possibly result in a loss to the board"? The minister did not elucidate. I have asked a good many people and they do not know yet what it means. I ask the government to clarify that expression. If there is no market or a very limited market for wheat, and if the price on the foreign markets, if there be any such, falls below the cost as limited by the order in council pegging the price at 70 cents, there never can be a time when a participation certificate may be issued to the producers. That is a logical result which follows as day follows night. I think the minister should make quite clear what is the government's interpretation of that phrase, because to the layman it seems an impossibility. I may be all wrong. I do not know. I am asking for clarification and for information. I think it should have been given at the time.

Finally, as to this processing levy. I believe that it is a trap on the part of the government. I do not believe it will produce any benefits to the primary producer. It will relieve, *pro tanto*, the deficit of the Canadian treasury, but in the final result it is just one more tax upon the people of Canada. Let us face the fact frankly; all that has been done is to change the form of the tax. Were it not for this processing tax the entire deficit which may occur from the year's operations would be paid out of the consolidated revenue fund by this government. By the amount collected under this tax the deficit to be so paid will be less, but directly or indirectly it will come out of the people of Canada. Either the tax should not be there at all or, if it is to do anything for the primary producer, it should be high enough to bring results to the producer. I predict that not one cent of this money will find its way into his hands. Placed as it is on the staff of life, it will be an irritating tax. It cannot be justified in any sense as a war measure. The government must take the final responsibility for it, and sooner or later they will hear from the people of this country.

Lastly, this whole scheme is a temporary policy. There is no finality about it; it is

just to tide the government over an emergency. With the principle of a peg I am not in disagreement. There may be differences of opinion as to the amount of the peg. Certainly this will not satisfy the western producer, because I am informed that it will net him a sum lower than the cost of production. To-day a little pap is being handed out to the farmer of Alberta by including Vancouver. We all understand what that means. It will be a good thing for the farmers of Alberta because of the question of freight rates. How many more changes are we to have in connection with the details of this measure before it becomes law? Is there any finality as to government policy? It would not appear so. These are questions I am asking myself.

I apologize to this house as a layman for having intruded myself to such a large extent into this debate. If I have been able to make any contribution by pointing out certain things I shall be amply repaid. I thank hon. members for the patience with which they have listened to me. This is a grave problem for Canada; the government must face it man-fashion. My advice to the government—and I have stated it not once but thrice—is this: Not one kernel of this wheat should be destroyed. It may be needed by suffering humanity before this war is over.

Hon. T. A. CRERAR (Minister of Mines and Resources): With a good deal of what the leader of the opposition (Mr. Hanson) has said in his contribution to the second reading of this measure I agree; with a good deal of it I disagree. May I congratulate him, as a layman, on the knowledge he has acquired of this rather intricate business relating to the marketing of wheat. For a layman a two hour contribution to the discussion is a very creditable performance. I agree with what my hon. friend said in his opening remarks, that there is a sort of fascination, a sort of lure about this problem of wheat in Canada. I agree too with the remarks he made as to the contribution which the development of our wheat industry in Canada, for it is an industry, has made to the economic life of this dominion during the last fifty or sixty years.

Following 1880 western Canada began to develop as an agricultural community. Prior to that the Indians and the buffalo had possession of it, but from that time on settlement spread, first in the Red river valley, then across the prairies to the Rocky mountains; and during the period from 1880 for the next fifty years there was a greater contribution of wealth to the national income of Canada in each succeeding year than had been

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made in any previous time in our history. The effect of that on the economic life of the country is quite evident. It was only in 1878 that the Conservative party, under its great leader Macdonald, introduced a national policy of protection to Canadian industry. Those who have read the history of this country are well aware of the fact that at that time and in the early eighties Canada, in respect to the growth of its population and the production of wealth, was away behind; and it was a fact that hundreds of thousands of young Canadians were seeking their fortune in a foreign land in order to better their position.

I agree with what my hon. friend has said, that the opening up of western Canada to the production of wheat in ever-increasing quantities, the ease with which markets were found for this wheat, the benefits that came not only to the producers of wheat but to the transportation system of the country and to the manufacturing industries of eastern Canada, constituted one of the greatest contributions to the dominion that has been made. There is therefore a fascination about the problem of wheat.

My hon. friend said that he had only second-hand knowledge of the development of the west. May I say that I can claim in some measure to have first-hand knowledge, because, Mr. Speaker, next year it will have been sixty years since my father left western Ontario to go to make his fortunes on the prairies, and I as a lad of only a few years of age went along with him because I had nothing else to do at that time. I have watched the development of western Canada through all the succeeding years. I went through the pioneering stages—rather, I should say, my father and mother went through those stages in western Canada. They were only two of tens of thousands. I know what it is to experience the hardship and the penury of pioneer days. My father and his associates knew what it was to be unable to sell their grain without a market. And yet the sturdy spirit of independence, the sturdy determination to make their own way, triumphed over obstacles that were almost incredible, and I often reflect in these more mature years of my life that we then had no governments who were looking after our needs; it was a case of the survival of the fittest. I am not now criticizing the modern tendency, but I do say that that struggle, that effort to overcome the forces of nature, of drought and frost—because they existed then—that determination to make headway, developed qualities of character, qualities of stability and steadiness, which I sometimes fear we may be losing to-day.

If the house will bear with me I should like to sketch briefly this problem of marketing Canadian wheat.

In the early years, when wheat began to be produced in comparatively small quantities in Manitoba, the problem of a market was a difficult one. So far as my parents were concerned, their problem was enhanced by the fact that for at least six years they were sixty-five miles from a railway and it was not possible to transport over that immense distance, with the methods then in use, any quantity of grain to market. In the nineties elevator companies began to develop in Winnipeg, which became the grain handling centre. That was a development borrowed from the United States. And I will say this to my hon. friends, that there has never been a time in the whole history of western Canada when the farmers in the marketing of their grain laboured under such disadvantages as they did from, say 1890 to 1904 or 1905. Out of that grew the development of individual farmers' elevators.

I dislike speaking about myself, and I hope the house will pardon me if I make a few personal references. For several years I was the manager of a farmers' elevator. When I was in my early twenties I was the secretary-treasurer of a farmers' elevator association in Manitoba. What was its purpose? To find a means of marketing their own grain outside the elevator ring that existed at that time. I recall the time the first grain act was passed, I think, in 1898, when the first warehouse commissioner was appointed, the late C. C. Cassels, who was given under the act certain powers of regulation of the elevator companies. I remember the fight there was to get included in the grain act a provision that a farmer could order a car spotted at an elevator or a loading platform and by that means ship his own grain to a commission merchant in Winnipeg who sold it there on the open market. I recall what a priceless boon the farmers thought they had secured when they got that provision through.

I recall the early years of this century. We talk of agitations. May I say to my hon. friends of the Cooperative Commonwealth Federation that there never was an agitation among the farmers of western Canada that reached such intensity or had such influence as the agitation from 1903 to 1909 out of which was born the first farmers' grain handling company that we had in western Canada. There were cases fought through the courts, there was publicity, and it was only by the strength of their appeal to the common sense and sense of right of the whole community that in the end we won out. I recall an agitation in 1906 in western Canada for the

complete control of the elevator system by governments. I know that a few years later, in response to that appeal, the gentleman who was then premier of Manitoba, Sir Rodmond P. Roblin, committed the government of Manitoba to a public elevator system. And the government of that day under his premiership acquired over 150 elevators, as a means to try to check the exactions of the line elevator companies.

I recall the development of the old Grain Growers' Grain company. Again I dislike to speak of myself, but in 1907, nine months after that company was created, I was taken from the post of manager of a farmers' elevator and for twenty-two and a half years I remained the president and general manager of the company. I saw it grow from small beginnings into a very powerful force. We never received a dollar of assistance from any government, and further we never asked for a dollar of assistance from any government. The idea in those days was that by the development of a sound cooperative plan the farmers of western Canada could do their own business; and may I say that I have never lost that faith. I stand here to-day and express this conviction, which I feel most strongly, that the farmers of western Canada, if they apply common sense and sound cooperative methods, can do any business that they wish to engage in far better than any government can do it for them.

Well, time passed, and we come to the outbreak of the great war. The little company with which I was associated had acquired strength year by year. We endeavoured to follow sound business methods, and while we started with the hostility not only of the financial interests of Canada but of the grain interests and the business interests generally, we did reach the stage where we had earned their respect. I recall that in the early years the western supervisor of one of our large banks attempted to interfere with the right of a farmer to pass a draft on us for a car of grain that he had loaded over the platform, because he thought this group of farmers was a menace to the development of western Canada. He honestly thought it. I lived long enough to see a representative of that bank come to my office and ask the United Grain Growers for a share of its banking business. I mention all this because I still think it was a sound line of development.

Then we come to the great war. I am not going to deal with the history of wheat during that period, although I had something to do with it and know something about it. We pass on to the period after the war.

There was a depression immediately following the war, and then came the hectic period of prosperity from 1923 to 1930. At that time there was no problem in selling Canadian wheat in the markets of the world. I shall touch upon that more directly in a moment or two. But in 1919 we had a strong demand for a wheat board in Canada. It was necessary to have control in 1917 because the allied governments in Europe had centralized their buying through one agency. It was impossible for individual firms to deal with one central buying agency in Europe, without the Canadian market being adversely affected; and so the first step towards centralization of control developed in this country arising directly out of the situation created by the great war.

We come then to the wheat board of 1919 and the decision of the government of that day—not this government—that that board should not remain as a permanent feature of marketing. The view was wisely held that the cooperative idea should be encouraged. In the meantime there had developed in Saskatchewan a cooperative elevator company, helped in its financing in the early stages by the government of the province. It may be of interest to the house to hear of these things because it is of importance to get started on the right lines and to follow sound principles of development. The cooperative elevator company started operations in Saskatchewan in 1911. In Manitoba, earlier, the government took over the elevators, 150 of them. That venture wound up by a loss of over \$2,000,000 to the province of Manitoba. In Saskatchewan the farmers were asked to create local cooperative elevator associations at selected shipping points. These were asked to subscribe the cost of an elevator and pay up 15 per cent of their stock subscription. On the strength of that, with a mortgage on the elevators, the Saskatchewan government advanced 85 per cent of the cost of the elevators and thus capital was provided for facilities for farmers to do their own business. Not only that; the government for at least six years guaranteed their operating account at the bank. But all their business was subjected to audit by the government auditors. What was the result? The government of Saskatchewan never lost a single penny. The result was that there was created a great farmer-owned handling company which was later taken over by the Saskatchewan pool.

I come now to deal very briefly with the pool development. I think it may be said that the driving force which created the pool system, so-called, in respect of the handling of grain—and it is now changed—was an Italian with a definite fascist complex who

[Mr. Crerar.]

came from California to western Canada. I refer to a gentleman named Aaron Sapiro. If I might further enlighten the leader of the opposition (Mr. Hanson), that gentleman was offered \$1,000 and his expenses to come to Alberta to tell the wonderful story of what he had done for the citrus fruit growers of California. And the people who financed him, the people who paid him the \$1,000 were two Conservative newspapers in Alberta.

Mr. NICHOLSON: Would my hon. friend—

Mr. CRERAR: I do not wish to be interrupted. I may say this, too, to some of my Alberta friends—because I know whereof I speak—that the purpose of bringing that gentleman to Alberta was, if possible, to put a spoke in the wheels of the United Farmers of Alberta government which only a short time before had taken office in that province.

The pool theory of handling grain differed from the ordinary marketing methods in this way: The farmer signed a contract for five years to deliver his grain to the pool. That contract was one of the most iron-clad contracts any farmer ever signed. I say that without any desire to criticize it here. The farmer agreed to deliver his wheat to the pool. Under the contract the pool paid an initial advance. That is where we get the idea of participation certificates, which is employed in our wheat board legislation. If the sale of the grain realizes more than the initial advance, a distribution is made of the balance of the earnings to all the members of the pool, on an equitable basis.

That procedure spread from Alberta to Saskatchewan. I sometimes think that while the last war made a terrific impact upon the economic and financial structure of the world, it undoubtedly made an impact, also, upon the thinking processes of men. Everywhere, not only in Canada but elsewhere, we feel the repercussions, and we are reaping the deadly results of some of those repercussions in the catastrophe which to-day has come upon the world.

The pool idea spread to Saskatchewan. There was a rush to sign contracts. Farmers signed contracts for five years on the terms I set out a moment ago. There was an ingenious method of financing—and again I am not criticizing. From every bushel of grain a certain deduction was made for the purpose of building elevators, and a further deduction for financial reserve. In that way financial stability was secured.

The pools began operations first in Alberta in the autumn of 1923, and in Saskatchewan and Manitoba in 1924. They had a great growth and a great success. And then came 1929. Again contracts were signed in large

numbers. The pools fixed their initial advance for the crop of 1929 at \$1.25 a bushel. At that time I thought the initial payment was too high, although I had nothing whatever to do with it. It was apparent then to anyone who knew anything about the grain business that a situation was developing which was bound sooner or later to lead to trouble, if not disaster. However that advance was fixed. In the autumn of 1929 came the collapse of the stock market. Values of all commodities, including wheat, were affected. Markets began to decline. When I was a member of my right hon. leader's government for a brief period, from the beginning of January, 1930, until the election in the summer of that year—at which time by the way, I was replaced, with the full consent of the electors of the constituency in which I was a candidate—I remember being called up in the month of March on the telephone by a premier of one of the western provinces. He told me that the pools were in financial difficulties. He pointed out that the price had declined so that the margin over the \$1.25 advance had practically disappeared, and he said, "We have had a meeting of the three prairie premiers and we think the federal government should guarantee the banks against the advance."

My late colleague, Mr. Dunning, was then minister of finance. I might say we never reported this to our leader; it is probably a bit of news for him.

Mr. HANSON (York-Sunbury): Bad boy.

Mr. CRERAR: Mr. Dunning said that we could not undertake that. I so advised the gentleman who had called me. Within a few days the governments of the western province had given their guarantee to the banks against the declining wheat market. What was the result of that guarantee? The result of the guarantee was that it cost the western provinces, among them—if my memory serves me correctly—about \$25,000,000.

Mr. NICHOLSON: The provincial governments?

Mr. GARDINER: Yes.

Mr. NICHOLSON: They have not lost that amount.

Mr. PERLEY: It has all been paid back.

Some hon. MEMBERS: Order.

Mr. CRERAR: It amounted to \$25,000,000.

Mr. NICHOLSON: But they have not lost it.

Mr. CRERAR: I did not say they lost it.

Mr. HOWE: Make your speech later.

Mr. CRERAR: Let my hon. friend be patient; I mentioned that point for the reason that it leads up to the criticism which has been made by the leader of the opposition. The provinces helped out. They had to make good their guarantee. Quite properly they took security in all the assets of the pools, and they gave the pools a period of years to repay that money. And the pools are repaying it.

Mr. NICHOLSON: It has not cost the provinces anything, then?

Mr. CRERAR: I did not say it did—except in Manitoba.

Mr. NICHOLSON: You did originally.

Mr. CRERAR: I did not. I did not say that at all. I believe Manitoba wrote off something like a million dollars of its claim. In all the provinces the provincial governments quite properly took security on all the assets of the pools. That was in the spring or early summer of 1930.

We come along to the election which took place in July of 1930. A new government took office at Ottawa, a government of which my hon. friend the leader of the opposition was a supporter. Mr. Bennett, who was then prime minister, was approached in the autumn of 1930 to help the pools financially. As I have already said, the provincial governments had security on all their assets, and they had to secure a line of credit with the banks in order to care for the very large amount of grain that they were handling. They came to the federal government to get that financial assistance.

My hon. friend stated to-day that Mr. McFarland was asked by the pools to take the management of the cooperative wheat selling agency. I venture to suggest to the leader of the opposition that it was a condition stipulated by the federal government, of which Mr. Bennett was prime minister, when asked to give financial assistance, that Mr. McFarland should take charge of the selling operations.

Mr. HANSON (York-Sunbury): There is no evidence of that. That evidence was not given before the banking committee of 1934. My hon. friend was not here, and I was. That is only his inference. I say here and now that the pools suggested Mr. McFarland.

Mr. CRERAR: I know the whole story.

Mr. HANSON (York-Sunbury): I do not think the hon. member does. He simply has some hearsay.

Mr. PERLEY: That is the story.

Mr. CRERAR: The story I got was—

Mr. HANSON (York-Sunbury): The hon. member got it; certainly it is hearsay.

Mr. CRERAR: I did not get it second-hand, I got it first-hand. It was suggested to the pools that if they employed Mr. McFarland they would get a guarantee. My authority for that is a gentleman who was head of one of the pools.

Mr. HANSON (York-Sunbury): That is not evidence, that is hearsay.

Mr. CRERAR: I pass it on now.

Mr. HANSON (York-Sunbury): Mr. McFarland was asked to take it over without receiving a dollar's remuneration.

Mr. CRERAR: Now we come to an interesting phase of the development. Mr. McFarland took charge, and Mr. McFarland had not been an employee of the pools. He was made general manager of the central selling agency which the three western pools had set up. During the time from 1930 until this government came into office at the end of 1935, the guarantee of the government of Canada was behind the Canadian Cooperative Wheat Producers Limited.

Mr. HANSON (York-Sunbury): Against ultimate loss only.

Mr. CRERAR: Ultimate loss?

Mr. HANSON (York-Sunbury): There is a great difference.

Mr. CRERAR: Is that not fine, Mr. Speaker? I do not know that I would want anything better than a guarantee against ultimate loss in handling any operation. My hon. friend has criticized us for our treatment of Mr. McFarland, and I should like to say a few words about that. My hon. friend referred to the order in council passed on December 3, 1935, by which the McFarland wheat board, so-called, was relieved of its duties and a new board appointed, and he was quite severe in his stricture of the government for that action.

Mr. HANSON (York-Sunbury): Not for the dismissal, but for the use of one word.

Mr. CRERAR: Inimical.

Mr. HANSON (York-Sunbury): It was expected that they would retire.

Mr. CRERAR: My hon. friend made a great play on that word. During the lunch hour I took occasion to look up the meaning of the word "inimical" in one of the standard dictionaries.

Mr. HANSON (York-Sunbury): So did I.
[Mr. Crerar.]

Mr. CRERAR: The use of the word was perfectly proper in the order in council.

Mr. HANSON (York-Sunbury): I do not agree.

Mr. CRERAR: What does it mean? It means "of a character or constitution regarded as hurtful in tendency, or opposed in influence; incompatible; adverse." It means also "having the disposition or temper of an enemy," and there are several other meanings. The word can be used in several senses. The synonyms are adverse, antagonistic, hostile, hurtful and a number of others. We were convinced—I shall give the house the reasons in a moment—that it was inimical to the best interests of Canada to continue the operations of this wheat board. It was not that we thought that Mr. McFarland was a dangerous or dishonest man, not at all. In these matters the question of judgment is involved. For the enlightenment of my hon. friend and of the house—I have studied the record—I will say that from 1932, while Mr. McFarland was in charge of operations of the Canadian Cooperative Wheat Producers Limited, with a government guarantee against every dollar he employed in the interests of that organization, he engaged in the greatest wheat speculation which has ever taken place in this country. I dislike saying these things, and I certainly would not have mentioned them if my hon. friend had not taken the line he did. But the record is there, the sworn evidence which any man may find in the books of the Canadian Cooperative Wheat Producers Limited.

In the session of 1935 Mr. Bennett's government introduced the wheat board act, which is the parent of the amendment we are now considering. I received some enlightenment the other day when the hon. member for Qu'Appelle (Mr. Perley) told us when the bill was in the resolution stage that he had prepared a memorandum which was submitted to Mr. Bennett and that it was on the strength of this memorandum that Mr. Bennett launched out into his wheat board legislation.

Mr. PERLEY: I said that certain things were embodied in the act.

Mr. CRERAR: Let me say to some of my hon. friends who are colleagues of the hon. member for Qu'Appelle—I am looking just now at the hon. member for Davenport (Mr. MacNicol)—that when they feel a little anxiety over the future of the wheat business, they should just remember that it was the memorandum of the hon. member for Qu'Appelle which has landed us in all this trouble.

Mr. PERLEY: I bow to the statement made by my hon. friend. I am pleased to take the credit for the wheat board act.

Mr. CRERAR: I suspect that when the information gets abroad throughout western Canada that it was the hon. member's memorandum which led up to the wheat board act of 1935, the people will want to erect throughout the western prairies as many monuments to the hon. member as there are monuments for the soldiers of the last great war. Well, to be serious again, this legislation was passed in 1935, and the act was proclaimed early in August. Later in that month Mr. McFarland was appointed chairman of the newly appointed wheat board, his colleagues being Doctor Grant, a professor in the agricultural college of Manitoba, and Mr. D. L. Smith. On September 6, 1935, the wheat board fixed, and the government approved, the initial advance or payment at 87½ cents a bushel. I make no comparison and I draw no invidious distinction; I merely invite the attention of the house to the fact that this price was fixed on September 6, at a time when the general election of that year was in progress.

Mr. HANSON (York-Sunbury): It had to be fixed at some time. That was six weeks before the election.

Mr. CRERAR: Now I go a step further. The Canadian Wheat Board Act specifically defines the powers of the board, and in order that the committee may be informed I direct the attention of hon. members to section 7 of that act, which is chapter 53 of the statutes of 1935. I shall read only two clauses of section 7, because the others deal with the method by which payments shall be made to the producers. Section 7 provides that the board shall have powers:

(a) To receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) To buy and sell wheat: Provided—

Note this:

Provided that no wheat shall be purchased by the board except from the producers thereof.

That is from the farmers. Now what happened? Was that very provision in the act respected by the wheat board of which Mr. McFarland was chairman, this gentleman to whom we did so great an injury? It was not; because between September 6 and October 14, the date of the general election, Mr. McFarland or the wheat board, on his instructions I presume, bought more than 10,000,000 bushels of wheat in the pit at Winnipeg at a time when millions of bushels were being delivered by the producers every day. What has my hon.

friend to say about that? It took us a few weeks to get that information. I ask any fair-minded man in the house or the country: Was the new government that had taken office justified in retaining the services of the board when we found that it had acted in open violation of the act? Not only that, but the government guarantee of the bank account still stood. What was taking place at that time was a speculation in wheat by the board on the credit of the treasury of Canada, and I put it to any member of this house: Should we have permitted that state of affairs to continue?

My hon. friend criticizes the word "inimical" in the order in council replacing the McFarland board with a new board. But will he not agree that the action of the board in speculating, because it was speculating, as I said just a moment ago—hon. members can read the records of the buying and selling that was going on almost every day on the credit, I repeat, of the treasury of Canada, with the government guarantee to the banks—can be truly described as adverse, as hurtful, to Canadian interests? I say to my hon. friend that the word "inimical" was not a particle too strong to use in the order in council.

Then my hon. friend talks about a fire sale, a phrase which he has borrowed, I suspect, from the hon. member for Qu'Appelle.

Mr. HANSON (York-Sunbury): Oh, no.

Mr. CRERAR: At all events the hon. member for Qu'Appelle has talked more about fire sales than anyone else in the house.

Mr. PERLEY: We had an investigation into that fire sale.

Mr. CRERAR: My hon. friend will have his turn to speak. May I give some more information to the house on that question. Great Britain for many years has been the chief market for Canadian wheat owing to the fact that before the great war and even following it, Great Britain required to import annually from 200,000,000 to 220,000,000 bushels of wheat to feed her population. The British miller in preparing his flour for the bakers prepares it from a grist of blended wheat. That is another factor I would invite the house to note because it is important. The British miller may take some of his wheat from the United Kingdom, some from the Argentine, some from the United States, some from Canada, perhaps some from the Balkans, or from Russia when Russia was exporting, and his purchases of these other wheats would be governed largely by the price factor, by the relative values of the wheat; but always he must have a certain percentage of Canadian wheat because of its superior quality in

giving the necessary strength to the flour he produces for the bakers. Under normal conditions from fifty to sixty per cent or upwards of Canadian wheat was used in the blend making up the British millers' grist. But what was the position when we came into office in 1936? The percentage of Canadian wheat which the British millers were using had dropped to from ten to twenty per cent in most mills in Great Britain, and there were none, with the exception of a few millers in Scotland, that were using more than twenty-five per cent of Canadian wheat.

Mr. HANSON (York-Sunbury): They were using a cheaper wheat.

Mr. CRERAR: My hon. friend is right for once. But why were they using the cheaper wheat?

Mr. HANSON (York-Sunbury): Because it was cheaper.

Mr. CRERAR: One of the cardinal mistakes in policy which the pools made, I think—and I say this without the slightest desire to criticize—was the impression they created in the consuming countries of Europe that an effort was being made not only in western Canada but in the United States and the Argentine to bring wheat producers into one huge organization that would exact a price for wheat.

Mr. HANSON (York-Sunbury): And were not the millers in a cartel? Were they not the biggest cartel in Europe in wheat?

Mr. CRERAR: I am not to be deflected from my argument by the interjections of my hon. friend. I heard Mr. Sapiro myself addressing a huge meeting in the amphitheatre in Winnipeg, describing how necessary it was that western Canada, the United States, Australia, the Argentine—

Mr. SPEAKER: I am sorry to have to interrupt the hon. gentleman but his time is up.

Mr. HANSON (York-Sunbury): I suggest that he be allowed to proceed.

Mr. SPEAKER: I would just point out that I cannot accept this as a precedent; it can be done only by unanimous consent.

Mr. CRERAR: Thank you, Mr. Speaker. I am grateful to the house because it is difficult to cover the ground and pursue all my hon. friend's tracks within forty minutes. I heard Mr. Sapiro upon that occasion describe how all these countries could be organized, and say that then there would be a board representing them all sitting in London selling wheat to the importing countries of Europe.

[Mr. Crerar.]

I am passing no criticism on that now, but I say that the impression spread throughout Europe that a concerted effort was being made by the producers of wheat to exact a price.

To my hon. friends from Saskatchewan may I recount an interesting incident which happened to myself in 1928, when I made a trip to Europe on behalf of the company of which I was then president. I was sitting in the office of a grain importer in Hamburg who bought from time to time a quantity of Canadian wheat. His first question was about the pools; he said, "Your pools are going to get legislation to compel every farmer to deliver his grain to them?" "Well," I said, "there is a little talk about that, but I am doubtful if it will ever come about. On what do you base that statement?" He said, "Your newspapers." I said, "You astonish me," and he handed me a copy of the *Western Producer*, which was then the official organ of the Saskatchewan pool.

An hon. MEMBER: It still is.

Mr. CRERAR: There were articles in that paper describing how the producing countries were to be brought together, and predicting that the provincial governments would have to yield and pass compulsory legislation requiring every farmer to come into the pool. That German importer had blue-penciled every paragraph which related to that matter. He was buying wheat from the Argentine, from Australia, wherever he could get it. The impression created in my mind was that these people, seeing their own business threatened, went elsewhere rather than to Canada to buy their wheat, and my criticism of Mr. McFarland's policy from 1930 to 1935 was that it tended to strengthen this impression in the minds of our European customers.

Mr. HANSON (York-Sunbury): Oh, no.

Mr. CRERAR: The result was that our chief market—

Mr. HANSON (York-Sunbury): Would the minister allow me? Does he attribute that attitude of importers to anything which we did or which Mr. McFarland did or said? He cannot do that.

Mr. CRERAR: I say that, rightly or wrongly, that impression persisted. At any rate the facts were that by the end of 1935, instead of Canadian wheat constituting fifty to sixty per cent of British millers' grist, it had fallen in many instances to twenty per cent and even ten per cent. That was the situation all over the United Kingdom excepting in Scotland, where some mills always used and still use a large percentage of Canadian wheat.

Mr. NICHOLSON: Does the minister attach any blame to the pools for that situation?

Mr. CRERAR: My point is that it created an attitude of mind on the part of our buyers. I have always thought it is good practice not to antagonize the customer. If we are to sell our produce in Europe in these days of keen competition, we must be careful not to pursue policies or do anything which will create suspicion or antagonism in the minds of buyers.

That was the situation. I was interested in what my hon. friend said about the carryover. He stated that the amount was 213,000,000 bushels at the end of July, 1935. In December of the same year the total amount of wheat in the control of the wheat board—I have not the precise figures but I believe my memory is accurate—was approximately 348,000,000 bushels.

Mr. PERLEY: Better than 360,000,000 bushels.

Mr. CRERAR: That was the amount of wheat on hand when the new board took charge. What were we to do? Pursue the policy of Mr. McFarland; buy and sell on the market, contrary to law, to try to scalp a few dollars of profit?

Mr. ROSS (Moose Jaw): Or lose.

Mr. CRERAR: Or were we to adopt a policy which would win back the markets we had largely lost? We took the latter course, and wisely so. What is the result? Even before the war, in September of last year, Great Britain was using Canadian wheat to the extent of fifty to sixty per cent of her entire requirements. That was the consequence of the policy which was followed by the new wheat board.

My hon. friend, if I recall his words, said something about a "political board". We appointed as one of its members a gentleman who is now the chairman, who for years had been associated with Mr. McFarland—

Mr. HANSON (York-Sunbury): I did not say that it was a political board. I said that the government set up a board which would carry out the ideas of the government.

Mr. CRERAR: If that is not a board with a political complexion, I fail to understand what the word "political" means.

Mr. HANSON (York-Sunbury): I did not mean to intimate that all the members were Liberals. I do not know what they were.

Mr. CRERAR: Who were the other gentlemen? One was Dean Shaw of the university of Saskatchewan. The other was Mr. J. R.

Murray, whose experience in the grain business had been largely with the United Grain Growers, a farmers' company. He had been for nearly twenty years assistant general manager of that company. Those are the men whom we selected. Our policy, which I am prepared to defend anywhere, was to try to sell this wheat. My hon. friend said, "You came in with a carryover as of August 1, 1935, of 213,000,000 bushels"; by December that had increased to 360,000,000 bushels, according to the hon. member for Qu'Appelle, and then, because the new board tried to sell some of that huge quantity of wheat and induced buyers abroad to take it, we are accused of having a fire sale. If that is not the pinnacle of complete nonsense, I have never observed one.

We come back to the present situation. I do not know the amount of the carryover yesterday, at the end of the crop year. My hon. friend says he thinks it is 275,000,000 bushels. I should think it is a little less. But whichever estimate is correct, is that not a matter of some concern to this country?

Mr. HANSON (York-Sunbury): I would say it is.

Mr. CRERAR: I agree with the observation of my hon. friend that wheat presents one of the most serious problems which Canada has to meet. I believe it may be even more serious ten years from now. Why have we a wheat problem? Our markets in Europe are virtually limited to the consumptive power of Great Britain. Before the war Canadian wheat went to Norway, Sweden, Latvia, Poland, Germany, Switzerland, Spain, Portugal, Italy, France, Belgium, Holland, and Denmark, as well as the United Kingdom. To-day every one of those countries with the exception of Britain is cut off. We might sell wheat to the orient; but when, some months ago, a dealer in Winnipeg made a sale to Russia, there was an outcry all over the country, and my hon. friends opposite were among the first to criticize this government for allowing a sale to a country which might pass the wheat on to Germany.

These are some of the problems which have to be dealt with. They cannot be dealt with excepting upon a broad view of the situation. It looks as though probably 250,000,000 people in Europe will be short of food in the next twelve months. That is one of the gravest problems which are facing the allied governments to-day. When the war comes to an end Europe will be starving, its agricultural life largely destroyed, requiring years to rebuild, and I am not worried about the sale of the wheat which may be available in

Canada at that time. Canada may then be in a position to render a great humanitarian service to Europe.

Mr. NICHOLSON: What are you going to do with the farmer now, though?

Mr. CRERAR: In the meantime the problem has to be dealt with. I do not propose to refer to the details of the bill. They can be better discussed in committee. My hon. friend asked me a number of questions which, I believe, can be more appropriately dealt with when we come to the relevant sections of the bill.

There is but one other point on which I wish to touch, and that is, my hon. friend's anxiety for information as to what happened in respect of wheat when I was in Europe in November and December last. The matter of wheat was discussed along with many other matters. One of the difficult problems before the British government, then and now, was to find the dollars in America to pay for the multitudinous and ever-increasing supplies which she is drawing from this side of the ocean.

I can tell my hon. friend, in reference to the closing of the Winnipeg grain exchange, that the view of representative men on the cereals import committee in London was that it would be unwise to close it. The hon. member for Qu'Appelle, in a previous discussion in this house, recited an interview he had had with the former Minister of Trade and Commerce about conditions that obtained last fall. A few members on the cereals import committee—I discovered this when I reached London—thought the market should be closed, but the weight of opinion in the committee was that it would be better to leave our market open. I agree with what my hon. friend says, that with the initial price of 70 cents from the board which the farmer will now receive, and a price pegged at 70 cents a bushel on the exchange, it does not matter whether the market is closed or left open from the point of view of its effect on the producer. I say that honestly to hon. members out of the experience and knowledge I have—and I may claim to have a little of both.

The difficulty in Britain is one of exchange. There is also difficulty in the matter of shipping. At the time I was in London, although all the countries in Europe that I am speaking of, with the exception of Germany, were open to receive Canadian wheat, and Canadian wheat was going to the Scandinavian countries, Holland, Belgium and the other countries that I have mentioned, these are now shut off and this has created an entirely new situation. I have no doubt that

[Mr. Crerar.]

Britain will take a very large amount of our wheat this year; how much, I do not know. My hon. friend asked, "Why have you not sold 275,000,000 bushels to Britain out of the huge crop you have in Canada?" Well, Britain had seen the possibilities of war looming over the horizon, and I think it is a reasonable assumption that she had made some provision in foodstuffs against that. At any rate, we are facing the situation that to all intents and purposes we have now only the British market, and this means, I fear, that much of our wheat will have to be carried over into another year. The bill makes some provision for that contingency. It provides that if a farmer stores his wheat on his farm he gets an increased price month by month equal probably to the amount of storage he would have to pay if his grain were stored elsewhere in an elevator. That will help his individual economy.

My hon. friend asks what the government is doing to finance this wheat on the farm, and he belaboured us rather heavily. Then he admitted that there were great difficulties and he said that he could not see how it could be done.

Mr. HANSON (York-Sunbury): How are you going to protect the treasury?

Mr. CRERAR: He said that there were difficulties. In one breath he asks us to make some arrangement to finance this wheat on the farm, and then he issues the sternest sort of warning to us, that whatever may be done the treasury must be protected.

Mr. HANSON (York-Sunbury): Hear, hear.

Mr. CRERAR: And he says, "Hear, hear." I do not quarrel with that, but I mention it to show some of the difficulties which exist in working the thing out. We have all been extremely busy in the last few weeks and I find myself rather tired at eleven o'clock at night.

Mr. HANSON (York-Sunbury): Hear, hear.

Mr. CRERAR: I must say that I find it difficult to get the time to bring clear thought to the solution of some of these questions, but may I say to my hon. friend and to the house and the country that we are not lacking in appreciation of the need of financing this wheat on the farm. We recognize the bearing it has on our whole economy in Canada. I am confident that some method can be found, if not completely to remove, at any rate greatly to alleviate the difficulty, and I think the house and the country can trust the

government to do what is reasonable and fair in the interests not only of the farmers but of the whole economy of the country as well.

I come now to the question of price, and I shall conclude because I have trespassed already on the indulgence of the house. The price was fixed in the act last year at 70 cents.

Mr. HANSON (York-Sunbury): Minimum.

Mr. CRERAR: Minimum. That was the price, and that carries with it a participation certificate. From present indications there may not be a distribution on the participation certificates. I cannot tell until the transactions are completed. There is a difficulty in the matter of price. It is one of the unfortunate things in connection with this great economic question which vitally affects the economic life of the whole country, a question which vitally affects tens of thousands of farmers on the prairies, that there is a tendency to project a matter of this sort into a political or semi-political discussion. May I say to my hon. friend that in the election last March, in the rural part of the riding I represent, the speakers for my opponent, who was a Conservative—rather, I should say he was a national government candidate, although I believe he is back now in the Conservative fold—launched against me and against the government a barrage of criticism of this kind: They said, "Mr. Bennett's government gave you 87½ cents a bushel advance and you should be getting at least \$1.25." My hon. friend smiles; but that is a fact; that happened all over. The hon. member for Souris (Mr. Ross) the other day said that the price should be \$1.25 a bushel, and the hon. member for Qu'Appelle said that it should be \$1.20. In that respect the hon. member for Qu'Appelle outmanoeuvred the hon. member for Weyburn (Mr. Douglas). May I say to the hon. member for Weyburn that he will have a rather uneasy bedfellow if he takes the hon. member for Qu'Appelle into bed with him on this question. I am afraid that not only metaphorically, in regard to wheat, but in the physical sense, he would find himself out on the floor if he had the hon. member for Qu'Appelle for a bedfellow.

Mr. PERLEY: I would rather sleep with him than with you.

Mr. CRERAR: I recognize the importance of this issue. I do not want to see it made a political football in Canada. It is an easy matter to go and inflame rural communities in western Canada with stories that they should be getting \$1.25 a bushel for wheat.

Mr. NICHOLSON: Does the minister think 70 cents at Fort William is enough?

Mr. CRERAR: I will come to that. When the hon. member for Weyburn was speaking the other night, I did not catch the tenor of his remarks and so I looked up his speech in *Hansard*. With reference to the price of 70 cents he said:

I know the government have a problem and a very definite one in trying to dispose of this wheat; yet the fact remains, and we must face it, that farmers cannot grow wheat under present economic conditions for 70 cents a bushel, basis Fort William.

Now I did not clearly catch what my hon. friend said. I thought he said that no farmer could grow wheat at 70 cents a bushel. My reply as it reads is not correct. I would say that I know of my own knowledge farmers who last year made a profit, and a fair one, in selling their wheat at 70 cents a bushel. But I know that a great many farmers, probably the vast majority, did not; some of them lost money; some did no more than get by.

Mr. DOUGLAS (Weyburn): They did not get 70 cents.

Mr. CRERAR: That is one of the difficulties there is in the situation of fixing a price for wheat. There is nothing more illusory and deceptive than talking about the cost of production of wheat, because it varies from district to district and from farm to farm. In the instances I mentioned a moment ago, farmers had a yield of twenty-five bushels to the acre. This happened in the district in which my own farm is situated and which I know well. These men are good farmers. My hon. friends who have had agricultural experience know, I have had it and I know, that if, for example, you have to work your summer fallow six or seven times to keep the weeds down, because your farming practice in the past was not what it should have been, that adds greatly to the cost. There are some farmers who, if they got \$1.25 a bushel, probably would not make money. But I admit at once that the answer I gave to the hon. member for Weyburn was not correct in the light of the remark he made, which I did not understand. There are some farmers who made money at 70 cents, but I think the great majority did not, and I do not think they can.

I do not think there is much more that I wish to say now. I appreciate the indulgence of the house in listening to me for so long, and it may be I shall have some further contribution to make when the bill is in the committee stage.

Mr. T. C. DOUGLAS (Weyburn): First I want to thank the Minister of Mines and Resources (Mr. Crerar) for his timely warning. I can assure him that if I ever get into

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bed with the hon. member for Qu'Appelle, I will certainly know what kind of bed I am getting into—

An hon. MEMBER: You had better have your spurs on.

Mr. DOUGLAS (Weyburn): I have some friends who once got into bed with the Minister of Mines and Resources; when they went into the bed it was a Progressive bed and when they wakened in the morning it was a Liberal bed.

Mr. MACKENZIE (Vancouver Centre): Or twin beds.

Mr. DOUGLAS (Weyburn): It was a feather bed, and they have been sleeping in it ever since.

It is not my intention to give a historical review of wheat legislation; I endeavoured to do that the other evening when I spoke on the budget. I propose to confine my remarks to a study of the underlying principles in this bill. This bill proposes first of all to implement a promise made by the government with reference to setting up an advisory committee to the wheat board. I am afraid that the letter of the promise is going to be kept but not the spirit, judging by the nature of the amendments. The committee is now to "assist" the board, rather than to "advise" it. The clause requiring them to meet regularly is taken out, and the committee is now to report to the board rather than to meet with the board. I hope this committee is not going to be just a futile gesture of the government in order to carry out merely the letter of the promise. It was said by the hon. member for Portage la Prairie (Mr. Leader) that this government had been unfriendly to the wheat board. As a matter of fact, they have been unfriendly all along to the idea of an advisory committee to the wheat board with producers' representation on it. If they were not, why did they dismiss the committee? Why is it that throughout their regime they have never used the advisory committee? Why was it dismissed in the first place? I have here a copy of the evidence presented before the Turgeon commission at Regina. As recorded at page 9191 of the evidence, Mr. J. R. Murray, the former secretary, was on the stand being questioned by Mr. M. A. MacPherson, counsel for the pool. He was asked:

Q. As a matter of fact you never had occasion as chief commissioner to confer with the advisory committee at all?

A. No.

Q. Was that your recommendation, or was that, again, a matter of government policy?

A. I stated that I would not accept the position of chief commissioner with any advisory board.

Q. So that your appointment was really contingent on the termination of this committee's life?

A. As far as I was concerned.

Q. And consequently you were appointed chief commissioner and the advisory committee as provided in the act ceased to exist?

A. Yes. The government had the choice, of course.

Q. Oh yes, I am not questioning that. That was during pleasure.

A. No, but I mean they had the choice of getting someone else for chief commissioner and keeping the advisory committee.

Q. Yes. They had the choice of either taking you without the committee or getting somebody else with the committee.

A. Yes. I think, Mr. MacPherson, I would like at that point, not to interrupt you but you might not ask the question, I would like to make it clear that the personnel of the committee in existence at that time had nothing whatever to do with my taking that stand.

And on the next page:

Q. I am submitting this, that you as a matter of principle refused to act as chief commissioner of the wheat board with the advisory committee as provided for in the act?

A. Yes.

That seems to make it fairly clear that this government has never been keen about having an advisory committee to the wheat board. In fact, the hon. member for Wood Mountain (Mr. Donnelly) said the other evening, "We do not need a committee; the board has been getting enough advice already." It is not a matter of whether it is getting enough advice. What is of importance is that this government through its responsible ministers stated last winter, prior to the general election, that such a committee would be appointed and that on that committee there would be producers' representation.

Before I leave that point, may I remind the house that there is a great deal of difference between representation of producers and producers' representation. I notice, for instance, that there is a provision for there being this producers' representative on the committee. But if the government merely select here, there and yonder some producer, or, what is worse, in some instances some individual who supports a farm, and put him on the board as representing producers, that does not constitute producers' representation. As I understand it, producers' representation must mean one thing and one thing only, namely, men selected by the producers to represent them and to present their point of view to the wheat board. When these men are being selected, the different organized farmers' groups, the pools who represent several hundred thousand wheat producers, and other organized farm bodies ought to have the selecting of the men who will constitute the majority of that advisory committee.

I come now to the second feature of the bill, namely, that according to the statement of the minister we are going to continue to market wheat in this country through the futures market. The futures market is going to remain open. The hon. member for Wood Mountain said the other evening, as reported at page 1958 of *Hansard*, "I have yet to hear anyone give me a concrete reason as to why the exchange should be closed." Well, the Minister of Mines and Resources this afternoon gave him a conclusive reason. He said, "We have now reached the stage of development in world conditions that it does not make any difference whether it is closed or open." Then why keep it open? It used to be said that the function fulfilled by the grain exchange was that it reflected the world market. As has been pointed out by the hon. member who preceded me, there is no longer a world market. Then the advocates for the Winnipeg grain exchange said, "Oh, but the exchange acts as a barometer of price." That argument was badly dissipated when on June 3 of this year the *Montreal Gazette* carried an article intimating that the British government, through its representatives in this country, bought 50,000,000 bushels of wheat above the market price. I have been told that it was bought at twelve cents above the market price. The amount above the market price does not matter; the fact remains that the British government was buying wheat at a price higher than the market price.

Mr. THORSON: What market price?

Mr. DOUGLAS (Weyburn): The Winnipeg market price.

Mr. THORSON: It does not say that. It was the world market price.

Mr. DOUGLAS (Weyburn): Even the Winnipeg grain exchange does not constitute a barometer with reference to prices. The government will not come out and say that they are going to keep the Winnipeg grain exchange open, just because they favour the Winnipeg grain exchange. No; they say the reason why they are keeping it open is that representations had been made to them by the cereals import committee of the United Kingdom. Surely the British government would not give as a reason for carrying out certain internal policies, that they were following suggestions and representations from any branch of the Canadian government? Surely this government is not going to try to shove on to the British cereals import committee responsibility for keeping open the speculative market. The minister said this afternoon that in 1917 it

was necessary to have a wheat board because the allies had pooled all their buying. That is exactly what the allies did last fall. At that time Great Britain and France pooled their buying. Now that France is out of the war, Great Britain has pooled her buying through one purchasing committee. The argument advanced by the minister for buying in 1917 through a wheat board, and directly with a purchasing agent for Great Britain, is just as valid in this year 1940.

I now quote a statement which appeared in the press of Friday, July 26, and purports to be a statement by Mr. J. H. Wesson of Regina, president of the Saskatchewan wheat pool. He said:

The statement the Winnipeg futures market is to remain open is not at all satisfactory to the wheat producers of western Canada. There is virtually only one buyer of Canadian wheat to-day. It is the wheat purchasing commission in Great Britain. There should be but one seller, the Canadian wheat board.

That certainly is true. Of course Mr. Rank, head of the cereals import committee, is not going to say to this government, "Close up the exchange, and deprive the brokers from getting their little commissions and brokerage charges." Certainly he will not say that. But this government will have to choose between looking after the interests of two or three hundred brokers and looking after the interests of 300,000 farmers in western Canada. They are not going to get out of their responsibility by trying to lay the blame on the British import committee.

I now come to the third feature in the legislation, namely, that having to do with the processing levy. We in the group with which I am associated have advocated for years a fixed price on wheat used for domestic consumption. We have always thought that was a reasonable proposition. I would go much further and say that, without hurting the consumer any more than the present levy is going to hurt him, we could have increased that levy materially.

The farm management department of the university of Saskatchewan, presided over by Professor Hope, has done some research along those lines, and he contends that it would take an increase of 52 cents a bushel in the price of wheat to justify an increase of one cent in the price of a 20-ounce loaf of bread. That is his opinion, as a result of the research he has made. Since the minister made his statement on July 24, indications are that we are going to have at least a one-cent increase in the price of a loaf of bread. We might as well have gone all the way and placed a levy of,

let us say, fifty cents, which, on a 20-ounce loaf, would have increased by one cent, the price of bread to the consumer.

Under the price control board which is under the jurisdiction of the Minister of Labour (Mr. McLarty), the government could have seen to it that that price did not get out of hand, and it would have helped greatly in the operations of the wheat board. Again I wish to quote Mr. Wesson's statement in that regard, because he represents in Saskatchewan an organization which has in its membership 105,000 wheat growers. He said:

The 15-cent processing tax to be charged on all wheat manufactured into flour consumed in Canada is merely a gesture, although a step in the right direction. The pools believe there ought to be a domestic price for wheat of at least \$1.25 a bushel. An advance of 52 cents a bushel increases the price of bread one cent a loaf. The \$1.25 figure is close to what is known as the parity price level of the goods the producer has to purchase.

Therefore I suggest to the government that before the legislation is finally passed, the problem of financing through the wheat board could be benefited materially by increasing this processing levy, provided the government is prepared at the same time to take steps to see that the increase in the price of flour and bread is not out of proportion.

The next point with which I wish to deal is the fixed price which will be set under this legislation. That price is to be the same as last year, namely 70 cents a bushel. Most people in eastern Canada fail to realize that when we talk of wheat at 70 cents a bushel we are speaking of wheat, basis Fort William. As was evidenced last year, this means 49 cents a bushel, average grade, at the elevator. In these observations the Minister of Mines and Resources quoted what I said the other night, and his reply. He has said to-day that he misunderstood me. At page 1947 of *Hansard* I am reported to have said:

—yet the fact remains, and we must face it, that farmers cannot grow wheat under present economic conditions for 70 cents a bushel, basis Fort William.

And the Minister of Mines and Resources (Mr. Crerar) interjected, "That is not right." The minister has said to-day that he did not hear me correctly. But I have a hunch that in the meantime he has heard from a good many people in western Canada; and he has certainly heard them correctly. Farmers, and farmers' organizations throughout western Canada, still say what the minister himself said this afternoon, namely, that with the exception of a small group of mechanized farmers—and they are really factory farmers—the great mass of the farm population in western Canada cannot grow wheat at present prices, on a basis of 49 cents or 50 cents a bushel at the local elevators.

[Mr. T. C. Douglas.]

Mr. JOHNSTON (Bow River): The Minister of Agriculture (Mr. Gardiner) says 30 cents.

Mr. ROSS (Moose Jaw): No; he does not.

Mr. JOHNSTON (Bow River): Between 30 and 40 cents.

Mr. DOUGLAS (Weyburn): I will allow the two hon. gentlemen to have their dispute later in the debate. Just now I should like to proceed. I have before me some figures to which reference was made the other evening by the hon. member for Portage la Prairie. I refer to prices from 1908 until last year. Not only do these figures show the prices per bushel received by farmers on basic production, but they show a fair estimate on amounts received per acre. The figure we got last year, which will be the figure for this year, will be practically an all-time low, with the exception of a few depression years. I refer hon. members to a statement made last year by a gentleman who represents in the Manitoba legislature part of the constituency represented by the Minister of Mines and Resources. I refer to the premier of Manitoba, the Hon. John Bracken. That gentleman headed a western conference on marketing, which met in Regina, Saskatoon and Winnipeg, and it will be recalled that they were meeting at the time when the initial price was guaranteed at 80 cents, basis Fort William—not 70 cents, as it will be under this legislation. This is the resolution which was agreed to in Winnipeg:

That while this committee in the light of the expert evidence presented to the conference held in the city of Winnipeg and the unanimous reaction of its members with reference thereto is of the opinion that the present guaranteed price of wheat is not sufficient to enable the farmers of western Canada, either to pay interest on or to retire the capital of their present indebtedness, or to maintain adequate standards of living for themselves and their families, and while this committee also recognizes that a wheat policy for the crop year 1939-40 is necessarily only a temporary measure, pending an ultimate adjustment of western economy by national action and world market developments or both, it hereby requests the chairman forthwith to nominate a sub-committee to present to this committee for consideration and subsequently to recommend to the dominion government for adoption a federal wheat policy for the year 1939-40.

And by way of general direction to its sub-committee, this committee offers for its guidance, its unanimous opinion that the dominion government should be requested to extend to the western wheat growers in respect of the wheat to be grown in the crop year 1939-40 at least the protection given in the crop year, 1938-39.

That price was 80 cents a bushel, basis Fort William. I need not go on to quote what Professor Hope said, whose operations I believe the minister said the other night are being financed partly by this government and

certainly by the government of Saskatchewan. He pointed out at the same conference that in order to meet his obligations, to say nothing about retiring his debt, the farmer would have to receive 90 cents a bushel at the local elevator. Since that time, prices of almost everything the farmer has to buy have gone up. Anyone who says in this chamber or anywhere else that the farmers can produce wheat at the figure suggested in this legislation is simply saying something which is not in accordance with the facts or in the best interests of the western producer.

I hope, before this debate is over, that the minister will give us some idea of what operations have been carried on by the wheat board to dispose of our wheat, and what prices have been offered by the cereals import committee of the United Kingdom. We should be told the average price at which the government has managed to dispose of most of this wheat. I have here a copy of an article which appeared in the *Regina Leader-Post* of March 12, 1940. It is headed, "Gardiner Talks Wheat, Correcting Manion Mistakes." There are about two columns of it, but I shall quote only the last section, which is headed, "Advance of Seventy Cents." This reads:

It was finally decided to make that advance 70 cents.

It was then decided the farmer should be given a participation certificate, just as before, which meant that when wheat went above 70 cents it again became the property of the farmer.

Because the price of wheat was between 50 and 60 cents a bushel when this decision was reached and remained there until most of the wheat was delivered and only rose to 70 cents for a few days before practically all the wheat was delivered and further because war was declared about the beginning of September, and before all the wheat was delivered, the farmer delivered practically all his wheat through the wheat board. The result is that practically all of the wheat left to be sold is under the control of the wheat board and therefore under the control of the farmer.

That wheat could all be sold to Britain to-morrow at not less than 87½ cents a bushel. If it were, the farmer could now obtain at least ten cents a bushel on his participation certificates. This would make his payment more than the 80 cents which was being discussed last summer.

But the present government does not think it wise to sell all the Canadian wheat at 87 cents a bushel. The British government is not urging us to do so. If they bought it, they would leave it right where it is in the elevators in Canada and pay the storage on it. While it would thus remain where it is, it would be entirely out of the hands of the farmers.

We believe that Britain will pay us more for our wheat when she is ready to take it for consumption in England and that the farmers would be well advised to allow the storage to be charged up to their participation certificates.

In other words, we think we will get a better price for the wheat when Britain wants to take it, rather than by trying to force them to take it by making it a condition of anything we may do in the war.

If the government are going to get more than 80 cents a bushel for wheat of which they took delivery last year and for which they paid the farmer 70 cents, they are going to have money with which to make a payment on the participation certificates and they certainly will be in position to pay a better price than 70 cents. If the government expect to get a better price, even though they have to wait some time to sell the wheat, surely more than 70 cents would be justified in this legislation.

I come now to another matter, that of the farmer delivering his wheat. According to the statement of the minister, the farmer is going to be allowed to deliver a portion of his wheat to the wheat board, but he will have to store the remainder on his farm and receive storage payments for rendering that service. This brings up the whole question of what the farmer is going to do for money in the meantime. I should like to quote from my remarks the other day, as reported on page 1947 of *Hansard*. I said:

I ask the minister to tell us now or later how the financing will be done. Will the farmer who keeps his wheat on his farm get an advance on it, or will he be paid outright for it and receive a storage allowance?

Mr. Crerar: Would my hon. friend recommend that that be done?

Mr. Douglas (Weyburn): Recommend that what be done?

Mr. Crerar: Would my hon. friend recommend that the government buy the grain outright and store it on the farm?

Mr. Douglas (Weyburn): No, but what the government could do is pay a substantial advance.

Mr. Crerar: I am asking what my hon. friend would recommend.

Mr. Douglas (Weyburn): I am recommending to the minister that a substantial advance be made to the farmer, sufficient to enable him to finance. That is, if he is going to be allowed to sell only a certain amount of wheat in the fall, and he has to carry the rest, he can carry it only if there is a sufficient cash advancement to enable him to carry on his fall operations, be ready for his spring operations, and provide for his family in the winter. Is the Minister of Mines and Resources opposed to that? The minister is better at posing questions than answering them.

Mr. Crerar: I think, if you ask me, the suggestion is moonshine.

Perhaps that is moonshine, but it is the kind of moonshine which the Minister of Mines and Resources was sent down here to advocate nearly twenty years ago by the farmers of Canada. I heard him speak this afternoon about the difficult times of the

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pioneers. There are still pioneers on the prairies. They organized and sent the minister and other men down here to ask for just this kind of legislation. The minister did not call it moonshine then. He came down to this house, but unfortunately, as the years went by, he traded in his crusader's sword for a place in the seats of the mighty.

I put the situation to the house. The farmer is to be rationed; he is not to be allowed to sell all his wheat to the wheat board. In other words, he is to receive a deferred payment for the remainder, but in the meantime his obligations must be met. He is paying eight per cent or higher upon his indebtedness, but he is not drawing interest upon the wheat; he is getting only storage charges which will do little more than pay for the granaries he will have to build. What is the farmer going to do? Has he not a right to come to this government and ask for an advance on the wheat he is holding for the convenience of this country? I say that he has. I say that to give him that is merely economic justice. The Minister of Mines and Resources says it is moonshine. I am prepared to leave it to the farmers of western Canada to decide which is economic justice and which is moonshine. I continue to quote my remarks:

Then it ought to be incorporated in the government policy. I can assure the minister that it will be quite at home there.

Mr. ROSS (Moose Jaw): Can an hon. member re-read his speech?

Mr. DOUGLAS (Weyburn): In the same debate.

Mr. ROSS (Moose Jaw): That was not my point. My point was not that the member was reading his speech but re-reading it.

Mr. DOUGLAS (Weyburn): I am quoting from the same debate in *Hansard* on the same subject, and if it was moonshine, I suggest that the minister incorporate it in the government's policy. The Minister of Trade and Commerce (Mr. MacKinnon) tells us that we are going to have an amendment to this bill in the course of its passage through the house, and that the government is going to do something to finance the wheat which remains on the farmer's farm and which by virtue of this act he cannot sell.

Mr. MacKINNON (Edmonton West): I did not say that.

Mr. DOUGLAS (Weyburn): Well, that he is considering it. In other words, the minister is now proceeding to consider moonshine. The Minister of Mines and Resources says, "it is moonshine", and the Minister of Trade and Commerce says: "We are considering it".

[Mr. T. C. Douglas.]

We are being asked under this legislation to give the board enormous powers. In past years up until last year the farmer could deliver to the wheat board all the wheat he wanted to, and last year he could deliver to the board up to 5,000 bushels. But now we are giving the board power to say just how much the farmer shall be allowed to deliver. How is that going to be rationed? Is it going to be a percentage of the wheat the farmer has? Is it going to be so many bushels an acre of the land he has in wheat or so many bushels an acre of all the land he has under cultivation? No government has any right to ask this house to give a board powers like that without first announcing the policy that it proposes to follow. How will these wheat deliveries be rationed? What percentage of his crop will the farmer be allowed to sell right away, and how much will he have to store?

Mr. ROSS (Moose Jaw): My hon. friend would not object so long as it was done equitably?

Mr. DOUGLAS (Weyburn): I would not object so long as the farmer is allowed to live during the interval and on a better standard of living than he has had for the last ten years.

Mr. ROSS (Moose Jaw): That is not the point. We are in trouble over storage.

Mr. DOUGLAS (Weyburn): If there is trouble over storage, I would not object to reducing the quantity of wheat which the farmer can deliver, provided that while doing this convenience to the country by storing wheat and carrying on a process of deferred payments, for that is what it really is, there be advanced to him on his wheat at the farm 40 cents a bushel. And why not? If the government do not want to do that, they could give him assistance in financing. That is not as satisfactory, but it is a second choice. If a farmer goes to a bank, asks for an advance on the wheat stored on his farm and cannot say when he will be allowed to dispose of it, what bank will lend him money on that basis? I suggest that the government place a guarantee behind such financing. I think we have a right before we go into committee, or when we come to that section, to have a statement from the government on how they propose to ration the deliveries, and, second, how the farmer will negotiate that period between his first month of deliveries and the time when he disposes of the rest of his crop. I know the stock answer is that this cannot be taken care of under this legislation, but I do not care under what legislation it is taken care of.

The government is now announcing a wheat policy with reference to the disposition of the 1940 wheat crop, and we should not be asked to vote powers to a wheat board unless we are told how the farmer is going to be taken care of under these powers. Is there to be an advance, and, if so, how much will it be? Will it be sufficient to tide the farmer over the interim period? If there is not going to be anything advanced, how is the farmer going to finance? What assistance is the government going to give him? What guarantees will there be behind the farmer's borrowings? Will this government make arrangements with the provincial governments to see that debt adjustment legislation in the provinces will be such that the farmers will be protected during that period when they cannot sell all their wheat to the wheat board? That should be done. It is not within the jurisdiction of the federal government, I acknowledge that; but there could be negotiations between the federal and provincial governments to help out the farmers in a difficult period of economic dislocation when they are selling only a portion of their crop and storing the rest on their farms, with a view to seeing that the farmers are not unduly pressed by their creditors when they are rendering this service to the country.

Let me say this in closing. If this legislation is to be passed we should know a great deal more about it. I do not see how any of us can leave the house this week or next unless we know exactly what provision is going to be made for the wheat growers of western Canada. We talk a great deal about winning the war, but winning the war is contingent to a large extent upon the morale of the Canadian people. What is to be the morale of the man on the farm who this winter, needing money to meet pressing current obligations, sees his granaries full of wheat that he is not allowed to sell? He sees that the munitions maker is not waiting for his money and that the people who manufacture uniforms, shoes and Bren machine guns are not waiting for their money. Some of them have even received an advance to make capital expenditures. If we are going to keep up the morale of the people on the farm, the back-bone of this country, the government will have to enunciate a policy with reference to them that is more specific than the policy thus far outlined by the government.

Mr. POTTIER: They will not go hungry.

Mr. DOUGLAS (Weyburn): They will not go hungry, an hon. member says, but one

cannot make tea or sugar out of wheat; one cannot make shoes or clothes out of wheat; one cannot make coal out of wheat—

Mr. BERTRAND (Laurier): Or whisky.

Mr. DOUGLAS (Weyburn): Somebody suggests that one can make moonshine out of wheat, but I will leave that to the Minister of Mines and Resources who seems to be an authority on the subject. I merely say that the present unsettled state of the world's wheat market is a purely temporary aberration due to the war. It is easy to be glib and say that there are no markets for wheat and that we must stop growing it, but the fact is that markets for wheat will be available when the war is ended, and during the interim period we cannot allow our entire wheat industry to become bankrupt. We are therefore justified in asking Canadian economy to support an industry which is temporarily dislocated by the war but which is capable of producing stores of potential wealth and which, with the cessation of hostilities, will enable Canada to become once more one of the greatest exporting nations among the trading countries of the world.

Mr. G. T. FULFORD (Leeds): Mr. Speaker, it is not my intention to take up much of the time of the house, nor do I wish this small effort of mine to be classed as a maiden speech. I shall leave that sweet anticipation for the house to some later time. I rise only to make a comment on Canada's all important product of wheat. The previous speaker said: "You cannot make coal out of wheat, you can make moonshine out of wheat." But the very point I want to bring out is that industrial alcohol, not moonshine, could be used to run our automobiles. Several years ago, while driving through a number of European countries, I found that they were using a type of motor fuel which, to all intents and purposes, was at least as good as the gasoline we use in Canada; in fact it was better in that it did not cause "knock". When I asked gasoline station men I was told that it contained gasoline and alcohol. The percentage of alcohol varied, according to the particular country, from ten per cent to twenty-five per cent, and it was compulsory that this alcohol should be made in the country in which the motor fuel was being sold.

It so happens that wheat is one of the best materials from which alcohol can be derived. Last year Canadians used 800,000,000 gallons of gasoline, most of it imported. Were ten per cent of alcohol required by law to be included in our gasoline, it would mean that

80,000,000 gallons of alcohol would be used. I base this estimate on last year's figures; they may be higher than the consumption this year. Two gallons of alcohol can be made from one bushel of wheat. In other words, upon the basis of a ten per cent solution we would consume 40,000,000 bushels of wheat in the production of alcohol for this purpose. If twenty per cent were required, 80,000,000 bushels of wheat would be used. The maximum alcohol content which can be included in gasoline for use in modern carburetors and internal combustion engines is twenty-five per cent. If that amount were required, it would mean that we could consume 100,000,000 bushels of wheat in the manufacture of alcohol for the motor cars of Canada.

In 1936 France produced 91,000,000 gallons of alcohol; Germany, 62,000,000 gallons; Italy, 24,000,000 gallons. What was the reason for this production? None of these countries had a surplus of wheat. It was: First, to encourage agriculture; second, to conserve foreign exchange, inasmuch as gasoline fuel had to be imported. I might add, while on this subject, that the alcohol produced in the countries I have mentioned was distilled, not from wheat but from potatoes and sugar beets.

The National Research Council of Canada have issued an interesting pamphlet on this subject. The big drawback to the inclusion of alcohol in motor fuel is the cost. Alcohol can be produced from 70 cent wheat at approximately 40 cents a gallon. Adding a ten per cent alcohol solution to gasoline would increase the present price of gasoline by approximately 2½ cents a gallon. That is a fairly substantial increase, especially in respect of a commodity so largely used as is motor fuel. However, under the circumstances would it not be economical for Canada, rather than to bear the heavy cost of storage and other expenses connected with our tremendous wheat carryover, to bonus to a certain extent the cost of this alcohol so that, when it is added to gasoline, the price of the fuel would be but slightly more than that of the motor fuel we are using to-day? Undoubtedly the advantages to us would be substantial. To some extent our wheat surplus would be absorbed. What is almost as important when one considers how we are trying to conserve foreign exchange to carry on our war effort, it would save Canadian dollars for Canada and reduce the amount which is now going out of the country for the purchase of petroleum products from the United States and elsewhere.

Certain countries within recent times have, according to this pamphlet, gone actively into the subject of producing motor fuel from alcohol. I refer to Brazil, Cuba, the Philippine

[Mr. Fulford.]

islands and Hungary; I mention that because, after 1936, in Europe less and less alcohol was added to gasoline, chiefly because in 1937 Europe had very poor crops, and after that year what alcohol was produced was conserved for war purposes.

At the outset of these few remarks I said that this was not my maiden speech. I am merely throwing out a few observations by way of suggestions to the government. Incidentally, before closing, let me say that certain chemicals can be added to alcohol for use as motor fuel so that it cannot be redistilled for beverage or "moonshine" purposes, or cannot be otherwise treated so as to evade excise tax.

I have been extremely brief; in fact, I have given only the barest outline of the possible use of alcohol made from wheat for motor fuel. I hope that my remarks will not have been in vain, and that they may give rise to some measure which will assist in alleviating this tremendous problem which is facing us all in Canada.

Mr. VICTOR QUELCH (Acadia): Since it is nearly six o'clock instead of proceeding to a discussion of the bill, I will make a few comments upon some of the statements made by the Minister of Mines and Resources (Mr. Crerar). I cannot go back as far as the minister went, but I can go as far as the year 1909 when I first came to Canada. The minister expressed regret that the old pioneer spirit seemed to have disappeared, and he regretted that there was a tendency among farmers to-day to be more dependent upon governments than in the past. When he made that statement he should have completed the picture and stated also that industry to-day, the privileged interests and corporations, seek more protection from the government. Surely everyone must realize that the great privileged interests, corporations and financial institutions have been built up under government protection, which is the chief reason why farmers to-day have to come to the government for protection against these very interests. The farmers for years have been exploited to a shameful degree by these same corporations and privileged interests which have been built up under government protection. It would have been only fair if the minister had presented that aspect of the subject to the house when he made the statement he did.

Another point he brought up was this. He said that farmers are not able to carry on to-day as in the past. My mind goes back to the year 1909 when, as I say, I first came to this country. At that time I took a homestead and, because I had no money, I had to work in construction camps in the

summer in order to earn enough to keep me in the winter. Can farmers do that to-day? Have farmers been able to do it since the war? How is it that in those days we were able to carry out large capital projects in this country? How did we carry out an extensive railway programme in those days? We did it because we passed on to a future generation the cost of building the railways, public buildings and so on. To-day we are not able to pay for capital construction which we wish to carry out, we are still trying to pay for production which was consumed in years gone by but not paid for at the time. I would stress the fact that until such time as we get away from the system whereby we pass on to future generations the cost of production which should be paid for currently by utilizing the services of the Bank of Canada, we shall be faced with this very problem. If to-day we were able to carry on, as the pioneers in the past carried on, by passing on to future generations the debts that they could not pay; if we were prepared to carry out a large programme of public works and national projects so that the farmers of western Canada might find it possible to supplement their incomes by working on capital projects, then the farmers would not be under the necessity of coming to the government for assistance. But to-day it is not possible for farmers to supplement their income in that way; all they can do is to carry on their own farming operations, even though their returns do not cover the cost of production.

I have noticed in the past that many hon. members appear to resent the time taken up with lengthy discussions on the subject of wheat marketing. I would remind hon. members, however, that a large percentage of the population of Canada depend, directly or indirectly, upon the wheat industry, and I would also emphasize the fact that the continuance of prices at present low levels will still further aggravate the problem of the farmer. It is bound to result in the wholesale bankruptcy of the majority of western farmers. This is especially true at this time when prices of practically all the commodities the farmer has to buy are rising, while on the other hand the price the farmer receives for his product remains stationary, or is falling, as one hon. gentleman suggests. I would also suggest that the problem has been further accentuated by the budget which this house recently passed, because on account of that budget the cost of the commodities the farmer has to buy is bound to go up, while on the other hand the demand for agricultural products will be retarded or restricted. We have already lost a number of markets overseas, and the logical thing should be to try to increase the demand

of the home market for agricultural products. But as a result of the budget the demand for agricultural products in Canada is bound to be restricted, thus further aggravating the problem.

I will not take up the time of the house emphasizing that the present price for wheat is altogether too low. During the past six years that question has been threshed out on many occasions, and I am satisfied that any hon. member who is open to conviction must realize that the price is altogether too low; but I do not intend to waste either my time or the time of the house trying to convince anyone who is not open to conviction.

The bill before the house guarantees the farmer a price of 70 cents a bushel at Fort William. I understand that Vancouver as a basis will be included.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. QUELCH: At six o'clock I was on the point of dealing with the effect of maintaining the guaranteed price of wheat at the low figure of 70 cents a bushel. The retention of such a policy will mean that the small farmer will be driven off the farm, and the prairies will become a land of large mechanized units, largely controlled and, in many instances, owned by mortgage companies and financial institutions. I believe the Minister of Trade and Commerce (Mr. MacKinnon) will agree with that statement, that he will not say it is any exaggeration, he being familiar with the situation through having lived in western Canada for a long time and having been in a business which brought him first-hand knowledge of this matter. The Minister of Agriculture (Mr. Gardiner), speaking on the question of agricultural policy in this house about two years ago, stressed that his objective was to build up a prosperous rural community. He said that he was not interested in helping to maintain the large farmer and increase his production, that his objective was to make it possible for the small farmer to continue. Yet the result of this policy is going to be the very opposite. In support of that assertion I quote from a statement issued by the wheat pool through Mr. Leonard D. Nesbitt, publicity superintendent:

The most striking trend in agriculture in the western United States and Canada is the gradual process of enlarging individual farms and the elimination of the small farmer. This process is quite noticeable in Alberta, and particularly in the south. Comment has been made

on a similar trend by leading United States agricultural journals through central and western United States and particularly in the mid-west.

The trend is in line with an ancient economic law. Prices of farm commodities have been low as compared with the prices of other goods and services. The effect is to drive off the land the small operator whose costs are necessarily high.

Mechanization of farms, of course, has been contributory to the trend. It is a cause rather than an effect. With comparatively low prices for farm commodities prevailing farmers simply had to reduce their costs, and this meant the elimination of all possible hired labour and the adoption of the high-speed labour-saving machines.

Competent authorities state that the ideal economic farm unit in western Canada in so far as cheap production of wheat is concerned is a fully mechanized 1,280-acre farm. That means that other farms not conforming to that formula are working at a disadvantage.

The builders of western Canada envisioned a countryside composed of moderate sized farms. A quarter of a century ago 320 acres was considered an ideal economic farming unit. The man who farmed two sections was considered a very large-scale operator.

If the present trend persists the farming areas of the prairie provinces will lose a percentage of the present population. This will apply to those regions which specialize in wheat production. Large operators using mechanical equipment will predominate. Their efforts will be concentrated on lowering costs. It is easy to imagine what effect this trend will have in rural Alberta.

All farmers who are familiar with conditions in western Canada will agree with the truth of that statement. Again I stress that the effect of this bill will be still further to aggravate that problem; because a farmer farming a half section cannot produce year in and year out wheat at a price from 40 to 50 cents a bushel, and that is what 70 cents, basis Fort William, means.

On the other hand, if we were to increase the price of wheat so that the price the farmer receives would be based on the cost of production on the smaller farm unit, then I think we can agree that the result would be an expansion in the production of wheat. It stands to reason that if the price is set high enough to enable the small farmer to produce at a profit, the larger farmer would expand his production in order still further to increase his profits, and such a policy would bring about an expansion of wheat growing. I think we shall all agree that it is not desirable at this time to increase greatly the production of wheat. A time may come when it is desirable, but I do not think anyone would advocate that policy at present.

Therefore I urge that we guarantee a price commensurate with the cost of production on the smaller farm unit, but limiting that price to, say, 2,000 bushels. That is to say, instead

[Mr. Quelch.]

of guaranteeing what one might term a parity price for all the wheat the farmers produce, we guarantee a price of one dollar a bushel for 2,000 bushels, and let the farmer sell any additional production at the world market price, or in this instance, the pegged price of 70 cents. Such action would help to retain the small farmer on the land, and on the other hand would tend to discourage the larger farm unit.

Some hon. members might say the reason why I am advocating that, is because I represent a constituency which comprises in greater part what one might call permanent drought area. But I would stress the fact that the western part of the constituency I represent has within it some of the very finest wheat land to be found anywhere in Canada. For example, from Drumheller north to Rumsey is known as the heavy gumbo land, and I do not think there is any better land anywhere in this dominion. A crop failure in that area is practically unknown.

About a month ago I sent out a questionnaire covering the constituency thoroughly. I sent out fifty-four copies, to every part of the constituency, and in every instance the replies I got were in favour of limiting the guaranteed price to 2,000 bushels, but raising the price sufficiently to make it possible for the small farmer to continue operations. Some of the replies suggested that the price should be raised to \$1.20, and some suggested limiting the amount under the guaranteed price to 1,500 bushels, but the great majority advocated one dollar a bushel for 2,000 bushels. That is taking the half section as the ideal economic unit, which of course under present conditions it is not, because at the present price the farmer on a half section cannot continue in operation except under the protection of provincial debt legislation. If, in addition, we were to amend the Prairie Farm Assistance Act to make it what might be called a real crop insurance plan on an individual basis, then we would be going a long way toward making it possible for the grain farmer to pay his way and at the same time maintain his family on the land, something which is not possible to-day. If we fail to face this problem realistically, the result must be wholesale bankruptcy of the grain growing industry. Neither the Farmers' Creditors Arrangement Act nor any provincial debt legislation can solve the debt problem of the grain farmer, because neither can remove the cause of debt. Unless we are going to make it possible for the farmers to obtain a price above the cost of production, they will be driven further into debt.

Let me quote from a statement I saw in the *Albertan* of December 30, referring to a statement by Chief Justice Brown of Saskatchewan:

Chief Justice J. T. Brown of the king's bench court, Regina, stated that western farmers must receive an average price of one dollar a bushel, if they are to maintain a decent standard of living, while farm implement prices continue at their present levels.

And again:

Chief Justice Brown, chairman for Saskatchewan of the board of review under the Farmers' Creditors Arrangement Act also urged that radical debt adjustment must be continued if the farmers of western Canada are to be assured economic security.

I doubt if one could think of any man better qualified to speak for those people than Chief Justice Brown, who has had first-hand knowledge of conditions under which the farmers in Saskatchewan labour. If that gentleman states that it is necessary for the farmer to get a dollar a bushel in order to pay his debts and to maintain his family in economic security, and that it is also necessary to bring about a radical reduction in debt, we may feel satisfied that there is every justification for that statement.

On the other hand, show me any concern which year after year is compelled to produce below cost of production, and at the same time is not in a position to protect itself against constantly recurring hazards, and I will show you a concern that is headed for bankruptcy, it does not matter how efficient the management may be. That is the situation to-day, and it has been that way since 1930, with the exception of two or three years, from 1935 to 1938. But even then, it was not possible for the farmers to protect themselves against the hazards of drought; and, as a result, many of those farmers became hopelessly bankrupt, even though at that time prices were fairly high.

I stress the fact that ignoring this problem is not going to solve it. Time will not rectify it, because the longer we leave it, the greater the problem becomes, and more and more farmers will have to leave the land. Therefore I say most emphatically that this bill does not deal effectively with the problem which confronts us, so far as the grain-growing industry is concerned. What is the main problem? It is to find ways and means whereby it may be made possible for the grain grower to meet his costs, to pay his way and at the same time to maintain his family on the land. The problem that we must face immediately is, of course, to make it possible for a farmer, after threshing his crop, to obtain an amount of money sufficient to meet his immediate expenditures.

I realize that this bill does make provision for a quota system. I hope, when we get into committee, the minister will be able to give us full details of how the quota operates. One or two hon. members have referred to the fact that some farmers live near towns while others live far away, and have suggested that this is why we need the quota system. That used to be true, but it is not true to-day, because, owing to the trucking system, distances have little effect. On the other hand, consideration must be given to the date or the time a farmer may thresh. In some instances the harvest is early and in others it is late. In some parts of the country grain is threshed at least a month earlier than in other parts, with the result that before the farmers with late crops have completed their threshing, the elevators are flooded. It is accordingly necessary that some form of quota should be established. I understand that already at certain points elevators are plugged. We can realize therefore how serious the problem is going to be.

We appreciate the fact that steps are being taken to pay the farmer for storage when his grain is kept on the farm. Again, I hope the minister will be prepared, when the bill reaches the committee stage, to give details of how this will work out. On the other hand, however, I believe it is absolutely vital that some kind of provision be made whereby advances may be made to the farmer against grain stored on the farm, because necessarily the quota will be a small one. It will be realized that a farmer has certain payments to meet, and that payments must be made as soon as he threshes. He must meet the costs of harvesting and of threshing, and in many instances the first claim against the grain he threshes or sells will be that in connection with hail insurance. Then, advances for seed grain may be required. If no provision is made for advances against grain on the farm, it will mean that the amount which the farmer receives from his quota will be used in paying threshing bills, et cetera, and that he will have absolutely nothing left to meet immediate expenses, including those for fuel and clothing for the winter. In my opinion, it is most necessary that the government deal with this matter.

I was pleased to hear the minister say that consideration was being given to it, and I would hope that shortly that consideration may develop into action. Some of the leading farm organizations and grain dealers in the country have studied this problem carefully, and in every instance I believe they have stated they consider it necessary that provision be made for the advance. In view of that fact I would frankly admit I was amazed

when the Minister of Mines and Resources (Mr. Crerar) termed as moonshine the suggestion made by the hon. member for Weyburn (Mr. Douglas). I doubt very much whether he would repeat the statement to-day, because I understand it has caused a good deal of criticism in western Canada, and, of course, rightfully so. For a number of years I have been disappointed at the minister's apparent indifference to the problems of western Canada, particularly in view of the fact that in the past he has been actively connected with that part of the country. I believe we would be justified in expecting that he would have a sympathetic feeling towards the west. Yet he terms as moonshine a suggestion which is absolutely vital to the western farmer, a suggestion endorsed by the leading farm organizations in western Canada.

I remember reading in a newspaper some time ago a statement made by the Minister of Mines and Resources to the United Farmers of Manitoba. I have a copy of that statement before me, and it appears that at that time he told the farmers of Manitoba that they were not justified in asking for a guaranteed price if, as a result of that guaranteed price, the government might suffer a loss. He said the guaranteed price would have to be set sufficiently low so that no loss would be entailed. Otherwise the people would have to pay the difference, and other industries might ask for similar protection.

Surely the Minister of Mines and Resources should know, as every other hon. member knows, that to-day other industries are getting that protection; and in view of the fact that that protection is being given to other industries, I say that the farmers of western Canada are fully justified in demanding a protected price for the commodities they sell, so long as they have to pay a protected price for the articles they have to buy.

What has been the cost of protection to the farmer of western Canada? Last year, when the same matter was being discussed in the house, I dealt with it at some length, and for that reason I shall make my observations on this occasion brief. I pointed out last year that, as a result of the fiscal and monetary policies of the federal government in the past few years, the cost to the farmers and to the grain growers of western Canada had been in the neighbourhood of \$79,000,000 a year. I based that statement upon submissions to the royal commission on dominion-provincial relations. In part 3 of the Manitoba case Professor Upgren shows that, as a result of our monetary policy, that is, as a result of maintaining Canadian currency at 20 per cent above the pound sterling, while, on the other hand, one of our greatest competitors

[Mr. Quelch.]

—Australia—maintained her currency at 25 per cent below the pound sterling, the cost to the grain growers of western Canada had been \$47,000,000 a year, for every year from 1931 to 1936.

In regard to the increased cost of the tariff, hon. members will recall what was said by the former Minister of Labour, a statement which has been quoted in this house on many occasions. He said that, as a result of the tariff, the people of western Canada were penalized to the extent of \$56,000,000 in one year. A careful analysis of this matter was made in the Manitoba brief to show the cost to the farmer. This worked out to about \$110 per farmer, or \$32,000,000 for the farmers of the west. The figures given by the former Minister of Labour applied to all the people of western Canada, while those compiled in Manitoba referred only to the farmers. As a result of our monetary policy and our tariff, our farmers are penalized to the amount of \$79,000,000. If, as a result of the protection afforded to industries and corporations in this country, the farmers of western Canada are to be penalized to the extent of \$79,000,000 a year, surely they are justified in asking in return that they should receive a price commensurate with their cost of production. They are not asking a price sufficiently high to guarantee to them profits similar to those guaranteed to various corporations in eastern Canada; all they ask is a price high enough to make it possible for them to pay their way and at the same time maintain their families in comfort. That is not being done at the present time.

I have heard the Minister of Agriculture, the hon. member for Moose Jaw (Mr. Ross), and other hon. members on the Liberal side stress the fact that the farmers of western Canada do not want to be subsidized; that, provided they can buy at world market prices, they are prepared to sell at world market prices. Two years ago the Minister of Agriculture attacked the machinery companies rather bitterly for the high prices they were then charging. This government has been in power for six years, and yet not a single step has been taken to rectify that situation. What is the use of hon. members saying that the farmers are prepared to sell at world market prices if they can buy at world market prices, if no steps are taken to bring that about? As I have said already, the farmer to-day must buy what he needs at highly protected prices, and a price of 70 cents a bushel is not sufficient to permit him to continue in operation.

I had intended to deal with the question of Vancouver being considered an alternative base to Fort William, but the Minister of Trade and Commerce has told us that this

principle will be introduced in the bill. I am glad to hear that this situation is to be taken care of. If in normal times it was impossible to ship through that port, then perhaps the government would be justified in striking out Vancouver, but if owing to the exigencies of the war, it becomes impossible to ship through that port, then I contend the Alberta farmer has a right to expect a price on that basis. I am glad the minister has said that this change is being made.

I did not quite catch what the minister said about the processing tax. I have always felt that in demanding a guaranteed price for their wheat commensurate with the cost of production, the farmers were justified in taking this course even though it meant an increase in the cost of bread. I do not believe that any class of society has a right to expect any other class of society to produce below cost of production in order that the former may buy a product at a lower price. Our exports of wheat are used to bring imports into the country. I do not believe the people of Canada have a right to expect other people to produce below cost of production in order that imports may be brought in more cheaply. Even though this processing tax means an increase in the cost of bread, I think the government was justified in putting it on.

However, I think it is absolutely essential that the government should take steps to see that this tax is not made an excuse for raising prices without justification. I remember reading, I think it was in the Turgeon commission report, that flour constituted only 15 per cent of the cost of a loaf of bread. If that is so, we can see how little effect the price of wheat has upon the cost of a loaf of bread. In spite of what the leader of the opposition (Mr. Hanson) has said to the contrary, there is no justification for increasing the price of bread at this time. When wheat was around 90 cents a bushel, bread was selling at the same price as it is to-day. I hope the government will take the necessary steps to prevent any undue rise in prices. I have no intention of saying anything more at this time because I intend to reserve any further remarks I wish to make until the bill is in committee.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, at the outset I wish to pay tribute to my leader for the contribution he made this afternoon to a solution of the wheat problem, which we all realize is a most complex and difficult one. This problem vitally concerns the welfare of the people in western Canada as well as those engaged in other industries and the country as a whole. The leader of the opposition (Mr. Hanson) treated this matter as a national problem and

said that eastern Canada would be ready to bear its share of the load for the common good. In western Canada we sometimes find people who think there is an east and a west in Canada; that the interests of the two parts of the country are diametrically opposite, and that those in eastern Canada do not realize or appreciate the difficulties faced by the west. As a result of the associations I have had as a new member during recent weeks, meeting members of all political parties from all parts of Canada, I am pleased to be able to say this evening that among members representing divergent points of view there seems to be a common desire to view the agricultural problem as one affecting the dominion as a whole. I think the Minister of Trade and Commerce (Mr. MacKinnon) will give leadership in this direction. I have been impressed with the sincerity with which he has applied himself to his new task, and I feel sure that so far as within him lies, he will do what he can toward contributing to the solution of this problem.

This afternoon the Minister of Mines and Resources (Mr. Crerar) gave a lengthy historical review of the wheat situation. I must confess that when he had finished his remarks, the government's policy was just as vague to me as it was when he commenced. He did not remind the house of the fact that when this government came into office there was a fixed price of 87½ cents a bushel; he did not tell us that Canadian wheat enjoyed a six cent preference on the British market, and that there was an advisory committee. To-day the situation is that the price has been fixed at 70 cents; the preference has been sacrificed, and the advisory committee was dismissed long since, for what reason we do not know.

An advisory board is promised by this legislation. What its personnel will be we do not know and it is difficult to understand what it will advise the wheat board about because the policy has already been announced for this year. To those of us who have had difficulty in recent years in understanding the policy of the government in reference to wheat, the words of the hon. member for Portage la Prairie (Mr. Leader) the other evening brought elucidation and enlightenment. He is a man who has devoted himself to the welfare of the western farmer over a long period of years. He is a fearless man, and here are the words he used in explanation of the situation prevalent in agriculture to-day:

I have never been impressed with the government's wheat policy. I think it is recognized by the people of this country that the present government are not friendly to a wheat board. I make that statement without fear of contradiction.

Canadian Wheat Board

That is an enlightening statement; it is a revealing statement. It places before the house and the country the reason why the attitude of this government toward the wheat boards throughout the years has been one of indecision and inaction.

I represent an agricultural constituency, one of the most productive areas in Saskatchewan in years past. But to-day what do we find? And this cannot be too often repeated. Prosperous and successful farmers find themselves going behind in recent years, having to produce wheat, their main commodity, at a cost greater than the revenue which they have been receiving. They ask me to place before the house their wishes and their requirements. They ask this government to announce, not a wheat policy, just for the present, but a policy of reasonable permanence looking forward to the years ahead, so that they will not find themselves in the current of alternating policies characterized by delay or dawdling, or both. To-day is the first of August; the wheat year has commenced. We have been endeavouring in recent weeks to ascertain the policy of this government in regard to the wheat situation and have been unable to do so. The government has repeatedly been asked when its wheat policy will be announced, and forever the answer has been one of procrastination. Now, in the dying hours of the session, legislation is introduced and certain amendments to the Canadian Wheat Board Act are being brought before the house. There is no need for me to corroborate the condition of the western farmer or the farmer of Canada in general, but I should like to quote from a survey made by the Canadian Council of Agriculture, wherein the following appears:

While more than three million of our population live on farms and close to five million on farms or rural areas the share of agriculture in the annual national income has fallen from 19 per cent in 1926 to approximately 8 per cent to-day.

Further, I quote what Major Strange, the expert for the Searle Grain company, said some time ago in his report comparing conditions to-day with those that existed in this dominion in 1913 and 1914. He said:

In 1913-14—

That was in peace time.

In 1913-14 wheat was 87½ cents a bushel for No. 1 northern in store Fort William, and was considered by many to be a fair price, and by all certainly not an excessive price. The Searle index reveals that since 1913-14 the cost of all the things that farmers have to buy had increased by 31 per cent by September 1 last. (It has risen sharply since then, and will continue to rise further no doubt as the war proceeds.)

Adding 31 per cent to the pre-war price which farmers received at their local elevators, simple calculation shows that an equivalent price

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to-day would be \$1.15 for No. 1 northern in store Fort William for western farmers to be as well off as they were in 1913-14.

That this is a reasonable price is confirmed by the fact that the British government to-day pays for British wheat—of lower quality than Canadian wheat—the equivalent at par of approximately \$1.30 a bushel. One dollar and thirty cents a bushel in Great Britain means about \$1.13 at Fort William.

That quotation gives a comparison between conditions at the outbreak of the last war and conditions to-day.

I have heard the criticism made in this house that the western farmer is being bonused or subsidized at the expense of the rest of Canada, and in support of that statement it is pointed out that according to the estimate of the former Minister of Finance in his budget speech there was a loss of \$52,000,000 on the 1938 crop. It is sometimes contended that the loss results from the prices paid to the farmer. To-day we have some 270,000,000 bushels of wheat in storage in Canada and the United States, and it appears, therefore, that on the same basis of reasoning further losses are expected on the 1939 crop.

The Minister of Agriculture (Mr. Gardiner) blames the present situation on the war. He says that were it not for the war there would not be the surplus there is to-day; that markets have been lost since the outbreak of the war, and that to-day only the British market remains. In 1935, throughout the campaign, the Minister of Agriculture criticized the Bennett government for its failure to secure markets, and promised on behalf of his party that there would be a material increase and expansion in markets. It is interesting to note how well that promise has been implemented, how conditions have changed since 1935 in the matter of increased exports of wheat. Here are the figures.

From the 1930-31 crop the exports were 258,400,000 bushels; 1931-32, 206,900,000 bushels; 1932-33, 264,000,000 bushels; 1933-34, 194,000,000 bushels; 1934-35, 165,000,000 bushels. The average yearly export during those years was 218,000,000 bushels.

What are the changed conditions since? In 1935-36 there were exported 254,000,000 bushels of wheat, and mention was made to-day by the leader of the opposition that that was the year of the fire sale. In 1936-37 our wheat exports amounted to 194,800,000 bushels; in 1937-38, 86,800,000 bushels; in 1938-39, 166,100,000 bushels, or an average export, during the four years, of 175,000,000 bushels. The war made little difference in the quantity exported. For 1939-40 the total export was approximately 190,000,000 bushels. As a result of the failure of this government before the war to

secure markets, following the 1938-39 crop, there was a carryover of 102,000,000 bushels of wheat.

Does the price to the farmer explain the loss which has been suffered? Is that why there was a loss of \$52,000,000 on the 1938 crop? I suggest that that loss in the main is due to the tremendous toll which is being exacted from agriculture by storage corporations for storage and other charges. The danger of having the storage corporations endeavour to hold wheat in storage was realized by the Minister of Agriculture in 1937, when, speaking in the house, he made this statement as reported in *Hansard* of that year at page 1631:

The question of how wheat is to be marketed is of great importance to all the people of Canada, but it is of particular importance to the people who produce it. It is also of great importance to the people who have put their money into the greatest wheat storage system to be found in any country in the world. We have storage capacity in Canada for 419,000,000 bushels of wheat. In the year that we have just passed through we produced only 229,000,000 bushels of wheat. The people who have equipped this country with storage capacity for 419,000,000 bushels are very anxious that wheat should go into that storage, and as in some years there is only half enough wheat grown, or a little more than over half to fill the total capacity of those elevators, it stands to reason that certain people who have an interest in those elevators will put forth an effort to obtain wheat to store in order that they may collect storage charges on it.

I was greatly impressed—I might say amazed—with the statement made by the hon. member for Wood Mountain (Mr. Donnelly) when he pointed out the degree of the exaction to-day being levied by storage corporations. He set out in detail the amount of the levy, and showed conclusively that 25 per cent of the price of wheat goes to the storage corporations for handling and other charges. In my opinion, before western agriculture can hope to rehabilitate itself, storage and handling charges must be reduced. They may have been equitable when farmers received a price ensuring them a profit. They are unjustifiable to-day. What changes have taken place under this government in so far as handling charges are concerned? In 1935 charges other than storage amounted to 2½ cents a bushel, which included handling, billing, insurance and one cent a bushel for the elevator company to find a buyer.

There is only one buyer now, the British government. Is there any justification to-day for the exaction of a cent a bushel by the elevator companies for that purpose? One would have expected that it would have been eliminated. But to-day the charges are bulked at 4½ cents a bushel and designated a service charge. That extra levy penalizes the western

farmer to the extent of seven and a half million dollars a year. I ask the government, why was that increase permitted? I know not what the answer will be, but I do know that the great storage and elevator companies have prospered well under this government.

This is war time. The government has secured wide powers under the act for the mobilization of national resources during the present war. Under section 2 it has the right to do such things as may be necessary for the efficient prosecution of the war or for maintaining supplies or services essential to the life of the community. My suggestion is this: Take over, under that power, the elevator and storage concerns. It will be remembered that Mr. Attlee, speaking in the British House of Commons, used words to this effect, "There will be equality of sacrifice in this nation. No one will be permitted to exact great gains at the expense of the nation as a whole." In my opinion, all these elevator and storage facilities should be taken over by the government for the period of the war, allowing the owners a reasonable interest return during the period in which the government has the control.

During the election the Minister of Agriculture replied to a suggestion which one often hears made in this house, namely, that the loss on Canadian wheat of the 1938-39 crop was due more or less to the high price which was paid to the farmer. I point out now what the minister said when he spoke at Earl Grey, Saskatchewan, on March 11, 1940. His statement did not indicate that there would be a loss. It promised a reasonable price to the farmer. It answers the argument that it was the price paid to the farmer which resulted in the loss. Apparently there was a market for our wheat. The minister is reported to have said in part:

That wheat could all be sold to Britain to-morrow at not less than 87 cents a bushel. If it were, the farmer could now obtain at least 10 cents a bushel on his participation certificates. This would make his payment more than the 80 cents which was being discussed last summer.

But the present government does not think it wise to sell all the Canadian wheat at 87 cents a bushel. The British government is not urging us to do so. If they bought it, they would leave it right where it is in the elevators in Canada and pay the storage on it. While it would thus remain where it is, it would be entirely out of the hands of the farmers.

We believe that Britain will pay us more for our wheat when she is ready to take it for consumption in England and that farmers would be well advised to allow the storage to be charged up to their participation certificates.

In other words, in March last—and apparently that condition had prevailed from the preceding fall—the British government was willing to purchase Canadian wheat at 87 cents

a bushel, thereby, instead of our having a loss, ensuring a reasonable profit and a participation return estimated by the minister of some 10 cents a bushel. I suggest to you, Mr. Speaker, that if what the Minister of Agriculture said in March last was in accordance with the facts—and I take it to be so—he thereby indicted the government of gross mismanagement in the handling of the wheat problem, to the detriment of the Canadian taxpayer.

In consequence of the wheat board not selling the wheat to Great Britain when it could have been sold the farmer has been deprived of some 10 cents a bushel on the basis of present prevailing prices. One industry that has benefited from the wheat situation in western Canada and throughout the country, has been the storage elevator industry under this government's policy.

Let us now look at the amendments suggested. The price this year is fixed at 70 cents, Fort William, which means an average of about 45 cents a bushel to the Saskatchewan farmer. What were the promises made during the election? I refer the Minister of Agriculture to his speech, an excerpt from which I have just quoted, wherein is contained a promise, a hope, an expectation that they would receive another 10 cents a bushel. That was the promise. What of the performance? To-day the price is fixed at 70 cents. It is unjust to ask the farmer to supply one of the important necessities of war at a loss. No other industry is required to do that. The farmer is as patriotic as any other class in Canada. He does not ask for profiteering prices, but he does ask for justice; he does ask that his morale shall be maintained; he does ask that in the economy of war he shall not be destroyed on the altar of political expediency.

I am not going to refer this evening in detail to costs of production except to mention that Professor Hope, who was referred to the other evening in the highest terms by the Minister of Agriculture and who is entitled to that praise, estimated that on grain farming with power machinery, which is the most economical, it would cost on a half-section farm 66 cents a bushel to produce wheat; and I may add that in arriving at this estimate no allowance or compensation or consideration is given for the labour of the operator or his family, and no provision is made for any form of recreation. Surely agriculture should not be singled out as the one industry in time of war to make a singular sacrifice. Either the price must be raised to a level such as has been frequently suggested by the member for Qu'Appelle (Mr. Perley) and others, or on

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the other hand something must be done to reduce the cost of production. What has the government done in that connection? Only two weeks ago it imposed a 10 per cent exchange tax which will fall on agriculture to a greater extent than any other industry having regard to the fact that it is to-day producing at a loss. By reason of the imposition of that tax on tractors and farm machinery, the load of the Canadian farmer has been increased by some \$2,000,000.

Why, I ask, has the Hudson bay route not been used to any extent during recent years? Is it because of the opposition of the great storage corporations? Shipping by way of Hudson bay through Port Churchill would mean a saving to the western farmer of six cents a bushel. The facilities have been provided, but are practically unused. During the last three years only a small stream of wheat has been shipped in that direction. In 1936 the quantity shipped was 4,293,501 bushels; in 1937, 603,982 bushels; in 1938, 916,913 bushels; in 1939, 1,772,460 bushels. Why is that port not being utilized to a greater extent? It is a wonderful port. It is not open for more than three months in the year, but during the open season a large amount of western wheat could be shipped, which would ensure a further return to the western farmer.

My next suggestion is this. In reducing the cost of production I would refer again to handling charges, and I ask the government to take advantage of its powers under the mobilization act to save the farmer at least a large portion of these charges which to-day are being saddled on the productive income of the farmer. Provision is being made under this bill, no doubt in consequence of the promise given during the election by the Minister of Agriculture, for an interim payment. The provision is that an interim payment will be made under certain circumstances which the government must realize will never become operative. The section reads in part:

To make interim payment on account of any surplus aforesaid, if such interim payment can be made without any possibility of loss or deficit in respect of the operations of the board or of cost to the government under any guarantee given by the Minister of Finance.

The hon. member for Wood Mountain (Mr. Donnelly) summarized its effect when he used these words as reported in *Hansard* at page 1959:

It will be a good gesture, that is all; it will not be of any value to anyone.

When I observed the gesture I thought of some of the reported speeches of the Minister of Agriculture made in western Canada during

the last election. I realize that he has denied that he made a statement at Wilkie, Saskatchewan, on March 21, as reported in the Canadian press as follows:

Definite promise of amending legislation to provide for a 10 or 12 cent interim payment on the current year's wheat crop was made here Wednesday afternoon by Hon. J. G. Gardiner. The Minister of Agriculture declared that, if the King administration was returned to power the present bill would be changed so that a payment might be made as soon as possible.

That was the promise, according to the press report. The amendment is the performance. The Minister of Agriculture has denied making that statement. I accept his denial, but it seems passing strange that he should have been misreported several times by different papers, making a similar speech at different places. I read from the *Regina Leader-Post* of February 28, 1940:

Yorkton, February 28. Mr. Gardiner was in splendid form and has never been heard to better advantage in Yorkton. . . . He began by reviewing the agricultural legislation passed since he left the Saskatchewan premiership in 1935 to take over the federal agricultural post. . . . He defended the setting of 70 cents as the initial payment for wheat per bushel and predicted the farmers would have an interim payment of from 10 to 12 cents per bushel shortly after the next government is formed, if the present administration is returned.

I do not know whether the minister now contends that he did not make that statement, but so he was reported.

I quote now from the *Davidson Leader* of March 6, 1940, reporting a speech delivered at Davidson, Saskatchewan, by the Minister of Agriculture. This is the report:

The Canadian government can sell to Britain, through the wheat board, all the wheat they now have on hand and thereby pay those who sold to the board an additional 10 or 12 cents per bushel.

Apparently in view of the numerous times the Minister of Agriculture was misreported during the campaign, so far as the interim payment is concerned, he did not make himself as clear as he ought, particularly considering that there was an election campaign on.

That was the promise. This is the performance: an endeavour to induce the western farmer to believe that he will receive an interim payment, which, as the hon. member for Wood Mountain said, was merely a gesture that will amount to nothing.

I shall deal now with certain other matters covered by the bill. There is the matter of the removal of the 5,000 bushels limitation, which I consider proper and for which the minister is to be congratulated. I have

already referred to the advisory board, promised throughout the election, being implemented after the policy for the year has been determined. As the hon. member for Weyburn (Mr. Douglas) asked this afternoon, are we not entitled to know who will be the representative of the producers on this board, and what public bodies representing agriculture will have representation thereon? The house is left in the dark, and no answer is forthcoming as to the personnel.

In so far as the matter of storage on the farm is concerned, I congratulate the government upon making provision for payment for storage to the farmer so long as the wheat remains on his land. For years the hon. member for Qu'Appelle has advocated that; ridiculed at one time, it becomes to-day a necessity through the exigencies now existing.

I shall refer now to the grain exchange. I know, and I am sure the Minister of Agriculture will agree, that having regard to the fact that there is to-day only one buyer for Canadian wheat, there is no need for the existence of the Winnipeg grain exchange; and there is a demand all over western Canada that it should be closed for the period of the war. The representatives of all the western pools on September 2, 1939, requested the government, without result, to bring in legislation to this effect. In Mr. Wesson's speech of February 19, 1940, I find these words:

On September 2, 1939, the three presidents of the western wheat pools jointly sent the following wire to the Hon. W. D. Euler, Minister of Trade and Commerce and chairman of the federal wheat committee:

"To avoid complete disorganization grain markets by wide fluctuations and uncontrolled speculation wheat pool organizations recommend immediate suspension futures market and hundred per cent control by Canadian wheat board with advisory committee reappointed on basis provided by wheat board act."

He goes on to say that there is no need to-day for speculation upon the exchange, and he adds:

It should be pointed out that the British government adopted a different policy at the outbreak of the present war from the one adopted in 1914. For two years after the outbreak of the war in 1914 all markets remained open both in Europe and in Canada, and incidentally prices did not rise very materially even although the surplus wheat situation was not a factor as it is to-day. After two years all markets were closed and purchasing commissions were set up to purchase wheat from Canada and other exporting countries.

Then he goes on to establish that there is no justification and no excuse, for keeping the exchange open during the time of war. Now it may be asked, What possible advantage would there be from the closing of the grain

exchange? I refer to what the hon. member for Qu'Appelle said in this house on June 27, 1940, as reported at page 1208 of *Hansard*. He said that he had had a conversation with the then Minister of Trade and Commerce, the Hon. Mr. Euler. I do not think that conversation has been denied. The hon. member said that the British purchasing agent asked that the grain exchange be closed, but the Canadian government refused to close it. I ask the government to explain the reasons for refusing to accede to the wishes of the British government. To-day the minister says that the reason why certain things are done is the request of the cereals import committee. But there has been no denial by the Hon. Mr. Euler or anyone else that the British government asked for the closing of the grain exchange last September.

Mr. SPEAKER: Order. The hon. gentleman's time has expired.

Mr. DIEFENBAKER: Might I just finish?

Mr. SPEAKER: With the consent of the house.

Some hon. MEMBERS: Go ahead.

Mr. DIEFENBAKER: There is one question I should like the Minister of Trade and Commerce to answer: Why has not the Grain Futures Act of 1939 been implemented by the appointment of a supervisor with authority to watch trading on the grain exchange and report to the board any conditions prejudicial to the public interest arising from speculation? According to a pamphlet issued under the authority of the Minister of Agriculture, the board was given authority to investigate complaints in relation to transactions in grain on the Winnipeg grain exchange, and whenever it is of opinion that transactions in grain futures are causing or threatening to cause undue fluctuations in the price of grain, by order to fix minimum margin requirements and limit trading and holding of grain futures by individuals.

I conclude by saying that the farmer in western Canada does not want relief. He asks, however, for a fair price for his wheat that will assure him a return approaching parity with the prices of commodities he purchases, and to be assured of the largest possible share of the price ultimately realized for his product, by a reduction in handling charges, by a reduction in freight rates, or by his wheat being routed over the least costly routes. This parliament must do something more tangible than is provided in the amendments to the wheat board act, if the western farmer is to escape from or be emancipated from the bondage in which he now finds himself.

[Mr. Diefenbaker.]

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, in rising to take part in this debate I should like first of all to deplore the government's lack of policy with regard to agriculture. I believe that lack of policy has been exemplified in the house within the last two days better than I could do it. Yesterday the hon. member for Weyburn (Mr. Douglas), when discussing this problem, stated that we should have a payment on wheat stored in granaries on the farms. One of the ministers of the government rose in his place and called it moonshine. To-day we find another minister of the government telling us that the government is considering the hon. member's suggestion. Surely this shows lack of unanimity among members of the cabinet, so far as agriculture is concerned.

This is a subject which should have been brought before parliament at an earlier date. We have been here for something more than two months and, with the exception of the war—and of course that is the main question to-day—the position of agriculture is of greatest importance. Certainly it should have been discussed before this late date.

Speaking this morning, the Minister of Mines and Resources (Mr. Crerar) said that the government had been very busy. We know they have been busy. We know, too, that in taking over a new department he had his hands full. But surely agriculture is Minister of Agriculture (Mr. Gardiner) has of sufficient importance in Canada to warrant a full-time minister. The government has taken time enough in reorganizing the cabinet, and in my opinion at this date it should have a full-time Minister of Agriculture.

I have this further criticism to make: We find in the estimates for the Department of Agriculture that the amount for marketing and advertising of agricultural products has been cut in half—and this at a time when we are faced with the greatest surplus of agricultural products we have ever had in our history. Surely that is a short-sighted policy. It does not make plain common sense. Several years ago when the International Nickel company were faced with a similar situation, and when after the last great war they found their markets decreasing, did they reduce their advertising expenditures? No; they spent millions of dollars in developing new uses for nickel. They advertised nickel throughout the world, and replaced their industry on a sound basis. That is what we should be doing for agriculture to-day. If we were to spend in Canada a million dollars each year in the next five years to develop new uses for agricultural products, it would be the best money we ever spent.

Mr. WOOD: Does the hon. member recommend advertising wheat in Germany?

Mr. WRIGHT: I recommend the development of new uses for agricultural products, and my suggestion would be in line with that of the hon. member for Leeds (Mr. Fulford) who suggested a development of the use of wheat in the manufacture of alcohol. There are many other commodities which could be developed out of agricultural products, and which would give us a market for our wheat, if we would spend the time and the money to develop that market.

Last year, when the Minister of Agriculture introduced legislation, he made the statement that he was doing it with a view to establishing the half-section farmer and the family farmer in the west. The bill we now have before us, and the bill we considered earlier in connection with assistance to agriculture, will have just the opposite effect. There is no half-section or quarter-section farmer in western Canada to-day who can produce wheat at 70 cents a bushel. Only one farmer can do that, and he is a man who is operating a mechanized farm. The small, family farm is being discarded in the west to-day. We are developing the large farm and the share cropper by this kind of legislation.

A few years ago the government appointed a commission to examine into operations of the Winnipeg grain exchange, and that commission brought in a recommendation that a supervisor should be appointed. Has the government appointed that supervisor? If not, does it intend to appoint one? If the grain exchange is going to be operated, then a supervisor should be appointed. I do not believe that at this time that grain exchange serves any useful purpose.

If the small farmer of western Canada is to remain, then we must make some provision whereby more will be paid for the first thousand or two thousand bushels of wheat grown. My suggestion would be that there would be a set price on the first thousand or two thousand bushels, with prices arranged on a graduated scale, so that the small farmer might have a chance to exist. This might be brought about by a processing tax such as is suggested in the bill. In my opinion, however, a processing tax of 15 cents a bushel is much too small at this time.

Evidently we are to have an increase in the price of bread. In view of the fact that people who have investigated the matter state that an increase of 52 cents in the price of wheat would increase the price of bread by only one cent, I suggest that at this time we should have that full increase in the price of wheat.

Then, the price of bread should be set so that it could not increase more than one cent a loaf.

To-day the Minister of Mines and Resources made the insinuation that Mr. Sapiro was a fascist, and left the implication that the organization he organized would be a fascist organization.

Mr. CRERAR: Let me correct my hon. friend at once: What I said was that Mr. Sapiro had fascist tendencies.

Mr. DOUGLAS (Weyburn): "Complex" was the word.

Mr. CRERAR: I made no insinuation that the organization he helped to promote in Alberta had fascist tendencies. If my hon. friend wishes to get some information about Mr. Sapiro I would ask him to talk to the Alberta wheat pool officials.

Mr. WRIGHT: I am not arguing with regard to Mr. Sapiro, because I do not know the gentleman at all, or his tendencies. But I do know that the organization he helped to build up in the west is not a fascist organization. It is a cooperative organization.

Mr. CRERAR: And I never intimated or even hinted that it was a fascist organization.

Mr. WRIGHT: That was the inference.

Mr. CRERAR: No.

Mr. GARDINER: No.

Mr. WRIGHT: Then why use the word? The organization he built up is a cooperative organization, the type of organization which would be the first thing any fascist regime would attempt to get rid of.

I do not think the present government should talk of fascism or dictatorships, because the other night in connection with the unemployment insurance bill I saw the finest exhibition of dictatorship methods I have ever seen in my life.

Mr. ROSS (Moose Jaw): Explain.

Mr. WRIGHT: The Prairie Farm Assistance Act was introduced the other day and it purported to be a crop insurance plan. I cannot see where there is any crop insurance in that legislation. Any sound insurance scheme must be founded upon an actuarial basis. A flat rate cannot be applied to the whole west in any insurance scheme, whether it be crop or any other type of insurance. It must be applied on a regional basis. Where the risks are greater, the premiums should be higher. If this crop insurance plan was a sound plan, I believe it would be acceptable to the west.

There are areas in the west which cannot afford to bear their share of the cost of a

crop insurance plan. Those areas should never have been settled. The government have a responsibility with regard to the settling of those areas, and because of that responsibility they should be ready to help bear the cost of a crop insurance plan. There are other districts in northern Saskatchewan, Alberta and Manitoba where a sound crop insurance plan would be acceptable and where the people would be willing to bear the cost.

Agriculture, not only in the west but in the east, has been neglected by the present government. No direct lead has been given, and the result is that to-day agriculture does not know where it is going. I should like to quote from a letter which I received the other day from a man in my constituency. I think this letter expresses the opinion held by many farmers in the west. This is what he says:

As one who changed from a city profession to go farming, I had high hopes of what a farm should be, and possibly did achieve more than average success in this direction, but with the fluctuations of the past ten years, and the present hazy policy of our government to-day towards agriculture, I am wondering if a man is not in a blind alley occupation when he continues to farm under the conditions as they exist to-day. I know that farmers continue to carry on in spite of all obstacles, with misplaced energy and judgment that they endeavour to overcome by going into further debt, and application to debt adjustment boards.

Is this government going to declare a policy for farmers during this war, or, are they going to let them go along working to no purpose producing food stuff below cost of production? Farmers under such a system, and who continue to carry on, will find that their debts exceed their equities.

Personally, I have found it more profitable to do nothing on my farm since spring, than work to improve my land, and it irks me to think that we are supposed to be at war, and that at the same time one finds that the only way to survive is to do nothing.

I travelled 15,000 miles last year through the states, and England, studying economic conditions among the poorer people wherever I went, and I think there is room for vast improvement in the social and economic standard of our farmers, and unskilled workers compared with the States and England.

We have a war on, and wars like depressions, get bigger and better, and the slogan of sacrifice is rampant and possibly necessary to achieve victory, but let it be sacrifice for all. I figure that my contribution to the war effort this year is \$1,500 by reason of too low prices, and this applies to all farmers. It makes I am sure the biggest contribution to our war efforts this year. This is real sacrifice from farmers.

Personally I am not farming next year unless there is some definite policy for agriculture, it is wasted effort, and I do not wish to lose my farm eventually through going into the red every year. Possibly one could find some other occupation, which would be more vital to our war efforts than farming, at least this is the

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impression I get when I notice the government lassitude towards agriculture, and many feel the way I do, but cannot express what they think.

I am wondering of the future, for the poor people they have little to lose, but I trust that our home problems are solved with less difficulty than those with which nations settle their grievances.

If there is no plan for agriculture this coming year, there will be no more disgusted person in this dominion than I.

That letter expresses the opinion of the people in the west. Our agricultural production will be decreased unless this government does something. A definite plan should be offered to agriculture. This is the only industry in Canada which is producing below cost of production. I have heard the case of agriculture presented on the floor of this house by members of the government, by members of the official opposition, by members of the Cooperative Commonwealth Federation and by members of the Social Credit party, and yet we are refused our cost of production. There are other industries whose cases have never been presented on the floor of this house, but which are receiving their costs of production. What inference can the agricultural people throughout Canada draw from that fact? What opinion can they have of our democratic form of government when they send people here to present their case and they receive no consideration, while other industries, not represented here, get what they want? When it refuses to consider these matters, this government is doing more to destroy democracy in this country than perhaps some of the quislings did in Norway.

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, during this session many matters have come up before hon. members in connection with which opinions have been quite divided, but I think all of us are of the same opinion that the question of agriculture is one of unprecedented importance. Not only does the crisis now existing in western Canada affect the people of the west; it affects the people of the whole country. Therefore, it should have the consideration of every hon. member, whether or not he comes from an agricultural constituency. I was sorry this afternoon to hear one or two hon. members infuse a little dose of politics into their speeches. In connection with this matter we should forget party politics. This is something which has to do with the well-being of the Canadian people and we should not let party politics interfere with it.

Hon. members from all sides have tried to present the case for agriculture, but in the majority of instances they have underestimated

the effects of the government policy. There is no need to enlarge or to overestimate these effects because the truth itself is terrible enough. When the provincial governments were presenting their briefs to the Rowell commission three years ago, the Liberal government of Saskatchewan presented theirs. I should like to quote from the brief presented by that government in 1937, as follows:

From the material already submitted, the conclusion is easily drawn that the economic well-being of the people of Saskatchewan at the present time is not high. For the farmer we find mounting debts, in large part secured upon his land, and rapidly deteriorating capital equipment with which to work. For the great bulk of the population of Saskatchewan, living conditions have been on or only just above the subsistence level during the past few years.

Although that report was made by a Liberal government, in my opinion it was a conservative report. Since that time the economic well-being of the people of the west has not materially increased. We have the Farmers' Creditors Arrangement Act; we have the Prairie Farm Assistance Act, and we have other attempts on the part of this government to help the farmer, but I submit that they are all pale palliatives, that they but scratch the surface without going down deep to the roots and causes of the distress of agriculture.

We have now had a declaration of government policy. We are to have 70 cent wheat again this year. We are to have a continuation of the grain exchange, and we are told that a part of this year's crop must be stored because we already have an enormous surplus. The people of the west are asking only for justice, and yet I would say that by a continuation of this policy, by the increased cost of living caused by our new budget and the increased cost of production which results from the increased import duties, this government is demanding as it has never demanded before, Shylock-wise, its pound of flesh from the western people.

In 1939 we had 70 cent wheat, which, contrary to the opinion that so many eastern people hold, does not bring our western farmers anything like 70 cents a bushel for their wheat. That has already been stated in the house. Our farmers who were able to produce No. 1 northern received at their western elevators last year 49 to 50 or 51 cents a bushel. Some of them, because they lacked the proper machinery, or because, perhaps, they lacked the help which they should have had in the spring to put in their crop, or lacked, perhaps, the money to buy new and better seed, got not No. 1 northern but lower grades. Some had to grow Garnet wheat, with the result that they got only from

33 to 39 cents a bushel for their wheat at the country elevators. Yet at our local stores when we went to buy provisions we found that we had to pay \$3.35 for a sack of flour weighing 98 pounds. When one reckons that up, it will be found that a farmer has to pay from seven to ten bushels of wheat for one sack of flour; and if a bushel weighs roughly around sixty pounds, a calculation will reveal that the western farmers had to sell from 420 to 600 pounds of wheat to buy ninety-eight pounds of flour. If that is the basis of exchange, Mr. Speaker, which the government think can keep the western farmer on his feet, there is something wrong with their calculations. It is not a profit which the western farmer is demanding; it is a parity price which will enable him to buy the goods which he needs for more than a mere subsistence level.

We have now a 15 cent levy imposed on the milling corporations. On the surface it looks like a tax upon those corporations but in my opinion it is just one more good excuse for the millers to increase their profits. The Minister of Trade and Commerce (Mr. MacKinnon) acknowledged this afternoon that in one instance, in Montreal or somewhere near that city, bread has already increased in price. I heard that it had increased at the rate of one cent a loaf. We are hoping that it will not increase generally, but we have no guarantee that it will not. Nothing will satisfy me to the contrary except when this government will guarantee a pegged price for bread as well as a pegged price for wheat.

Is it necessary that we must starve Canadian children to win this war, and yet at the same time allow industry to make profits? Why does this government not peg bread at a price lower than it is to-day and let the millers take the rap just as the farmers have had to take it in years gone by?

We live in a country which is vast and potentially wealthy. We have roughly 11,000,000 of a population, which is very, very small compared with most of the European countries. We may also, according to the former Minister of Finance (Mr. Ralston) in presenting his budget, expect a national income this year of anywhere from four and a half to five or five and a half billion dollars. Consider that. To prosecute this war we are told that we must spend probably one billion or one billion and a half dollars of our national income of five or five and a half billion dollars, and we have only 11,000,000 people to feed and clothe. Why should we have to starve any of our people to prosecute this war? It is not logical; it is not sensible, and it is not human. I care nothing for parties or politics. I appeal to the government on the ground that they are

men, that they know what it is to see children wanting food, and will do something and not just talk so much about these problems.

It is recorded in history that many years ago the people went to a certain queen and said to her, "The people are starving, they have no bread," and the reply which has been brought down to us in history was "Then why don't they eat cake?" Sometimes I think the callous disregard of this government toward the starving people of the west is comparable only with that example recorded in history.

This afternoon, when the hon. member for Weyburn (Mr. Douglas) was speaking, a voice from the Liberal benches at the other end called out "Don't worry. The people of the west won't starve." I am sorry that there was such an expression of ignorance in this house because I contend that there are starving people in the west to-day because, let it be remembered, man does not live by bread alone. We have had starving people, and if this government continues with its policies we shall have more of these starving people. I am sorry to see a smile on the faces of some hon. members opposite. These are not smiling matters.

Mr. HOMUTH: They are laughing at themselves.

Mrs. NIELSEN: I hope so. I wish, Mr. Speaker, that we had members in this house who had had experience. I see that some of my hon. friends are raising their honourable eyebrows, but I repeat, I wish we had men of experience, men who knew what it was to be hungry. When I went to school I had to repeat these lines from Julius Caesar:

Let me have men about me that are fat;
Sleek-headed men and such as sleep o' nights.
Yond Cassius has a lean and hungry look.

Now that I find myself happily in that position I wish I had more men beside me with a lean and hungry look, men who knew from their own bitter experience what it was to be hungry, what it was to wonder where the next meal was coming from, men who were lean because they had lived intimately with starvation as thousands of our Canadian people have had to do in these last few years. Perhaps, then, we would have a government which would more truly represent the needs of the people than does this government.

If the government persists in its policy of giving 70 cents for wheat, I cannot see anything for thousands of our western farmers but that they will be forced to apply for relief. At the present time thousands of them have been forced to apply for relief, and a family of nine is receiving, in my part of Saskatchewan, \$3 a month. I believe I heard somewhere once that the society for

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the prevention of cruelty to animals made application to the Saskatchewan legislature for certain grants, and I believe it was said that when they picked a small cur off the roads it cost them around ten cents a day to feed it and if it was a large dog, about fifteen cents. That would be roughly around \$3 a month. Yet we expect our people in the west to live on \$1 a month, or less than it costs to keep a cur picked up off the road. That possibly, is a matter which has not been discussed in this house and has not been even thought of by many hon. members. I can see nothing for the people of the west, if the government continues its present policy, but that they will be reduced to a level comparable with that of European peasantry. They are very near that already.

At different times in this house I have heard several hon. members attempt to guard the rights of business or of various corporations. I have heard them defend the cause of certain groups within this country. I wonder whether they would lie down and keep quiet, as they expect the farmers and the farmers' representatives to do, if their own interests were being crushed and reduced as are the interests of western agriculture at this time. I feel quite sure that those same hon. members would rise in their places and protest vociferously. Not only would they speak in this house, but they would act in various ways. They would send advocates to the government; they would set up committees; they would find various means of presenting their case and insisting that their interests should be protected.

If this government persists in its present policy—and although speakers in this house have presented the case for agriculture, I cannot see that all their arguments have made this government alter its policy one jot or tittle—I feel convinced that the only reply which the western people can make is that they shall organize to protect their own industry and their own interests. They will have to do so; for it seems clear that in this house, with all the talking, no action is taken.

After all, if the farmers do this, they will be doing no more than industry has done. Industry has protected itself. It demanded that the limitation of five per cent on its profits should be removed. The western farmers are not demanding a profit; they are demanding just a livelihood, a living and a home. They must organize to protect their own interests as industry has done to protect itself. Let no hon. member on the government benches say that the farmers in doing this, will be disloyal to Canada or the Canadian people. By protecting themselves they will

be loyal to the truest interests of Canada. In this day and age they cannot be forced down to serfdom.

If the farmers of the west were to present their case to this government, there are certain proposals which, I feel sure, they would have to make in order to enable themselves to carry on through these coming months. One cannot blame them for fighting for existence. The first law of life is that of survival. The western farmers must fight for that right in the same manner as any other group.

First, I would suggest, as a programme for the west, that the price which this government must guarantee to western farmers should be not less than \$1.25 a bushel at the terminals. When one considers the increased cost of production and the higher costs of living, and when one recalls how inadequate was the price of 70 cents last year, a guarantee of \$1.25 at the terminals, which would mean roughly \$1 at the country elevators, would possibly be just sufficient to allow the farmers to get by.

Second, I would suggest that the government buy through the wheat board all the wheat of the western farmers. If someone asks where the money is to be obtained to buy this wheat, I would say that early in the session the house granted \$700,000,000 for the prosecution of the war. There were no specific items included, and I would say that the government should take some of that money to buy western wheat; they should use that money to wage war on poverty, which is an enemy within our country as dangerous to our people as our enemies abroad. It would be part of the prosecution of the war to use money for that purpose.

Third, this government should start immediately to provide work in the west for some of our men who, contrary to the general opinion, are still unemployed through no fault of their own. The government should start to build storage elevators. Already demands are coming from the west, from the city of North Battleford and surrounding districts, and from various farmers' locals, that the government build a large storage elevator in the middle of Saskatchewan, where they believe it will be safe from enemy action, and where enormous quantities of wheat can be stored.

Fourth, there should be a moratorium on farm debts during the war.

Fifth, bread prices should be reduced, as I said before, at the expense of the millers, so that home consumption will be increased. Were every man, woman and child in Canada to have as much as they desired of this staple commodity, bread, we would increase our home consumption considerably. The present

level of consumption merely proves that our people are not able to afford as much as they would like to have.

The sixth point, which also has been mentioned, is that when the Hudson bay route, which cost around \$50,000,000, was constructed, it was understood that it should be used in the interests of western people. I believe I am correct in saying that in the first six years that the Hudson bay route was operated freight rates on the great lakes were cut from around nine cents to somewhere around 4½ cents a bushel. The advantage of this to the western farmer is evident to everyone.

Another point, and one which I believe is worthy of consideration, relates to loss of markets. In my opinion, if the old markets are gone, we should seek new ones. I believe that some could be found if we had an enterprising government. First, there is China. Second, there is Russia. There are many hon. members who believe that whatever England does with regard to various matters is quite suitable for us to do. To-day England is negotiating with Russia with a view to a new economic relationship. Why should this country fail to seize an opportunity to dispose of wheat, if it can, in order to lessen the burden of the surplus which we already have?

On many occasions the government has pleaded for unity. They say that for the prosecution of this war we must have a united people. I would say to them: If you continue with this policy, how on earth can you hope to have unity? With every step of this policy you are alienating people in western Canada. How do you suppose they are going to feel as time goes on? They are asked to accept conscription, to accept registration, to be regimented; at the same time you are forcing them to submit to starvation. How do you suppose they will react to these things? They are not yet serfs. They still have some of that pioneer spirit which rebels, rightly and justly, against treatment of this kind. That spirit is not dead; on the contrary it is very much alive and growing in the west to-day; and where in the past the western pioneers went out to carve themselves homes out of the wilderness, to-day that spirit is leading them to carve a little justice out of this government. I believe that when the people of the west are called upon to register, thousands of them will register at the same time a protest that it is neither fair nor just to expect them to submit to existing economic conditions and at the same time to register and be regimented. They would be right in protesting in such a manner.

I cannot feel that talking in this house will do very much with regard to this question

any more than it has done with regard to other questions, because, as I said before, with all the talk in this house, I cannot see where this government has once altered its policy. Therefore there is only one thing left to do. The people of the west must organize themselves to defend their own interests, send their demands to this government and make their voice heard. If their voice is too far away in Saskatchewan, then they must come to Ottawa so that it can be heard. Perhaps they would be a rather ragged army were they to come, not very well equipped for a long walk; but men, when they are hungry and their children are starving, will do many things which otherwise they would not do.

In conclusion, let me say this. The people of the west must defend themselves and organize to demand the means of their existence. This is only just and fair. The pioneer spirit which led them in the past will lead them in the future. They must cut down the trees of the economic wilderness into which this government has led them, and with courage and determination they must build for themselves a new home and a new heritage in that glorious west.

Mr. A. M. NICHOLSON (Mackenzie): Hon. members are anxious to conclude what has been for everyone a strenuous session. I have been away from the house for a few days and have seen a large group of farmers in the three prairie provinces. I would say to western members that they would be well advised to delay their return to western Canada if they cannot take back to the farmers there some report that offers more hope than has heretofore been held out to them. The members of this house will fully understand that we from western Canada are not discussing a provincial matter; we are discussing something that is of national consequence, because, as we have repeatedly stated, the farmers of Canada are anxious to make a valuable contribution to the effort to prosecute this war. The farmers of Canada have never asked for unlimited profits, but they have asked for some assurance that in making their contribution they will have the cost of production and will be able to pay their taxes and store bills, and to enjoy a decent standard of living.

Mention has been made in the house on different occasions of evidence submitted with respect to conditions prevailing in agriculture. Appendix 4 of the Sirois report tells us of the decrease in farm income in western Canada. For Saskatchewan, the net income in 1926 amounted to \$203.8 millions; for the seven-year period between 1931 and 1937 that net income had been reduced to \$18 millions. Can hon. members understand what it would mean

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to any man to have his income slashed from \$203 to \$18 a month, while cost of production had remained constant or had possibly increased? The farmers of Canada, particularly the farmers of western Canada, are in no position to be asked to carry the cost of producing foodstuffs at a loss. As has been frequently stated, the time will come when agricultural products will be essential for victory. Famine faces many countries in the future. This being so, it is most unfair for the government to expect the farmers of Canada to bear the burden of carrying grains until the time they are needed.

To show that this is not a provincial problem, I might refer to the brief presented to the Rowell commission by the Manitoba government. In the eighth part they point out the different possibilities arising from unfavourable dominion policies. The hon. member for Acadia (Mr. Quelch) mentioned the unfavourable effects of the dominion tariff policy and the unfavourable effects of the dominion monetary policy. The chapters here tell us that the unfavourable tariff policy in Canada has imposed for many years a burden exceeding \$100 annually on the average farmer in Manitoba. While the tax in itself is burdensome, it is pointed out, it is a fundamental weakness that the greater part is not credited to the dominion government's revenues but goes to the beneficiaries of the protected industries.

The section dealing with the unfavourable effects of dominion land policy gives facts that must be obvious to everyone. Hon. members are all familiar with the fact that for years and years people from eastern Canada as well as from various parts of Europe were urged to go west. Twenty years ago, as a young boy, I went west from Ontario in response to that familiar slogan, "Go west, young man". Thousands of others have gone. Public money has been spent for the purpose of bringing people here from various parts of Europe. Many settlers have found themselves on land unsuited for farming. Here is a problem created with the knowledge of the government.

I submit that care for agriculture is one of the national concerns at the present time. Clement Attlee, who is playing such an heroic role in the old country at the present time, pointed out something that should be obvious to everyone in this house. He said:

If we permit, as in the last war, inequality of sacrifice, so that at the end the gulf between rich and poor is greater than ever, we shall have failed in our task. If we really wish to build a new world wherein justice, mercy and truth shall replace brute force, wherein equality and good neighbourliness shall take the place of violence, aggression and domination, we must also build a new Britain worthy to lead the world away from anarchy and strife to the paths of peace.

What applies to Britain applies to Canada. This government should be prepared to bring before us at this time really progressive legislation in the interests of agriculture. We in this group fully realize the difficulties that face the present Minister of Trade and Commerce (Mr. MacKinnon). I feel a special loyalty to the new minister because he is one of the boys from my own native county of Bruce. He has made good and is performing a responsible task in Canada. I am sorry, however, that the Minister of Trade and Commerce has not, supporting him, members of the cabinet who understand more fully the problems of agriculture in Canada. One of the most disappointing experiences I have had since coming to Ottawa was listening to the Minister of Mines and Resources (Mr. Crerar) this afternoon. I could scarcely believe my ears, that the minister was the same hon. member who some years ago led a progressive group in this house. I have before me a copy of a speech which he delivered back in 1922, on March 14. This is what he said:

There is no doubt, sir, that the condition of agriculture throughout Canada to-day is very serious indeed. The Minister of Agriculture (Mr. Motherwell) is, I am sure, well aware of that fact. After all when we survey this whole dominion from one end to the other, when we take account of the great manufacturing establishments that we have built up, may we not properly ask, upon what does the real prosperity of this dominion rest? It rests upon our agriculture; and if the farmers of this country are not prosperous, if agriculture is not thriving, then there is only one inevitable consequence—the business of the country languishes and dies. What is the situation to-day? I venture to say that a great majority of the farmers of western Canada, that portion of the dominion with which I am more intimately acquainted, conducted their business last year at a loss.

And so on. I submit, Mr. Speaker, that the conditions described by the Minister of Mines and Resources in 1922 are much more critical in 1940. But instead of the minister rising in his place to make a plea for agriculture, this afternoon he attempted to justify a price of 70 cents a bushel for wheat, intimating that farmers could carry on very nicely on an initial payment of 70 cents. He said that if farmers applied common sense and cooperation they could solve their difficulties. There is a good deal of wisdom in what he said, but I suggest that the first thing farmers should do is to elect to parliament people who understand their problems, people prepared to speak in the interests of agriculture.

The minister spoke of his pioneering experiences in Manitoba. I have a great admiration for pioneers. My grandparents pioneered in Bruce county, as did the forebears of the

Minister of Trade and Commerce. My grandfather came from a northern island of Scotland where they knew real poverty, and the pioneers in Bruce county knew real hardships. But the people of my constituency who are pioneering are just as good stock as the pioneers in any part of Canada or any part of the world. The pioneers in my constituency are not complaining about difficulties in making their contribution to the welfare of Canada. They are complaining, however, about being forced to live in 1940 under conditions similar to those which prevailed in 1840, 1850, 1860. When my grandmother died in the bush, the nearest doctor was twenty miles away. There was no undertaker; the neighbours made the rough coffin used to carry her to her last resting place. The same conditions prevail in northern Saskatchewan; but in 1940 we are living in an era of plenty, we have the automobile, the radio, and we have a great abundance of all the things that people need. Our pioneers in old Ontario accepted their lot because they knew they were living in an economy of scarcity. But in an economy of plenty people are not content to live under such hardships. The Minister of Mines and Resources gave the impression this afternoon that people really could make good if they would cooperate. I point out that we are living now in a different age from sixty years ago. Pioneers in old Ontario made their shoes, their farm implements, their clothing right on the homestead. We are now living in a society in which there is monopoly control of the things necessary to sustain life.

I have here the report of the committee that investigated the farm implement business in Saskatchewan. They found that a cream separator made in Sweden cost, laid down at Peterborough, Ontario, \$17.65. The freight to Winnipeg is \$1.30, making the cost in Winnipeg, \$18.95. But what does the farmer pay for it? He pays \$44.58 for a cream separator which cost \$18.95 laid down in Winnipeg. The point I make is that huge monopolies control the farmer's implements, clothing, the things necessary to maintain his life in this complex economy; and it is not an easy matter for the farmers to set up cooperatives and put these big corporations out of business.

When the Minister of Mines and Resources throws out the suggestion that during the pioneer times he knew farmers never asked help from the government and never received it, I should like to point out that he is not in a strong position to speak in that manner. Looking over the public

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accounts, I find that for the fiscal year ended March 31, 1939, the minister received for expenses \$2,325.

Some hon. MEMBERS: Oh, oh.

Mr. MARTIN: Surely that is unfair.

Mr. NICHOLSON: That is the figure in the public accounts.

Mr. MARTIN: Surely the implication the hon. member is making is unfair.

Mr. NICHOLSON: I shall be glad to hear the hon. member make his speech when I have finished. The minister's salary is \$12,000 a year, and his sessional indemnity \$4,000, making, for the year, a total of \$18,325, which works out at \$50.20 a day for 365 days in the year.

Mr. GARDINER: His salary is not \$12,000.

Mr. CRUICKSHANK: May I ask the hon. member a question? How much has he made since he has been here?

Mr. NICHOLSON: I have been receiving the customary sessional indemnity, and I should like to assure my hon. friend that I am not sitting in this house for the sake of lining my pockets or preparing a future for myself in which I can be secure at the expense of the people who sent me here.

Mr. CRUICKSHANK: If I may ask the hon. member another question, what has he accomplished?

Mr. NICHOLSON: I have as often as I had opportunity risen in my place in this house to present the problems of my people and to appeal to this government to enact legislation to provide that the wealth and work of Canada shall be distributed more fairly and equitably.

Mr. WOOD: Does the hon. member claim a monopoly of sincerity in that regard?

Mr. NICHOLSON: I make no claim for a monopoly of sincerity.

An hon. MEMBER: You suggest it.

An hon. MEMBER: Would you refuse \$18,000?

Mr. NICHOLSON: I cannot hear all the remarks coming from the other side of the house. I shall be glad to listen to hon. members speak when I have finished.

Mr. WOOD: The hon. member does not give us a chance; he is talking all the time.

Mr. NICHOLSON: Mr. Speaker, I point out that a man who led the Progressive group in Canada, concerned particularly about

[Mr. Nicholson.]

establishing better conditions for the agricultural people of Canada, is not in a strong position to suggest that the farmers of this country are asking for more than their share in requesting this government to guarantee that at the end of this war the farmers will not be in the position of being the only group to supply at a loss the commodities so essential to victory.

If I might conclude my reference to the Minister of Mines and Resources, his speech this afternoon reminded me of a poem by Dorothy Parker, entitled "The Veteran." It goes something like this:

When I was young and bold and strong
 Oh, right was right and wrong was wrong!
 My plume on high, my flag unfurled,
 I rode away to right the world.
 "Come out, you dogs, and fight" said I,
 And wept there was but once to die.
 But I am old; and good and bad
 Are woven in a crazy plaid.
 I sit and say, "The world is so;
 And he is wise who lets it go."
 A battle lost, a battle won,—
 The difference is small, my son,"
 Inertia rides and riddles me
 The which is called philosophy.

Mr. GARDINER: May I ask a question?

Mr. NICHOLSON: Yes.

Mr. GARDINER: In relation to the remarks made a few moments ago respecting the Minister of Mines and Resources (Mr. Crerar), regarding the amount of money he has drawn from the government in the last year, has my hon. friend taken his own \$4,000 for the term of this session and distributed it proportionately over the term of the year, to find how it compared?

Mr. NICHOLSON: I would reply to the minister by saying that I am devoting all my time to my work, 365 days in the year.

Mr. MARTIN: So is the minister.

Mr. NICHOLSON: I am devoting all my time to serve the people who sent me here. And I should like to assure hon. members that I have not entered public life in order to line my pockets or to place my family in a privileged position. I have entered public life in order to serve the people who are pioneering in northern Saskatchewan. They believe that by sending me to Ottawa, some day we shall be able to get legislation passed so that those who produce the foodstuffs of the nation will be able to live as well as ministers of agriculture or ministers of mines and resources who, just as I am, are servants of the people.

An hon. MEMBER: Are they not doing it?

Mr. MARTIN: Would the hon. member permit a question?

An hon. MEMBER: Sit down.

Mr. MARTIN: I rise to a point of order.

Mr. DEPUTY SPEAKER: The hon. member should state the point of order.

Mr. MARTIN: The hon. member for Mackenzie (Mr. Nicholson) has stated that he is not in the house to line his pockets, the implication being that every other hon. member is here to line his pockets. I suggest that the hon. member ought to withdraw that remark.

Mr. DOUGLAS (Weyburn): No.

Mr. MARTIN: Speaking for myself, I receive the same indemnity as he does, and I am not here for the purpose he indicated.

Mr. DEPUTY SPEAKER: The point of order has been stated. Does any hon. member wish to speak to it? If not, my ruling is that the implication the hon. member has mentioned in his point of order is too remote to warrant my ruling that the hon. member should withdraw his remark.

Mr. NICHOLSON: I thank you, Mr. Speaker, for the ruling, and I assure hon. members that my remarks were made only in reply to a question of the Minister of Agriculture. I had no intention whatever of insinuating that hon. members are here to line their pockets.

Mr. DEPUTY SPEAKER: I would point out that hon. members should stick more closely to the matter under consideration. I would remind them that personal references of the kind mentioned do not lead very far.

Mr. NICHOLSON: The legislation now under discussion affects the people in my constituency more vitally than any other domestic legislation discussed so far this session; and having been in Ottawa two months, I have been greatly disappointed to find that there has not been prepared some legislation more constructive than that now before us.

In the minister's own department there are experts who have given a good deal of consideration to methods carried out in the United States in connection with similar problems. I would make particular reference to the work in that country under the Commodity Credits Corporation. May I, in passing, make it quite clear that I do not conclude that everything done in the United States has been good, and that therefore it should be duplicated in Canada. But the fact remains that for a considerable period of time they have realized that this is really a national problem, and have recognized the

necessity of seeing that the farmer be placed in a position where he may be able to stay on his farm and receive a cash return which would enable him to live as other people in society.

I find the Commodity Credits Corporation in the United States made loans on 160,000,000 bushels of wheat. In the Kansas City district, in connection with winter wheat the corporation is making loans to the extent of 77 cents a bushel. In the Iowa section the loans are from 78 to 80 cents, and in the Chicago area the loan is 81 cents.

When the Minister of Mines and Resources states that it is moonshine to suggest paying farmers for storage in their granaries, I would point out to him that the United States has been paying farmers in that country for the storage of several commodities on their farms. My information is that a payment of seven cents a bushel is made to the farmer for the storage of wheat from the time it is threshed until the end of April. If in the meantime a farmer sells his wheat to retire his loan, he is paid at the rate of one-half cent a bushel per month for his storage.

I would point out, too, that farmers in the United States have been given assistance in connection with the building of granaries on their farms. I have not been able to secure precise information as to the terms under which the money is made available for the building of granaries, but I think it is only feasible that farmers in Canada who are going to have to store their grain on their farms this year should have some assistance from the federal government to enable them to build storage space, and permit them to carry their necessary expenses until the grain has been finally marketed.

There are a few definite recommendations which I believe might be made, and in conclusion I would summarize them briefly. First, I would recommend that arrangements be made for an equitable quota of deliveries at elevators, based on elevator storage facilities immediately available. I believe it must be recognized that in many parts of Canada threshing will be completed in one district before it is begun in another, and it must be recognized that with trucks available to haul grain considerable distances, unless some equitable quota is arranged, many farmers will find themselves unable to deliver any grain.

In the second place I suggest that we should have a system of payment for farm storage for all grain and flax seed stored on the farm for future delivery to elevators.

My third suggestion is that we should have an adequate advance on all grains and flax

seed delivered to elevators, or stored on the farm for future delivery, based on a parity price with prices paid for the products of other basic industries or essential war industries in Canada.

Fourth, I suggest that parity prices be established without delay for all primary products, in order that production may be efficiently continued in this time of war. In that connection I would mention that only this morning I received a letter from a flour miller in my constituency stating that at the present time conditions are worse than they have been during the 25-year period he has been in Saskatchewan. He concludes his letter by pointing out that young married men who are physically fit are joining the army, as the only alternative they can see. I realize that farmers are entitled to join the army and to make their contribution as soldiers, but I submit that it is a short-sighted policy to permit economic conditions to exist whereby people find that in order to survive it is necessary to put on a uniform.

We must realize that it does not take long for a man to get out of agriculture, but that going into the production of foodstuffs is quite different from building a factory for the production of munitions. It takes years for a farmer to become established so that he can produce efficiently and effectively. We should move slowly in adopting policies which will force people out of agriculture.

The hon. member for North Battleford (Mrs. Nielsen) referred to the relief standards that prevail. There are people in my constituency who have found that they can live on relief in the cities on a higher standard of living than they are able to obtain in the country. It is of great national concern to see that those producing foodstuffs receive a return which will permit them to have a decent standard of living. I would urge that the Winnipeg grain exchange be closed and that all grain should be marketed through the Canadian wheat board. Speaking the other day, the hon. member for Wood Mountain (Mr. Donnelly) had the following to say, as reported on page 1958 of *Hansard*:

Since I have been in the west I have been told what a great monster the grain exchange has been; how it has bedeviled everything; how it has robbed the farmers; how it has shaken all the money out of him; how it has robbed the country and everyone else. But I have yet to hear anyone give me a concrete reason as to why the exchange should be closed.

I hope the hon. member was in the house this afternoon to hear the Minister of Mines and Resources. If he was, he would have heard one good reason. If he was not, I suggest that on his way back to his constituency he spend a day in Winnipeg and ask someone

[Mr. Nicholson.]

to show him the homes of those who have grown rich from operating on the grain exchange. Then I want him to compare those homes with those of the people in his constituency who produced the grain which made possible those great fortunes. I submit that these recommendations should be considered carefully by the government.

BUSINESS OF THE HOUSE

SUSPENSION OF THE ELEVEN O'CLOCK RULE

Hon. T. A. CRERAR (Minister of Mines and Resources): I move:

That the house do not adjourn at eleven o'clock.

I realize that this requires the unanimous consent of hon. members, and if there is any objection we cannot proceed. However, we should like to get this bill into committee tonight, if possible.

Mr. M. J. COLDWELL (Rosetown-Biggar): How long would the minister like us to agree to the sitting being extended? I am not raising any objection, but I think there should be some limit.

Mr. CRERAR: I would hope that we might conclude the discussion by midnight or 12.30 a.m. Certainly we would not continue beyond that.

Motion agreed to.

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS MARKETS, EXISTING STOCKS AND HANDLING OF 1940 CROP — INITIAL PAYMENT OF 70 CENTS

The house resumed consideration of the motion of Hon. J. A. MacKinnon (Minister of Trade and Commerce) for the second reading of Bill No. 118, to amend the Canadian Wheat Board Act, 1935.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, it is now August 1 and this house has been in session for two and one-half months. We are now debating the second reading of what I consider is one of the most important measures presented to the house this session. We have considered the resolution which preceded this bill as well as the motion for the first reading, but to-day the minister told us that there are still amendments to be made to the bill and he outlined one or two. First, he stated that there would be an amendment to clarify the section with reference to the processing tax. We do not know what that is going to be. Then he said that consideration was being given to the matter of financing

grain on the farm, and I assume an amendment will be offered to provide for that. He stated that numerous suggestions had been made to the government, and I presume to himself as minister; that a number of conferences had been held, and that others were being arranged for. As I said, this house has been in session for two and a half months and we have considered this legislation in the resolution stage. We should have had definite information with regard to those matters which the minister says will be covered by amendments.

This afternoon and this evening we have had some interesting speeches. The leader of the opposition (Mr. Hanson) made a powerful and constructive speech. He outlined the present situation and agreed that this is a national problem. He contended that some provision should be made for coarse grains and referred to the operations of Mr. McFarland between 1932 and 1935. He referred also to the suggested amendments, and he agreed with most of them, in particular with the one having to do with the processing tax and the one providing for payments to the farmer for storing grain on his farm.

When I was speaking on the resolution a few days ago I quoted from a pamphlet which set out the policies I had suggested last session to the house. In a jocular way the Minister of Mines and Resources (Mr. Crerar) said that apparently I was quoting from a campaign speech. I assured him that it was the speech I had made in the house last year from which I was quoting. I said I would give him the page number in *Hansard* to satisfy him. I have the copy of *Hansard* here, Mr. Speaker, and I want the privilege of referring to it briefly. The page number is 3475 of *Hansard* of May 2, 1939. This is what I said:

I would set the price at 87 cents for the month of August, plus one cent a month for each additional month until the following July 31, which would make an average price of 92½ cents a bushel.

Mr. Crerar: May I ask my hon. friend a question. Is he speaking for himself?

I assured him that I was speaking for myself and then he said:

Mr. Crerar: If my hon. friend will permit me, may I say that if he had undertaken that his leader and his followers would underwrite his suggestion, we might be ready to pay some attention to it.

I then outlined in detail what my suggestion meant, that it meant the storing of grain on the farm by the farmer, exactly as it is to be stored now. It is interesting for me to note that the minister is now not only underwriting this very scheme which I proposed but is

endorsing it and will vote for the bill that makes provision for it. I do not suppose the bill will go as far as I should like it to have gone, but the principle I advocated is to be embodied in the bill. So it was not moonshine but a constructive suggestion of mine, and I am glad to see that the government has adopted it and is embodying it in this bill.

We should have had this bill before the house at least one month ago, and then after a general discussion such as we have had here to-day, it should have been referred to a committee of the house, where for two weeks we could have examined its provisions carefully and have had appear before the committee the wheat board, members of the grain exchange, if you like, representatives of the farmers and others interested. I would have suggested the same sort of committee as we had in 1935 following the introduction of the bill which we are to-day amending.

This bill certainly embodies new principles with respect to marketing so far as this government is concerned. Storage of the grain on the farm, for example, is a new principle. A quota delivery is also likely to be applied. That is a new principle in the control of marketing. May I remind particularly the Minister of Mines and Resources that as far back as 1934—I will give him the pages in *Hansard*, pages 375, 376, and 377—I advocated a system of control of deliveries. He will find it all set out in great detail in *Hansard*—control of deliveries, controlled production, if you like—and I commend it to the minister because I suggest that next year the government will be embodying my suggestions in a further amendment to the act.

This legislation provides for financing the grain on the farms. That is an innovation in marketing. It is moonshine perhaps so far as the Minister of Mines and Resources is concerned, but I suggest that the government will be adopting a great deal of this moonshine before very long.

Mr. MacNICOL: As long as he does not drink it, he will be all right.

Mr. PERLEY: The wheat board has been in Ottawa for practically a month; the grain commission has also been here, and they have held many meetings. The minister to-day suggested that there had been conferences and that other conferences had been arranged. I think he should tell the house exactly how many meetings the members of the government have had with the board within the last month. I protest against the sort of thing that has been going on while the house is in session. The bill should have been introduced long ago and should have been

sent to a committee for a thorough examination. If the bill had been introduced at the proper time, it could have been sent to a committee where, as I have said, we could have had before us the members of the board, and perhaps the members of the grain exchange; and possibly the Minister of Mines and Resources would have recited to us what happened when he was overseas interviewing the British government with respect to the marketing of Canada's wheat. We might also have had before the committee a representative of the British cereals import committee now in Canada; we could have had the chairman of the wheat board, Mr. McIvor, and certainly we would have had before us a financial representative so that we might have examined into and ascertained the exact position in which the board stands to-day, financially and otherwise, as well as information corresponding to that contained in the reports I have on my desk. I have all the reports of the wheat board since 1935. Who knows what the financial position of the board is to-day? Who knows where this government stands in regard to wheat? Who knows who is directing the selling policy of the board? Who knows how often the wheat committee of the cabinet has met with the board? If the bill had been introduced in sufficient time to allow us to make a thorough inquiry, we could have gone into all these questions and held an inquiry similar to the one we had in 1935.

I well recall the session of 1935 when the wheat board bill was first introduced into the house. The present Minister of National Defence (Mr. Ralston) was the chief financial critic of the government of the day, and I am going to refer to the speech he made as reported in *Hansard* of June 12 of that year. After the bill had been introduced and had been under discussion for several days—and remember it was two weeks or more before parliament prorogued—he said, as reported at page 3580 of *Hansard* of June 12, 1935:

We have dealt with that policy as it affected the farmers and we have dealt with it also as it affected the country generally. We now know at last that we have over 200,000,000 bushels of a carryover this year and we do not know what are the commitments of this government to the bankers.

I contend that that is the position now. We do not know where we stand with respect to the banks or the government. He went on:

Should this wheat be marketed at to-day's price we do not know whether the loss would be \$30,000,000, \$100,000,000 or no loss at all. We have received no information of any kind but in the dying days of this session—

Mr. Perley.]

That was two or three weeks before parliament prorogued.

—we are being asked to commit this country—

Listen to this:

—we are being asked to commit this country, not to a hit and miss policy such as my right hon. friend has had in force during the past four or five years during which he has been the wheat dictator of Canada, but to a permanent policy.

Then on the following page, 3581, he said:

Let me say to my right hon. friend that the house will not accept subsection (b) of section 7 of the bill without the fullest information being furnished as to the operations of the Canadian Cooperative Wheat Producers Limited during the last three or four years under the direction of the Prime Minister.

He was asking for a thorough investigation before the bill would be allowed to pass. Then he says this in conclusion:

I say to my right hon. friend that as far as I am concerned I shall support this bill going to a committee—

He demanded the committee and he got it.—on the understanding which was made clear by the right hon. the Prime Minister and by my right hon. leader, that that is without prejudice to or commitment in the start that I wish to make on any of the provisions of the bill, and . . . I also want to reserve the right . . . of moving or supporting any amendments which I may see fit. . . .

That was the understanding; and we got the committee, and we had a careful investigation. We knew a great deal more about the bill and about the situation generally when the bill came from that committee.

On various occasions this session, when we tried to get this matter brought down earlier, the Minister of Trade and Commerce said that it was under consideration.

Reference has already been made in the discussion to-day to the promises which were made by the Minister of Agriculture (Mr. Gardiner) during the campaign. It is evident, from what has been put on record here to-night, that the farmers of western Canada were "kidded". As many of these promises and speeches of the minister have been referred to, the only suggestion I have to make, having listened to the hon. member for Lake Centre (Mr. Diefenbaker), the hon. member for Weyburn (Mr. Douglas) and others, is, that since the minister is now minister in control of information, he should see to it that the newspapers which report him, report him correctly.

Mr. GARDINER: I should see that the hon. member interprets the reports correctly.

Mr. PERLEY: We have heard of "poetic licence". He might take a political licence, so that he can make a speech and can put

upon it any interpretation he desires. I was going to suggest that he might assemble in pamphlet form many of the promises which he made during the campaign and which he has denied, that he should follow the policy he pursued in the Saskatchewan provincial election of 1934, and have them placed in the cream cans of the farmers of western Canada for their information when those cans are shipped back from the centres to which the cream is delivered. That would indicate clearly how the farmers have been "kidded". Mr. Ralston in 1935 demanded an inquiry. I have quoted from the debate. We need an inquiry on this occasion.

I may briefly sum up the policy which has been pursued by the wheat board since 1936, by saying that it has not had the effect of stimulating prices either in Canada or on the export market. I desire to quote from the publications of Mr. Sanford Evans, who is well known in western Canada. He, with Chief Justice Brown, was a member of the Stamp commission, and is known to have a clear insight into the whole marketing question. Writing on September 16, 1938, he has this to say with respect to the wheat board and the plan of marketing thereunder:

It is the way the plan is administered in practice and not the terms of the act that must establish its real character in any season. In announcing the plan this season the government went to questionable extremes in disavowing market-price motives.

Further, on September 21, 1938, he has this to say, following the announcement by the government of their policy that year; he quotes from the *New York Journal of Commerce*:

Interpreting the minimum wheat price announcement by the Canadian government late yesterday—

That is, August 5.

—as extremely bearish, longs on leading North American wheat pits unloaded their holdings.

He proceeds to quote from Broomhall's *Corn Trade News*, of Liverpool:

As a fact . . . Winnipeg futures dropped several cents a bushel, considerable importance being given to a statement by the Canadian premier, Mr. Mackenzie King, that the wheat board's policy would not be to withhold supplies from the international market, but rather to offer competition at all times. In other words, no attempt is to be made to dictate prices to consumers and, in the prosecution of this policy, the government is prepared to absorb any loss which may be sustained.

He states in a further letter which was referred to, I believe, this afternoon, that when we have this surplus of wheat, if the board is not careful, we shall have a buyers' market. With respect to the policy adopted

by the board, Mr. Evans terms the position "a buyer's paradise":

Continuously since August there has been a "buyers' market"—indeed, the nearest approach to a "buyers' paradise" the market has ever seen, for even in 1930-33, the only comparable period in relative price, certain governments, notably those of Canada and the United States, were actively resisting price declines.

He goes on to show how no single act on the part of this board can be interpreted as one of resisting a price decline.

We want this board reorganized, so to speak. We want a board that can stand up to, shall I say, the Rank interests, or to the British cereals import committee. Surely we can get suitable men if we go about to get them.

Let me make this suggestion. This afternoon the Minister of Mines and Resources gave me some credit—and I thank him for it—for having been responsible in a certain degree for the Canadian Wheat Board Act. The act of 1935 was no doubt our creation; it is still in vogue, but naturally some amendments are being put through, so to speak, to bolster it up. I desire to offer a suggestion in this connection; and may I ask the Minister of Mines and Resources, who other than myself has ever presented more concrete suggestions, with regard to the domestic price, for example, or storing wheat on the farm, or the controlling of deliveries to the market? I urge, so many suggestions having been made from this quarter of the house, that surely our party should have the naming of one or two members to this board, and certainly of two or three members to the advisory committee when it is appointed. As I said the other evening, I think I could name at least fifty men who could do a better job than those who are now in office.

This bill should have gone to a committee. I know that it is now too late for that.

This afternoon some reference was made to a "fire sale" in 1935. I am not going to take time to discuss that, but, O! I should like to. I have here the agreement which was made with the grain exchange by the board, the agreement on which they worked for twelve days or so after Murray took over. Of course it was cancelled after it had served its purpose.

I should like to quote the letter which was given to Mr. Lamont when he was dispatched overseas on December 14, just a few days after the Murray board took over, and which stated, "You might inform the British miller that the fixed price of 87½ cents that the board pays the producer bears no relationship to the price which we are prepared to sell at."

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However, we cannot, I know, take time. We are anxious to get the bill through. But I say it is a shame that it was not introduced long ago and sent to a committee where we could calmly and deliberately consider it and have sworn evidence produced before us.

This afternoon the Minister of Mines and Resources, in a very good speech, reviewed the whole marketing system. It was not necessary to go back to 1898. He reviewed the history of the business and dealt with the twenty-two and a half years during which he himself was manager of or associated with the United Grain Growers. Those twenty-two and a half years represented the palmy days of the grain exchange; but I venture to say that during that time there was filched from the farmers of western Canada by that company and the other one hundred and fifty or more concerns associated with it in the grain business, by overages, by exorbitant interest charges, by shortages on cars at Fort William and by storage charges that were beyond all reason, as would pay one-half to two-thirds of the whole farm indebtedness of western Canada. So much for the twenty-two and a half years during which the minister was controller of that company.

He also referred to the 1929-30 period with reference to the operation of the pools. Well, that is history. It is not necessary to discuss the difficulty they got into. But he referred to the guarantee of the provinces and he dragged into the picture Mr. Bennett's stabilization operations. The province guaranteed, and rightly so, the accounts of the pool, and when the time came to meet the guarantee and the provinces could not do it they came to Ottawa and appealed to Mr. Bennett. I may say to the Minister of Mines and Resources that I am proud that I was one of the men who sat in with Mr. Bennett and persuaded him that it was necessary to take up with the provinces that guarantee which they had made to save the pools of the west.

Mr. GARDINER: A guarantee of 60 cents.

Mr. PERLEY: He took it all up, guaranteed it and carried them through until an arrangement was made; and under that arrangement they are paying it all back so that the government will not lose a nickel, not a cent.

Mr. GARDINER: The guaranteed advance was 60 cents.

Mr. PERLEY: Yes, but they did not lose anything on the operations and did not lose their elevators—and the grain exchange had these elevators divided up. They saw the

[Mr. Perley.]

need, and Mr. Bennett saved them because of the equity that many of the farmers of western Canada had in all these thousands of elevators built up by the pool over western Canada. From 1932 to 1935 we had the stabilization operations, and we know what that meant. The Minister of Mines and Resources this afternoon referred to that and spoke of gambling and so on. I wish to put on the record exactly what these operations meant to the farmers of western Canada. I have here the evidence that was taken before the committee to which the bill was referred. I will quote from page 408 of the sworn testimony given by Mr. McIvor, who had been Mr. McFarland's assistant. I quote:

By Mr. Perley:

Q. Mr. McIvor, I think we all agree on one important point, what the operations have meant to the western producer, if the position at present is say we have an increased carry-over of 70 odd million of bushels in the meantime, which meant the farmers have sold all the grain that has been produced over this four or five years at say an increased price, what would you estimate that increased price or the actual saving to the farmers meant, fifteen cents a bushel or twenty?

A. I would like to be fair in answering that question. I would say fifteen cents a bushel. I want to be fair. It is only an estimate. There is no way of computing that.

Q. It is really about 1,700,000,000 bushels, is it not?

A. Well, those are not your exports, of course. Those are the crops you have grown.

Q. And that amount has been sold?

A. Well—

Q. Less what is on hand?

A. You have to take out the wheat that has not moved from the farms. To get some idea of it I will quote these figures that I gave earlier to Col. Ralston. I think we were discussing that this morning.

Q. I understand it really meant 1,700,000,000 bushels that had gone into the market, less the extra amount of surplus, the saving—

A. Here are the figures here, Mr. Perley. The production during that period was 1,743,000,000.

Q. Yes?

A. That is the production.

Then he suggested that it was at least 10 cents a bushel. If I wished to do so I could read the evidence at some length. The Minister of National Defence (Mr. Ralston), who was a member of the committee, tried to break that statement down. It really meant, Mr. McIvor said, that the farmers had been able to market all the grain they produced in those four years, 1,700,000,000 bushels, at least at 10 cents more than they would have been able to do if there had not been these stabilization operations.

Mr. ROSS (Moose Jaw): What years were those?

Mr. PERLEY: That was 1935.

Mr. ROSS (Moose Jaw): But what four years is the hon. gentleman speaking of?

Mr. PERLEY: The four years prior to 1935.

Mr. ROSS (Moose Jaw): 1931, 1932, 1933 and 1934?

Mr. PERLEY: Yes. The figure Mr. McIvor gave was 1,700,000,000 bushels odd. He gave evidence before the committee that the saving on all the wheat produced and marketed during those years of the stabilization operations had meant at least 10 cents a bushel more than would have been received if Mr. McFarland had not been there.

Mr. ROSS (Moose Jaw): Wheat must have been worth 50 cents in the fall of 1932?

Mr. PERLEY: It was down to 40 cents, the lowest in fifty years.

The minister made charges with respect to gambling. Some evidence was submitted in that regard in 1936. From September 6 to October 14, thirty-eight days, a quantity of 10,000,000 bushels was bought, and if hon. members will go through this evidence, they will see that Mr. McFarland was forced to buy as much as 14,000,000 bushels in a week, and many days seven and eight million bushels, in order to save the market from going down under the pressure brought to bear through selling by the Winnipeg grain exchange.

Mr. GARDINER: And sold it all back before the end of the month. Wheat went down lower than when he started.

Mr. PERLEY: I have here the report showing a profit of \$24,000,000 on the operations.

Mr. GARDINER: They must have stopped before it started to go down.

Mr. PERLEY: I was hoping that the minister would make his speech in his own time and not while I am making mine. I have the final report of the operations and I will give it to the Minister of Agriculture.

Mr. GARDINER: I have one myself.

Mr. PERLEY: It states that the profits on wheat taken over from the Canadian Co-operative Wheat Producers Limited at the market price December 2, 1935, was \$24,809,000. It also states how that wheat was disposed of. They made up \$9,000,000 of a loss they took on the 1935 crop, something that was not fair so far as the farmer was concerned. If there had been a square deal in connection with the 1935 crop, they should never have had to take that loss.

The Minister of Mines and Resources this afternoon mentioned that on a former occasion

I had referred to a memorandum which I prepared for my chief in 1935 just before the bill was introduced in the house. The minister said that I took some credit for it. I well recall those days; it was not an easy matter to "sell" to Mr. Bennett all the proposals we finally had embodied in that bill. There were other interests from western Canada; it is too bad we did not have at that time more men feeling as some hon. members in this parliament. I recall the wails from this side of the house. I prepared this memorandum and put my ideas before Mr. Bennett and the Conservative members of the committee, and we finally had certain provisions embodied. I am going to take credit to myself; I say without fear of contradiction that there is no living man in Canada who had more to do with the framing of the 1935 wheat board act and putting teeth in it, and some of the clauses that are still there, than the member for Qu'Appelle. I should like to have time to read the memorandum I submitted, but it speaks for itself.

An hon. MEMBER: Self praise!

Mr. PERLEY: The minister took some self praise to himself this afternoon, and I am taking a little.

Mr. CRERAR: I gave it to the hon. member.

An hon. MEMBER: Ironically.

Mr. PERLEY: Ironically, yes. I have his words here. He said:

I suspect that when the information gets abroad throughout western Canada that it was the hon. member's memorandum which led up to the wheat board act of 1935 the people will want to erect throughout the western provinces as many monuments to the hon. member as there are monuments for soldiers of the last great war.

I think he could have left out that last comment re soldiers, but I am pleased to note that he admits I should have some credit. I venture to say that there are not twelve farmers in western Canada who will ever suggest erecting a monument to the minister for anything he ever did for the farmers of western Canada. Furthermore, if there were twelve farmers who felt like erecting a monument to him, I venture to say they should get the Hon. W. R. Motherwell to write the inscription on it, and he might use for that inscription language similar to what he used on a former occasion in this parliament when he referred to the minister and his action in handling wheat in western Canada. He said, he is now the adviser to my chief.

The minister referred to gambling by Mr. McFarland, and to certain sections. I have the bill here, and if I had time I could show

it was necessary for him to buy some wheat, because under this act he had to use the facilities of the exchange. Section 8 of the original act provides that it shall be the duty of the board to sell and dispose of from time to time all wheat which the board may acquire, to utilize without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, and so on. Mr. McFarland was forced to do it because he had a lot of wheat to sell. It was not all cash wheat, it was option wheat, and we know how they trade on that market. You have to take back or give options, so to speak, on certain occasions in order to do business. I think the fact that it was only ten million bushels in thirty-eight days was not so bad.

But I suggest this to the minister, that if this bill had been before the committee for the last three weeks and we had had power to call witnesses from the present board and get some information with respect to their operations during the last four years, it would give a different picture altogether from the one he paints with respect to Mr. McFarland. That is one of the things I object to; we have not any information. We have not a broker that they employed, or a commission agent or an elevator agent, we do not know what they have paid for storage or who they paid it to. There never was a bill passed in this house with so little information as we have in dealing with this bill now.

I recall the wails in 1935 from the present Minister of National Defence, from the hon. member for Wood Mountain (Mr. Donnelly), from Jack Vallance, Mr. Young and others: "no, we will not allow this bill to pass until we get information and it goes to committee." It did, and they got the information. That is the position I take now. It is just too bad.

I am not going to say any more to-night. When this bill goes into committee we will examine it. I have some further suggestions to make; I do not suppose they will be accepted; the Minister of Mines and Resources might think them moonshine. However, we will offer them. I am not satisfied with the 70-cent price; I never have been. I appreciate the fact that in setting the processing tax of 15 cents a bushel, it is a start, but it should be 50 cents, so that the baker could raise the price of his bread one cent a loaf, which would be as far as he could go, and that is about what 50 cents a bushel would amount to. As the hon. member for Wood Mountain pointed out, they may raise the price one cent a loaf anyway, so I would say, go the limit. What would 50 cents a bushel on

[Mr. Perley.]

some fifty million bushels of domestic wheat amount to? It is just a matter of mathematics—\$25,000,000. Spread that amount over what would probably be delivered to the market in a normal year, 250 million bushels, and you have quite a nice thing, and the people who have to eat the bread would not, I believe, object much if they knew the farmer was getting five cents a bushel more on his wheat, whether for export or for domestic consumption.

When the bill comes into committee I shall have many questions to ask, and the minister should be prepared to answer. I want to know what agreement they have made with the grain exchange, what agreement they had last year, how it worked out, and we want to know definitely how he is going to finance the grain on the farm, what he is going to allow for storage on the farm, and details of that kind.

Hon. J. G. GARDINER (Minister of Agriculture): I do not know that I should have taken the time of the house to say anything on this occasion had it not been for the remarks of the leader of the opposition (Mr. Hanson), his reference to myself as Minister of Agriculture, and some remarks made by the hon. member for Qu'Appelle (Mr. Perley) who has just taken his seat. The leader of the opposition this afternoon said that the Minister of Agriculture was running away from wheat. It is rather a surprise to hear him make that statement, because the leader of the opposition at one time was Minister of Trade and Commerce; and if he knew the duties of that office he must have known that ever since the Department of Trade and Commerce was set up, or, in other words, ever since we had a Canada Grain Act, wheat has been under the Department of Trade and Commerce and not under the Department of Agriculture. Never since I have been in this house or been Minister of Agriculture have I had anything whatsoever to do in my administrative capacity as Minister of Agriculture with the marketing of wheat.

Wheat has always been under the Department of Trade and Commerce. Wheat is still under that department. If I have shown any interest in wheat during the time I have been here it has not been because I have been Minister of Agriculture, but because I come from the very centre of the district in which wheat is grown in western Canada. It does not make any difference whether I am Minister of Agriculture or a private member of the house, or whether I am administering two departments as I am at present, or whether I am administering only the other of the two, during the time I remain in the

west I shall always be interested in the marketing of wheat and in the people who grow it. I say that because I live among them; I am one of them, and my interest is in the marketing and growing of wheat to a greater extent than it is in anything else. The interests of the people who grow wheat are my interests.

Therefore my speaking from time to time in this house and in the country with regard to the marketing of wheat has not been because I am Minister of Agriculture. Nor have I had any authority to speak on it because of the fact that I am Minister of Agriculture. That authority has always been with the Minister of Trade and Commerce. I would rather think that the new position I have been asked to assume places me in a position of greater responsibility because, as was stated by the Prime Minister (Mr. Mackenzie King) in introducing the measure which created the new department, that department was to be concerned with the mobilization of the human and material resources of this country. If there is in Canada one material resource that is of greater importance than any other, in order that this war might be prosecuted to a successful conclusion, surely it is wheat. Wheat is the outstanding Canadian product which will play a very important part in the prosecution of the war, and in taking care of the people when the war is over. Therefore, in so far as the new department is concerned, my interests in wheat have in fact increased, rather than diminished, and my responsibility in relation to wheat has increased rather than diminished.

It was stated by the leader of the opposition that I had advocated increasing the production of wheat. It may not be known to most hon. members, but the fact is that most speeches I deliver are in written form, apart altogether from what the newspapers write. On occasions I read speeches, and when I read them I keep copies of them. The one speech which was delivered to the people of western Canada, and which was read over the radio, put out in mimeographed form, and sent to every one in western Canada who would read it, the one which expressed my views with regard to wheat, was sent out on November 15, 1939. It was available to every hon. member and to every person who was interested in the election held in March of the present year.

I have before me a copy of the speech which I read over the radio, and which was broadcast throughout western Canada. An hon. member came to me this afternoon and said, "You were not in the house when the leader of the opposition made his remark with regard

to your attitude respecting the production of wheat in western Canada." He added, "I listened over the radio and heard your remarks from Winnipeg in which you outlined your position, on November 15, 1939." He suggested that I read from my speech to the house to-night. I have that speech before me, and the paragraph headed "Acreage Increase" is as follows:

I am of opinion, however, that neither the demands of war time nor a return to conditions of peace suggest that our war effort or agricultural industry would benefit from an increase in the acreage sown to wheat at this time. In my opinion wheat acreage should not be increased at present. During the period when we have more wheat than we can dispose of, even under war conditions more and more of these sub-marginal lands should be got under government control through the rehabilitation plans. If ever used for wheat production during war these sub-marginal lands should be so used under government supervision, and taken out of wheat production immediately the war is over.

That was my statement of policy with regard to the increasing of acreage and with regard to wheat. I do not know how it could be more definite, and I do not know how any hon. member could misunderstand it. Then to the question, "Can a market be found for wheat?" I went on to say this:

We have often been asked, "Can a market be found for all the wheat we can grow on our present acreage?" It seems to me that this question can be best answered by an examination of the facts. We had an average annual production of 411,000,000 bushels from 1928 to 1932 inclusive. We had an average annual production of 248,000,000 bushels from 1933 to 1937 inclusive. We carried 211,000,000 bushels of wheat out of the previous years into 1933, and we carried 23,000,000 bushels out of the previous years into 1938. In other words every bushel of wheat we grew from 1928 to 1938 was needed in the most difficult period of wheat distribution we have ever experienced.

And it was the most difficult, down to that time. But we have had two years recently in which we have experienced even greater difficulty, and are still experiencing greater difficulties.

Again I say that the policy I advocated in western Canada, and placed before the people of western Canada in relation to the production of wheat was not to increase the acreage during this period, but to go on producing on the land on which they had been producing in the years preceding the war period.

During the observations of the hon. member for Qu'Appelle, I was reminded of the discussions which took place in 1935 with regard to wheat. It has been suggested by other hon. members that in that year I made certain statements with regard to wheat. It was suggested this afternoon by the Minister of

Mines and Resources (Mr. Crerar) that there had been speculation in wheat in September, 1935. It was suggested only a few minutes ago by the hon. member for Qu'Appelle that the speculation only took the form of the usual activities in connection with the market, namely, the buying of options in order to cover up the selling of grain, or the selling of options in order to cover up the purchasing of grain.

I happen to have on my desk the record of the transaction in connection with the stabilization operations of Mr. McFarland from January, 1932 to October, 1935. What do they show? They show that in January, 1932, stocks of actual grain held by the McFarland board amounted to 711,000 bushels, and that the options held amounted to 75,651,000 bushels. Those are the stocks and options which were taken over by the board to be held off the market during the period of stabilization, in order that the marketing of farmers' crops in succeeding years would not be affected by the wheat that was taken over from the pools at the time the stabilization activities were begun. Down to October, 1935, they still held a total of options and wheat of 74,805,000 bushels, or within 2,000,000 bushels of the same amount. Throughout all that period they held either the options and wheat combined up to about 76,000,000 bushels, or options alone up to 76,000,000 bushels. During 1932, from January to August, they got rid of all actual wheat, while they had 76,353,000 bushels in options. They held those options without disposing of any of them and without buying any actual wheat. As the Minister of Mines and Resources pointed out this afternoon, they had no authority under the act to buy wheat from any person except the actual producers. But in March, 1934, they went into the market and bought—

Mr. PERLEY: There was no wheat board then.

Mr. GARDINER: Will my hon. friend wait a moment? Mr. McFarland was handling the stabilization activities; he was the only board there was. I shall deal with how he got there in a few moments. In April they bought 2,000,000 bushels; in May they held 19,000,000 bushels and got their option holdings down to 57,000,000 bushels. In June they held only 4,000,000 bushels; in July they held 12,000,000 bushels; in August, 3,000,000 bushels, and by September, 1934, they were back to the position where they had no wheat but where their option holdings amounted to 76,117,000 bushels. I ask hon. members to remember the months and the year. The months were March, April, May, June and

[Mr. Gardiner.]

July, with purchases in large volume being made in April and May. From then on, they gradually got rid of it until they had the options back and the wheat disposed of.

They held that position through 1934 down to December, and then they bought a little wheat. In January they held 287,000 bushels; in February, 287,000 bushels; in March, 287,000 bushels and then in April they held 29,000,000 bushels. In May they held 51,000,000 bushels; in June, 52,000,000 bushels; in July, 66,000,000 bushels and they had their options down to 9,000,000 bushels. In August they held 72,000,000 bushels, and they had their options down to 3,000,000 bushels. In September they held 66,000,000 bushels, with options of 8,000,000 bushels. In October they had 55,000,000 bushels and 19,000,000 bushels in options. Then they started to get out of wheat and back into options. That was in 1935. Do hon. members recall what happened in June, 1934? Do they remember what happened in October, 1935? There was a provincial election in Saskatchewan in June, 1934, and there was a federal election in Canada in October, 1935. Mr. Speaker, if you will examine the records you will find that not only was there speculation in wheat, but the price to the farmer was affected during both those periods by that speculation on the part of a man who, we have been told to-day, was of such a character that it was absolutely impossible for him to do anything detrimental to the people of this country because he was doing it for nothing.

Mr. PERLEY: Will the minister permit a question? I am sure he does not want to be unfair. The 1932, 1933, and 1934 operations were stabilization operations. Mr. McFarland was instructed to buy wheat in order to keep the market from breaking, but the operations of 1935 were under the wheat board act.

Mr. GARDINER: Mr. McFarland was at the head of the board in the one case, and he was handling it personally in the other.

Mr. PERLEY: He had to buy.

Mr. GARDINER: He did the same thing in both cases while the elections were on. I do not know whether he was instructed or not.

There are some things which are a matter of record and which have been discussed here to-day. Records with regard to these matters are usually kept, and kept very carefully. The wheat pools have always put out an annual report, and in those annual reports they have always stated quite clearly what has happened and generally why it has

happened. Their report dealing with the 1930 crop was published, and in it will be found the following:

The 1930 season marked a change in selling policy and it is necessary to review briefly the events that led up to the change.

Negotiations were carried on throughout August—

Remember that is August, 1930.

—for financing the 1930 crop.

I have the records before me, and I see that in August, 1930, the average price of wheat was 92 cents a bushel. I continue to quote from the report:

A meeting in Ottawa with the Prime Minister, attended by the three provincial premiers and Mr. McPhail—

He was at that time head of the Saskatchewan pools.

—was followed by other conferences in Toronto and Winnipeg, with the representatives of the lending banks. The banks agreed to finance the pool on the basis of an initial payment of 60 cents, as previously stated.

At the moment we are discussing legislation when there is no world market for wheat and under conditions which have compelled us to peg the price of wheat at 70 cents a bushel in order to prevent it from going down to new lows. Under these conditions the government have suggested to the house that they are prepared to pay, not a price but an advance to the farmer of 70 cents a bushel. They did not go to the banks and say, "You advance it and we will guarantee it." They said to the farmers of western Canada, "We will advance you 70 cents, just as we did last year when there was a market and when wheat could be sold."

Mr. PERLEY: The suggestion was 60 cents to start with.

Mr. GARDINER: Not this year.

Mr. PERLEY: Last year.

Mr. GARDINER: I am speaking about this year when conditions have been more difficult than they were last year.

Mr. PERLEY: Surely the minister has not forgotten what happened last year?

Mr. GARDINER: No, I have not, and I have not forgotten what certain people said who came down here recently to suggest something very different about this year. I quote:

On August 26 an agreement was signed with the three provincial premiers and the seven lending banks, by which it was agreed that all sales were to be apportioned equally as to value between the 1929 and the 1930 crops. The allocation of sales was changed on November 8, with the approval of the premiers, to 25 per

cent in respect of the old crop and 75 per cent for the new crop. This was again changed on November 15 to provide that all sales of cash grain for the period of one month be allocated to the 1930 crop. On the same date your president—

That is the president of the pool.

—together with the provincial premiers, agreed to instal a general manager acceptable to the banks until the balance of the 1929 and 1930 crops had been disposed of.

Mr. PERLEY: Acceptable to the pools as well.

Mr. GARDINER: Acceptable to the banks. They did not say he had to be acceptable to them; they said he had to be acceptable to the banks. I quote:

In the latter part of November your president, at the request of the board, interviewed Mr. J. I. McFarland, formerly president of the Alberta Pacific Grain Company, to ask him to accept the position of general manager of this organization, and on November 27 Mr. McFarland accepted the position offered him, on the understanding that he be given a free hand in the marketing of the unsold stocks but that in matters of policy he would consult with the board.

He was to have a free hand, without any consultation with the board, with regard to the marketing of the unsold stocks. Those were the stocks I was talking about a few moments ago, the stocks that were set aside for stabilization purposes, with which he did deal in the manner I indicated a few moments ago.

The financial crisis which developed during the early part of November and which led up to the events described was something over which we had no control and against which every precaution had been taken.

For the timely assistance rendered by the Prime Minister, the Right Hon. R. B. Bennett, and his government, in enabling us to meet a very critical situation, your board desires to express and record its sincere appreciation.

I recite that record, and I recite it in full in order to show that what the Minister of Mines and Resources said this afternoon was absolutely correct both with regard to who was represented by Mr. McFarland and with regard to the influences that put him at the head of the marketing of wheat at that time, as well as with regard to the speculation which was carried on during the time that Mr. McFarland was at the head of that board. That, I submit, Mr. Speaker, justified every member of the wheat committee of the government and every member of the government in changing the wheat board as constituted and setting up in its place another which carried on the activities in relation to wheat as the people of western Canada expected they would be carried on, and as the act provided they should be carried on, as my colleague (Mr. Crerar) suggests.

When those activities were carried on in that way, my hon. friends of the opposition say that there was a fire sale of wheat. We have heard that said on a number of occasions; but within a short time after the leader of the opposition this afternoon had called it a fire sale of wheat—and the hon. member for Qu'Appelle has called it that on a number of occasions—the hon. member for Lake Centre (Mr. Diefenbaker) rose in his place and, in order to prove to the house that this government had not sold as much wheat since it came into office as the other government or the board under the other government, had sold, said that just three years before, they sold 264,000,000 bushels, yet we sold 254,000,000 bushels in the year when we were supposed to have held a fire sale! So I submit that if we put on a fire sale, somebody else also put on a fire sale.

Mr. PERLEY: Would the minister state how much of his 254,000,000 bushels was sold in the month of July?

Mr. GARDINER: In the month of July some 60,000,000 bushels were sold, if I remember rightly.

Mr. PERLEY: About 63,000,000 bushels out of 254,000,000 bushels in one month.

Mr. GARDINER: I will give my hon. friend a few more figures.

Mr. PERLEY: We have them in the report.

Mr. GARDINER: There were 264,000,000 bushels exported in 1932 and 1933; 194,000,000 bushels in 1933-34; 165,000,000 bushels in 1934-35; 254,000,000 bushels in 1935-36; 195,000,000 bushels in 1936-37; 93,000,000 bushels in 1937-38, and 167,000,000 bushels in 1938-39. But those are not the most important figures in relation to the argument that was being made by the hon. member for Lake Centre. The most important figures are in another column; they are the figures having to do with the carryover. In the year when 264,000,000 bushels were sold, namely, 1932-33, the carryover was 138,000,000 bushels. In 1933-34, when 194,000,000 bushels were sold, the carryover was 219,000,000 bushels. In 1934-35, when 165,000,000 bushels were sold, the carryover was 204,000,000 bushels. In 1935-36, when 254,000,000 bushels were sold, the carryover was 215,000,000 bushels. In 1936-37, when 195,000,000 bushels were sold, the carryover was down to 127,000,000 bushels. In 1937-38, when only 93,000,000 bushels were sold, the carryover was 37,000,000 bushels. In 1938-39, when 167,000,000 bushels were sold, the carryover was 25,000,000 bushels.

All of this indicates that the wheat which was being grown during the years when this [Mr. Gardiner.]

government was in office right down to the year 1939-40 that we are now in power, was being sold, whether in great or small amounts, and we sold as well the 211,000,000 bushels which the leader of the opposition stated were carried over from the previous crops into the year 1935. We sold in the first year at an average price of 84 cents a bushel, which was higher than had been obtained for wheat in any year from 1929-30 on. The next year, 1936-37, the price was \$1.22, in 1937-38, \$1.31, and in 1938-39 it dropped to 61.7 cents, but we paid the farmers on the basis of 80 cents although wheat was selling on a basis of 61.7 cents.

Those are the facts; and may I tell the hon. member for North Battleford (Mrs. Nielsen) who said this evening that this government does not pay any attention to the plight of the western farmer, and all the other members from western Canada, that only one government in the history of Canada has ever deliberately stepped out and paid the farmers in western Canada more per bushel for their wheat than they could hope to get on the prevailing markets. When wheat was selling at 92 cents the advice of the hon. member for Qu'Appelle led his leader to guarantee a price of 60 cents. When the price to-day would have been away below 70 cents, the present government is prepared to guarantee in advance, and not only to guarantee in advance but to pay in advance on the basis of 70 cents, Fort William. Therefore, on that basis alone we have at least done as much as any other government, and, indeed, a great deal more.

What about the other years? In 1935 we sold the wheat which had been carried over from previous years, and sold it at higher prices than had obtained in previous years. In 1937 we had the lowest crop that western Canada has grown in recent years, and do you know, Mr. Speaker, how much this government paid out in order to assist the farmers in Saskatchewan alone? We paid out \$28,000,000. Do my hon. friends who talk in this house about the plight of the western farmers know what happened in 1937? Saskatchewan in that year had an average crop of between two and three bushels to the acre for the whole province, and the total wheat crop for the whole province was 37,000,000 bushels. This government spent \$28,000,000 in Saskatchewan to help the farmers stay on their farms, and I deny the statement made in the house this evening that in that province there ever was such a relief rate as \$8 a month for a family of nine. The rate is not \$8 for a family of nine. But if a person happens to have milk, butter, meat

and other supplies which bring the relief allowance down from somewhere in the neighbourhood of \$20 a month to \$8 a month, then that is what they receive. But if they have nothing in the way of supplies at all, the rate is not \$8. People in Saskatchewan on relief on farms are never asked to live on an allowance of \$8 a month, and when anyone rises in this house and makes a statement of that kind the hon. member is not presenting the facts or indicating what actual conditions are in western Canada.

What else did the government do? I was in Saskatchewan in the summer of 1938, and there was an election on in that province. Do you remember what we did, Mr. Speaker, in the winter of 1937-38? We went into the provinces of New Brunswick, Nova Scotia and Prince Edward Island. We went into the fishing areas, where the people are just as hard up as they are in any other part of Canada, and were then, because their markets were being lost as well as those of other people. We bought their dried fish. My colleague the Minister of Pensions and National Health (Mr. Mackenzie), who comes from the northern part of Scotland, knows that dried fish are just about as good a food as can be found, provided they are properly dried and properly cooked. We took that fish out west. We distributed it among the people. My hon. friends in the opposite corner smile. I would call the attention of the hon. member for North Battleford to the fact that they do smile, and smile out loud, and why should they not? When I was in Saskatchewan in 1938 I saw that food, which the people of the maritime provinces know to be some of the best food that can be found in this country, nailed up on sign-boards along the highways. I saw it nailed up on trucks parading the streets of Regina, and I saw written on it, "Jimmie Gardiner's fish".

Well, Mr. Speaker, it is not any wonder that we win constituencies in Saskatchewan against a group like that. Nor is it any wonder that they come into this house and talk about the needs of our people. We all know that our people have needs. We all know that they are hard up. The hon. member for North Battleford might be surprised to know how many members there are on both sides of the house who at some time in their lives have been on relief. But they do not boast about it. The hon. member might be surprised to know how many of us have been in the dust bowl, from somewhere down near the gulf of Mexico up to the far north, during the greater part of our lives. We know this, that somebody has to help our people while they learn to live in that country.

While we are learning to live there, the government of this country has been assisting us. That assistance was given under a Conservative government and under Liberal governments. Naturally we think we do it a little better than the others, but we do not say that we have any greater desire to do it well than our opponents have. We try to do it a little better. But this is a question which should not be used at any time, either in this house or outside, in order to induce people to have feelings either in favour of or against the government of the country. There is not any federal government, any provincial government, or any municipal government which can take care of people just as they ought to be taken care of. The only persons who can take care of people as they ought to be taken care of are the people themselves if the conditions are right, and the conditions have not been right for a long time.

I want to say to my hon. friend who came in recent years from across the seas that it is not anything that happened on this side of the ocean which has made conditions here what they are at the present time. The thing that has made conditions what they are in this country at present is the thing which has driven people from the continent of Europe into this country in hundreds of thousands, which has settled them in homes in the eastern part of Canada, in the western part of Canada, in the United States. These two countries have been settled by people forced by conditions in Europe to find new homes in an atmosphere of greater freedom and prosperity than they could find at home. On each occasion when we have had our greatest difficulties, whether in the nineties of the last century or in the past ten years, it has been because of the selfish, grasping power of certain people with totalitarian points of view, bent upon destroying the free institutions of government in order that they may control the peoples of the world. Now that we are in the midst of a struggle which is going to settle the position of men who take that point of view and determine the future of this and all other countries, we who were born and raised in this country do not appreciate it when those who have come here and taken up their homes here and have had the advantages which this country provides to-day, tell us that the blame is all ours.

There is another matter, Mr. Speaker, which we do not appreciate. We do not like to hear even our own people saying to those who have come here because of difficulties overseas, immediately we get into trouble, that they have not the same rights as we have. We all hope that we treat the people who come here from other countries as being on the same

level as ourselves. I hope that, while this war lasts, hon. members and those outside this house will not say about these people some of the hard things that were said during the last war. People with whom we have lived side by side for forty or fifty years, enjoying their company, their community life, and the pleasures of discussing the hardships from which they came to this country, are still good Canadians, and we in this house accept them as such.

The government of Canada have been dealing with these problems of agricultural distress. They have not been doing all they would like to do. The people of Canada have not been able to do all they would like to do. But at least they have been trying, and that "trying" in 1937 cost them \$28,000,000. I say it is not any too much; it is worth while spending that much and more in order to maintain 300,000 families on farms anywhere in Canada.

What happened during the following year? Wheat went down to 61.7 cents a bushel on an average through the year. This government made arrangements to pay 80 cents, and 80 cents was paid. Let me repeat that this is the first time that any government in Canada deliberately paid the farmers of western Canada more for their wheat than they expected to get for it. We did not stop there. The next year we brought down legislation to establish some kind of policy. We had been going along, it is true, dealing with emergencies as they arose. The previous government had done this for four years. We did it for four years; then we thought we would try to evolve a policy which might help as conditions were arising, without people having to plead for it, and we established the Prairie Farm Assistance Act. It cost us over \$9,000,000 last year, but nobody in the house complained about it; hon. members from all parts of Canada supported the measure, and it went through unanimously. I expect that it will go through the senate unanimously and come back to this house; and people in Canada, from one end to the other, will agree that, when people in those areas have poor crops, all of Canada will come to their assistance and help them. Again I say that we in western Canada, in spite of some of the things that are said in this house, appreciate that assistance.

At the time that we were providing aid for those who had small crops we established, as was said this afternoon, an advance of 70 cents a bushel for those farmers who have wheat to sell. But that is not establishing a price.

[Mr. Gardiner.]

A word with regard to the present emergency. We have had emergencies before, but never an emergency equal to this one. In our elevators are 250,000,000 bushels of wheat grown last year or the year before. We shall have another 250,000,000 bushels to put in storage this year after the needs of our own population have been provided for. We shall have a total of at least 500,000,000 bushels of wheat, and as against that we have only one place in which to put it.

Mr. COLDWELL: I suggest that the minister be given an opportunity to finish his speech, but the rule has been enforced and it should not be overlooked. I should like to see the minister finish his speech, but I simply want to call attention to the rule.

Mr. GARDINER: That is all right; I was not watching the time. I shall have finished in a few minutes. The present position is this. We have 250,000,000 bushels in our elevators and another 250,000,000 bushels showing up, to go into the elevators; and the position during the last few years has quite an important bearing on that situation. We exported to Britain in the year 1933, 102,000,000 bushels; the next year, 68,000,000 bushels; the next year 65,000,000 bushels; the next year 95,000,000 bushels; the next year, 86,000,000 bushels; the next year, 43,000,000 bushels; the next year, 73,000,000 bushels. Therefore every hon. member will see that the average exports to Britain for consumption there have been in all these years well under 100,000,000 bushels. In other words, if we are to market in Britain only what we have been marketing, we are going to market well under 100,000,000 bushels. As a matter of fact Britain never does import from all countries very much more than 200,000,000 bushels a year, so that if she took all her wheat from us she would take only 200,000,000 bushels a year and that would mean that it would take us two and a half years to get rid of what we have now, with a growing crop to think of, and another crop in sight during that time. It is obvious, therefore, that we are in as difficult a position in relation to wheat as we could possibly be.

There is only one way of finding a market. The hon. member for North Battleford asks us why we do not get markets? Why do we not get world markets? Well, if we put the wheat into Russia it would only cross the line into Germany. Are we to spend \$700,000,000 to blockade Germany at one side and then pour the wheat in at the other? That is not sensible. We will try to hold the line where

it is and finally drive it back on to the continent and rescue the people who are there, feed the people who are there. When it comes to that point we shall need all the wheat we have in Canada. Otherwise we shall be up against greater difficulties than we are facing now. The government, therefore, is in this position. We say to the farmers, "We will advance you 70 cents a bushel on the wheat you get into the elevators". My hon. friend says they cannot get it all in. Probably not. That depends upon how much is taken out from time to time between now and the end of the season. There are two ways in which we can deal with the problem. One is to encourage the farmers to provide storage and the other is to have someone put up additional storage at the railways. If additional storage is put up, then the 70 cents will take care of the farmer's wheat up to 52 cents a bushel to the farmer, and that is probably more than he could get under any borrowing scheme which could be devised. If some way could be found to get additional storage, then the government would be advancing at the rate of 70 cents Fort William, which would be about 52 cents at the average place in western Canada for No. 1.

Mr. DOUGLAS (Weyburn): Does the government plan to do that?

Mr. GARDINER: That would be the simplest way if it could be done. I am pointing out the situation that has to be dealt with at the moment. When there is a situation of that kind and when world conditions are as they are, it would be impossible for any group of men, no matter how intelligent they may be, whether they be a government or a wheat board, or whether they have an advisory board along with them, to sit down and under these conditions mark out a long-time policy. We can take care of the situation in front of us; we can take care of so many million bushels at 70 cents a bushel. If some is moved out, we may be able to take care of all in storage, but somewhere along the way during the next five or six months we shall know exactly what we must do.

All I suggest is that hon. members take the record of what we have done to meet the emergencies in the last five or six years. Let them take the record of the previous government in trying to meet emergencies; let them take the record under which we have tried to meet emergencies, and would any one suggest that if people are threatened with starvation on the prairies; if people are threatened with starvation either because they did not grow a crop or because some one cannot pay to them the money to which they are entitled,

this government would allow those people to starve? Not at all. These emergencies when they arise are bound to be dealt with. Any government in office under such conditions would deal with them, and I suggest to the members of this house that the legislation before us is an attempt, a proposal on the part of the government, to deal with the situation as it exists at the moment. It is not and cannot be a final act, because no one knows what the circumstances will be in a few weeks or in a month's time. When the circumstances unfold themselves, the government no doubt will have to deal with them either by acting under the emergency legislation under which we have the power to act during war, or by having the members consulted again, if it is in the winter months, as it may be, while they are sitting in this house, as to what ought to be done. I suggest that under all the circumstances the bill now before the house is one that should be adopted.

Mr. BRUCE McNEVIN (Victoria, Ont.): In rising at this late hour to make a few observations with respect to this bill I offer no apologies to the house, because with the exception of the new ground that was broken with regard to the wheat problem by the hon. member for Leeds (Mr. Fulford), I do not think the voice of eastern Canada has so far been heard in the discussion of this measure. I wish to make it abundantly clear at the outset that I am not approaching the consideration of this bill from what is generally regarded as a sectional point of view, very often referred to as an eastern or a western point of view as the case may be, because I have always held the view that the Dominion of Canada is all west of the Gaspé peninsula and the Atlantic ocean and is also all east of Vancouver island. However, I believe that under this bill there is a possibility that before the year's operations have been completed there may have to be a disbursement of public funds; and therefore from the point of view of taxation, it is well that we have a wide understanding of the application of the bill as it might affect all parts of the dominion.

I listened with great interest to all the speeches upon this important bill. But I am going to refer only to a very few, with particular reference to the remarks of the hon. member for Mackenzie (Mr. Nicholson) and the hon. member for North Battleford (Mrs. Nielsen). They have had a wider opportunity than I to judge of living conditions in other parts of the world, because they, I believe, lived across the water before coming to Canada. I do not think any hon. member is

better qualified to speak regarding the difficulties affecting our agricultural industry than I am; I do not assume to have a wide knowledge of actual farming in western Canada, but I did work as a hired man on the farms there, and I worked with threshing gangs and also in the city of Winnipeg, so that I have at least some knowledge of the problems of both east and west. In spite of all that has been said about the difficulties of the farmers, I would not exchange my citizenship in this country, whether I lived in the east or the west, for citizenship in any other country in the world.

Without desiring in the slightest degree to detract from the importance of the wheat-growing industry in Canada's economy, but merely to illustrate that in Canada there are other great agricultural interests and other great agricultural producing provinces, I say, as I said on a former occasion in this house, that the agricultural production of Ontario in an average year is approximately equal to the agricultural production of the three western provinces. Therefore, all the people in this great province of Ontario have a deep interest in this bill which is designed to solve some of the problems associated with this most difficult question.

There are other important branches of the agricultural industry that affect all provinces of Canada to a greater or less degree. We have our live stock industry that produces on an average about \$450,000,000 a year. Some reference has been made to the expenditure of government moneys to assist the live stock industry, and the suggestion was that the larger proportion of that money was spent in eastern Canada. But I maintain that the expenditure of this money for the various live stock services is divided in proportion to the live stock population of all parts and all provinces of Canada. Therefore I do not think that should enter into the discussion of this bill.

There is one more item to which I wish to refer before discussing the main features of the bill under consideration. We are facing this situation, that the storage facilities of Canada are going to be taxed to the limit before this crop moves very far. Yet in face of that situation we have heard from every group in this parliament in this and former sessions the request that the government should bring into effect the coarse grain provisions of the grain act of 1935. But I have noted one exception. There has been no suggestion as to what the government should do with this grain if they undertook to bring it in upon a similar basis to wheat. That exception was the hon. member for Weyburn (Mr. Douglas). He suggested that the government should come

[Mr. McNEVIN.]

into the picture and deal in this grain in order that the group of farmers who had it to sell might use the government as an agency to sell it to the group of farmers who needed to buy it. As I view the situation, that is a proper function for cooperative organizations, of which we have so many in both eastern and western Canada.

Mr. ROSS (Souris): The hon. member for Weyburn never suggested that the wheat board should function for coarse grains at this time. He made some reference to freight rates, if that is the idea.

Mr. McNEVIN: I was not referring to that at all.

It is expected that this year's crop of wheat in western Canada may amount to between 350 and 400 million bushels. The average production of coarse grains amounts to at least 550 million bushels; that gives some conception of what the problem would be.

I should like to enter into a discussion of wheat and get down to the real kernel of the bill. There is, as has been suggested from various parts of the house, one bright spot in the situation, namely, that Canada stands at the back-door of Britain with an unlimited supply of this precious cereal. We must not overlook that fact. It is quite possible that when the dark threat of civilization's enemy No. 1 has been removed from the burdened and fettered peoples of Europe, some of this supply may be useful.

I pass on to a brief review of the marketing of this commodity. My memory goes back to the days prior to the organization of the joint stock grain companies in western Canada. I am free to admit that the grain companies as operated at that time were burdensome to the wheat producers of the west. Then, with the organization of those two great companies, western Canada enjoyed a new lease of life as far as the marketing of their wheat was concerned. That brings me to the organization of the pools. I believe the men who started out to organize the three wheat pools had high ideals, they were convinced that they were starting something which would add a great new area to the wheat growing industry of western Canada. I go further and say that I believe the pools were a mushroom growth in the earlier years. It is quite possible that the pool grew faster than the knowledge and the experience of those who were charged with the responsibility of managing it. That may have assisted materially in its difficulties with the banks, and so far as the great selling organization is concerned, its disappearance in that field of activity.

There has been much discussion as to the merits of Mr. McFarland's management of the wheat business as compared with that of the present wheat board. I wish to make only one brief reference in that connection. Mr. McFarland came into the wheat picture in November, 1930, and was associated with the wheat business of western Canada until December, 1935. No doubt he was very close to the administration which held office from 1930 to 1935. As an outside observer I cannot help being impressed with this fact: If the government of that day was so greatly interested in the establishment of a wheat board, why did it wait until July, 1935, to get the legislation through?

I do not believe a discussion of this problem would be complete without reviewing some of the difficulties associated with the present condition. Each member has his own computation of figures. However, from the information I have been able to obtain there will be approximately 280,000,000 bushels of wheat in Canada as of July 31. With the prospect of a new crop of 400,000,000 bushels, we would suppose that at least 325,000,000 bushels of that amount would play a part in commercial enterprise, allowing 50,000,000 bushels for home consumption. Then, we might deduct another 25,000,000 bushels for feed and seed. If we study these figures we must admit that even if we have a successful period of marketing in the next twelve months, there could not be much less than 400,000,000 bushels of wheat on hand as of July 31, 1941. That is a tremendous quantity of wheat.

There is another matter which greatly affects the disposition of this important commodity. I shall now give the world's commercial wheat for a five-year period from 1928 to 1932, and for a six-year period—the latest figures available—from 1933 to 1938. When I refer to the world's commercial wheat I mean the amount of wheat exported by exporting countries and imported by importing countries. In the first period, namely the five-year period, the average world's commercial wheat amounted to 869,000,000 bushels. The figures for the six-year period are as follows:

| Year | Bushels |
|-----------|-------------|
| 1933..... | 707,000,000 |
| 1934..... | 660,000,000 |
| 1935..... | 642,000,000 |
| 1936..... | 622,000,000 |
| 1937..... | 629,000,000 |
| 1938..... | 640,000,000 |

Hon. members will see that in the second period there is a drop averaging about 220,000,000 bushels of commercial wheat. That adds greatly to the problem confronting Canada.

Then, we have the imports of wheat by Great Britain, the last important open market for Canadian wheat. It is true that on an average we sell the United States of America about 20,000,000 bushels. Some of that is imported in bond, and of course is reshipped out as flour. It is generally estimated that about one-half of that amount enters into the mixing process connected with the United States wheat. A few bushels for home consumption are sent to Jamaica, and other points here and there; but so far as large amounts are concerned, they are negligible.

Figures given to me, covering our exports to Great Britain, not including those for Eire, which imports about 4,000,000 or 5,000,000 bushels a year, show that the British market absorbed the following amounts:

| Year | Bushels |
|-----------|-------------|
| 1936..... | 133,000,000 |
| 1937..... | 155,000,000 |
| 1938..... | 69,000,000 |
| 1939..... | 64,000,000 |
| 1940..... | 69,000,000 |

The figures I have given are for fiscal years. It will be understood that there are three methods of compiling wheat statistics. First, there is the wheat year which runs from July 31 to August 1 of the following year. Then, there is the calendar year; and the third method is the fiscal year. The figures I have given are for the fiscal year, which, after all, is the government year. I believe those figures illustrate clearly the contracted condition of the wheat market.

I now pass on to the 70-cent price. I am in full agreement that 70 cents is a low price. In fact, it is a very low price. I am not stating that the average farmer is in a position to produce wheat and live under proper conditions, on that price; but I believe there are a number of farmers in western Canada who can produce wheat at 70 cents and make money out of it. I am referring to the large mechanized units.

I come now to the point where I must voice my objection to the deletion from the measure of the 5,000 bushel limit which was included in last year's bill. I am well aware that the wheat board, which has the responsibility for marketing the wheat, maintains that that wheat, amounting to between 30,000,000 and 40,000,000 bushels outside the control of the board, would have a depressing effect on the market, and that it would be more difficult to handle outside than it is inside. But I maintain that if we continue with that policy we are placing a penalty upon the small farmer who, after all, is the back-bone of Canada. We are placing a premium upon the large, mechanized units which in my view are an unstable and

unsound development in the economy of our country. I am of opinion that after we have taken care of a man to the extent of 5,000 bushels at 70 cents a bushel, then the larger deliveries should be accepted at a lower price level. Because, let us not forget, that from the Atlantic to the Pacific there are hundreds of thousands, yes, millions of citizens who are not in the happy position where they can grow 30,000 or 40,000 bushels of wheat. They are working in the lumber camps, on the small farms, engaged in mixed farming, in the fishing industry, in the mining industry, in merchandizing and in many other occupations. They consider that the man who can produce 10,000, 20,000, 30,000 or 40,000 bushels of wheat is not entitled to receive large sums from the public treasury.

I believe it was the hon. member for Broadview (Mr. Church) who stated in the house the other day that Toronto pays more taxes than any other municipality in Canada. That may be true as far as the total taxes are concerned, but actually the large corporations and income taxpayers in that city are only collectors of taxes for the treasury. It is the cottagers, the fishermen and the farmers throughout the length and breadth of this land who are the real taxpayers. We must keep this fact in mind when we ask ourselves whether the central governmental authority should take full responsibility for the marketing at a pegged price of all the wheat produced on the large mechanized farms regardless of where they may be located.

A man who produces more than 5,000 bushels of wheat should accept some responsibility for the disposal of that additional wheat.

The suggestion has been made that the farmer be paid for storing wheat on the farm. This may be warranted up to a certain point, but I think a limitation of the amount should be applied. Suppose a man produces 30,000 bushels of wheat; he delivers 6,000 bushels and has 24,000 bushels left, for which he receives storage charges of three-quarters of a cent a month. I have not figured it out with pencil and paper, but I believe that comes to about \$180 a month. If he stores the wheat for ten months he would be entitled to \$1,800. I maintain that there should be some limitation as to time and amount in connection with these storage payments.

Mr. JOHNSTON (Bow River): Are the elevators limited?

Mr. McNEVIN: No man can deliver all his wheat, and under such conditions a large portion would have to remain on the farm.

[Mr. McNevin.]

I have stated my objections to this bill. I cannot reconcile myself to the fact that very large producers of wheat should be able to come to the federal parliament and say, "There is the product of my labour; it is your responsibility to dispose of it or to pay me for storing it on my farm." We must not overlook the fact that it might prove more profitable in large operations to store grain for seven or eight months than to grow it. That would not be a sound economy for this dominion.

Mr. JOHNSTON (Bow River): That is what the elevator companies do.

Mr. McNEVIN: I think the elevator companies are paid far too much for storage.

I come now to a further point. The threat has been held over the heads of the eastern Ontario farmer that unless large subsidies are paid to the western wheat grower, he will enter mixed farming and crowd the Ontario farmer out. Can any hon. member rise in his place and say that it is sound economy to bonus a man to stay out of mixed farming in Canada? Mixed farming is the back-bone, the very foundation of a balanced economy in the agricultural industry.

In closing may I suggest that the bill should be amended to conform with some of the suggestions I have made.

Mr. COLDWELL: I think it was agreed that we would sit only until half-past twelve o'clock. It is now two minutes to that hour, so I suggest we call it half-past twelve.

Mr. CRERAR: I certainly do not want to deprive anyone of an opportunity of speaking on the second reading, but we should like to get this bill into committee to-night. May I suggest that there will be opportunity for discussion on the various clauses of the bill when it is in committee. However, if it is the desire of some hon. members to speak on the second reading, then I think we can call it a day.

Mr. COLDWELL: We listened for an hour to the Minister of Agriculture (Mr. Gardiner), and for another hour to another minister. I come from one of the largest wheat producing areas in Saskatchewan, and so far I have not had an opportunity of discussing our wheat problems. I had intended to say something on the second reading of this bill, and therefore I would move that the debate be adjourned.

Motion agreed to and debate adjourned.

On motion of Mr. Crerar the house adjourned at 12.30 a.m.

Friday, August 2, 1940

The house met at eleven o'clock.

NATIONAL DEFENCE

RECRUITING IN BRITISH COLUMBIA—COMPLAINT WITH RESPECT TO CONDITIONS AT QUESNEL

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): In the absence of the Minister of National Defence (Mr. Ralston) who, I am sorry to say, is not in his seat to-day, I should like to call to the attention of the ministry a matter of some importance with respect to recruiting. We all know that there are many people in this country who want to enlist. A complaint has reached me from British Columbia with respect to that matter. It is in the form of a telegram from a gentleman who for many years was a respected member of this chamber, Mr. J. A. Fraser, of Quesnel. The telegram will speak for itself. It says:

A week or ten days ago notice was given that a recruiting officer by the name of Major Gale would be in Quesnel on July 29 to sign on applicants for war service. Result 40 applicants reported here but no recruiting officer has to date arrived. Some of these recruits came from sixty miles west of here, others from forty miles south and still others from forty miles north of here. A number of these men disposed of their possessions prior to assembling here while others gave up positions to volunteer. Last night these men had to be provided with meals and lodging at the expense of the community and a subscription was taken up by citizens to provide food and lodgings for these volunteers. Surely nothing could do more to discourage recruiting than bungling of this kind. Trust you will have an opportunity to inform the government of this deplorable situation.

John A. Fraser

I do not for a moment desire even to suggest that responsibility in the matter rests on national defence headquarters, but somebody in the military district of British Columbia has bungled. I rise merely for the purpose of drawing attention to the matter and asking the minister to see that there is no recurrence of this condition.

Mr. TURGEON: The matter referred to by the leader of the opposition (Mr. Hanson) relates to a question of recruiting in my riding.

Mr. HANSON (York-Sunbury): Order; this is not debatable.

Mr. TURGEON: I rise to a question of privilege. I want to bring to the attention of the house the fact that the Minister of National Defence has had this matter under review for two days. And the day before yesterday—

Mr. HANSON (York-Sunbury): It is not a question of privilege.

Mr. MACKENZIE (Vancouver Centre): It is all right; what is the matter with it? He has as much right to speak as you have.

Mr. HANSON (York-Sunbury): Oh, he has, has he?

Mr. TURGEON: I am still on my question of privilege.

Mr. SPEAKER: Order.

Mr. MACKENZIE (Vancouver Centre): I direct your attention to the fact that the hon. member, if asked a question, has the privilege of answering it on the floor of the house.

Mr. HANSON (York-Sunbury): How can he have knowledge of it?

Mr. MACKENZIE KING: He is within his right.

Mr. HANSON (York-Sunbury): There is no question before the house.

Mr. MACKENZIE (Vancouver Centre): And there is no monopoly of privilege.

Mr. SPEAKER: The hon. member has not yet had an opportunity to state his question of privilege as it affects him.

Mr. TURGEON: I was proceeding to state my question of privilege when I was interrupted. My question of privilege is that this is a matter relating to recruiting in my constituency.

Mr. MacINNIS: That is not a question of privilege.

Mr. TURGEON: The matter has been under consideration by the Minister of National Defence. Two days ago the adjutant general at Ottawa telegraphed the district officer commanding at Victoria giving instructions to have the matter attended to.

Mr. MacINNIS: Shout the way you were shouting the other day.

MOBILIZATION OF RESOURCES

REQUEST FOR TABLING OF REGULATIONS UNDER ACT—REGISTRATION CARDS FOR INDUSTRIES

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the government whether the regulations under the National Resources Mobilization Act will be tabled to-day so that we may have an opportunity to discuss them? It seems to me that the house should not close until we have had an opportunity of seeing these regulations.

Mr. HANSON (York-Sunbury): An opportunity for discussion.

Mobilization of Resources

Hon. J. G. GARDINER (Minister of National War Services): Do I understand that it is the regulations with regard to registration that are wanted?

Mr. HANSON (York-Sunbury): The minister knows exactly what we want.

Mr. STIRLING: Under section 5 of the act.

Mr. GARDINER: With all due respect to the leader of the opposition (Mr. Hanson) may I say that he made a political speech last night and apparently he has not got over it; he has already repeated half of it on the floor of the house.

Some hon. MEMBERS: Order.

Mr. GARDINER: If the leader of the opposition will tell me just what he wants, I shall try to answer him.

Mr. STIRLING: If the minister does not understand the provisions of section 5 of the National Resources Mobilization Act, may I tell him that that section states that the regulations under the act shall be tabled forthwith if the house is in session. It is those regulations that we want to see.

Mr. GARDINER: The regulations under that section would not be brought down by the department which I am administering. Therefore I am not in position to answer.

Mr. POWER: So far as the Department of National Defence is concerned, the regulations will be brought down shortly.

Mr. HANSON (York-Sunbury): Before the house prorogues?

Mr. POWER: If they are prepared, yes, if they are not prepared, no.

Mr. CHURCH: Will the minister consider allowing industrial plants to have registration cards the day before in order that employees may fill them out at home? This would save time and red tape.

Mr. GARDINER: The cards will be sent to industrial plants just as soon as they can be got to them after the plants have made application. It will not be necessary for the workers to take them home. If they did take them home, the cards probably would not go through the tabulating machines when they came back. They are made of cardboard and if they are carried around in pockets they would probably be useless. The registrars will have cards at industrial plants in sufficient time to enable them to be filled out before registrars are appointed in the plants.

[Mr. R. B. Hanson.]

While I am on my feet I should like to make a statement which will probably answer what the leader of the opposition had in mind last evening. He was entirely wrong in suggesting that under this system it will take three months to find the number of single men. We should know that in three days.

Mr. CHURCH: Just a lot of red tape.

Mr. GARDINER: There is no red tape; we have cut it out.

PRIVILEGES GRANTED TO MENNONITES AND
DOUKHOBORS WITH RESPECT TO
MILITARY SERVICE

On the orders of the day.

Mr. GEORGE BLACK (Yukon): I should like to direct the attention of the Minister of National War Services (Mr. Gardiner) to a matter which has apparently been brought to the fore by his remarks on July 30. The following telegram was addressed to me, but I think it should have gone to the minister. It is from Warner, Alberta, and reads:

We heartily endorse your demands made of Mennonites, Hutterites and Doukhobors. Twenty-eight colonies of Hutterites are living in southern Alberta under communistic conditions. Our people are strongly opposed to this situation. Hutterites should be shown no preference.

George W. Morton,
President, Board of Trade.

Until I received that telegram, although I had heard of Hitlerites, I did not know of the species described as Hutterites. At the risk of being out of order I should like to call the minister's attention to a statement in this morning's paper by Captain Tom Magladery, president of the New Liskeard branch of the Canadian legion.

Mr. POWER: Why not read the speech of the leader of the opposition?

Mr. BLACK (Yukon): This statement appears in the *Ottawa Journal* of this morning, and I ask the minister to read it himself.

Mr. LOCKHART: Mr. Speaker, I discussed this matter briefly with the Minister of Justice (Mr. Lapointe) just prior to his illness, and I am receiving letters from families and groups such as referred to by the hon. member for Yukon (Mr. Black) with respect to it. Mothers are asking if their sons to the second and third generation are exempt from service under the original order in council passed many years ago. I should like to receive direction from some member of the govern-

ment so that I can advise these mothers exactly what the position is so far as their sons and grandsons are concerned.

Mr. GARDINER: I presume my hon. friend's question has to do with the order in council of 1873 and the order in council of 1898. The procedure I outlined the other day was followed in the last war and we thought it advisable to follow it in this war. That procedure does permit the descendants of those who came to Canada at that time to have the privileges granted by the orders in council of 1873 and 1898 as they were then drawn.

Mr. LOCKHART: May I inquire if that goes on from generation to generation?

Mr. GARDINER: That will depend, I suppose, upon what generation after generation of parliaments do about it. But up to the moment it has been thought wise to follow the practice of acknowledging contracts entered into with people who came to this country under agreements covered by order in council. There will probably be some method found of using the services of these people in a way which will help in the winning of the war.

Mr. HANSON (York-Sunbury): Could we have these orders in council tabled? I do not think I have ever seen them. I do not think it was ever the intention that this arrangement should go on forever.

Mr. GARDINER: I read the substance of them into the "eyewash" that was placed before the house the other day.

CANADA'S WAR EFFORT

TOTAL FINANCIAL COMMITMENTS AND PROPORTION ASSUMED BY BRITISH GOVERNMENT

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, the leader of the opposition (Mr. Hanson) asked the government to table the commitments of the Canadian government, or at least information as to these commitments, as well as an estimate of the amounts recoverable from the British government.

I think there is only one useful definition of the word "commitments" which can be adopted. It means the amounts already spent during the present fiscal year, the amounts agreed to be spent during the present fiscal year and the amounts which it is estimated will be required to be spent during the present fiscal year. The last and first of these definitions may not come within the legal meaning of the word, but it is impossible to separate the amounts which it has been agreed to spend from the amounts that actually are being spent or have been spent. It is also impossible to separate them from the amounts which in all common reason we shall have to expend, such as pay for the forces or allowances to dependents. This means that we shall have to include those amounts which we estimate will be required to be spent. With that definition of "commitments" I may say that for the present fiscal year the commitments for war services are \$1,036,118,168.

Mr. HANSON (York-Sunbury): Will that include pay and allowances?

Mr. ILSLEY: I have the details here. I can place them on *Hansard*, I can give them to my hon. friend, or I can read them, whichever he prefers.

Mr. HANSON (York-Sunbury): It will be satisfactory to me if they are put on *Hansard*.

Mr. ILSLEY: With regard to the amount recoverable from the British government, it is estimated that this will be \$96,000,000; leaving a total of dominion commitments amounting to \$940,118,168. The hon. gentleman will probably say at once that our war appropriation is only \$700,000,000. My answer to that is the statement I made in the review I presented to the house two or three days ago, when I said that it is certain that parliament will reassemble well before the end of the fiscal year when additional requirements can be provided for.

The details of these commitments have been prepared as carefully as possible. It will be understood that necessarily they are approximate only, but they are as close to accuracy as is possible. The statement is as follows:

Canada's War Effort

War appropriation, 1940-41

| | Items for which estimates have been approved | Items for which tentative or no estimates have been approved | Total |
|----------------------------|--|--|------------------------|
| National Defence— | | | |
| Militia services | \$394,102,003 | \$101,772,936 | \$495,874,939 |
| Naval services | 103,679,675 | 19,720,325 | 123,400,000 |
| Air services | 217,791,243 | 16,501,395 | 234,292,638 |
| Other services | 7,550,591 | ..... | 7,550,591 |
| Munitions and supply | 51,500,000 | 78,500,000 | 130,000,000 |
| Other departments | 41,864,990 | 3,135,010 | 45,000,000 |
| | <u>\$816,488,502</u> | <u>\$219,629,666</u> | <u>\$1,036,118,168</u> |

Estimate of amounts recoverable from the British government and included in our total of requirements for the fiscal year are:

| | |
|--|-------------------|
| Estimates as summarized | \$1,036,118,168 |
| Estimated recoverable from the British government— | |
| Air | \$16,000,000 |
| Militia | 5,000,000 |
| Munitions and supply | 75,000,000 |
| | <u>96,000,000</u> |
| Net dominion commitments | \$ 940,118,168 |

FARMERS' CREDITORS

AMENDMENT OF ARRANGEMENT ACT—FAILURE OF FREE CONFERENCE TO AGREE

Hon. J. L. ILSLEY (Minister of Finance): I regret to report that the free conference between the managers appointed by the House of Commons and the managers appointed by the Senate to consider the amendments made by the Senate to Bill No. 25, to amend the Farmers' Creditors Arrangement Act, was not productive of any result. The managers were unable to come to an agreement, and I am afraid that with the Senate insisting upon its amendment and the house finding itself unable to accept that amendment, the result will be that the bill will not pass.

Hon. R. B. HANSON (Leader of the Opposition): That is really a pity, because the Senate amendment did not go to the crux of the matter; it had to do merely with procedure. If the government want to help the farmers of Manitoba I think they would be well advised to accept the Senate amendment.

Mr. CRERAR: It would destroy the whole act.

Mr. HANSON (York-Sunbury): As a lawyer I do not agree with that for a moment.

Mr. ILSLEY: I do not think this is the place to debate it, Mr. Speaker. It was fully debated in the conference, and if there were to be a debate here there are powerful considerations to be advanced on the other side.

Mr. COLDWELL: I would ask the Prime Minister, in view of the difficulty that has

[Mr. Ilesley.]

arisen, whether he will consider his long-promised reform of the Senate at the next session of parliament.

Mr. MACKENZIE KING: That is something I have been considering all my life.

MUNITIONS AND SUPPLY

REQUEST FOR TABLING OF CONTRACTS AWARDED

On the orders of the day:

Mr. J. H. HARRIS (Danforth): Mr. Speaker, I would direct a question to the Minister of Munitions and Supply (Mr. Howe) with respect to bringing down a report on the contracts awarded. The month of May has gone by, June has gone by and July has gone by. May we not have a list of the contracts awarded for at least the month of May, and perhaps June, before parliament prorogues?

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, I will do my best to have the reports presented. I understand that some of them are now in the hands of the printer, but I will ascertain the exact situation.

EUROPEAN WAR

ARRIVAL IN THE UNITED KINGDOM OF A FURTHER CONTINGENT OF THE SECOND CANADIAN DIVISION

Hon. J. L. RALSTON (Minister of National Defence): I know the house will be interested in word which I have received and with respect to which I am now able to make an announcement. It is the safe arrival in the United Kingdom of another large con-

tingent of the Canadian active service force. A number of the members here will have some knowledge of what the force consists of. It includes a large force of the troops of the second Canadian division, accompanied by Major General Odlum, the general officer commanding, and includes also certain ancillary units and certain reinforcements.

UNEMPLOYMENT INSURANCE

FUND TO BE ADMINISTERED BY COMMISSION— CONCURRENCE IN SENATE AMENDMENTS

Hon. N. A. McLARTY (Minister of Labour) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 98, to establish an unemployment insurance commission, to provide for insurance against unemployment, to establish an employment service, and for other purposes related thereto.

He said: Mr. Speaker, I think perhaps it would be only fair to the house that I should give an explanation of the amendments, which are not numerous, being only six in number. Of that number four are definitely intended to clarify the wording of particular sections of the bill.

On page 2 of the bill, at line 34, the word "two" has been deleted and "three" substituted. That is necessary by reason of adding section 103 to the act providing for the repeal of the Employment and Social Insurance Act of 1935.

At page 15, line 44, the words "subsection one of" are deleted. This has no particular bearing except to make clear that the whole section rather than merely a subsection shall be excluded.

At page 26, line 3, the words "the House of Commons" have been substituted for the word "parliament." That deals with the disqualification of membership on the advisory committee, and the amendment I believe will meet with no objection.

At page 34 the word "such" in line 2 of paragraph (m) is left out, purely for purposes of clarification.

As I have indicated, section 103 is added to the act.

The only other addition is to add in part II of the first schedule the following paragraph:

(f1) Employment in a hospital or in a charitable institution where in the opinion of the commission such hospital or charitable institution is not carried on for purposes of gain.

Some hon. MEMBERS: Hear, hear.

Mr. McLARTY: That amendment was urged upon this house and I rather judge, Mr. Speaker, that it meets with the approval, certainly of a section of the house.

Mr. HOMUTH: Nothing for the loggers?

Mr. McLARTY: Bearing in mind the numbers who are covered by the act it would be unfortunate I think not to concur in the amendments that have been made. I believe this house can quite properly concur in them, and I so move.

Motion agreed to; amendments read the second time and concurred in.

COMPENSATION (DEFENCE) ACT

PROVISION FOR PAYMENT OF COMPENSATION FOR PROPERTY TAKEN FOR WAR PURPOSES

Hon. P. J. A. CARDIN (Acting Minister of Justice) moved the second reading of Bill No. 123, respecting the payment of compensation for the taking of certain property for war purposes.

Mr. HANSON (York-Sunbury): Is it intended to go immediately into committee and have the discussion take place there?

Mr. MACKENZIE KING: Yes.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Vien in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. HANSON (York-Sunbury): Before this goes any further, Mr. Chairman, may I say that we have just got copies of the bill and certainly I do not think a single member of the house has had an opportunity to read it. I think the minister should give a general statement on the bill in addition to what may be found in the explanatory note, and inform us what the rules are to be. This is a legal bill, and certainly we ought to know exactly what the intention of the ministry is, and how it differs from the present common law position. After all, the citizen has some rights, even in war time.

The CHAIRMAN: In my opinion this question would be quite proper in relation to section 3.

Mr. COLDWELL: I wish to support the suggestion of the leader of the opposition. The bill has just been handed to members of this house. It is a long bill, and before I agree to a single clause of it I should like to know what it means. I think we should have an explanation of the bill.

Mr. CARDIN: As I indicated in a short explanation when the resolution was before the house, this bill copies to the letter a similar bill which was passed in the United Kingdom

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in 1939 to help determine the amount of the indemnity or the price for vessels and aircraft required or acquired during the war and for war purposes. The English bill covers a much larger number of items than the present bill, because in England they included the acquisition and requisition of all properties, lands, buildings, and vehicles of all sorts. Under the proposed legislation we deal only with vessels and aircraft, because it is the opinion of the Department of Justice that existing legislation will adequately cover the needs of the war, that our expropriation acts and other legislation with relation to the acquiring of properties are more extended and detailed than the legislation existing in England. It was therefore decided that we would be satisfied with the existing statutes so far as lands, buildings and so forth are concerned. But in regard to vessels and aircraft we have no existing legislation which meets the present necessity.

The leader of the opposition drew the attention of hon. members the other day to the view that there is always a market value, and that we can always fix the indemnity for the acquisition or requisition of a vessel or an aircraft, basing it on what is the market value. But the contention is that there is no such thing in Canada at the present time as real market value attaching to ships and aircraft, because there is no open market. Nobody except the government buys these things on the regular market and the value of the ships or aircraft which the government may decide to acquire or requisition for war purposes may be affected by the condition of the war. Certain things which had practically no value, or very little value, may at the time the government decides to take them over acquire a certain value in the minds of the proprietors. In view of that fact it was thought advisable to establish certain rules to determine what should be the indemnity or the price to be paid the owner of a vessel or aircraft when it is decided to acquire them for the benefit of the crown and for the prosecution of the war.

The acquisition and the requisition of vessels and aircraft and any other things required for war purposes is effected under the War Measures Act, by which is meant an order in council, and when there is any dispute between the owner and the representative of his majesty, the courts, and more particularly the exchequer court, are given authority to determine what is the amount of the indemnity which should be paid for the use of the vessel or aircraft. It has been represented to the department, and the officers of the Department of Justice admit it, that at the moment there are no rules or precedents which could help to govern the exchequer

[Mr. Cardin.]

court in determining the value of the vessel acquired or requisitioned, and that it would be advantageous that parliament should establish certain rules which would help to guide the exchequer court in that respect.

Someone has said that an order in council could meet the purpose, and that it would suffice if an order in council were to set out the principles to be followed in determining the value to be paid for the vessel or the indemnity to be paid for its use. But others have expressed a doubt whether the exchequer court would be satisfied to adopt or apply the dispositions of an order in council. That is one of the reasons why it was decided that we should follow the example of the United Kingdom and pass legislation similar to that which has been passed there.

The main principle of that legislation is that, in determining the value of the vessel acquired or the indemnity to be paid for its use, no account should be taken of excess value resulting from the war. As I said the other day, it is impossible to determine exactly at the present time what amount should be paid for the use or the running of a vessel which is required by the crown. We do not know exactly for how long the vessel is to be requisitioned, and if it was impossible to ascertain what compensation should be paid to the owner because of the fact that the period of the requisition is not known, the owner would be deprived of any compensation.

The bill provides for monthly payments in the case of indemnity being paid for the use of a vessel.

These are the main principles embodied in this bill. Section 4 explains in detail how we come to determine what price should be paid for a vessel or aircraft required, or what indemnity should be paid for the requisitioning of a vessel or aircraft, and states at the same time that the indemnity can be paid monthly.

I do not know that I can add much to these observations. I believe I have given the exact meaning of the bill and the reasons it has been presented. The main reason, I repeat in answer to the leader of the opposition, is that we feel that there is no such thing at the present time as market value upon which could be fixed a price or an indemnity for the acquisition or requisition of a vessel or aircraft. That is why we considered it absolutely necessary to lay down certain rules which would help the courts, and even those who are negotiating agreements with the owners of vessels, to come to a satisfactory conclusion which would be fair to the owner and at the same time not too expensive to the crown. There is no justification for the crown, even during the war,

paying excessive prices for vessels or aircraft to be used for war purposes. It is owing to the fear that we might be exposed to the payment of such prices that this bill has been introduced, setting out certain rules which will govern in determining price or indemnity.

Mr. GREEN: Yesterday morning the minister promised that when the bill came up for consideration he would give us information as to the number of vessels that had been taken over and the amount paid to date. It would give the committee a better background for the study of the bill if the minister would give that information.

Mr. CARDIN: Yesterday when the hon. member raised the point he indicated that it might not be possible to obtain the information. I sought the views of the department in that regard and asked to be supplied with a list of amounts paid for the requisitioning of vessels already in the service of the government. I was informed by the Department of National Defence that it would not be in the public interest to give the information, as to the number of vessels requisitioned, and so on, but I am quite sure that the hon. member could obtain it privately.

Mr. GREEN: I do not mean the names of the vessels.

Mr. CARDIN: The number.

Mr. GREEN: The minister should be able to give the total amount paid to date. It could not possibly do any harm to the country to have that information.

Mr. CARDIN: Unfortunately the answer given to me was rather general. I was informed this morning that in the opinion of that department it would not be in the public interest to divulge the number of vessels acquired by the government for war purposes.

Mr. GREEN: Cannot the minister say how much has been spent to date in taking them over?

Mr. CARDIN: They gave me the same answer. They thought it would not be advisable to divulge the amount or the number of vessels that had been requisitioned.

Mr. HANSON (York-Sunbury): That latter part of the minister's statement certainly cannot apply. I quite agree that with respect to the number of vessels taken over, it might be against public policy to give that information; but as to the cost, I think the House of Commons and the country ought to know what the payments and the probable commitments are. To lay down the principle that

we are not to know the money value of services is to deny the very thing that we are here for. What is responsible government? Surely the minister himself will not agree with that principle. I would ask him to be good enough to communicate with the Department of National Defence and intimate that, in his opinion and in the opinion of the house, we ought to know what the financial commitments are. I do not know. I have not raised the question, but it was properly raised by my colleague, and on that score alone we are entitled to the information.

Mr. CARDIN: From certain points of view objection could be raised by the officers of the Department of National Defence because, if information is given with regard to the amount the government is paying for the requisitioning of vessels for war purposes, deductions can be made by those who know something of the subject, by comparing the number of vessels we had previously, the value of those vessels before the war, with the amount that we are paying now for the ships acquired or requisitioned. There is another point as to the amount paid for vessels already requisitioned and acquired; in many cases the indemnity has not been fixed. This legislation proposes to fix it. So that the information that might be given to the committee at the present time would not be complete for that very reason. I can see, however, that from certain angles the request of my hon. friend may be a reasonable one. At any rate, I can give an undertaking. Another opportunity may arise before we are through and if possible I will supply the information.

Mr. HANSON (York-Sunbury): We could hold the bill open for a little while during this day. I would say to the minister with regard to his last argument that it does not carry weight, because this bill will shear the ground from under these people if it goes through, and it will not have the effect that he suggests. The minister, in his concluding statement, just before the member for Vancouver South (Mr. Green) rose, gave exactly the reason why this bill is being brought forward. The crown is afraid that it will have to pay extravagant prices on the acquisition or requisitioning of these various types of ships. That is a correct principle and I am heartily in accord with it, but I do suggest that the basis of the minister's argument is not sound. For instance, he says at one point that there is no open market for ships; the government is the only buyer. The government is the only big buyer because the government has stepped in and become the only big buyer. But there is no reason in the world

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why there should not be, and there ought to be, perhaps, as between subjects of the crown, a market for ships. If there were freedom and the government did not take everything in sight there certainly would be a market for ships. Because there is a scarcity of shipping the government has stepped in and taken everything at once, and therefore in effect it has made it impossible for others to purchase. But if there were a free market there would certainly be a value for ships.

The explanatory note says that the values now existing are purely artificial. I deny that. Values are a question of fact based on the particular circumstances of every case, and my view is that that sort of thing, where there is lack of agreement, should go to the courts. I have not been able to read the whole bill through, but is there not a provision in it that where agreement cannot be reached recourse may be had to the exchequer court on the basis of the rules laid down in the bill? Is that in the bill?

Mr. CARDIN: It is in the War Measures Act, section 7.

Mr. HANSON (York-Sunbury): Then we have not entirely deprived the courts of jurisdiction in the matter?

Mr. CARDIN: No.

Mr. HANSON (York-Sunbury): If I understand the minister's explanation correctly, what we are doing in this bill is to set limitations beyond the common law. That is exactly what I thought the situation was when we were in the resolution stage yesterday. Well, I agree that the treasury should be protected against speculators. There is where the danger comes in. That occurred in the last war. I believe a good deal of junk was bought and sold at very high prices during the last war and men got rich, a few in Canada and many more in the United States. That sort of thing ought not to be permitted. But I do hope that in the framing of these rules of law, because that is what they are, inasmuch as they are given the force of a statute and are therefore binding on everyone, crown and subject alike, some consideration will be given to the rights of the subject.

Take the case of a man who, we will say, acquired, long before war was ever thought of, at a cost of half a million dollars, a ship admirably adapted by reason of speed, power and construction to war service with convoys. That is just an illustration that occurs to me at the moment. After slight alteration it becomes an armed vessel of the Canadian navy. We will assume that this vessel—and I am only

[Mr. R. B. Hanson.]

assuming it—prior to the declaration of war had been making money in the merchant service. The moment war broke out that vessel would assume appreciable value, not for the purposes of the government but in the interests of the owner; and I submit to the minister that the proper criterion for measuring values in expropriation proceedings is not the value to the government that is the requisitioner or taker of the ship but the value to the owner himself that can be attributed to the vessel at the time of the expropriation. We ought not lightly to disturb that measure of value. How far this bill departs from that I do not know.

Mr. CARDIN: It does not.

Mr. HANSON (York-Sunbury): If it does not I am content. If it does I think perhaps an injustice is being done to some of our citizens. If it does not go any further than that; if it leaves alone the common law principle, with the parties at arm's length to fight out the matter before the properly constituted tribunal, then I am satisfied that justice will be done.

Let me reassure the house that the treasury will not be mulcted in huge damages because of the fact that these ships may be of great value to the government of the country in time of war. No court will ever assess values to an owner on that principle. The reverse is followed; it is the value to the owner at the time of the taking or requisitioning, not the value to the persons taking the ship. If the minister needs any help in respect of that principle I would refer him to the case of *The King v. Nagle*, reported in the exchequer court reports. In that case the old Canadian government railway was the only possible purchaser of a gravel pit. The owners proceeded on the other principle and tried to assert that there was so much gravel in that pit, that it was of a superior quality and worth so much on the basis of value to the railway as ballast. It is a long time since that case was tried; I tried it myself. The railway was the only possible buyer and taker, and of course the action failed. It was appealed to the Supreme Court of Canada, where counsel for the crown was not even called upon to respond, but if I recollect aright the principles involved are contained in the judgment.

If these principles are not disturbed I am content; but if in the dying days of this session we attempt to set up a statute which imports new legal principles with respect to the law of compensation, then I think we ought to pause. I am content to leave the matter at that for the moment.

Mr. CARDIN: I am quite sure that no one will suffer as a result of the application of this legislation. Its only purpose is to protect the public treasury against exploitation—

Mr. HANSON (York-Sunbury): That is fair.

Mr. CARDIN:—and artificial values which an unscrupulous owner might attribute to his vessel. Under section 4 the indemnity to be paid in case of the requisitioning of a vessel is set out as follows:

4. (1) The compensation payable in respect of the requisitioning of any vessel or aircraft shall be the aggregate of the following sums, that is to say,—

(a) a sum equal to the amount which might reasonably be expected to be payable by a person for the use of the vessel or aircraft during the period of the requisitioning, under a charter or contract of hiring whereby he undertook to bear the cost of insuring, maintaining and running the vessel or aircraft—

In other words the compensation should be equal to the amount that reasonably should be paid for the use of the vessel.

Mr. HANSON (York-Sunbury): What is reasonable, of course, depends on the circumstances of each case.

Mr. CARDIN: That will be established by the agreement, and if there is no such agreement the court will determine it.

Mr. HANSON (York-Sunbury): By evidence.

Mr. CARDIN: Yes, by evidence.

Mr. HANSON (York-Sunbury): I should like to direct the minister's attention to one point in connection with this question of an absence of value or a purely artificial value. Paragraph (d) of section 4 reads:

(d) in a case where, during the period of the requisitioning, a total loss of the vessel or aircraft occurs, a sum equal to the value of the vessel or aircraft immediately before the occurrence of the damage which caused the loss—

Does not that assume a value, and must it not be a market value? I should think it must, without doubt. That section and the minister's statement just do not jibe. It refers to a sum equal to the value, and in every case you must get back to the value. What is the value? It means the market value. What market value, and when? It is the value of the ship as proven in evidence at the time of the loss, in this case, not at the time of the requisitioning. Of course this deals with a case where title does not pass.

Mr. CARDIN: The terms of that paragraph are corrected, if I may use the word, or modified by paragraph (i) of subsection 1 of section 4, which provides that no account

shall be taken of any appreciation in the value due to the war. I suppose that brings us, in the interpretation of paragraph (d), to the real value of the vessel at the moment it was destroyed or lost, and that value is subject again to agreement between the parties or to adjudication by the courts if there is any difference of opinion.

Mr. HANSON (York-Sunbury): There is no trouble in case of agreement, of course; the act would not apply.

Mr. CARDIN: And when there is a dispute of any kind it is always referred to the courts for adjudication, but in adjudicating any case the court should not take into account the excess value or appreciation due to the war. This is a sort of direction that is given to the court, excluding the excess value or appreciation that the vessel or aircraft may have acquired due to the war.

Mr. HANSON (York-Sunbury): Is that in the British act?

Mr. CARDIN: Yes. As I said before, the act is copied practically word for word from the British act.

Mr. HANSON (York-Sunbury): I am not going to delay the passage of this bill, and I am not interested in behalf of any ship-owner. No one has communicated with me about it. I do not suppose they have had the opportunity; I do not suppose the shipping world even knows this bill is going through parliament.

Having registered an appreciation of the reasons for the bill—and I do appreciate the reasons for it—I think it is also my duty to express dissent from any impairment to the common law principle. If the minister can give me an undertaking that in no way does the bill impair the present common law principle which has stood the test of time, both in peace and in war; that it does not impair common law rules and the rights of the subject, I am satisfied with it. But I am really afraid that the minister's statement in that connection is not quite correct. Otherwise I do not think there would be much necessity for this bill.

I am content to trust the courts on the basis of the present law in force in Canada, whether it be statutory or common law. This is a measure which ought to have been brought down long before this late hour in the session. In ordinary times we would want time to study a measure such as this. Those whose interests may be hurt should have an opportunity to be heard. But there is not time for that now. With the theory

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of the bill, namely that of protecting the public treasury, I am in full accord. That is a fair statement of my position, and I suggest it ought to be the position taken by every hon. member, including those on the government benches.

Mr. CARDIN: My understanding is that the bill only protects the treasury against exploitation, and would preclude the possibility of taking advantage of appreciations due to the war. That is what it does.

Mr. HANSON (York-Sunbury): Well, that is a pretty wide-open phrase. You could drive several pairs of horses through it.

Mr. CARDIN: Of course my hon. friend has had much experience along these lines. We cannot accept, as a right covered or protected by common law principles, the appreciation of a vessel due to the extraordinary circumstances of war. It is against that sort of thing we wish to protect the treasury. In making his observations my hon. friend referred to possible exploitation of the crown, and it is against that we are protecting ourselves.

Mr. HANSON (York-Sunbury): And I agree with that.

Mr. CARDIN: It precludes the owners of vessels taking advantage of the situation. I am sure that in the bill there is nothing which would deprive an owner, acting in good faith, of anything that belongs to him. He would not be prejudiced in any way by the bill. Our only intention is to make sure that the courts have something to justify their refusal to take into account appreciation due to the war. Officers of the departments of justice, national defence and munitions and supply, and counsel of these departments, were afraid the courts might hesitate to decide a case on the basis of an order in council.

Mr. HANSON (York-Sunbury): Undoubtedly this method of legislating is preferable to that of legislating by order in council under the War Measures Act. I am heartily in accord with that procedure. But coming back to the point I have been endeavouring to make: Will the minister say on the advice of counsel in his department that this bill is a declaration or clarification of the principle of the common law, or on the other hand is it a restriction of that principle? Counsel, who is sitting in front of the minister, might be asked that question.

Mr. FACTOR: It may be a common law principle so far as appreciation under war conditions is concerned. That is all.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): I prefer to take my law from the Department of Justice.

Mr. CARDIN: My personal opinion might not be worth very much, but it is that this measure does not change the privileges or advantages an owner may derive from the common law. It does not change the common law. On the contrary it protects against speculation.

Mr. HANSON (York-Sunbury): That provision is to be commended; the crown ought to be protected against speculation and exploitation. Let me carry a step farther the illustration I gave a moment ago. We will say that a ship taken for war purposes is on a commercial venture, sailing to a foreign port, under charter or as a common carrier. We know that freight rates have risen tremendously. There is a future potential value of that ship as a common carrier or as a chartered vessel. In the circumstances the owner is entitled to look forward to a substantial profit from the operations of the ship as a commercial venture—and incidentally in those circumstances this government would take seventy-five per cent of any excess profits which might be made. Having in mind the words of the section, "due to the war," unquestionably any court would hold that the war has caused the increase in freight rates. That being so, under this measure the owner would not derive any special benefit from the potential value of the ship as a venture, or the expectations he might have of increased earnings. Having in mind the expression "due to the war" contained in the section, I believe any court would hold that the war has caused the increase in freight rates. I do not think it is quite fair. On the other hand buyers, sellers—shipmongers, if I may use the term, or men who might go down to the United States and buy the hulks of old vessels—would be affected. I understand something of the kind has been going on; attempts have been made to bring old hulks back to Canada, change the registry, if necessary pay the tariff charges, and unload them on the government. That sort of thing ought to be stopped, without question. On the other hand legitimate commercial ventures should be protected. A man who has a ship of the kind I have described, operating on a commercial venture in the face of rising freight rates and passenger rates and the like, should not have his rights impaired by this legislation.

What is the position in England? Over there we know the shipping control has taken over everything. For instance the Canadian Pacific steamships traversing the Atlantic and Pacific oceans are being operated by the

railway company not for its own account but as agents for the British government, and for the account of the British government. Any losses are cared for by that government. Any gains, after proper allowances for requisitioning, go to the British government. That is well understood, and it is a fair arrangement. But I am just afraid that in this wide-open section, wherein we find the expression "due to the war," the government has not given full consideration to the rights of people in legitimate business. It is quite proper of course to apply the principle to speculation.

Mr. GREEN: Has not a board been set up to decide what sums should be paid for these vessels? It was my understanding that a board was sitting in Vancouver last fall before which vessel owners might appear and make claims in certain amounts for their ships. If I am correct in my understanding, what has happened to the board? Is the government now changing its policy, or what is the position?

Mr. CARDIN: These boards are purely advisory.

Mr. GREEN: They advise whom?

Mr. CARDIN: They advise the Department of National Defence.

Mr. GREEN: In one instance of which I know, a man's boat had been requisitioned, and he appeared before the board to state his claim for compensation. That would not look as though the board were only to advise the department. They would seem to have much wider powers than that.

Mr. CARDIN: I am informed that the board only advises the department. They make investigations and take evidence, and in their report they make recommendations. But they are not a deciding body.

Mr. GREEN: Is that preliminary to fixing the terms of the agreement between the government and the vessel owner?

Mr. CARDIN: Yes.

Mr. GREEN: Have any cases actually been referred to the exchequer court to date?

Mr. CARDIN: Not yet.

Mr. GREEN: So that to all intents and purposes this business of referring the question of value to the exchequer court has so far been a dead letter.

Mr. HANSON (York-Sunbury): It is eye-wash.

Mr. COLDWELL: The first words in the fourth paragraph of the explanatory note are:

"The legislation is of necessity very detailed." It seems to me that a bill of this description which establishes a principle upon which compensation will be paid for property and which is of a "very detailed" nature ought not to have been introduced at this late stage of the session. We have not had an opportunity of looking into the matter and we really do not know what we are doing. The Minister of Mines and Resources speaking on another matter probably expressed the opinion of a great many of us when he said yesterday that he found it difficult to get time to bring clear thought to the solution of some of these questions. This bill was placed in our hands about an hour ago, and the explanatory note states that the legislation is of necessity "very detailed".

Having made this brief protest, I should like to ask a question. This bill is said to follow the British act of 1939. I should like to know if that act was set aside by more recent legislation which was passed on May 22nd last. I read the debate which took place in the British House of Commons. I have not the British *Hansard* with me, but my recollection is one of the ministers, I think it was Mr. Attlee, stated that the government had taken power to take over every form of property in Great Britain, that at the moment they were not bothering about compensation, that if necessary that could wait until after the war. We do not know what is going to happen in connection with property during this war, particularly property of this type. We do not know what values will be when the war ends. It seems to me that no final disposition should be made of property of this type which is taken over by the crown until we know what the conditions are going to be when the war ends. Otherwise it may be found that people whose property was taken over early in the war received compensation upon a basis different from that applicable to property taken over later in the war. I do not know whether this point has been considered by the minister. I can see the force of introducing legislation to provide a basis, but on the other hand there is a common law basis. Would it not be possible to provide for partial compensation?

Mr. HANSON (York-Sunbury): That can be done now without prejudice.

Mr. COLDWELL: So that we might have an equitable, fair and just disposition of all property taken over by the crown when considered in the light of conditions when the war ends.

Mr. CHURCH: Mr. Chairman, there are one or two matters which have come up since

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the resolution was before us and which I think should be mentioned. Section 2 contains the definitions. I should like to refer to a matter which I brought up in 1937, 1938 and 1939 and which I think is relevant to this bill. The government will be paying the maximum amounts for property taken over because of its short-sighted policy in connection with shipping on the great lakes. We have been too late in everything. When we were in office we were sometimes too late, so that I am not making any criticism in that connection. I visited the Welland ship channel last Saturday, and while I found it nearly cleaned out of boats, only a few years ago there were scores of boats tied up at the different harbours, along the St. Lawrence and in the Welland ship channel upon which this government spent \$125,000,000. In 1937, 1938 and 1939 you could pick up almost any British paper and read where ships were being offered for sale, sometimes ocean liners for \$50,000 odd, just enough to pay taxes. Because of the tremendous growth in our shipping through our becoming the fifth trading nation, we will have to pay dearly for not having done something.

Instead of negotiating charter parties or making requisitions for ships, I think the government would be better advised to buy these ships outright and take bills of sale. The text of the bill has been changed since yesterday. The definition of "war" has been substituted for "emergency," which appeared in the British act. The old definition of "ship," as being a craft not propelled by oars, is not used. Many changes have been made in the bill which will cause doubt when the matter is brought before the courts. "Reasonable wear and tear" has been changed to "fair wear and tear," but there is no definition of "fair wear and tear."

Some years ago the proposal was made to place all shipping under the board of transport commissioners. There will be considerable controversy regarding the amounts of compensation to be paid. These charter parties will be only for the duration of the war and boats will be needed to carry food overseas many years after the war. Some vessels are under British registry, some under United States registry and some under Canadian registry, and there will be difficulty in that connection. The other day there were two boats from Norway in Toronto harbour. Many of these boats are quite old. When they are taken over is the government going to pay the cost of arming them? In a by-election in January of last year the minister referred to the venerable old cannon which we have, and some of the ships which will be taken over will be almost as old. I

[Mr. Church.]

do not see why the transport board should not act under this bill instead of having to set up courts all over Canada to deal with compensation claims.

Mr. HANSON (York-Sunbury): Will the minister say that there is great urgency for this measure, that the disputes are at such a stage that this legislation is imperative now? This is very important legislation and if it is not urgently necessary it ought not to be brought down two days before the end of the session. Can the bill not be allowed to stand over until the next session? In the meantime no one can sue the crown without a fiat, and those who have claims against the government and are pressed for money could be given interim payments without prejudice. No interest will be hurt. Give us a little more time to study this bill. Let us be fair to the shipping interests, who are entitled to be heard. I do suggest to the minister and the government that legislation such as this, which violates the common law principle and sets up new principles of law, is unsound and ought not to be passed without the fullest consideration. Of course if the minister says that the bill is urgently required because of war conditions, with me that overrides everything. But if he cannot honestly say that, I do urge him to accept my suggestion.

Mr. CARDIN: Mr. Chairman, I need not say, because the committee knows, that I am not personally responsible for this legislation. I inherited it through taking over the Department of Justice in the absence of the minister. Personally I had nothing to do with the drafting of the measure or with studying the principles which are embodied in it. I will be frank with the committee and say that I made practically the same observations which the leader of the opposition (Mr. Hanson) has just made; and I asked if we could not for the present proceed by order in council under the War Measures Act. I myself saw the importance of the bill; and I must confess that it is difficult for me to understand the meaning of every word in it, because it is a complicated piece of legislation.

Mr. HANSON (York-Sunbury): Very technical.

Mr. CARDIN: Yes, and I suggested that we might possibly deal with questions arising at the moment under the powers of the War Measures Act. The suggestion was met with strong opposition by the officers of the departments of justice and national defence, and by counsel of the Department of Munitions and Supply. They said: We need this legislation; even though it is late in the session it is absolutely necessary that it be passed now.

That is the position I am in. I am here representing the views of the technical officers and advisers of the departments I have just mentioned. Not much harm can be done by passing the bill, because if any abuse arises under it and any change becomes necessary there will be no great difficulty in amending the law at the next session of parliament. In the meantime we may receive representations from the shipping interests, and if they have suggestions to make that are worthy of consideration we shall have them before us in time to amend the legislation at the next session. I am conveying to the committee the request that has been made to me to have this legislation passed now, under the circumstances.

Mr. HANSON (York-Sunbury): I do not doubt that the minister has had that request, but did they give any reasons for the request?—which is much more important than the fact that the request was made! I have no doubt that the officers want this legislation. They have a theory or principle in mind to substantiate. But why this long delay? We have been at war for nearly a year and these officers have been requisitioning ships since last September. These questions must have arisen before. I do suggest to the minister that he has not yet given us a reason why we could not postpone this measure for another year if there is a law under which they can operate in the meantime. The fact that we are going to have another session of parliament does not alter the situation. That is just the old argument of to-morrow, to-morrow.

Mr. POTTIER: Mr. Chairman, coming from a marine constituency I can well understand the reason for this legislation, and I think it should go through at this session. I well remember that when the war broke out a number of people were going around the shore trying to get options on vessels which had been tied up. They thought they were going to make money through the government taking over the vessels from them. It was notorious all along the shore how prices of ships would go up, and people were thinking: Now is the chance to make a dollar!

I am not a bit afraid of the shipping interests being hurt. They are well able to take care of themselves; but I do know something of the atmosphere and feeling along the shore. My fear is that the treasury might be hurt. I am not at all of the opinion that we are inserting in the bill regulations that are too strict. I read section 4, paragraphs (a), (e) and (i), and putting them together I am of the opinion that the shipowner will get a fair price for his vessel or get a fair charter.

I am afraid that if we do not put this legislation on the statute book the thought that is in the minds of some that they are going to make a dollar through the need for shipping to win the war may be translated into action to the detriment of the treasury. We cannot be too clear in putting on the statute book legislation that will protect the treasury. The shipowners will take care of themselves. If they do not, this will be the first time it has ever happened. We all know what happened in the last war and the huge sums of money that were made—

Mr. HANSON (York-Sunbury): Not out of the government.

Mr. POTTIER: Yes, we had boats which the government owned, and an amount of ten or fifteen or fifty thousand dollars may not seem much because you can say: There is a great shortage of shipping, and ships are wanted to win the war. I say that this legislation should go through if for no other reason than to warn the shipowners and shipbrokers that parliament is looking after the treasury.

Mr. COLDWELL: It seems to me that under the War Measures Act or the mobilization act we already have all the power we need to do anything that may be necessary. I entirely agree with the leader of the opposition (Mr. Hanson) that this bill ought not to be placed on the statute book without thorough and proper consideration. In my opinion it should have been referred, like the wheat legislation, to a committee where it could have been gone into thoroughly. I am not arguing in this way because I believe the shipowner should be over-compensated; far from it. I believe that under our mobilization act we should take such property as we require without compensation, except to give the very minimum of return as an interim payment. I fear that at the earlier part of the war higher compensation will be paid than at a later stage. I cannot see why, if this bill is so necessary on the day before we expect to prorogue, it was not equally necessary the day after we assembled in session. I can see no force in bringing down, at this late stage, detailed and difficult legislation of this nature involving all kinds of property considerations, without our having an opportunity to inquire into all its implications. I am not assuming that we should allow shipowners to hold up the government; indeed, my contention is the exact reverse, that we should use the powers we have under our mobilization act. We are going to use it for the mobilization of men, and the house has not even been

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asked to discuss the compensation which shall be given to these men when they are mobilized. We should adopt the same principle therefore in regard to all kinds of property relationships.

Section 2 of the National Resources Mobilization Act, 1940, reads as follows:

Subject to the provisions of section three hereof, the governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property—

I repeat that:

—their services and their property at the disposal of his majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

When the mobilization bill was under consideration we said over and over again that if we were going to take man-power we ought as a condition precedent to take over such property as we required. I think the government should use its powers under the act to take over—under its provisions—such property as is required, setting the compensation later, whenever it is wise to do so.

Mr. GREEN: This bill purports to establish a basis for determining a fair compensation to be paid for these ships. I understood the minister to say that it was to be open to the owners to go to the exchequer court if an agreement could not be reached as to the amount to be paid. Why not provide for that in the bill? Why not set out in the bill that there is the right to go to the exchequer court, or, as the hon. member for Broadview suggested—and this might be even more workable—to go to the board of transport commissioners?

Mr. CARDIN: The power to go before the exchequer court is already provided for in the War Measures Act. There was no necessity of repeating it in this bill. The power which exists is that of going before the court in the case of any dispute which may arise as to compensation or payment.

Mr. HANSON (York-Sunbury): Has the minister that section under his hand? Would he read it?

Mr. CARDIN: It is section 7 of the War Measures Act:

Whenever any property or the use thereof has been appropriated by his majesty under the provisions of this act, or any order in council, order or regulation made thereunder, and compensation is to be made therefor and has not been agreed upon, the claim shall be

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referred by the Minister of Justice to the Exchequer court, or to a superior or county court of the province within which the claim arises, or to a judge of any such court.

That is the law at the present time.

Mr. GREEN: May I point out to the minister that that is not broad enough to cover another bill? May I have the minister's answer to that submission?

The CHAIRMAN: If the hon. member will read section 3 of the new bill, he will find that it is stated that—

The provisions of this act shall apply to the determination of any compensation payable for the requisition or acquisition of any vessel or aircraft or the requirement of any space or accommodation in any vessel heretofore or hereafter requisitioned, acquired or required by or on behalf of his majesty under the provisions of the War Measures Act.

Mr. GREEN: That does not necessarily mean that the provisions of the War Measures Act which the minister has just read will apply to this legislation.

Mr. CARDIN: Oh, yes. This bill provides only for rules which help in determining the amount to be paid to the owner for a vessel which has been taken from him under the War Measures Act. I repeat, and I have the authority of the department for my statement, that by this bill we are trying only to provide certain guiding rules which will help in the courts, and the officers of the department in the case of an agreement, to determine what is the fair and reasonable amount which should be paid for a vessel or for space required on a vessel. This bill has nothing to do with the acquisition or requisition; it affects only the fixing of the amount to be paid after we have acquired or requisitioned a vessel.

Mr. GREEN: It is the intention of the government that the right to go to the exchequer court under the War Measures Act shall be retained?

Mr. CARDIN: Certainly, in all cases.

Mr. NICHOLSON: I notice in section 3 that the act shall be retroactive. Would the minister explain why he is making this legislation retroactive?

Mr. CARDIN: The act is to have retroactive effect because we want to apply it to the requisitioning or acquiring of vessels which has already taken place but for which the compensation or the price has not yet been fixed. It is intended more particularly to apply the act in cases where we have requisitioned a vessel but have not yet fixed the indemnity.

Mr. NICHOLSON: Was not the government empowered under the mobilization act to fix compensation? I do not see what was the point of that act if it did not give the government the power to take over any material resources and fix the compensation.

Mr. HANSON (York-Sunbury): On the question of retroactive effect, I do not think, having regard to what the minister has stated, it is at all objectionable. The act is to be retroactive only incidentally, to take care of those cases in which compensation has not yet been fixed. I think that the greatest argument against the bill is on the other principle, that it is an alteration of the common law. The minister has not yet told us the reasons why the departmental officials are urging this enactment. If they are secret and against the interests of the state I will not press for them, but if not, I think they should be disclosed.

Mr. NICHOLSON: The minister has not yet answered the question I asked.

Mr. HANSON (York-Sunbury): Well, let him answer, please, the question I asked. It was asked first.

Mr. CARDIN: The justification of the attitude taken by the officers of the department is that they do not feel sure that the courts, in determining the price or the indemnity to be paid for a vessel, will take into account the conditions created by the war, including appreciation due to the war. It is their view that, even though we covered that point by an order in council, the courts might not attach the same importance to a restriction resulting from an order in council as they would attach to legislation of parliament. They wanted to be sure that such appreciation as was due to the war would be taken into consideration.

Mr. HANSON (York-Sunbury): This is a democracy and we cannot trust the courts! That is a terrible reflection on the courts. Surely the officers of the department, counsel in the department, should not take that attitude. I have never heard such a statement. I repeat, it is a reflection on the courts, a suggestion that they will not administer justice. The fact of the matter is, the departmental officials know that because of the war, willy-nilly values of shipping have gone up and they do not want to give to the owner what they would consider an unearned increment. I agree with that so far as it applies to the speculator, to the broker and the middleman. But with respect to the bona fide merchant marine man, if I may use that term, and I think it is permissible, he is entitled to the benefit of the law as it is if you take away his ship. The govern-

ment should do what the British government does in connection with vessels converted for war purposes. The whole character of the vessel is changed, the government acquires the ship outright, and pays the market value. If the market value cannot be determined, then surely we can trust the courts.

Mr. CARDIN: The principle that prevails in England in connection with the requisitioning of vessels is exactly the same principle embodied in this bill. We have not changed it. We are simply reproducing, for the purposes of Canada, the provision that is embodied in the British act. Under the War Measures Act we have the power to require or to requisition vessels, but we wish to help to fix a reasonable indemnity to be paid the owner. That is all that is being provided for.

Mr. JOHNSTON (Bow River): Has no indemnity or compensation been paid on any of the materials acquired so far by the government under the War Measures Act?

Mr. CARDIN: Yes, but the bill does not preclude agreements between the owner and the representative of the crown. When there is an agreement between the owner and the government there is no difficulty at all.

Mr. JOHNSTON (Bow River): This will take the place of the War Measures Act only in regard to settlement?

Mr. CARDIN: It is supplementary to the War Measures Act in connection with the fixing by the courts of the price or indemnity.

Mr. GRAYDON: When was the British act passed?

Mr. CARDIN: In 1939.

Mr. GRAYDON: After the war broke out?

Mr. CARDIN: Yes.

Mr. GREEN: Section 3 applies to vessels heretofore requisitioned. Is it intended to open up the terms of any agreements already reached?

Mr. CARDIN: No.

Mr. DOUGLAS (Weyburn): Why is it retroactive, then?

Mr. CARDIN: It applies to cases where the indemnity or the price has not been fixed by agreement.

Mr. DOUGLAS (Weyburn): Where they are still in abeyance?

Mr. CARDIN: Where the question is still open.

Section agreed to.

Section 3 agreed to.

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On section 4—Compensation payable for the requisition of a vessel or aircraft.

Mr. HANSON (York-Sunbury): How many members have read section 4? I appeal to the lawyers. It is ridiculous to pass a bill like this so quickly. This is the section that sets up the new rules of law, importing new departures from the common law. I indicated one in 4(1)(d). However, if the government is bound to put it through, will the minister promise that the measure will be further studied between now and next session and that it will be submitted to those who may be affected, apart from the treasury? The treasury will look after itself.

Mr. CARDIN: Yes; I certainly will.

Mr. HANSON (York-Sunbury): And will he come back and rectify any errors, omissions or injustices?

Mr. CARDIN: Yes; I have no objection.

Mr. HANSON (York-Sunbury): That is fair enough. On that basis we shall have to let it go through if the government is bound to put it through.

Mr. CARDIN: I wish to move an amendment in respect to paragraph (iii) on page 3 of the bill. There is no necessity for this paragraph because it is covered by section 5. It refers to any vessel acquired after it has been requisitioned by the government.

Mr. HANSON (York-Sunbury): It is taken care of by another section?

Mr. CARDIN: By section 5.

Mr. MICHAUD: I move that subparagraph (iii) of paragraph (e) section 4, subsection 1, be struck out.

Amendment agreed to.

Mr. GREEN: Paragraph (d) of subsection 1 provides that where a vessel or aircraft has become a total loss the owner shall receive a sum equal to the value of the vessel or aircraft immediately before the occurrence of the damage which caused the loss. I take it that the government have power to improve a vessel, that is, to expend any sum of money they may wish to in order to improve it. If they did that it would hardly be fair, if there were a loss, for the government to pay the owner the cost of the improvements which they had made themselves.

Mr. CARDIN: It would be the value of the vessel immediately before the occurrence of the loss or damage.

Mr. HANSON (York-Sunbury): That is not the point the hon. member is making. Where a ship has been taken and the com-

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pensation has not been fixed, the government having made large expenditures for improvements, such as new boilers, on that ship, a loss occurs—a total loss, or a constructive total loss, which is a term well known in marine insurance law. Then, under 4(1)(d) the government, if the section stands by itself, will be paying the value not only of the ship but of all improvements, unless there is another section that takes care of that. I believe I have correctly stated the hon. member's view.

Mr. CARDIN: That section is taken care of by subparagraph (i) at the top of page 3.

Mr. GREEN: The point is not covered adequately by subparagraph (i), because it says that no account shall be taken of any appreciation in value due to the war, which means general appreciation in the value of the ship because of the war. The government should be protected against paying a second time money which they have spent in improving the ship. They may spend \$100,000 or, if the ship is a large one, half a million improving it, and under section 4(1)(d) as it stands the government in the event of a total loss would have to pay this additional amount.

Mr. CARDIN: The point is really covered by subparagraph (i) at the top of page 3. Of course in that case, as in any other, the question will be finally decided by the courts if there is no agreement; and the paragraph at the top of page 3 again excludes excess value or appreciation due to the war.

Mr. GREEN: It is defective draughtsmanship.

Mr. CARDIN: And then subsection 6 at the bottom of page 3 defines what is a total loss.

Mr. HANSON (York-Sunbury): Under subsection 6 it is declaratory, which according to my memory is the common law at the moment. It goes on to say:

—and accordingly shall be construed as including constructive total loss—

There may be some overriding provision in the rest of the section, but subsection 6 will not help the minister. The only words he can rely upon to meet the situation mentioned by the hon. member for Vancouver South are:

—no account shall be taken of any appreciation in the value thereof due to the war—

If the ship is changed at a great deal of expense, perhaps new boilers put in, that may not be due to the war but rather to the necessity of making the ship serviceable.

This bill should have further consideration. If the minister does not really need it, put

it over until next session and let us all study it. Then we will help him put it through. I realize that the underlying principle of this bill is to protect the treasury, and that is very commendable; but in attempting to do so the government have walked into one of the most intricate and involved legal problems it is possible to conceive. The only thing I know that is more intricate than this measure of expropriation is the law of real property. I shudder every time I think of the rule in Shelley's case, and similar matters. Let the minister have this bill stand over, and then next session bring in a bill under which just such matters as those referred to by the hon. member for Vancouver South can be given study. This bill does not cover the position that the hon. member suggested, and it is by discussions such as this that the position is clarified. The draughtsman cannot think of everything, even the splendid draughtsmen they have in England; and unless the widest possible construction be given to what is a war cause I think the courts would not be bound by it. They would apply their own construction. The law, you know, is what the judges say it is, not especially what we say here. It is the interpretation the judges place upon what we do here, and if we do not express ourselves properly; if we do not express ourselves after due consideration and clarification and discussion and cross-examination, the judges are going to apply their own construction. I have met with that situation a thousand times in thirty-five or forty years at the bar.

I do suggest that the minister would be well advised to let this bill stand over and bring it back next year. It has great merit, but in the meantime the public treasury can be protected under existing legislation, and if necessary by order in council. Let these gentlemen wait if you cannot agree with them. Of necessity there must be cases of dispute. Personally I should be willing to let the matter go to the courts and permit the existing legislation and rules of common law to prevail. Evidently the departmental officials do not consider that sufficient. All right; then let them come before this high court of parliament and present their case when we can give real consideration to it. I do urge that upon the minister at this time, and I think he would be well advised to accept the suggestion. We will help him put through the bill next session; I give that solemn promise on my part, and I will help him improve the bill. He may not agree that I can do that, but I think I can.

Mr. CARDIN: Of course there is always room for improvement.

Mr. ISNOR: I appreciate the very fine legal point raised by the hon. member for Vancouver South, but I think by striking out the words "due to the war" that objection could be met. Certainly changes made to these vessels add to their value.

Mr. HANSON (York-Sunbury): They add to their cost but not necessarily to their value.

Mr. ISNOR: Yes, they add to the value as well as to the cost.

Mr. MacNICOL: The value to the government, not to the owner.

Mr. ISNOR: It all depends on the nature of the improvements. The installation of new boilers certainly would add to the value as well as to the cost. In any case I offer that suggestion to the minister.

Mr. HANSON (York-Sunbury): I do not think that would meet the case.

Mr. JAUQUES: Would it not be better, in paragraph (d), to have "a sum equal to the value of the vessel immediately before the requisition of the vessel" instead of "immediately before the occurrence of the damage"?

Mr. CARDIN: I do not think that would improve the wording. I prefer the section as it is.

Mr. HANSON (York-Sunbury): I think the minister is on safer ground. At the risk of delaying the bill I want to ask the minister if there is any real war necessity for this measure at this session. If he says there is then I will be dumb and let the bill go through, because I do not want to impede any legitimate war effort. If it is desired merely to assist the departmental officials by giving them a club to hold over these people, which they think they need, then we had better hold over the matter until next session. Perhaps the minister would be good enough to consult with his officials before three o'clock.

Mr. CARDIN: I am told that there are cases pending already.

Mr. HANSON (York-Sunbury): Of course there are; I know of two or three cases myself. Surely a man ought to have a chance for his life before the courts, and the ground should not be cut out from under his feet. You know it is reprehensible to come into parliament while a case is pending, not exactly in court but while the parties are at arm's length, and pass an act that takes the ground from under a claimant. In peace-time we would not consider doing that for a moment.

I remember a case in New Brunswick which has been an object lesson to me all my life. While the case was in court, actually under appeal, the attorney general of the province, who was counsel in the case, went to the legislature and put through an amendment, though the case was almost *sub judice*. That was a great lesson to me in what shocking things can be done.

Mr. CARDIN: Of course the situation is very different in peace-time. My hon. friend says this takes the ground from under the feet of the owner. I venture to suggest that if the owner wants to take advantage of the war situation to increase the price that is ground he should not be permitted to have.

Mr. HANSON (York-Sunbury): But you took his ship. You could have left him alone.

Mr. CARDIN: Yes, and we are paying him a reasonable price for it, but we are not going to compensate him for any advantage or special privilege due to the war.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Sections 4 to 12 inclusive agreed to.

Bill reported, read the third time and passed.

SUPPLEMENTARY ESTIMATES, 1940-41

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1941, was presented by Hon. J. L. Ilsley (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

PRIVILEGE—MR. CRUICKSHANK

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, on a question of privilege, I have here a newspaper headline which has been sent to me by one of the members and I think the statement it contains should be contradicted at once. I will read the clipping from the newspaper, a recent issue, and the comment made under it:

Fraser Valley Member
Died on Fishing Trip.

A clipping from a recent newspaper. Please raise a question in the chamber if this statement is untrue.

Alarmed colleague

The dead shall rise.

This is a gross exaggeration.

Mr. HANSON (York-Sunbury): Order. Let us have a little dignity.

[Mr. R. B. Hanson.]

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS MARKETS, EXISTING STOCKS AND HANDLING OF 1940 CROP—INITIAL PAYMENT OF 70 CENTS

The house resumed from Thursday, August 1, consideration of the motion of Mr. MacKinnon (Edmonton West) for the second reading of Bill No. 118, to amend the Canadian Wheat Board Act, 1935.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I do not wish to delay the house longer than is absolutely necessary, but I do feel some observations ought to be made before the bill is read the second time.

I should like to say at once that the importance of this measure ought to have warranted its having been brought down several weeks ago. Apparently the reason for not having brought it down is that the government has not yet agreed upon any policy which could be presented to the house. That has been most evident in the last two days.

The Minister of Mines and Resources (Mr. Crerar) a couple of days ago characterized as "moonshine" the suggestion of the hon. member for Weyburn (Mr. Douglas) with respect to an advance on grain held on the farm. And yet only yesterday the Minister of Trade and Commerce (Mr. MacKinnon) indicated that an amendment along those lines was being considered, and that perhaps a suggestion might be laid before the house for the payment of some advance. At least that is the interpretation I place upon the words of the Minister of Trade and Commerce as they are reported at page 2252 of *Hansard*. They are as follows:

. . . in addition to these amendments—

Which he had been outlining to the house.—the matter of financing the portions of the grain which necessarily will be retained in the farmers' own granaries has been receiving our serious consideration.

And I hope—

Mr. MacKINNON (Edmonton West): In addition to the amendments.

Mr. COLDWELL:—since it has been receiving the serious consideration of the government, that we may expect some action in that regard.

Last night the Minister of National War Services (Mr. Gardiner), who is also Minister of Agriculture, said that two things might be done. In *Hansard* he is reported to have said this:

There are two ways in which we can deal with the problem. One is to encourage the farmers and the other is to have someone put up additional storage.

I did not understand it quite in that way, because the note I have before me, and which I made last night, reads, "—have someone to guarantee the cost of storage." However, I may have misunderstood what the minister said. In any event that indicates again that there is no clear-cut policy. Farther down on the page the Minister of Agriculture admitted that when he said:—somewhere along the way during the next five or six months we shall know exactly what we can do.

Obviously he was speaking in relation to a wheat policy.

The question which everyone in western Canada has been asking—and in the last two or three days members of the house from all parts of western Canada have been asking the same question—is this: What is going to be done? It seems to me that the grain policy, like the passport branch of the Department of External Affairs, is nothing but confusion and bewilderment. Having regard to conditions in the west I should like to see the position thoroughly cleared up before the session concludes, because we have so much grain on hand and are about to reap so much more that we are puzzled to know what to do with it, and in this respect Canada is facing a very difficult situation.

A few years ago we thought poverty was the result of failure of the harvest and the lack of other necessities. Now we know we are going to be faced with a different kind of poverty on the farm, that of having too much of certain agricultural commodities. Last night the Minister of Agriculture went to considerable length in criticizing the critics of the government, and in endeavouring to vindicate and to excuse its policy since 1935. But if in the past few years there has been dissatisfaction with the government's policy, it is in no small measure attributable to the statements of the Minister of Agriculture himself and those who supported him in western Canada. I recall very distinctly the provincial election campaign in 1934 when Saskatchewan was plastered with Liberal leaflets promising dollar wheat. "Dollar wheat will pay your store bill; dollar wheat will provide you with a telephone; dollar wheat will send your son or daughter to the university; dollar wheat will buy your wife a new dress—vote Liberal." When our farmers find that they must pay higher prices than prevailed in 1934 and

receive a Fort William price which returns them only 50 cents a bushel at the farm, only half a dollar, is it any wonder that they express dissatisfaction?

Last evening the minister did not discuss the events following the accession to power of the present regime in 1935. He carefully avoided them, but he tried to prove that Mr. McFarland was inimical to the best interests of Canada and it was necessary to make a change in the board. If that is true, how much truer is the fact that the gentleman who followed him did not operate in the best interests of the Dominion of Canada? We have not forgotten what happened on the night of December 12-13, 1935, when some millions of bushels of wheat were sold at a price two and three-quarter cents below the opening price the next morning. We have not forgotten that in the days and months that followed the selling price of Canadian wheat on the Winnipeg exchange was below the Argentine level for an inferior quality of grain. If there is dissatisfaction, much of it is due to the statements made by the Liberal party in western Canada prior to the 1935 election.

I am not going over the whole story because I do not want to take up the time; besides, it has been told a number of times in this house. We have heard how the west was disappointed over the wheat board not operating for the 1936 crop. We have heard how in the month of July, 1937, in the face of drought and disaster, the largest amount of wheat ever sold in a single month was sold by the wheat board, and incidentally a great deal of it never left the places where it had been before. The price last year was disappointing. It has been said that the large mechanized farmer could do pretty well on the price set last year and the price set this year. I would refer again to the figure given by Professor Hope, who pointed out that the farmers who could raise wheat at the low cost indicated by the minister in this house a year ago last April were not more than one per cent and were to be found only on the superior land, with units of two or more sections, equipped with tractor, combine, truck and every other modern facility and without an accumulated debt. There will be dissatisfaction just as long as low prices prevail and the farmer has to pay higher prices for his machinery and everything else that enters into his cost of production.

Sooner or later we shall have to face the facts in connection with our whole wheat situation. It is of no use to indulge in wishful thinking. We hope that the day may come speedily, during the war or immediately

afterwards, when the wheat which we have accumulated will be needed by the people of the world. But we have no guarantee that that will happen. Even if there is a year or two when we can dispose of our great surpluses, I doubt very much if we can look forward to a continuation of the markets which we once had in the world. It seems to me that this is a challenging situation and one to which we should be giving attention. I was disappointed that the suggestion of the Prime Minister, made soon after the house assembled, that a committee made up of representatives of all parts of this house should be appointed to consider after-war problems and devise ways and means of meeting those problems, was not put into effect. When the war ends we shall be faced with tremendous problems which ought to be receiving attention now. Undoubtedly one of those problems will be what will happen to agriculture after the war is over. I do not contemplate that Hitler will win the war, but whether he wins or loses we should keep in mind the fact that Europe either will be highly organized as a self-sufficient unit or it will be impoverished. In any event, the effect upon western agriculture will be such as to cause considerable difficulty to this country.

Last night, the Minister of Agriculture pointed out, and quite properly, that in 1937 the dominion had assisted Saskatchewan to the extent of some \$28,000,000 by way of relief. For that assistance the people of the west are truly grateful; there is no question about that. However, I would remind hon. members from eastern Canada that the late minister of national defence, Hon. Norman Rogers, published certain figures in connection with the tariff when he was professor of economics at Queen's university. He was acting as adviser to a royal commission sitting in the maritime provinces, and he stated that because of the tariff protection given to the industries of eastern Canada, the people of Saskatchewan had to pay in excess of \$26,000,000 per year. I have just forgotten the exact figure, but it was about that. When we think of the contribution made by the dominion in 1937 to the distressed areas of that province, let us keep in mind that in that one year those people were only receiving back the contribution which they had made annually because of tariff tolls. The same figure was placed on record in the Saskatchewan brief presented to the Sirois commission by no less a personage than the former attorney general, Mr. Justice Davis, who is now deputy minister of the Department of National War Services.

[Mr. Coldwell.]

I was sorry to hear the minister introduce last night the question of ingratitude for some of the supplies which were sent to the west. I notice the newspapers have rather played that up to-day. Hon. members from western Canada know that the real codfish which was sent to western Canada was used and appreciated. As the minister once admitted in this house, a large amount of the fish sent at that time was unsaleable fish, notably pollock.

Mr. GARDINER: I have never admitted that a large proportion of the fish was unsaleable fish of any kind.

Mr. COLDWELL: Of course I accept the minister's statement, but I would point out to him that I can show him the page in *Hansard*.

Mr. GARDINER: I said that it was a lower-priced fish. I did not say that it was unsaleable.

Mr. COLDWELL: The minister said "unsaleable".

Mr. GARDINER: I did not say it was unsaleable.

Mr. COLDWELL: Perhaps the minister did not admit it was unsaleable, but he admitted it was pollock. It is a low grade fish.

Mr. GARDINER: A lower-priced fish.

Mr. COLDWELL: A scavenger fish, as a matter of fact, and the dried pollock shipped to western Canada was responsible for all the criticism of the shipment at that time. That is the fish, I take it, which the minister saw on sign posts and elsewhere in the province of Saskatchewan.

I wish to support those members who have suggested that either through cooperative societies, if they can be formed quickly enough, or through the use of some government agency, a system of exchange might be worked out so that users of low grade grain and feeds in eastern or far western Canada, on the Pacific coast, could avail themselves of those grades for feed purposes.

We have often discussed in this house freight rates and their effect upon the poultry raisers and the cattle feeders of the Pacific coast and of Ontario and the maritime provinces. It seems to me that at this time when we are trying to solve this agricultural problem we might as well take into consideration the granting of special low rates for feed grains so that the people of British Columbia and of the maritime provinces in the east might avail themselves of some of the surpluses of these products which we have in western

Canada at this moment. These are some matters which I think should have been considered earlier in the session.

The Minister of Mines and Resources yesterday gave an interesting outline of the rise of the various organized farmer movements in western Canada some years ago. I look back now upon some twenty-three years and I remember that my introduction to federal politics was in connection with the policies of the council of agriculture supporting the movement which was then led by the gentleman who is now Minister of Mines and Resources.

Mr. HANSON (York-Sunbury): The gentle shepherd.

Mr. COLDWELL: Well, I did not follow him where he led. One of the proposals of that group at that time was in another form, the proposal which has been made in this house in the last several years—the marketing of wheat through a wheat board.

Mr. CRERAR: No, that was not in the original programme of the council of agriculture.

Mr. COLDWELL: If it was not in the original programme of 1917 or 1919 it was certainly in the programme of the progressive group in 1921 when it was sent to this house. I have on my desk the *Hansard* of 1922 and I find the minister's own speech when he was dealing with the resolution to set up a wheat board. At page 2923 of *Hansard* of June 14, 1922, the present Minister of Mines and Resources said this:

After all, what is the central idea back of a wheat marketing scheme such as proposed—

That was a wheat board.

Mr. PERLEY: Vote for Motherwell and the wheat board.

Mr. COLDWELL: The minister went on:—such as has been asked for by the council of agriculture. It is this: To regulate the flow of wheat to the market so that 75 per cent of our crop is not dumped on the market in three months of the year. That is the purpose of this marketing agency. If such an agency is created it can store the wheat in elevator storage. If there is a surplus in Europe at any particular time, if the export demand is weak or absent, then such a board can regulate the flow of the grain to the market by holding it back until that demand again resumes.

Those are the words of the Minister of Mines and Resources, and yesterday it was with amazement that I heard him criticizing the pools and accusing them of having held back wheat from the market, accusing John I. McFarland and the stabilization board of having done that very thing. Yet in 1922 when he came down here as leader of the

Progressive group he made that proposal himself on the floor of this house in the words I have just read out of *Hansard* of June 14, 1922.

I noticed too that the minister said yesterday that the pool first suggested participation certificates. One of the proposals in the resolution of 1922 was that the farmers should be paid an initial price for their grain and that thereafter participation certificates should be issued. I remembered that when the minister was speaking yesterday, and I thought I would look it up in *Hansard* to verify my memory of it, which I did this morning.

The minister said yesterday that one of the reasons for the farmers' movement in western Canada years ago was the desire to get away from what he called the exactions of the line elevator companies. That is true, and it is precisely what they are trying to do to-day, to get away from the exactions of the line elevator companies, and that is the secret probably of their continued organization. The grain interests exact tolls from the farmers not only through the elevators but in other ways through the grain exchange.

Perhaps many members of the house do not know, because I take it they have not followed the record closely, that in June, 1922, a wheat board act was actually passed by this parliament, but it never became operative. There you have the beginning of the pools. The farmers had taken their plunge into politics. They had attained the passage of a bill through parliament, and then all of a sudden they found themselves left high and dry with an act on the statute book that was inoperative; and they found their leader moving steadily over into another political party. Because of that they said: Let us desert politics and turn to something else. Then came the rise of the pools.

May I just say this to the minister. He spoke unkindly yesterday of Aaron Sapiro. I know very little of Aaron Sapiro, but the pools were being organized before Aaron Sapiro came to western Canada. He was invited when the Alberta pool was in effect organized, after Mr. Brownlee and Mr. McGillivray, I believe, had drafted the pool contract.

Mr. CRERAR: That is not correct.

Mr. COLDWELL: It may not be correct, but it is my recollection. I would say this to the hon. gentleman. I do know that Aaron Sapiro was not responsible for the rise of pool sentiment in western Canada. All he did—he was a fine platform man—was to come into Saskatchewan and crystallize the latent idea of the people in support of

cooperation. I was surprised that the minister yesterday would characterize Aaron Sapiro as an Italian with a fascist complex. I do not know what led the minister to speak of him as an Italian with a fascist complex, except that the name sounds Italian. But as a matter of fact Aaron Sapiro is a Jew, and I have yet to find a Jew who is very fond of the fascist complex either within himself or anywhere else.

Mr. CRERAR: He was an Italian.

Mr. COLDWELL: Well, he is a Jew. I remember that he sued Henry Ford for libel in connection with some anti-Semitic propaganda that was put out some years ago.

Mr. HANSELL: Everybody knows who Aaron was.

Mr. COLDWELL: Of course that would not make him a Jew, but he was a Jew for all that.

Other speakers have dealt at some length with the farmers' attempts to stabilize their wheat prices. All the farmers of western Canada tried to do was to feed their product to the market to stabilize the price, in order that they might receive a reasonable return for their product. That is substantially the case for the western pools and the case against the grain exchange. What function does the exchange perform to-day? We have been told, and it has never been denied, that within the last four or five weeks we have sold more than 50,000,000 bushels of wheat to the British government, and at a price some cents above the pegged price on the Winnipeg exchange. I assume that since it has not been denied it is true, because as a rule a statement which is not accurate gets speedy denial in this house. That being the case, who can argue to-day that the grain exchange is of any value to the western farmer as a price barometer? One buyer negotiated a purchase, presumably with the Canada wheat board, and set a price over the pegged price, because probably the British buyer regarded the price which was agreed upon as fairer than the pegged price. That adds strength to our argument that 70 cents per bushel can by no means be considered fair and reasonable.

The Minister of Agriculture (Mr. Gardiner) stated yesterday that wheat was not under his department. That is true; but may I say that although I have often criticized the Minister of Agriculture I should like to see the marketing of wheat under his department.

Mr. HANSON (York-Sunbury): Not "under."

[Mr. Coldwell.]

Mr. COLDWELL: I will put it this way: I should like to see the marketing of wheat supervised by the Minister of Agriculture—and for quite obvious reasons. Some of our ministers of trade and commerce have not taken kindly to the idea that one of their functions was the marketing of wheat. I remember that Mr. Malcolm, who was Minister of Trade and Commerce in a former Liberal administration, stated on one occasion that the business of the Department of Trade and Commerce was to endeavour to find outlets for manufactured goods, but commodities like wheat could find their own markets—or words to that effect.

Mr. HANSON (York-Sunbury): What he did say was that the department was never a travelling salesman, for the sale of goods; they would find avenues, but they would not sell.

Mr. COLDWELL: I said, "find outlets." The minister spoke of one of his greatest responsibilities as being the mobilization of wheat under the mobilization act. Well, how has he mobilized it? At 50 cents a bushel on the farm. That does not meet the costs of production of the average western farmer.

As I said at the outset, we have got to face facts, and we know that a market is going to be difficult to find. We may have to hold this wheat for some time. But, if all that the minister and others have said regarding the value of wheat in post-war years is true, we should not ask one section of our population, those who produce this wheat, to carry that load for an indefinite time. That, it seems to me, is a responsibility for the entire dominion. A price of 70 cents at Fort William for No. 1 northern, means around 50 cents, according to the location, on the western farm, and for grades below No. 1 northern, the price, of course, is less. I suggest that during this year a reasonable quota of deliveries should be adopted by the government. It cannot be said that five or even ten bushels an acre on a quarter section farm is sufficient; it will give too small a cash return to the producer. Some other system will have to be worked out. We may have to set a maximum of deliveries by the larger farmers and grade the quota on the basis of giving, if possible, every man enough cash to enable him to operate this year and next spring. That of course involves the idea which has been presented to the government a number of times from this side of the house, the idea of either outright purchases by the government, or an advance—the amount suggested by the hon. member for Weyburn (Mr. Douglas) is 40 cents per bushel—and then participation certificates and compensation for storage. Even if this course

is taken, it will be necessary for the provincial governments to do something in the way of a moratorium on debt. Debt charges cannot be met on this price of wheat.

These are matters which have been brought to my attention. They are matters upon which, I believe, with slight modifications, hon. members from western Canada, irrespective of their political groupings, substantially agree. These are the things we want. We do not wish to hold up the house a moment longer than is necessary.

Mr. HANSON (York-Sunbury): May I ask the hon. member a question?

Mr. COLDWELL: Yes.

Mr. HANSON (York-Sunbury): On the point of a moratorium on debts of the farmers of western Canada: if he asks for that, would he not include the farmers of eastern Canada? Just think where that will lead him.

Mr. COLDWELL: I would include the farmers of eastern Canada. But I was not dealing with the condition of eastern Canada; I was speaking on the bill before us, which has to do with wheat, and which, because of the agricultural conditions, deals almost exclusively with wheat in western Canada. Undoubtedly some wheat is produced in eastern Canada, but the amount is relatively small.

Mr. MACDONALD (Brantford City): Eventually all classes in Canada would ask for a moratorium.

Mr. COLDWELL: That may be necessary if economic conditions become bad because one or more of our great industries are in a depressed condition. But at the moment I am not arguing about that. When the situation arises, we or the provincial governments will have to deal with it. May I point out to the hon. member that we are not asking all classes in the community to store their products and to accept a deferred payment for those products or for their labour. The conditions are not on all fours.

Mr. MACDONALD (Brantford City): When they are not able to sell their products they will have to store them.

Mr. COLDWELL: Well, then, they can be considered and they should be considered.

Just before I sit down may I say this to the Minister of Agriculture. I hold no brief for the hon. member for North Battleford (Mrs. Nielsen), but I did think that the minister's criticisms last night were undeserved. The hon. member for North Battleford comes from a constituency which has suffered from poverty and want in many of its parts, as I have reason to know, having visited the constituency and seen the condition.

Mr. HANSON (York-Sunbury): They had Mr. McIntosh here.

Mr. COLDWELL: Well, that didn't seem to help very much. In bringing that condition before this house the hon. member was exercising not only her privilege and her right but was doing her duty as well, and I think that the reference to "people who have come from other countries" was in very bad taste. I came to this country rather more than thirty years ago, and I came from England. I have lived in Canada for over thirty years and I have raised my family here. I consider myself and others who came with me or subsequently just as loyal to this country as any people who were born in Canada; and as a British subject, I have just as much right to discuss public questions here as someone who was born in Ontario and who lived for a number of years in the United States—

Mr. GARDINER: That is exactly what I said.

Mr. COLDWELL: —as the Minister of Agriculture himself did.

Mr. GARDINER: That is exactly what I said. I said that no one coming here had a right to unload all the troubles of Europe upon us and say that we were responsible.

Mr. COLDWELL: The hon. member for North Battleford was unloading the troubles of her constituency, and that is very far removed from Europe. I submit that criticism of that kind ought not to have been made in this house.

We have the bill before us and I am hoping that before it gets its final reading amendments will be brought in to provide that the farmers themselves—not the elevator companies, who I understand hope that some assistance may be obtained from the government to enable them to build additional annexes and bins—will find it possible, as has been done in some European countries, to store their grain and receive some remuneration for the services they are thus rendering the country at this time. I trust that a substantial advance will be given so that, at least, western Canada may not be reduced to a virtual state of bankruptcy.

Mr. J. A. ROSS (Souris): Speaking on the second reading of the bill, I would repeat what I said on the first reading, namely, that I regret very much that the bill has been brought in at this late stage. It should have been introduced in time to be thoroughly discussed by the committee on agriculture, but that is utterly impossible at this late date.

Canadian Wheat Board

There are only one or two points which I wish to touch upon at the moment. One is in connection with the one cent service charge which was paid by arrangement last year. I understand that this arrangement did not have anything whatever to do with the board of grain commissioners but was a distinct understanding between the wheat board and the trade. I emphasize that because some six hundred municipal delegates representing the province of Manitoba assembled last fall in Winnipeg and passed a resolution strenuously opposing the one cent service charge, which was levied simply for a transfer of documents and was over and above other regular elevator and service charges. It is too free a hand-out to the grain trade and I protest against it. In the second place, I trust that when we are in the committee stage the minister will have before him the agreement which was entered into last year between the wheat board and the grain trade. According to my interpretation of section 19 of the agreement they have paid the grain trade storage from the time of delivery of the wheat. Under the grain act, wheat delivered is allowed fifteen days' free storage, free storage in transit, and so on, almost a month's storage, and as I interpret that section of the agreement the grain trade has been allowed storage for the extra month—that is, from the time of delivery or the time they make the daily reports in connection therewith.

We have been informed by the Canadian Wheat Board that from the first of August last year until June of this year, a matter of ten months, the sum of over \$14,000,000 was paid for storage. On the basis of my interpretation, they paid one-tenth of that sum, or \$1,400,000, to the trade, which is unnecessary. I hope therefore that the agreement will be before the committee when we come to consider the different sections of the bill.

In connection with this question of storage I would emphasize further what the hon. member for Wood Mountain (Mr. Donnelly) said, as reported at page 1960 of *Hansard* of this session. He pointed out that storage and handling charges in the grain trade amounted to \$50,000,000, which is one-quarter of the amount the producers received for the grain marketed. Approximately \$200,000,000 was received by the producers, and the grain trade, in handling expenses, received \$50,000,000. That statement has not been refuted and that is something that should be remedied. I believe that members of the grain trade are present in this city. They have certain ideas of their own, that this government

[Mr. Ross (Souris).]

should finance them and build the addition to their elevator systems at this time. There may be merit in that but I hope the government will not take their appeal too seriously. There is a good deal of merit in putting grain in storage on the farms and financing same. At this time the farmers are entitled to such consideration. I know they will receive it at the hands of the present Minister of Trade and Commerce (Mr. MacKinnon) and I hope his colleagues will back him up.

There is one other suggestion I wish to make in reference to the system of appointments from the standpoint of producer representation on the advisory board. It is all very well to say that on a committee of eleven, six members may be producers; but the minister or the government may select these men and they may be selected on a political basis or on some other basis not truly representative of the producers. I suggest to the minister that he ask certain agricultural organizations of western Canada to make some of the appointments. For instance, he might ask each of the municipal unions of the three prairie provinces to appoint one man, and he might ask the agricultural federation or some other outstanding recognized agricultural organization to make an appointment to the advisory board so as to ensure that the producers of the prairie provinces should have adequate representation of their own choice rather than of the government's. That is fair and I hope the minister will keep that suggestion in mind.

I do not want to take up any more of the time of the house but I simply wish to emphasize these points. We shall be considering the matter further in committee and therefore I will not discuss it at any greater length just now.

Mr. C. E. JOHNSTON (Bow River): I know it is getting late to discuss this bill, but after I heard the wrangling last night, political wrangling at this late time, I cannot see that we are so very much rushed, and in view of that fact I suggest that there is important legislation before us which should not be unduly expedited. The bill that was before the house a short while ago, sponsored by the Minister of Public Works (Mr. Cardin) should not have been rushed through its various stages, nor should this bill be pushed through in great haste.

It is difficult to discuss this bill because it is not yet in its final form, and we as members have no idea what proposals the government has in mind. Let us look for a few minutes at the storage question. That is something that is quite indefinite as it stands in the bill. We do not know what amount

the farmer will get for the storage of his wheat on the farm, and that is a vital point. In view of the fact that the elevator companies have received something like \$14,000,000 for storage, and we should know definitely what price they will get, I think it only fair that concrete information should be given the house. We are promised it will be less than one cent, but we should know more definitely. If the farmer is to be asked to store this wheat, for whom is he being asked to store it? For the Dominion of Canada in war-time. If that is true, as unquestionably it is, these farmers should be given every assistance, and instead of paying the elevator companies a cent a bushel for storage that money should be given the farmers, who also should be assisted to build granaries on their farms. That is a capital investment. The government has taken every precaution to see that the war industries do not lose a cent. They are given cost plus contracts and all the rest of it, and it is only fair that the government should see that the same things are done for the great industry of agriculture. The farmer has never received the cost of production; why should he be asked not only to raise the wheat at a loss but also to store it at a loss until it is required?

The farmers are not to be given an opportunity to sell their wheat; they are to be asked to store it on their farms, and they have no idea, as hon. members of this house have no idea, how much they are going to receive by way of an advance. That is a most unsatisfactory way of doing business. Would this government consider for a moment asking the aeroplane industry, for instance, to start manufacturing aeroplanes without telling them what they were going to be paid? Why, even in connection with the smallest unit going into the manufacture of aeroplanes the cost is estimated, and the companies are given a bonus if they can bring down the cost below the agreed figure. But here we have the farmers struggling to make expenses, and they are not given the same consideration. Last night the Minister of Mines and Resources (Mr. Crerar) admitted that the average farmer could not produce grain at seventy cents, yet that is all we are offering him in this house, and so far the government have not agreed to give these people a decent advance on the grain they will have to store on their farms. I believe the government could make an advance of forty cents, as has been suggested, in perfect safety.

In support of that statement I should like to quote what was said in this house by the

Minister of Agriculture (Mr. Gardiner) on April 5, 1939, appearing at page 2627 of *Hansard*:

—I should say that in only two years out of the last forty-nine, for which we have the records, has wheat been below sixty cents on an average throughout the year, and in one of those years it was only one-fifth of a cent below. I read in the debates of 1935 in the speech of the then leader of the government, that up to that time in only one year out of four hundred had that been the case.

If that is true—and I do not doubt the accuracy of the minister's statement—certainly we would be safe in making an advance payment of at least forty cents a bushel. Then the minister went on to make it more definite:

But I checked for myself the last forty-nine years, and I find there were only two years during that period in which the average price was below sixty cents. In one it was 59.8 cents, and in the other it was 54 cents and a fraction. Those years were 1932 and 1933.

I should like the committee to note particularly the next sentence:

We therefore think that the government is taking little if any risk in a scheme of this kind as far as the sixty cent advance is concerned.

So that the Minister of Agriculture admitted quite frankly that it would be possible to give these farmers an advance of at least forty cents a bushel, and I am sure every hon. member would rejoice if that were done. The Minister of Mines and Resources said this was mere moonshine, but as the hon. member for Mackenzie (Mr. Nicholson) pointed out, the minister receives a good substantial amount for his expenses, so that he should not begrudge other people getting a little bit for themselves.

I am convinced, Mr. Speaker, that the people of eastern Canada, and possibly some hon. members of this house, are not really conversant with farm conditions in western Canada. I have heard it stated in this house that farmers could make money at forty to fifty cents a bushel. Anyone who makes a statement like that certainly does not know conditions in the west. The Minister of Trade and Commerce (Mr. MacKinnon) is a westerner, and I hope he realizes that agricultural conditions out there are bad and that the farmers are not even receiving the cost of production. I hope he intends so to amend this legislation as to permit them to be given a good substantial advance.

In order that hon. members may be informed as to conditions in the west I should like to read a short extract from a report of the Searle Grain company, dated February 7, 1940:

Canadian Wheat Board

A Serious Agricultural Problem

Farm organizations, cooperatives, committees investigating agriculture and other worthy people are now drawing to the attention of the government, and of the people of Canada the basic fact that our farmers are suffering severely from the disparity which exists between the prices they receive for the agricultural products they sell and the prices they have to pay for the things which they are obliged to buy for living and production: that is, if our producers are to remain on their farms. The Searle Grain Company agrees wholeheartedly with these presentations and has expressed its belief in the following words:

"We venture to suggest that regardless of any price level, that there can be no real prosperity in this country until the prices of the products farmers sell and of the things they buy come nearer together."

It is only necessary to read such statements from a responsible and authoritative source to make people realize that after all there really is something to this agricultural question.

Now I come to the bill itself. The Minister of Trade and Commerce has promised that section 3 will be amended by inserting the words "or Vancouver". That is essential. It was in the bill last year and I do not know why it was left out this time, unless it was done purposely in order to penalize the farmers of the west, especially the farmers of Alberta. If we were forced to send our wheat to Fort William it would mean that the farmers of Alberta would be penalized about 5.4 cents a bushel on the wheat they otherwise would send to Vancouver.

Mr. ROSS (Moose Jaw): That is at the highest freight rate.

Mr. JOHNSTON (Bow River): No, that is not the highest. It is still higher up in the Peace River district.

Mr. ROSS (Moose Jaw): It is very nearly the highest.

Mr. JOHNSTON (Bow River): That would be a fair average of the amount the farmers would have to pay.

Mr. ROSS (Moose Jaw): No.

Mr. JOHNSTON (Bow River): What is it, then?

Mr. ROSS (Moose Jaw): About three cents.

Mr. JOHNSTON (Bow River): My hon. friend says "about". He does not know any more about it than I do, yet he is trying to correct me. Unless he knows definitely he should not contradict me. I am willing to be corrected, but I want to get the exact information. I say 5.4, and up in the far corner of the Peace River district it will be still higher. I believe I know why wheat is being

[Mr. C. E. Johnston.]

sent through Port Arthur; it is because of the dangers of shipping through Vancouver. But then that is not the responsibility of the people of Alberta. They are not responsible particularly for bringing on the war and creating that condition. It is an emergency which must be met by all the people of Canada. If there is going to be a loss, it will be a loss brought about by war conditions, and therefore it should be absorbed by the entire population of Canada.

It was my intention to introduce an amendment in this form:

That paragraph (e) of section 3 be amended by inserting in line 4 after the word "Arthur" the following words, "or Vancouver".

I do not think it necessary, however, so to move, because I am sure the Minister of Trade and Commerce intends to bring down the amendment and make the proper adjustment.

All hon. members realize that the 70 cents to be paid throughout Canada, including western Canada, is most unfair. Hon. members in this corner of the house have continually advocated a price higher than that. Last year we asked for 95 cents a bushel at the local elevator for No. 1 northern.

Mr. MacNICOL: How does the hon. member arrive at the figure of 95 cents a bushel?

Mr. JOHNSTON (Bow River): Those are the figures of the grain commission in Manitoba held two years ago, and headed by Professor Hope.

Mr. MacNICOL: Is that the rate Professor Hope set?

Mr. JOHNSTON (Bow River): He said that to take care of proper living conditions it should be at least 95 cents.

Mr. MacNICOL: It was Professor Hope who stipulated 95 cents?

Mr. JOHNSTON (Bow River): Yes, in his report—and that is not a bit too much, when we consider that since the beginning of the war the articles the farmer has to buy have increased in price. Certainly when the prices of articles the farmer has to buy have increased to such a great extent, it is only reasonable to suppose that the farmer should get at least a dollar a bushel. It was with that in mind that notice was given of the resolution standing in my name, which appears as the second resolution on page 6 of the order paper for to-day. This resolution asks that the price of No. 1 northern wheat be fixed at not less than one dollar a bushel at the local elevator.

The other day the hon. member for Wood Mountain (Mr. Donnelly) said that he had

always advocated the equalization and the pooling of freight rates. I did not notice that he supported the bill introduced a year ago which had that for its purpose. Indeed he voted against it, despite the fact that that was the very thing we were advocating. When we stipulate a price at the local elevator it means that the freight rate must be pooled, and in my opinion that is the only proper procedure. Because of exorbitant freight rates in western Canada it is almost impossible for the people to buy the goods they desire. When we in western Canada endeavour to start an industry we arouse the concern of the Minister of Finance, because he fears we may create an industry out there which might compete with an industry in eastern Canada. Yet the people in eastern Canada will not consent to lower freight rates so that we may get what we need at decent prices. Unless eastern Canada recognizes the fact that it must treat western Canada as it should be treated, then of course western Canada must look to some means of taking care of itself. It is quite obvious that the prosperity of eastern Canada depends entirely upon the prosperity of western Canada. A year ago the hon. member for Battle River (Mr. Fair) placed on *Hansard* figures which showed definitely an increase in the business for eastern Canada, due entirely to a good crop in western Canada. That was especially true, so far as machinery companies, cereal companies and all other manufacturing companies in eastern Canada were concerned. There is no better way of increasing the purchasing power of the people in Canada than by giving the farmer a decent price for the goods he has to sell.

As has been stated before, I was sorry indeed to hear the Minister of Agriculture make a political speech, as he did last night. All hon. members know about conditions in western Canada. We know, too, that we are at war. It is surprising to me to hear the Minister of Agriculture in one breath plead for unity across Canada and in the next breath set up barriers and do everything within his power to bring about discord. I venture to say the speech he made last night will cause a great deal of hard feelings in Canada, and a great deal of indignation—and I think it should, too. Certainly his remarks in reference to the hon. member for North Battleford (Mrs. Nielsen) were not warranted. When he speaks about relief conditions in Saskatchewan let me tell him that I happen to have been there, and I saw some of that fish he was talking about. I do not know what the condition of the fish was when the Minister of Agriculture saw it, or when it left eastern Canada, but I know definitely what its condition was when it reached the farmers of Saskatchewan. I

was in a house, and I know that you could smell that stuff as far as from here to the Chateau Laurier. It was not fit for a dog to eat.

Mr. GARDINER: A pretty big house.

Mr. JOHNSTON (Bow River): Then, when I was coming along the road I looked round, and here was one of those things nailed to a red sign. I knew by the smell of it that it was political and it read, "Vote Liberal, and get hooked like we did."

Mr. GRANT: That is gratitude for free fish.

Mr. JOHNSTON (Bow River): That may not have been the condition of all the fish, but certainly that was the condition of some of it. I am quite sure, as the minister said, that the people of western Canada were grateful to receive the fish. But surely "grateful" is the wrong word. The people in western Canada do not want charity, and they do not get charity; don't make any mistake about that. We pay plenty for anything we get. Every year western Canada pays more than \$50,000,000—and what for? It pays it because of the tariff protection afforded eastern Canada.

We are talking about subsidizing the farmer in connection with the price he obtains for his wheat. Do not think that that is charity. And I do think, as the Minister of Agriculture put it the other day, that the people in eastern Canada are willing to assist the farmers of western Canada in these difficult times. But charity is not what the people in western Canada are asking for, and don't make any mistake about that. The people in western Canada are not going round begging from anyone, because let me tell you this, that if they were allowed to trade with the United States they would get along a whole lot better than they do when trading with eastern Canada. But it is because the people out there are patriotic and because they want to keep the dominion together that they trade with the east. Of course we are willing to trade with the east, but it must be willing to trade with us. Our trade must be on a reciprocal basis.

Last night the Minister of Agriculture went to great lengths in castigating the hon. member for North Battleford because of the statements she made in regard to the amounts allowed for relief. She mentioned the sum of \$8 or \$9 a month to keep a family of five.

Mr. GARDINER: Nine.

Mr. JOHNSTON (Bow River): Well, it does not matter much. After it gets past five it does not make much difference. I wonder if the Minister of Agriculture ever

tried to feed a family of nine on \$8 or \$9 a month? Then, he suggested the figure was wrong, and that it should have been placed at \$20. Well, if he is right in that let him try to keep a family of nine on \$20 a month, and see how far he will get. Many of them are not receiving that much. When one compares \$20 a month for nine persons with \$20 a day for one man—well, it just does not sound good, does it? Or if one were to compare it with \$35 a day for another man, it still does not sound good, does it? And when people in Canada are forced to live on such meagre monthly expenditures, and are asked to support nine children on such a small amount, they begin to wonder what the government is doing toward unifying the people throughout the dominion. This government has paid the living allowances—I am speaking only of the bare living allowances—of these gentlemen at the rate of \$20 and \$35 per day. It must have cost them that much per day to live because surely they would not pad their expense account. They must have lived pretty high. When the farmer was drinking slough water they must have been drinking champagne. Such conditions are not healthy, they do not constitute good business.

Mr. MAYHEW: The hon. member means that slough water is not healthy.

Mr. JOHNSTON (Bow River): Perhaps too much champagne is not.

Mr. MAYHEW: Don't look at me; I didn't get any.

Mr. JOHNSTON (Bow River): I was not intimating that my hon. friend had. I say that the remarks of the Minister of Agriculture were both unfair and uncalled for. I shall not take up any more of the time of the house, because I intend to discuss this a little more fully when we are in committee.

An hon. MEMBER: Hear, hear.

Mr. JOHNSTON (Bow River): There should be a greater degree of understanding between the different sections of the country. If hon. members who say "hear, hear" would only study these conditions a little more fully, it might assist in the successful prosecution of this war. What would hon. members do if the farmers of western Canada had adopted the same attitude as the manufacturers in the east and said, "We will not raise a bushel of wheat until we get the price we ask"? Many people would have had to tighten their belts a little. The farmers could very well have done that; for you cannot starve the majority of farmers off their land. But that is not what we want. We want to prosecute this war to the best advantage of all concerned, and that cannot be done with a divided country. We must have a united people; therefore let us give the farmer a decent break. That is all he is asking for.

Mr. J. G. ROSS (Moose Jaw): Mr. Speaker, I do not intend to take up much of the time of the house, but I should like to reply to one or two statements which have been made. A moment ago the hon. member referred to freight rates on Alberta wheat, and he said that a differential of 5.4 cents was about the average they had to pay.

Mr. JOHNSTON (Bow River): I think it is really higher than that by way of the Peace river.

Mr. ROSS (Moose Jaw): I should like to give the rates to Fort William and to Vancouver from different points in the Peace river district so that hon. members may see the differential. They are as follows:

| | To Fort William per hundred pounds Cents | To Vancouver per hundred pounds Cents | Difference per hundred pounds Cents | Difference per bushel Cents |
|---------------------|---|--|--|-----------------------------------|
| Fairview | 35 | 26 | 9 | 5.4 |
| Huallen | 37 | 28 | 9 | 5.4 |
| Woking | 35 | 26 | 9 | 5.4 |
| Clairmont | 35½ | 27 | 8½ | 5.1 |
| Sexsmith | 35½ | 27 | 8½ | 5.1 |
| Beaverlodge | 37 | 29 | 8 | 4.8 |
| Wembley | 36 | 28 | 8 | 4.8 |
| Dawson Creek..... | 38 | 30 | 8 | 4.8 |
| Pouce Coupe..... | 38 | 30 | 8 | 4.8 |
| Grande Prairie..... | 35½ | 28 | 7½ | 4.5 |
| Hines Creek..... | 35 | 27 | 8 | 4.8 |

[Mr. C. E. Johnston.]

The following are the rates from different points in Alberta:

| | To Fort William per hundred pounds Cents | To Vancouver per hundred pounds Cents | Difference per bushel Cents |
|---------------------|---|--|-----------------------------------|
| Edmonton | 26 | 20·6 | 3·6 |
| Calgary | 26 | 20·6 | 3·6 |
| Empress | 24 | 23·1 | ·6 |
| Lacombe | 27 | 22·5 | 3·0 |
| Medicine Hat..... | 24 | 23·1 | ·6 |
| Wetaskiwin | 26 | 22·4 | 2·4 |
| Athabaska | 29 | 22·7 | 4·2 |
| Lethbridge | 25 | 22·3 | 1·8 |
| Grande Prairie..... | 35½ | 28·7½ | 4·5 |

Those are the differentials between the rates to Vancouver and to Fort William. When I said to my hon. friend that the average was about three cents, I was a good deal closer to being right than he was when he said it was 5·4 cents, which is the highest rate from any point in Alberta.

Mr. HANSON (York-Sunbury): The general average is about three cents.

Mr. ROSS (Moose Jaw): That is the statement I made.

Mr. GREEN: Where is the dividing line? From what point are the rates to Fort William and Vancouver the same?

Mr. ROSS (Moose Jaw): It is between Medicine Hat and Swift Current; it is near Swift Current, Saskatchewan. I did not make the statement that they should be penalized. I am in full agreement with Vancouver being in the bill, and I have been all the time. I want to tell my hon. friend from Alberta that the members from Saskatchewan were in full agreement with that principle and helped to get it in the bill.

Mr. HANSON (York-Sunbury): Is it not true that the freight rates on wheat are lower than the rates on any other commodity for export?

Mr. ROSS (Moose Jaw): Yes, possibly they are. I am not going to argue with my hon. friend about it, but the one year in which the railways of Canada show a profit is the year when a large wheat crop is moved.

Mr. HANSON (York-Sunbury): It is a mass movement.

Mr. ROSS (Moose Jaw): That is what the rate is for.

Mr. HANSON (York-Sunbury): Let us be fair to the railways.

Mr. DOUGLAS (Weyburn): Did the hon. member say that the Saskatchewan members had persuaded the Minister of Trade and Commerce to change the bill and put in Vancouver?

Mr. ROSS (Moose Jaw): No, I did not say that.

When the hon. member for Qu'Appelle (Mr. Perley) was speaking the other evening, I interrupted him once or twice, especially when he was referring to the stabilization operations, and also when he questioned whether the department or the minister should not give information with regard to the holdings of the wheat board and the amounts of money owed by that board. The hon. member for Qu'Appelle referred to the record, and I thought it would be well if I looked up the record also. I find that it has never been considered by any government as being in the best interests of the country to disclose publicly from week to week or from month to month the position of the board so far as wheat is concerned. This position has been taken by the Bennett government and by this government. I might say that Mr. John I. McFarland did not believe it wise to disclose the current position of the Canadian Cooperative Wheat Producers Limited when he was acting as its general manager. If hon. members will refer to the evidence of the standing committee on banking and commerce of March 22, 1934, they will find what Mr. McFarland said when questioned by Mr. Bothwell about the exact position of the operations in connection with the 1930 crop. He said:

Personally I don't mind giving you everything . . . to the minutest detail. I have nothing to hold back whatsoever. It is simply a matter as to whether it is the best thing for the country as a whole or not.

Again when Mr. McFarland was asked if it would be advisable, from his point of view as an expert, that the operations of the Canadian Cooperative Wheat Producers Limited should be disclosed, he replied:

I do not like to take the responsibility of giving it out. You cannot tell what harm it might do.

Immediately afterwards he added, "It would do no good that is sure." Furthermore, on that same evening of March 22, 1934, a formal motion was put that the witness, Mr.

McFarland, disclose the quantity of wheat which he had taken over in 1930 as general sales manager of Wheat Producers Limited, the amount of the present holdings and what percentage of the wheat holdings was made up of physical wheat and what percentage was other than physical. That motion was lost, and the hon. member for Qu'Appelle voted against it.

Mr. HANSON (York-Sunbury): So did several Liberal members from Saskatchewan.

Mr. ROSS (Moose Jaw): Certainly, but I am talking about the hon. member for Qu'Appelle who was asking for something which he himself had voted against in a committee of this house. The same evening another formal motion was moved by which Mr. McFarland was asked to disclose to what extent in money the government was involved in the wheat business at that time. Another vote was taken and again the hon. member for Qu'Appelle voted against the motion.

In 1935, when members raised questions in the house regarding Mr. McFarland's operations, the Right Hon. R. B. Bennett gave as his reason for not disclosing Mr. McFarland's position the vote taken in the 1934 banking and commerce committee, including the vote of the hon. member for Qu'Appelle, who had voted against such disclosure. Hon. members will find that statement in the 1935 *Hansard* at page 3577. When the hon. gentleman who now leads the opposition was pressed to disclose the same information, he also referred to the same vote taken in the banking and commerce committee as having settled the point that such information should not be disclosed. This will be found in the 1935 *Hansard*, page 2073.

Mr. PERLEY: Did that deter at all the western members in the house from demanding day after day that they be given the information?

Mr. ROSS (Moose Jaw): You are demanding it now.

Mr. PERLEY: Yes, and we demanded it day after day in the house at that time.

Mr. ROSS (Moose Jaw): I just want to show the hon. member's position. At the time when these matters were being discussed, the hon. member for Qu'Appelle was speaking of the stabilization operations of Mr. McFarland and saying at that time that Mr. McFarland's operations had saved the western farmer a considerable sum of money.

Mr. HANSON (York-Sunbury): So they did.

[Mr. J. G. Ross.]

Mr. ROSS (Moose Jaw): How did Mr. McFarland's operations save the western farmer a considerable amount of money? In what years? I asked the question at that time and my hon. friend's reply will be found at page 2306 of *Hansard* of yesterday:

Mr. Ross (Moose Jaw): What years were those?

Mr. Perley: That was 1935.

Mr. Ross (Moose Jaw): But what four years is the hon. gentleman speaking of?

Mr. Perley: The four years prior to 1935.

Mr. Ross (Moose Jaw): 1931, 1932, 1933 and 1934?

Mr. Perley: Yes.

He went on to show that 10 cents a bushel had been saved or gained for the farmer of this country by those stabilization operations. I interjected that wheat then must have reached 15 cents a bushel in the fall of 1932. *Hansard* asked me if this figure was correct. I said yes, and evidently *Hansard* couldn't credit it, because it appeared as 50 cents.

Like the hon. member for Qu'Appelle I was farming in western Saskatchewan and growing wheat in 1932 when Mr. McFarland was carrying on his stabilization operations, and on December 14, 1932, I sold 3,000 bushels of No. 1 hard wheat for 24½ cents a bushel at my point of shipment. If the stabilization operations were saving the farmer 10 cents a bushel, that would have meant a price of about 14 cents a bushel without the stabilization operations. Surely that is ridiculous. The market went down to the lowest point it ever reached when Mr. McFarland was conducting his stabilization operations on the grain exchange.

Mr. PERLEY: No fault of his. It was going down before he went there.

Mr. ROSS (Moose Jaw): But the stabilization operations were no good; they did not save the market from going down. The price went down to the very bottom, so I say that those stabilization operations were of no use to the farmer of western Canada. When the hon. member for Qu'Appelle made his statement as to the saving that Mr. McIvor made, he did not read the whole record to the house. If he had done so, it would have been clear that he was merely asking a hypothetical question and getting a hypothetical answer from Mr. McIvor at that time. If the whole record were read, everybody could see that. But to pick out just a small piece of the evidence to try to prove that many millions were saved to the farmers of this country at that time is not the correct way to try to portray the actual conditions to the house.

Mr. PERLEY: That is what the Minister of Agriculture (Mr. Gardiner) did last night when he was quoting.

Mr. GARDINER: You would not agree that that makes it right.

Mr. ROSS (Moose Jaw): The leader of the opposition (Mr. Hanson) last night made the statement that the fact that we were at war had nothing to do with the drop in prices. It does not take a very long memory to recall the price of wheat at the time when the German forces started to invade the low countries. When they invaded Belgium and Holland, the price of wheat was 90 to 91 cents a bushel. The invading forces went rapidly through those countries, and in two or three days wheat had dropped to about 70 cents a bushel at Winnipeg and had to be pegged. There was every reason to believe that had France not been invaded, if she were still standing with Great Britain, anywhere from 90,000,000 bushels to 100,000,000 bushels of Canadian wheat would have been quickly taken by France this fall and wheat might easily have reached \$1 a bushel at Fort William. But the facts are that these countries were invaded and fell one after another; now we have no place to sell our wheat except to Great Britain; the price has dropped to the pegged price, and if it were not pegged it would go much lower.

Mr. HANSON (York-Sunbury): To nothing.

Mr. ROSS (Moose Jaw): Perhaps, and why? Because Great Britain cannot, within one year, take the wheat we have in storage to-day, let alone the new crop, and anybody who knows anything about the wheat business knows that.

There has been some discussion in this house about the closing of the Winnipeg grain exchange. I hope that every hon. member who has been discussing the Winnipeg grain exchange knows all about it, but it does not sound like it. The Winnipeg grain exchange is a place where people meet to do business; and I would say this, that if the wheat board can make an economic use of the facilities of the grain exchange, if it can get its business done better through some people in the Winnipeg grain exchange, then it should use those parts of the grain exchange. If it cannot, it should not use the grain exchange.

So far as closing the exchange is concerned, one might just as well say that a small corner grocery store whose business is gone should be closed up by the govern-

ment. The Winnipeg grain exchange is a private business. Why should the government interfere with it so long as the government is not feeding the exchange in some way to keep it alive? It matters not to the farmers of western Canada whether the grain exchange is open or shut so far as wheat is concerned, but it does matter so far as coarse grains in that part of the country are concerned.

The hon. member for Rosetown-Biggar (Mr. Coldwell), I think it was, said that the farmers were being allowed to carry the whole load. I do not believe that 70 cents is the price which the farmers should get for their wheat. I know something about the subject because I have been farming all my life in western Canada, mostly in wheat. I shall be fair enough to say that the government of the Dominion of Canada is to-day carrying a load in the neighbourhood of \$140,000,000 with respect to wheat that is owned by the board at the present time, and I believe the dominion government will in all probability have to carry a load of \$280,000,000 more before they can sell the wheat we have on hand.

Mr. PERLEY: How does the hon. member know that?

Mr. ROSS (Moose Jaw): How do I know that? The 70 cent price is set as an advance. My hon. friend knows as well as I do that there is a great probability of 400 million bushels of wheat being harvested in western Canada.

Mr. PERLEY: We are not carrying that yet.

Mr. ROSS (Moose Jaw): The government will carry it, and they will carry it before they can sell the wheat they have on hand if the only market they have is Great Britain.

Last year there was a loud demand all over western Canada that the advance price of wheat be raised to 80 cents a bushel. Recommendations were brought here from the Bracken committee, from the wheat pools and from practically every organization in western Canada. All of us would have liked to see that done. The government, however, saw fit to pay 70 cents a bushel as the advance price of wheat. What has happened this year? I believe that the farmers of western Canada realize the position of wheat better, perhaps, than do some members of this house.

Mr. POTTIER: Let us hope so.

Mr. ROSS (Moose Jaw): I think they realize the position we are in. They have not gone out this year and signed petitions by the thousand.

Mr. DOUGLAS (Weyburn): They have not had much time.

Mr. ROSS (Moose Jaw): Oh, yes, they have. They can get them here very quickly. They can telegraph, as they did before. They can write letters by the hundred. But they have not done so.

Mr. PERLEY: Did they sign a petition last year?

Mr. ROSS (Moose Jaw): Yes, they did.

Mr. PERLEY: Why?

Mr. ROSS (Moose Jaw): Because they were asked to.

Mr. PERLEY: It was a protest against the 60 cents.

Mr. ROSS (Moose Jaw): No; it was for 80 cents.

Mr. PERLEY: No, 60 cents.

Mr. ROSS (Moose Jaw): Representatives of the grain-growing organizations of western Canada have been to this government. Have they made any representations as to a higher price? They have not.

Mr. DOUGLAS (Weyburn): How does the hon. member know? Can he speak with authority in that matter?

Mr. ROSS (Moose Jaw): I think I can. I have talked to the men who made the representations which they did make.

Mr. HANSON (York-Sunbury): May I say that within the past hour I have had a telegram from Grande Prairie demanding that the price be raised above 70 cents. It is signed by the president of the board of trade.

Mr. ROSS (Moose Jaw): That may be. But he is one out of 300,000 farmers.

Mr. HANSON (York-Sunbury): No doubt. But scores of letters have come to me.

Mr. ROSS (Moose Jaw): Then they must know that my hon. friend has great influence, because many of us have not received any. Representations were made here by the rural municipal unions of western Canada, one of whose representatives is a member of this house, but I do not believe that they made any requests for a higher price for wheat. I am not suggesting that the people out west

[Mr. Pottier.]

could not do very well with a higher price; they could, and I should like to see them get it. But at the present time we are in a bad jam as regards wheat, as with everything else in this country. I think all of us must do our part at the present time. The hon. member for Qu'Appelle has talked about little other than matters of this kind since he came to the house. He endeavoured to take credit for the first wheat board, although he knows as well as I do that ever since there was a wheat board, back in 1919, there has been an agitation all over western Canada for the reestablishment of the board. I do not think he started that movement.

Mr. PERLEY: Mr. Motherwell promised that one.

Mr. ROSS (Moose Jaw): Well, they got it.

Mr. PERLEY: They did not.

Mr. ROSS (Moose Jaw): However, my hon. friend tried to take credit for the whole thing. His attitude in this house all the time since the start of the session has been one of criticism of the government and its policies.

Mr. HANSON (York-Sunbury): Is that not legitimate?

Mr. PERLEY: Who wouldn't be critical?

Mr. ROSS (Moose Jaw): His criticism has not been constructive. My hon. friends in the far corner have taken much the same line. I think we have gone too far in that direction. I want to see the wheat grower in western Canada get just as good a deal as he can, and I advocated that in this house long before my hon. friends came here.

Mr. DOUGLAS (Weyburn): But not with much success.

Mr. ROSS (Moose Jaw): With a great deal of success. Let me add that I have been growing wheat all these years; I am growing it now, and a good many of my hon. friends opposite are not. As a matter of fact, if I am correctly informed, only one hon. member associated with the Cooperative Commonwealth Federation is a farmer.

Mr. DOUGLAS (Weyburn): We are not selling out the people who are growing wheat, though.

Mr. ROSS (Moose Jaw): You may not think so, but certainly you have done them no good.

I do not want to take up any more time. I merely wanted to refer to a few points which have been raised in this debate. I am going to support the bill as it stands. My hon. friends say the amount should be more. Will they tell me what will happen to this country if the war continues two or three years and we go on growing wheat as we are doing this year, with only one market, Great Britain? Our hope as western farmers is that by putting our shoulders to the wheel we shall win this war, and then get back our markets.

Mr. W. F. RICKARD (Durham): Mr. Speaker, it is not my intention to follow up the matters discussed by the hon. member for Moose Jaw (Mr. Ross). I believe that the last time I spoke in this house I had the privilege of following him in a discussion of the marketing of apples. Today we are on a different matter, but those of us who are farmers from Ontario may be permitted to say a word or two on this very important bill.

I listened with a great deal of interest to the discussion, and I have often wondered how many honest-to-goodness farmers have spoken on the wheat question? How many honest-to-goodness farmers ever speak in this house? I believe we have about twenty-five or thirty farmer members of parliament.

Mr. HANSON (York-Sunbury): All honest!

Mr. RICKARD: I am not going to take up much time, because I am interested in only one or two phases of this bill. But I think that we who represent the people of Ontario should have some little voice in the governing of this country. We have listened to talk about wheat. We have listened to the views of the western members. I have been in the house five years, and I must congratulate them upon their initiative, upon their organization, and upon the way they go after things to get them. There is no doubt in the world that in that respect they have done a real job. But, after all, there are other farmers in Canada. Personally speaking, I have farmed all my life; I know about little else. I have done everything that anybody could do on a farm, and I believe I am still capable of doing it.

We in Ontario and other parts of Canada are helping the west by the money we pay to assist it. I am not opposing that. I believe that we have been fully cooperative as far as the west is concerned. We are perfectly willing to help the fellow who is down and out.

What I object to in this bill is that the man who grows twenty, thirty or forty thousand bushels of wheat can place it at the door of the government at the price of 70 cents basis Fort William, and say, "Take this crop and pay me for it." It seems to me, Mr. Speaker, that we are in for something pretty deep when we assent to that kind of thing.

I visited the west two or three years ago, and in doing so went through several districts of Saskatchewan and continued on right to the coast. I must admit that there are a great many people on the prairies who are thoroughly deserving of assistance. There can be no question about that. Thousands and thousands of acres of prairie have not yielded any crops over a period of years. We are willing to help the people out there, and we have been helping them. At the same time it should be recognized that many farmers who have had good crops during all these years are getting from the government's legislation the same assistance and benefit as the poor fellow is getting.

My point is that the 5,000 bushel limitation which was contained in the act should be retained in this bill, so that only the man who grows 5,000 bushels or less may sell all his wheat to the government and be paid by them for it. I do not think the man who grows a large amount of wheat on a commercial scale, using mechanized farming, should be able to grow all the wheat he likes and then dump it at the door of the government saying, "Here, take my wheat and pay me for it". We have seen that illustrated in many other matters as well as with regard to wheat. Take the chain stores and the agricultural implement companies. They are all monopolizing business and putting the small fellow out of commission, and it seems to me that there are many things that governments could do to stop that. If we do not take action in that regard, it will not be very long before the small fellow will be completely out of business and we shall go into mechanized farming with the big fellow controlling everything.

We have sent millions of dollars in relief to the west and we are willing to do so again, but they want a fixed price for their wheat—some say 90 cents, some say \$1.25, some say 70 cents. We agree that 70 cents is not a high price. But we in Ontario were never able to sell our wheat to the government until last year. Last year was the first time we had legislation to benefit the farmers in that province, and that was only in regard to wheat. We grow only 20,000,000 bushels.

Mr. HANSON (York-Sunbury): What about apples?

Mr. RICKARD: We had some legislation in connection with apples, but so far as Ontario is concerned it did not cost the government one cent. I am not saying anything about Nova Scotia or British Columbia; that is something different. So far as Ontario is concerned, however, I repeat, it did not cost the government a cent.

As I said before, we appreciate what the government has done for the apple industry, and we should appreciate what it has done for agriculture generally. There are a great many things that have been of assistance to the farmers, but my point is that we in Ontario should have some consideration. We are not wheat farmers. We raise cattle and hogs; we produce cheese, butter and other commodities, and everything that we produce is marketed at the market price. We have no set price for cattle, although we have an agreement with Great Britain with regard to hogs. We have no set price for cheese or butter. We have to take what the market offers, and the time will come when we shall have to do away with fixed prices. We have pretty nearly gone the limit. I realize that the condition to-day is abnormal, and the only bright spot is that after the war we may require all the wheat that we have grown. But we have over one billion bushels of surplus wheat and I do not know what we shall do with it.

I am not going to take up any more time. I am not particularly interested in any part of the bill other than that relating to storage. I do not know why the western farmer should be paid for storing his grain any more than we should be paid for storing our grain in Ontario, but we are willing to help the western farmer and we are prepared to do anything we can for him. But let us have cooperation. Give the Ontario farmer a break as well.

Mr. W. G. WEIR (Macdonald): I wish to say a word or two at this stage of the wheat board legislation. I hope I am not going to be accused of threshing old straw, but there are one or two observations I should like to make in reply to certain comments that have been made by hon. gentlemen across the floor of the house. So far as the whole wheat problem is concerned, undoubtedly it is one of Canada's major war casualties at the present time. What it may turn out to be in the days to come, we cannot foretell. I do not think there is anyone in Canada who would say for a moment that we should curtail our production at this stage or should attempt to

(Mr. Rickard.)

destroy any of this wheat. It may be needed, and if it is it will be a blessing to mankind that we have it in this country. That makes the wheat situation an immediate problem and one with regard to which, in my judgment at least, it is impossible at present to devise a long-range policy. If conditions could be looked upon as reasonably normal and these additional stocks of wheat continued to accumulate, then one might advocate certain steps that one thought could be taken to meet the situation. I commend the remarks made by the hon. member for Leeds (Mr. Fulford) last night, when he interjected into the debate the suggestion that we should be looking towards industrial uses for agricultural products. I have held that view for a long time, that western Canada particularly would have to pay more attention to that type of development in order to utilize the great natural resources of those provinces. But this is not the time or the place to enter into a discussion of such questions.

May I come back to one or two statements that have been made on the other side of the house. The hon. member for Qu'Appelle (Mr. Perley) and others have complained bitterly about the late date at which this legislation has been presented. Probably to some extent their criticism is justified, but I would say to the hon. member for Qu'Appelle that in spite of its efforts to establish a wheat board in 1935, the government of that day failed to take action with regard to the price of wheat until the sixth of September. They fixed the price of No. 1 northern on September 6, and of other grades on September 23. Therefore the whole wheat situation was left hanging in the air at that time, at a date later than the beginning of the crop season. However, we will leave that as it is.

I do not know whether my hon. friend did it intentionally or not, but it did seem to me that he went out of his way in an attempt to criticize the present wheat board. He quoted statements made by other people, particularly Mr. Sanford Evans of Winnipeg, expressing opinions with respect to the marketing policy that had been pursued. I do not know whose evidence one will take. I am not in a position to judge whether the wheat board has been doing a good job or not; but since we are justified in calling upon other people to give evidence, I wish to quote from the wheat studies of the Food Research Institute, which has this to say with reference to the Canadian wheat board and the sales policy of selling wheat in Canada:

Beyond this, no explicit information on selling policy or operations has yet been disclosed.

Pending official reports of daily sales, rumours and opinions expressed in trade circles cannot be accepted as reliable. It is generally agreed that the task—

That is, the task of selling Canadian wheat.—was discharged shrewdly, smoothly, and consistently.

I think that is all I need quote from that report, which was made by one of the most reliable institutions studying the wheat problem. Now I come a little closer home. In a magazine published by the Alberta wheat pool under date of March 23, they say:

Broomhall comments that the huge Canadian crop of 1939 (489 million bushels) is being wisely marketed at a fair price, and although there is certain to be a big carryover on August 1 next this will act as a safeguard against a possible crop failure such as occurred in 1936 and 1937 when the yields per acre were only 8.6 bushels and 7 bushels respectively.

In its editorial comment the same magazine has this to say:

The sensible marketing of Canadian wheat this crop year, it might be mentioned, is due to the operation of the federal wheat board. Unquestionably the board was a tower of strength when unprecedented large marketings occurred in the autumn months. Heavy hedging sales were not necessary, because the bulk of the wheat was delivered to the board.

I bring forward these quotations merely to indicate the views of others with respect to the efficiency or otherwise of the wheat board.

I should like now to refer briefly to the proposed price of 70 cents a bushel. Last year we were successful in securing that price for No. 1 northern, basis in store Fort William, together with participation certificates. This year we have succeeded in maintaining that price, although conditions are more difficult this year so far as the prospects of selling wheat are concerned. It never has been argued by anyone from western Canada that the economy of the west can be maintained on a price of 70 cents, but I want to mention the other side of the picture, and I think the farmers of Canada will recognize it when it is drawn to their attention. The wheat problem is not only their problem; it is the problem of the Canadian people as a whole. In our present difficulty with respect to marketing this wheat I believe the farmers are patriotic enough to do what they can to meet the situation. I will go so far as to say that if the price of 70 cents last year, with the participation certificates—which of course have not been realized upon—was inadequate, then it is still more inadequate this year to meet the general requirements of the farmers of the west. I admit that immediately, because of the increased costs that go into

their operations. Farm machinery is up in price; so are repairs, fuel oil, binder twine and wages. Just in connection with the matter of farm wages I crave the indulgence of the house to place on record a resolution that came to my hand this morning from a farm organization in Manitoba, containing these words:

Whereas our government has again set the price of wheat at the same level as last year, and whereas so many of our better men have enlisted in the army to defend the empire and are receiving \$1.35 per day; therefore be it resolved that our representatives in the dominion and provincial governments be urged to take immediate action toward effecting legislation to limit harvest wages to a reasonable level, such as a suggested \$2 a day for stooking and \$2.50 for threshing.

That is one item of cost upon which little emphasis has been laid. Information I have received from my constituency leads me to believe that there has been a substantial increase in the cost of farm labour. That is going to be one of the larger items of expense, and I am bound to say that I do not think this kind of exploitation should be permitted any more than any other kind.

Let me now take up the matter which was discussed by the hon. member for Souris (Mr. Ross), although I suppose my action in referring to it may be misconstrued by some people. Reference has been made to elevator costs. Let me say immediately that I do not know whether or not elevator companies have made a reasonable return. I do not know whether or not they are making money. It may be that the industry has been or is over expanded. At one time I thought we had too many elevators in western Canada. Probably that is the situation in normal times; but this is one occasion when every unit of storage facilities in the west is going to be required. It is all very well to rise in one's place in the house and say that, because we have a big wheat crop to handle, all charges should be reduced. Probably they should; I do not know, but if that is logical we should follow it through. The railways are in exactly the same position. They have made huge earnings out of the movement of this wheat, yet so far no one has come along and suggested that their earnings should be reduced because of that increased volume. I merely advance this suggestion because of the emphasis which has been placed upon this one matter.

I should now like to deal a little more directly with certain matters which have been mentioned by our Ontario friends. Reference has been made to the elimination from the

act of the 5,000 bushel limit. Our eastern friends think that provision should have remained in the bill. I am not going to argue with them as to the general method; I simply want to say to them that that provision simply could not operate at the present time.

Mr. HANSON (York-Sunbury): Why?

Mr. WEIR: Because there would be no place for the farmer to sell the rest of his wheat. Until the beginning of this crop year the position was that a man would deliver a carload of grain at the country elevator, which would send it forward. That grain cannot go to the board. As a result, the grain company has to hold it until there is a chance to sell it to somebody who may bid on it. That is the position. I have been told of elevator companies with fifty, sixty or perhaps eighty cars of wheat in their possession, waiting for an offer to come forward. So I say that provision could not operate at this time.

Mr. McNEVIN: Does the hon. member think the board could take it at a slightly lower price?

Mr. WEIR: I doubt if they would get a price for it at all.

Mr. McNEVIN: I mean, would it not be possible for the board itself to pay a slightly lower price for the excess?

Mr. WEIR: That would be possible, I suppose.

I should now like to deal with the question of storage, although I do not wish to detain the house too long. Frankly I am concerned about the situation in western Canada, and its effect on Canada's whole economy. As I view the wheat situation from the point of view of storage facilities, I am afraid, if something is not done beyond that which is provided in the legislation now before us, western Canada is going to have one of the worst slumps, in a business way, that has ever been experienced.

Mr. DOUGLAS (Weyburn): It is inevitable.

Mr. WEIR: The position is this, that with the storage facilities almost filled before this crop begins to move, the prospects are—

Mr. MacNICOL: May I interrupt to ask a question? All through eastern Ontario I see thousands upon thousands of first class, A-1 freight cars. Those cars are lying along

[Mr. Weir.]

railway tracks, on sidings. I have been wondering lately if it would not be possible to take thousands of those freight cars to the west, place them adjacent to elevators and fill them with wheat. My question may sound foolish to men closely connected with the wheat business; but if that were possible, there is no doubt that those cars would provide a large space in which wheat could be stored. Otherwise they will rust and rot away.

Mr. WEIR: May I reply immediately to the hon. member that that is done. Railways are keeping cars loaded, even on their tracks. Moreover, may I point out, in passing, that on the highway on which I travel when going from Winnipeg to my home, all last fall one would pass these big boxcars, loaded on trucks, to be taken to farmers on their farms. Those cars will be utilized by the farmers to the fullest possible extent. That, however, cannot be done with all the cars.

Returning to what I had in mind, may I point out that we may be in a position to market \$50,000,000 or \$60,000,000 worth of grain this fall, out of a crop which should yield 350,000,000 to 400,000,000 bushels. It will be realized that \$50,000,000 is a comparatively small amount of money to be scattered around in those western plains. Moreover, I am afraid the individual—and in this I believe I am right—will have to be restricted in his deliveries. By that I mean that I do not think it would be fair for a moment, with the limited storage facilities available, for a man who might be fortunately situated or who might thresh earlier, to plug the storage facilities available, thereby preventing the man who may be less fortunate from getting an opportunity to deliver. I believe that point will have to be considered, and I hope it will be.

The situation is all right so far as the grain which can be delivered is concerned. In the bill we are making provision to pay for farm storage, and with that provision I agree. But I am bound to say that I believe something more than farm storage will have to be provided. I recognize the difficulties, immediately. In my own case I would suppose that possibly I would be allowed to deliver 1,500 bushels of grain this fall. At 50 cents a bushel I would receive \$750 for that grain. No one can say that \$750 will go very far in connection with the operation of a farm.

As I have pointed out, the situation is all right so far as the grain which may be delivered is concerned; the farmers can get their

money on that grain. But if some provision is not made for some form of advance on the grain that is not delivered, then I am afraid we are going to have an absolute collapse of business in western Canada. Not only will it affect the farmer—as a matter of fact I think he will live through it—but I doubt what the attitude of the general business community will be with respect to it.

I recognize immediately the difficulties in the way. I do not for one moment suppose that the banks alone would consider making loans to farmers on grain stored on farms. There would be a big risk in that. Nor do I suggest that the government should go out and do it. On the other hand, I feel that some measure of assistance will have to be provided. That is what I appeal to the government to do on this occasion.

I have been wondering—and I offer this only as a suggestion—whether or not there could be applied to wheat some scheme similar to that carried on in connection with the home improvement plan. Under those circumstances the banks could be given a certain amount of authority to take security on grain stored. I am referring only to wheat. The government at the same time would place a certain amount with the banks, by way of a guarantee, as well as having in mind the interest rate that might be charged. I offer that only as a suggestion, but I feel seriously that this matter must be attended to.

There is only one other point to which I wish to refer.

Mr. DOUGLAS (Weyburn): Before the hon. member leaves that point, may I ask a question? He said that he believed he would be selling about 1,500 bushels of wheat. On what does he base that assumption?

Mr. WEIR: It would be five or ten bushels to the acre, for the crop. In connection with storage facilities I make an appeal to the minister. I say to him now that I believe there is a good deal of vacant storage capacity in western Canada, in different forms. All may not have adequate granaries. But it must be remembered that this is a national emergency, and if appealed to, I believe the farmers will respond. Travelling through parts of my constituency I have noticed that there are vacant barns and machine sheds. In my opinion all those buildings could be utilized, and I suggest to the minister that he take the earliest opportunity to make an appeal by radio to those who have facilities which might be utilized, and that he ask that those facilities be used to the best possible advantage.

Reverting to the financial aspect of the matter, I have one further suggestion. In the past our elevator companies have built annexes, or additional temporary storage space, and added that space to the elevators. If they can do that this year, and if thereby a man is permitted to deliver his grain, he in turn will receive his money. But I am informed that, although willing to build annexes, the elevator companies are reluctant to go ahead because of the income tax provision respecting their profits. If the annexes were built, they would be only temporary buildings. They may be used for one or two years, but it is scarcely likely that they would be used longer than that.

My suggestion, therefore, is that the Minister of Trade and Commerce should approach the Minister of National Revenue (Mr. Gibson) to see if some means could not be worked out whereby some concession could be arranged which would allow the costs of these annexes to be written off in a number of years less than the period of twenty years which applies in respect of the ordinary elevator.

I have only one other point in mind, and that is with regard to coarse grains. Someone may ask why I am discussing coarse grains when the bill deals only with wheat. My reason would be that coarse grains are of great importance to Manitoba. Then, too, the situation with respect to coarse grains is closely related to the wheat situation as it exists to-day. If we permit wheat to move freely into our ordinary channels of trade, they will be blocked, coarse grains would not be allowed to move, because of a lack of space. Looking across the floor of the house, I venture to say that many of our eastern friends want to get those coarse grains. I would go so far as to say that the importation of corn will be greatly curtailed because of the foreign exchange control and the adverse exchange rate. For that reason there is going to be a considerable opening for the sale of coarse grains. Particularly because of the effect that sale would have on Manitoba, I would urge that steps be taken whereby storage facilities would not be permitted to be clogged with wheat to the point where coarse grains would be unable to move. We must sell our coarse grains; people in other parts of Canada require them. While our freight rates offer a vexing problem, and while it may not be just in keeping with the tenor of times to urge anything in that regard, yet I submit that sooner or later serious consideration should be given to the matter of making

adjustments in connection with the domestic rate on grain, and particularly feed grains, moving from one part of Canada to another.

This is all I desire to say except to make one closing remark. Many people have expressed fears about the increasing price of bread on account of the imposition of the processing tax. From deductions made for me, not by me, I understand that the processing tax will affect the ordinary pound loaf to the extent of about a quarter of a cent. Many changes will occur before this war is over and we are going to be affected all along the line. I do not think we shall be able to continue to maintain the same standard of living that we are enjoying to-day. When I heard the discussion with respect to this processing tax and its effect upon the cost of bread to the consumer, I could not help picturing what I have seen many times on the streets of this city. We see three or four rigs on the same street delivering wrapped bread to apartment houses. Surely that is a luxury service, and it is questionable whether it should be maintained in war time. This type of delivery of bread and other commodities must affect the cost to the householder.

When the bill gets into committee I shall probably have a word or two to say with respect to other matters. We have been fortunate in having been able to maintain the bill with the added improvements and concessions which have been made, and I trust that in its administration due regard will be had for the suggestions I have made in my few rambling remarks.

Mr. ROSS (Souris): I rise to a question of privilege. The hon. member for Macdonald (Mr. Weir) referred to a statement which I had made in connection with storage charges, and he then went on to point out that no one had ever advocated a reduction in freight rates. I would refer him to page 1951 of *Hansard* of July 25, where he will find that I suggested that there should be a reduction in freight rates. I know his remark was unintentional and I just wanted to make that correction.

Mr. H. A. MacKENZIE (Lambton-Kent): Mr. Speaker, until the last day or two, I had not intended speaking on this bill, but certain statements have been made and I feel compelled to make a few observations. Let me say at the start that I am disappointed at the progress we have made during this session. When parliament was called I was of opinion that it would be a war session and that we would devote most of our time and attention to the war effort, to those matters

[Mr. Weir.]

which would contribute toward the winning of this great struggle which is taking place in Europe. But we have talked too much. We have bickered over political matters; we have argued about what was said during the last election and what probably will be said during the next. If this is the great forum of the people; if freedom of speech is one of the bulwarks of democracy, then we have talked it to death in this house. If democracy is going to succeed, we shall have to change our tactics. Should I come to the house next session I intend to move that the franking privileges of members be discontinued. I believe that such a move would greatly curtail the length of the session, probably by as much as a month or six weeks. Most of the material sent out is political propaganda. There are plenty of pressmen in the gallery who hear what we say, and who are ready to tell it to the people if it is of any importance.

Mr. ROSS (Souris): Perhaps it is a controlled press.

Mr. MacKENZIE (Lambton-Kent): Not necessarily a controlled press. If a member wants to send out a message to the people, he can do so. It should not cost very much. If it is important enough to send out, it is important enough to warrant postage being paid on it.

Agriculture presents the greatest economic problem facing us to-day, although our economic problems are at present in a secondary place compared with the great problem of winning the war. The wheat board act has come in for a great deal of discussion. If I recollect correctly, it was passed around July 4, 1935, just prior to a general election. Hon. members can draw their own conclusions as to why that was done. That act provided for an initial price for wheat throughout the three prairie provinces. I ask hon. members to compare prices which prevailed in 1914, the year just prior to the last war, with those which prevailed in 1939, the year just prior to this war. Average commodity prices were higher in 1914 than they were in 1939, but the cost of labour and of manufactured articles which enter into the cost of production has increased by a quarter, a half, and in some instances it has doubled. We have an economic unbalance which must be rectified. Are we going to do that by lowering the standard of living or by attempting to bring commodity prices into line with the increased cost of production? This is something we shall have to work out.

The price of 70 cents a bushel which has been set is not satisfactory. Some hon.

members have advocated that it should be \$1, or even \$1.25, and I am quite in accord with that. I know that wheat cannot be produced profitably at 70 cents a bushel. I know Ontario better than I do the west, and I am quite sure wheat cannot be produced in that province as cheaply as it can be in the west. We have fertilizer costs to consider; our taxes are higher, and our cost of labour is greater. If we are going to achieve an economic balance; if we are going to be sound economically, we must restore the purchasing power of the agriculturists. I think it is realized by most people that the purchasing power of agriculture offers great possibilities, but this purchasing power has been reduced in recent years. Conditions in Ontario do not differ greatly from those in other provinces, and there are many farms that need home conveniences, new machinery, fencing and many other things. If the purchasing power of the farmer can be increased our economic problem will be solved.

If we cannot procure profitable markets for our primary products, then we shall have to work out a planned economy of some kind to take care of our cost of living. Since 1935 hon. members to my extreme left have been clamouring for more and more, particularly in connection with wheat. I think they take themselves too seriously. Farmers all over Canada are having a hard time. I know something about farming conditions in Ontario. I will not say whether I am a farmer or not, but I notice, according to the list of members of this parliament that only thirty-seven are listed as farmers. Some of them are dirt farmers; some may be hobby or gentlemen farmers, but there are only thirty-seven out of the 245.

In Ontario over fifty per cent of the farms are mortgaged for more than fifty per cent of their value. These mortgages total \$200,000,000, and their chattel mortgages amount to over \$20,000,000. Conditions on the farm are gradually getting worse and our farmers are finding it more difficult to carry on. When a man has taken care of his interest charges and his operating expenses, he finds he can barely get by. It is estimated that in Canada there are approximately 760,000 farmers, and an hon. member has told us that there are 290,000 in the west. That leaves approximately 470,000 in the rest of the country. These 470,000 farmers are living under the same tariff conditions from one end of Canada to the other. I have no brief for the manufacturers. They are well organized and can look after themselves, but when hon. gentlemen

talk about the west paying so much to eastern industrialists, I say that that affects farming conditions very little.

Let us look at this problem from a Canadian point of view if we can, and not simply from a provincial point of view. The world's markets for wheat have been slipping for some years. They were slipping prior to the war. Everybody knows that in 1938 we had great difficulty in selling our wheat because the markets were not there. France used to be a great importer of wheat, but she had come to be an exporter, and Italy's position was the same. One might have thought that these countries would have been buying wheat to store it, but they did not do that. They started out to grow their own foodstuffs, because years ago they could see this great struggle in Europe looming up, and so they tried to put themselves on a self-supporting basis. The result was that our market for wheat had gone before the war came. When the war is over and we get back to normal conditions, on a basis of barter and trade, perhaps we can get our markets back again. I do not know, but I think it is time that we should use every possible means to curtail and control the production of wheat.

In 1938 we produced 336,000,000 bushels of wheat and the price was set at 80 cents, Fort William. The agents of the government endeavoured to sell our wheat to the best advantage and sought markets all over the world. But they could not sell all that wheat. The consequence was that from \$50,000,000 to \$60,000,000 had to be taken out of the consolidated revenue fund to subsidize that 80 cent wheat, and, by the way, all of that wheat is not sold yet.

Along with that, in 1938 there was paid out to western Canada relief amounting to \$22,000,000. Wheat at 70 cents a bushel nets the farmer 50 cents. Ontario grows wheat too, from 20,000,000 to 22,000,000 bushels a year. It is a cash crop. They sold their wheat in 1938 at the market price, and this means that we are taking part of that Ontario wheat sold at the market price to subsidize the sale of western Canada wheat.

As to relief, anybody who needs relief should receive it, I do not care where they are; if they are trying to get along and cannot make a living, they should get relief. I am sorry to have to draw attention to this matter, but the hon. member for Bow River (Mr. Johnston) said that the people of the west did not want charity; that they did not want that kind of fish sent out to them. I can remember that back in 1936 I was organizing the countryside to get carloads of vegetables and foodstuffs of all kinds to send to western Canada. I thought they needed it, and I

Canadian Wheat Board

think in many instances they appreciated it, but evidently, to judge from what has been said in the house, they did not.

In 1939 western Canada grew a crop of 465,000,000 bushels of wheat. A price of 70 cents a bushel, Fort William, was set, which nets the farmer 50 cents. We paid out under the Prairie Farm Assistance Act, \$10,000,000; for rehabilitation, \$3,500,000; and for material aid and assistance, \$8,500,000, or a total of \$22,000,000.

The hon. member for Mackenzie (Mr. Nicholson) the other night asked, What are the western members to do; they cannot go home and explain the conditions to their people? But I think, if they went home and told the people of the west what the world situation was in regard to wheat and the problem which Canada has in disposing of this wheat, and if they tried to get a little more unity in Canada, we should be able to make much further progress with our war effort.

I oppose the removal of the 5,000 bushel limit. I think it should be 2,000 bushels. If there are 290,000 farmers growing wheat in western Canada, and each one grows 2,000 bushels, this will mean a crop of 580,000,000 bushels. Probably some of them are small farmers who are not growing wheat. There will be truck farmers, for instance, around Winnipeg and other cities who are listed as farmers but who will not be growing wheat. Nevertheless the bulk of those 290,000 farmers are growing wheat. Yet in spite of all the wheat we grew last year, and in spite of the present surplus, we have seeded to wheat in Canada this year an extra acreage of approximately 1,500,000 acres.

From my point of view the government of Canada has been very fair, even liberal, to our western friends both in the handling of their wheat and in coming to their assistance, and I cannot for the life of me see how the west has much to complain about. Some of them are asking that we bonus them to grow wheat. The government policy apparently is to bonus them to grow wheat and also bonus them not to grow it. If western Canada can grow 460,000,000 bushels of wheat in a year, surely it can grow something else. Surely it can grow vegetables and raise cattle. Surely it is not necessary for western members to come back here year after year and say: If we cannot get support for our wheat, our people will have to go on relief. It is hard for me to understand how they can so insistently, consistently, and persistently, day after day, ask the government for more and more assistance when they cannot help knowing that farming conditions elsewhere are fully as bad. I know the wheat problem is hard to

[Mr. H. A. MacKenzie.]

handle, but the government cannot be expected to guarantee everything with respect to the growing of wheat. The western farmers want their crops guaranteed against frost, hail, rust and drought. One hon. member wanted all those things guaranteed.

But what is the picture to-day?

On July 17, according to the report of the board, we had a carryover of wheat amounting to around 282,000,000 bushels. We have a crop estimated—I know that estimates may vary—to produce another 400,000,000 bushels. That is, we have a prospective holding of 682,000,000 bushels of wheat. If we subtract from that 100,000,000 bushels for domestic use, we have 582,000,000 bushels for export. Where are we going to market it? Great Britain for all purposes does not import more than about 200,000,000 bushels a year. This is a Canadian problem and we should look at it as Canadians. I say: Grow wheat, yes, but curtail and control the production of wheat until we have more evidence as to prospective markets than we have to-day.

The leader of the opposition (Mr. Hanson) said that after war there is famine; after famine, pestilence, and after that what? I do not know. But I know that before the war, Europe, with the exception of Great Britain, was almost on a self-supporting basis as far as wheat is concerned. Europe may become self-supporting again after the war, with regard to wheat; I do not know. But I do say that the western farmers cannot go on continuing to pile up surpluses of wheat at the expense of the dominion.

In conclusion, I assure the house that I want to be fair, and I think we should look at this question as Canadians who are concerned with a Canadian problem. I should like some of my hon. friends who consistently ask for more and more because their people are not prosperous, to take a trip to Halifax and see some of our farmers in the maritime provinces. Or I could take them to farmers in Ontario who are eking out a bare existence, but nevertheless are paying their taxes and keeping off relief. Are you going to ask such men as these, who compose many of our eastern farmers, to contribute to a wheat bonusing proposition in the west? I do not think it is fair.

I believe that the western farmer has been treated fairly in respect of the wheat situation. I hope he will be able to get more for his product. But I contend that agriculture must be helped as a whole; you cannot isolate one part of the country from another. Our hon.

friends to the extreme left are not doing justice to their great province by continually talking about the numbers of their people who are starving on relief.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I should like to make a few remarks before we go into committee. I shall detain the house for only a very few minutes. I think it is fitting at this time that I should say something to the house about the representations which have been made to me as Minister of Trade and Commerce in connection with this wheat problem, and something also about the reception which my statement on the resolution preceding the introduction of the bill has had in western Canada.

About two weeks ago there was held, in the city of Edmonton, a convention of the Western Union of Municipalities. This is an organization covering the three western provinces. Delegates from all over those provinces met there and naturally discussed this, to them, most important matter of wheat. On July 16 they telegraphed me as follows:

Western Union of Municipalities representing municipalities of three prairie provinces meeting in Edmonton to-day are greatly concerned with urgent problems relating to handling 1940 crop feeling that unless adequate measures taken immediately great hardships will result to farmers and stability of western economy will be undermined. We recommend that Canadian Wheat Board Act be maintained for handling entire 1940 crop with initial payment not less than seventy cents per bushel Fort William. That to encourage farm storage wheat board should arrange to pay farmer for farm storage on reasonable basis comparable to storage paid by board to elevator companies. That we favour principle of quota system of delivery to ensure equality of treatment to all growers.

Those three matters have been pretty well covered in the bill which is at present before the house. They go on to say:

That where necessary advances be made to farmer on security of grain stored on farm preferably through grain trade financed by Canadian wheat board.

They there touch what in my opinion is one of the most important problems facing us in connection with the wheat industry of western Canada. I did not intimate that this matter was being dealt with in amendments to the wheat board act, but I did state that it was prominently before the government. There are men in the city who came from western Canada to meet the government in an endeavour to reach finality in devising a proper method of dealing with this matter. The question of advancing money to the farmer on the security of grain in his own granary is a difficult one. It has been tried

before, but there are human and other aspects of the matter which make the handling of it difficult.

Following the telegram which I have read from the Western Union of Municipalities, the officers of that organization—Mr. Paul Farnalls, representing Alberta; Mr. James G. Knox, representing Saskatchewan, and the hon. member for Souris (Mr. Ross), representing Manitoba—submitted to me resolutions along the same line as I have just read.

In addition to that, representatives of the three western pools, Alberta being represented by Mr. Hutchinson; Manitoba, by Mr. Bredt, and Saskatchewan, by Mr. Sproule, the vice-president, in place of Mr. Wesson, who was unable to attend, and also Mr. W. A. MacLeod, the public relations officer of the wheat pools, met me and asked, referring to this one point, that a price of at least 70 cents be paid. The three pools have been referred to frequently in this debate. According to my understanding, they represent a large body of farmers in the three prairie provinces. These men did not state that they were satisfied with the price of 70 cents. They did ask, though, that a minimum of 70 cents be paid, intimating to me that although they would have liked to see a much larger price, they were satisfied at this time, being actuated by a sense of fairness and feelings of patriotism, that probably 70 cents a bushel was all that this parliament could and should provide.

A word as to the reception of the announcement of the policy. I have before me a clipping from the *Winnipeg Free Press* of July 26. I will quote briefly from a long editorial laudatory of the government in its handling of the wheat question:

The three prairie cabinet ministers, Mr. Crerar, Mr. Gardiner and Mr. MacKinnon, all of them engrossed in the direct problems of the war, deserve congratulation for the part they have played in the cabinet's decision.

The 70 cent price is to be retained. This means the rejection of the demand made in some quarters for a much higher price. The farmers would of course welcome a higher price. They do not consider 70 cents the ideal price for their product, nor indeed does anyone else. But the sensible farmers—and these are in the great majority—have a sense of realism which is lacking among their more irresponsible leaders. The majority believe that, having regard to all the present circumstances and the vast strain of war upon the federal treasury, the maintenance of the 70-cent price is about all that could have been expected; and their common sense belief in this connection is reinforced by their knowledge that the government is going to pay that price on millions and millions of bushels of wheat which are not going to be sold.

To go further west, in Saskatchewan, the *Regina Leader-Post*, under the heading, "The Wheat Price at 70 Cents," states in part:

Considering all the factors that enter into the wheat situation at the present time, one could hardly expect that the government would set, this year, a higher price than it did last year—namely 70 cents a bushel, Fort William basis.

At Saskatoon, in the north central part of Saskatchewan, the daily newspaper, in its issue of July 26, states, under the heading, "Government's Wheat Policy":

Taking everything into consideration, the Canadian people generally will probably agree that the government's wheat policy as announced by Hon. J. A. MacKinnon, Minister of Trade and Commerce, is fair and reasonable.

The guaranteed base price for wheat for No. 1 northern at the head of the lakes is to remain at 70 cents.

Mr. DOUGLAS (Weyburn): Which paper is that?

Mr. MacKINNON (Edmonton West): That is the Saskatoon *Star-Phoenix* of July 26.

Mr. DOUGLAS (Weyburn): All those papers are owned by the Sifton interests.

Mr. MacKINNON (Edmonton West): I do not know about that, but they do represent a very large body of public opinion in western Canada and I am quite satisfied that I am right in making the statement that they do their own thinking for themselves.

Mr. QUELCH: Could the minister quote statements issued by the executive of the United Farmers of Canada or the United Farmers of Alberta.

Mr. MacKINNON (Edmonton West): Frankly, I have not with me at the moment the material to which the hon. gentleman refers.

I have not at the moment a clipping from the *Winnipeg Tribune*, but I have read elsewhere the same sort of commendatory editorial as in the other *Winnipeg* newspaper from which I quoted.

The *Calgary Herald*, under the heading, "Aid to Wheat Farmers", has an article of commendation from which I quote:

On the whole, western Canada should be reasonably satisfied with the federal government's wheat plan.

The *Calgary Albertan*, under the heading, "Good News for the West", says:

Hon. J. A. MacKinnon, Minister of Trade and Commerce, had real good news for all in the west when he spoke in the House of Commons, Wednesday. Mr. MacKinnon made three important announcements.

[Mr. J. A. MacKinnon.]

1. The initial payment of 70 cents a bushel for No. 1 northern wheat basis Fort William, will be continued for the crop year commencing August 1.

And so on.

The *Edmonton Journal* states:

Edmonton grain dealers and district farmers Thursday generally expressed approval of the dominion government's decision to continue the guaranteed basic 70 cent wheat price, the *Winnipeg* grain exchange operation and present pegged prices.

I have had a large number of letters also. This afternoon I picked some out and I could read communications from individual farmers, but I am not trying to build up a case to prove that the people of western Canada accept the 70 cents as enough. Seventy cents is not a large payment, but I do say that under present conditions, and to the great and everlasting credit of the people of western Canada, as an evidence of their fairness and patriotism, the amendments to the grain act have been and are being favourably received as far as I can ascertain.

Some weeks ago the hon. member for Qu'Appelle (Mr. Perley) questioned the attitude of the cereals import committee of the British government towards the question of closing or leaving open the *Winnipeg* grain exchange. I wish to quote from a telegram from London addressed to the chairman of the wheat board, Mr. George McIvor. It reads:

Please transmit to government following message dated twenty-third July from cereal imports branch ministry food: "This branch of the ministry food is desirous that the *Winnipeg* futures market be kept open to enable the free movement of grain through normal trades channels. It feels it is only by this method this country can secure shipment of the maximum quantity of Canadian grain and under present conditions hesitates to experiment with the delicate trade mechanism. Signed on behalf of the committee. A. Hooker, deputy director cereal imports."

Mr. PERLEY: I have here a paper announcing the sale of 100 million bushels of wheat.

Mr. MacKINNON (Edmonton West): Let me finish my speech, please.

Mr. PERLEY: But the minister is criticizing the statement I made.

Mr. MacKINNON (Edmonton West): That telegram speaks for itself. On my way into the chamber before three o'clock I was handed an announcement which I should like to have given to the house earlier, but I could not have made it before now or I should have closed the debate. It appears in part in the evening press, but in part it is not reported. I wish to announce that the Canadian wheat

board have sold a further 100 million bushels of wheat to the cereals import committee of the United Kingdom Ministry of Food at a price considerably above the present market. This sale is the result of negotiations which have been conducted between the Canadian wheat board and the cereals import committee over the last few weeks. This is the largest individual sale in the history of wheat marketing, as far as I am aware.

Mr. GREEN: Is the minister in a position to give the price and delivery dates?

Mr. MacKINNON (Edmonton West): It is not in the public interest to give the price.

Mr. COLDWELL: That was a direct sale, not through the grain exchange.

Mr. MacKINNON (Edmonton West): Direct, certainly.

May I point out that one of the matters we had prominently in our minds in deciding to levy a processing tax on wheat manufactured into flour in Canada was the fact that we are charging the mother country more for wheat than we are charging our own people here, and we thought that by the imposition of a processing tax on grain converted into flour in Canada the price would be enhanced to the purchaser in Canada commensurately with the price paid us by Great Britain.

Something has been said about a gift of wheat to Great Britain. There has been some suggestion that Canada should give a large quantity of wheat to Great Britain. I would point out that since this wheat must be actually purchased by the government, it makes little difference whether we give wheat, munitions, planes or anything else. Great Britain is not actually in need of foodstuffs. There is still from 60 to 70 millions of bushels of British wheat still in Canada and reserve supplies in England. Such a gift would, to my mind, be just a gesture, and it must not be forgotten that Great Britain is our one big market for wheat that is left to us. There is no question that whatever Great Britain needs, Canada will be prepared to provide. We are in this fight together, and there has been and will be of course the most liberal attitude in our dealings with Great Britain.

One other matter and I am through. Some time ago the hon. member for Qu'Appelle stated in this house that the wheat board during the time of my predecessor had requested the closing of the Winnipeg grain exchange. That statement was denied at the time and I was going to pass it over; but since then the hon. gentleman and others have referred to this matter on several occasions, so

I think it only fair to place on *Hansard* a letter that I received from my predecessor under date of July 11, marked "personal but not confidential."

Mr. MacNICOL: What is the difference?

Mr. MacKINNON (Edmonton West): I made sure of the difference; the difference is that I can use it. It is as follows:

Dear Mr. MacKinnon,—

My attention has just been drawn to several statements by Mr. Perley in the House of Commons on June 27, as reported in *Hansard* on page 1275. Mr. Perley said:—

"I understand a definite proposal was made, when Mr. Rank was appointed sole purchaser of wheat and other food cereals for the United Kingdom and France, that if the government would close the Winnipeg grain exchange the allies would consent to a fair price. I make that statement on good authority. . . . My authority is that a note was sent to me in this chamber by the then Minister of Trade and Commerce, Mr. Euler, inviting me to go to his office; I was with him there an hour, and he told me the story, and informed me that his colleagues in the cabinet would not allow him to do what he was asked to do."

That interview was given as a matter of courtesy on Mr. Perley's request. He received no confidential information from me, and his suggestion that I disagreed with my colleagues in the cabinet is quite incorrect. He said further:—

"I asked him about the price. I suggested what it might be. He said he could not tell me that. I offered a guess. He, naturally, would not tell me. But he did tell me it was practically agreed that the grain exchange would remain open until the price of wheat reached about a dollar and a quarter."

This statement discloses a defective memory, or is the product of a vivid imagination. It has not even the remotest relationship to fact. I need not comment on the propriety of retailing on the floor of the commons the alleged purport of the private conversation, and in a place where I could not reply.

W. D. Euler.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Vien in the chair.

On section 1—"Wheat" defined.

Mr. SENN: Under this section Ontario winter wheat is brought within this act. I think it would shorten the discussion if the minister would give the committee some details as to how Ontario winter wheat is to be handled. After the close of last session an announcement was made by the government that Ontario winter wheat was to be brought under this act and that the price was to be pegged at 70 cents, f.o.b. Montreal.

There are a number of questions arising out of the government's action at that time, as well as their action this year along the same line. First, would the minister state

clearly and briefly—I am not asking for any lengthy discussion—whether the proceeds from the sale of Ontario winter wheat by the board are to be kept separate and apart from the proceeds from the sale of western wheat? I should like to know also whether any surplus that might arise through the sale of this wheat will be paid back to the Ontario farmer on the basis of the proceeds from the sale of Ontario wheat alone, or whether it will be pooled with the proceeds from the sale of the western wheat. While I am on my feet I should like to know whether the proceeds of the processing tax collected on Ontario wheat will be kept separate from the proceeds of the processing tax on western wheat, so that Ontario farmers will reap the advantage, or whether it will be all pooled. If the minister would give us this information, I think it would clarify the whole matter as far as Ontario wheat is concerned.

Mr. MacKINNON (Edmonton West): Obviously I cannot answer this question now.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

PETER LOGUSH

The house in committee on Bill No. 76, for the relief of Peter Logush—Mr. Factor—Mr. Vien in the chair.

On section 1—Marriage dissolved.

Mr. COLDWELL: I take it, Mr. Chairman, that these are all divorce bills. It seems to me that this procedure is nothing more than a farce.

Mr. MacNICOL: That has been said a dozen times.

Mr. COLDWELL: In my opinion, the sooner proper judicial procedure can be set up to deal with this matter, the better. It is placing upon members of parliament responsibility which I do not think we should be called upon to take. We know nothing about these bills; we have not even read them. I want to make a protest, and I suggest that the time has come when there ought to be courts in all our provinces to deal with these matters.

The CHAIRMAN: The question whether or not the rules of parliament should be amended is another matter, and one which,

[Mr. Senn.]

I suggest, cannot be considered at this time. In due course a measure might properly be presented to change the procedure which has been followed. But so long as the rules governing private bills are what they are, I am bound to follow the procedure we are now following.

Mr. COLDWELL: May we have the sections read, so that we may understand what we are doing?

The CHAIRMAN: That will be done, if the hon. member desires it. I would point out, however, that all these bills are just as unpalatable to me as to any hon. member in the committee. I am absolutely opposed to divorce bills.

Mr. MACKENZIE (Vancouver Centre): They are all the same.

The CHAIRMAN: In this instance I am only doing my duty and enforcing the rules. All these bills are going to be passed on division. These bills have been unopposed in committee. Each of them contains two sections, the first under the heading, "marriage dissolved"; the second, "right to marry again". Then in each bill is the usual preamble, and the title.

I suggest, therefore, that if we did not follow the usual procedure we would simply be wasting our time, until such time as, in its wisdom, the house deems it advisable to change the rules. I am not carrying out these duties as a farce; it is not a farce, so long as our rules are what they are. The only practical procedure is to deal with these bills in the regular fashion, avoiding the loss of time of the committee.

Mr. COLDWELL: At the next session of parliament I propose to discuss every bill. I do not intend to do that to-night, because I do not wish to delay proceedings. But some protest must be made against this method of granting divorces. I am not opposed to all divorce, as is the chairman; but I feel that this procedure is a farce, and is a blot on our whole institution of parliament.

The CHAIRMAN: I would point out to the hon. member that there is a committee on miscellaneous private bills, the duty of which is to go into all these particulars. When a bill is reported from that committee, it is considered in committee of the whole. All these bills have already been properly dealt with by the committee on miscellaneous private bills.

Mr. MACDONALD (Brantford City): Mr. Chairman, it should be pointed out to the committee that not only has each bill been considered by the private bills committee of

the House of Commons, but each bill originated in the senate, where the applicant made his or her petition for divorce. The bill, while there, was referred to a committee of the senate. Evidence was heard by that committee. I have attended divorce committees, and it is my opinion that it is a competent one. The hearing of evidence is conducted in a judicial manner. Each applicant has to prove his or her case, just as much as he or she would have to prove it in a court of law. The respondent is duly notified, and may appear before that committee either in person alone, or in person with counsel. Further, the respondent may give evidence.

I believe these facts should be pointed out, because the impression might go abroad that these bills, when placed before the committee of the House of Commons, are just rushed through, without consideration.

Mr. DOUGLAS (Weyburn): That is exactly what happens.

Mr. MACDONALD (Brantford City): That is not so. These bills have received very, very careful consideration.

Mr. COLDWELL: No, no.

Mr. MARTIN: Not by this house.

Mr. MacNICOL: But they have by the other house.

Mr. MACDONALD (Brantford City): An hon. member has said that they have not been considered by this house. I would say to him that they have been considered by this house, through the private bills committee which was set up by the house. Also I would remind hon. members that the evidence presented before the senate committee has been printed and has been given to each member. Each member has had an opportunity of considering that evidence.

Mr. COLDWELL: Nobody reads it.

Mr. DOUGLAS (Weyburn): They go right to the waste-paper basket.

Mr. MACDONALD (Brantford City): If my hon. friend throws them into the waste-paper basket, that is his responsibility, and it shows that he is not particularly interested in these bills.

My point is that these divorce bills have received careful consideration. The procedure is not just a matter of form, and they do not come before the committee of the whole without previous consideration.

The CHAIRMAN: I have given wide latitude in the discussion of that point. I must

point out, however, that we have nothing before the chair, except these individual bills. I would remind hon. members that we are in committee of the whole, and that subsection 2 of standing order 58, to which I have referred on several occasions this session, governs.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

GOLDIE WOLFE GOLDBERG

The house in committee on Bill No. 77, for the relief of Goldie Wolfe Goldberg—Mr. Factor—Mr. Vien in the chair.

On section 1—Marriage dissolved.

The CHAIRMAN: Shall section 1 carry?

Mr. DOUGLAS (Weyburn): No.

Section agreed to.

On section 2—Right to marry again.

Shall section 2 carry?

Mr. COLDWELL: On division.

Section agreed to.

Bill reported, read the third time and passed, on division.

ETHEL WITKOV MYERS

The house in committee on Bill No. 78, for the relief of Ethel Witkov Myers—Mr. Bercovitch—Mr. Vien in the chair.

On section 1—Marriage dissolved.

Mr. CHAMBERS: May I point out briefly that the private bills committee appointed three of its members to sit with the senate divorce committee which considered the divorce bills. Of the three members so named I had the pleasure—doubtful as it may have been—to be one. May I assure the committee that on every possible occasion I attended before the senate committee. The senators—

Some hon. MEMBERS: Order.

Mr. CHAMBERS: —were most courteous in their reception of us, and we had an opportunity of cross-examining witnesses, if we so desired. As a result, I would say that these bills have been carefully watched, not only in the committee of the senate, but in the private bills committee of this house.

Mr. DOUGLAS (Weyburn): May I point out—

Divorce Bills

Mr. LACROIX (Quebec-Montmorency) (Translation): Mr. Chairman, I wish to register a strong protest against the words just uttered by the hon. member for Rosetown-Biggar (Mr. Coldwell) . . .

The CHAIRMAN: Order. I must remind hon. members that this discussion is out of order.

Mr. MacNICOL: Absolutely.

Mr. DOUGLAS (Weyburn): Two members have been allowed to speak.

Some hon. MEMBERS: Order.

Mr. DOUGLAS (Weyburn): They presented the one side of the case, but when anyone attempts to give the other side, he is called to order.

The CHAIRMAN: Four members have spoken already, but they were out of order. Considerable latitude has been given, but I think we should get back to the regular discussion.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 79, for the relief of Tilly Fishman Constantine.—Mr. Factor.

Bill No. 80, for the relief of Rachel Ruth Levenstein Schwartz.—Mr. Bercovitch.

Bill No. 81, for the relief of Eleanor Mabel Campbell Townsend.—Mr. Abbott.

Bill No. 82, for the relief of Isabel Margaret Gill Bacon.—Mr. McIlraith.

Bill No. 83, for the relief of Michele Fiorilli.—Mr. Factor.

Bill No. 84, for the relief of Gertie Schwartz Simak.—Mr. Bercovitch.

Bill No. 85, for the relief of Geneva Clementine Hurley Picard.—Mr. Macdonald (Brantford City).

Bill No. 86, for the relief of René Gaudry.—Mr. Hazen.

Bill No. 87, for the relief of Fanny Costom Copelovitch.—Mr. Hazen.

Bill No. 88, for the relief of William Gerald Dickie.—Mr. Bercovitch.

Bill No. 91, for the relief of Agnes Dorothy Smith Bruneau.—Mr. Hazen.

Bill No. 92, for the relief of John Eric Pitt.—Mr. Factor.

Bill No. 93, for the relief of Dennis Calvert Kerby.—Mr. McIlraith.

[Mr. T. C. Douglas.]

Bill No. 94, for the relief of Camille Perks.—Mr. Bercovitch.

Bill No. 95, for the relief of Maria Cecilia Patricia Gatién Rowell.—Mr. Tomlinson.

Bill No. 96, for the relief of Lemuel Athelton Lewis.—Mr. Homuth.

Bill No. 97, for the relief of Joseph Philius Hector Sauvageau.—Mr. Hill.

Bill No. 105, for the relief of John Bernard Hughes.—Mr. Bercovitch.

Bill No. 106, for the relief of Annie Block Smilovitch.—Mr. Bercovitch.

Bill No. 107, for the relief of Charles-Auguste Armand Lionel Beaupré.—Mr. Abbott.

Bill No. 108, for the relief of Albert Lennox Brown.—Mr. Bercovitch.

Bill No. 109, for the relief of Talitha Emily Findlay.—Mr. Graydon.

Bill No. 110, for the relief of Joseph Armand Odilon Boucher.—Mr. Factor.

Bill No. 111, for the relief of Doris Bertha Schwartz.—Mr. Cleaver.

Bill No. 115, for the relief of Lilia Augusta Shepherd Harris.—Mr. Bercovitch.

Bill No. 116, for the relief of Forest Wentworth Hughes.—Mr. Factor.

Bill No. 117, for the relief of Margaret Florence Stewart Corley.—Mr. Casselman (Grenville-Dundas).

Bill No. 119, for the relief of Moora Lipsin Sagermacher, otherwise known as Mary Lipsin Sager.—Mr. Bercovitch.

Bill No. 121, for the relief of Robert Tester Gordon.—Mr. Hazen.

Third readings agreed to on division.

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS MARKETS, EXISTING STOCKS AND HANDLING OF 1940 CROP—INITIAL PAYMENT OF 70 CENTS

The house resumed consideration in committee of Bill No. 118, to amend the Canadian Wheat Board Act, 1935—Mr. MacKinnon (Edmonton West)—Mr. Vien in the chair.

On section 1—"Wheat" defined.

Mr. PERLEY: Mr. Chairman, at this stage perhaps I might be permitted to reply to a statement made by the Minister of Trade and Commerce (Mr. MacKinnon) this afternoon. He referred to the fact that conferences had been held with certain western men and that there had been meetings with the pool and with representatives of rural municipalities in the three prairie provinces, and then he read a number of press clippings to which I shall not refer because it was more or less political propaganda. He concluded by saying—

The CHAIRMAN: Order. We have had something like fifteen hours of discussion on the bill. Standing order 58, section 2, directs that the committee must confine itself strictly to each clause of the bill as it comes under consideration and that each section of the bill shall be considered separately. The hon. member could make his general statement on the third reading, but I do not think it would be in order for him to make it in committee when we are considering the bill clause by clause.

Mr. PERLEY: My only object, Mr. Chairman, in making the statement now was so that it would follow the statement of the minister. His statement was more or less of an attack on me which, I think, was quite uncalled for, particularly when he read from a letter which he has carried round with him since the 11th of July.

The CHAIRMAN: The hon. member's statement might be the substance of a question of privilege, but a question of privilege cannot be raised in committee. Furthermore, we are considering the bill clause by clause, and I repeat, the hon. gentleman will have an opportunity to make his statement on the third reading. If we depart from the rule, where shall we land?

Mr. MacKINNON (Edmonton West): Just before six o'clock the hon. member for Haldimand (Mr. Senn) asked a question regarding the processing levy on Ontario wheat. The processing levy that is collected on Ontario wheat will be placed in a special account, and in the event of the wheat being sold at such a price as to permit payment of participation certificates, I am of opinion that these amounts will be added to such payments.

Mr. SENN: I also asked the minister what disposition would be made of the proceeds from the sale of Ontario winter wheat by the board. Will the proceeds be kept in a separate fund or go into the general fund for western wheat and Ontario wheat alike; or will the farmers of Ontario enjoy the benefit of whatever surplus comes from the sale of Ontario wheat?

Mr. MacKINNON (Edmonton West): The same procedure will be followed as was followed last year. An entirely separate account will be kept for Ontario wheat.

Mr. MacGARRY: There has been a good deal of discussion yesterday and to-day regarding the marketing of wheat. What is the intention of the government and the wheat board regarding final payment on the 1939 crop?

Mr. MacKINNON (Edmonton West): The accounts in connection with handling Ontario wheat are now being audited and a small payment will be made in a very short time.

Mr. SENN: Will that be the final payment?

Mr. MacKINNON (Edmonton West): Yes.

Mr. FAIR: When will the growers of spring wheat have a payment made to them?

The CHAIRMAN: Order. I must again call the attention of the committee to the fact that these questions do not arise on clause 1. I am entirely in the hands of the committee. If the committee desires to suspend the rules by unanimous consent—

Some hon. MEMBERS: No.

The CHAIRMAN: If not, I am bound to apply the rule. We are on clause 1 defining wheat.

Mr. HANSELL: I would ask the minister a question concerning the addition of the word "Ontario". I have nothing against including Ontario in this clause. I would point out, Mr. Chairman, that while there has been much discussion of the general principle of the bill, it must be recognized that the only opportunity we have to ask questions is when the bill is in committee. I should like to know definitely from the minister whether there will be any difference between the price paid for wheat to the Ontario farmer and the price paid to the western farmer. The Ontario farmer naturally desires all he can get, just as the western farmer desires all he can get, and they should be treated alike; there should be no discrimination. I might point out, however, that the eastern farmer produces a considerable amount of soft wheat, while most of the hard wheat comes from the west. Would the minister state definitely whether the price which the Ontario farmer will receive at his local elevator will be the same as that which the western farmer will receive?

The CHAIRMAN: In my opinion that question might arise under clause 3, which deals with payments to producers, but it does not arise under the definition of the word "wheat".

Mr. HANSELL: I was asking a question, Mr. Chairman, about the word "Ontario" because Ontario is being included in this clause.

The CHAIRMAN: If it were a question of what the word "Ontario" means, it would be in order, but a question as to how much is going to be paid is out of order on a clause defining "wheat".

Mr. HANSELL: I will accept your ruling, Mr. Chairman, and ask my question under clause 3. I think we all know what "Ontario" means.

Section agreed to.

On section 2—Advisory committee.

Mr. DOUGLAS (Weyburn): Might we have a statement from the minister on this section explaining, first of all, why the word "advise" is being changed to "assist". I think the word "assist" is much weaker. Second, why is the phrase deleted which compelled the committee to meet once a month? Is it now the purpose to call a meeting of the board only once in a long while? Again, the committee which previously had to meet with the board is now to report to the board. Does that mean that the committee will not meet with the board? Perhaps the minister would explain why these changes are being made in a section that was quite satisfactory as it stood.

Mr. MacKINNON (Edmonton West): Under the conditions that exist to-day in regard to wheat, the advisory committee to be appointed will really have to assist. The word "assist" is used purposely.

Mr. DOUGLAS (Weyburn): Does the minister mean "assist in administration"?

Mr. MacKINNON (Edmonton West): Yes.

Mr. MacNICOL: Will the members of the advisory committee be paid?

Mr. MacKINNON (Edmonton West): No; they will receive a per diem and travelling allowance.

Mr. MacNICOL: How much is that going to be?

Mr. MacKINNON (Edmonton West): I do not know. I imagine it is a matter of regulation. I am informed it is covered in the bill.

I want to finish answering the questions asked by the hon. member for Weyburn. With regard to meetings of the committee, we enlarged the scope of the section by using this phraseology to permit of the calling together of the advisory board frequently, more frequently than was anticipated in the other legislation, and as required.

Mr. HANSON (York-Sunbury): How often have they been meeting?

Mr. DOUGLAS (Weyburn): The other question was as to their reporting to the board.

Mr. MacKINNON (Edmonton West): They will meet with the board and will report to [The Chairman.]

the board. The purpose is to guarantee that the board shall have before them at all times the report of the advisory committee.

Mr. PERLEY: Will they replace the wheat advisory committee of the cabinet?

Mr. MacKINNON (Edmonton West): No.

Mr. PERLEY: The advisory committee of the cabinet will still continue?

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: How often has the wheat board met with the wheat committee of the cabinet?

Mr. MacKINNON (Edmonton West): I have been in the department for only a comparatively short time. They have met frequently in the last month or two.

Mr. HANSON (York-Sunbury): That is an irregular term. How often have they met? What is the usual practice? The minister should tell us that.

Mr. MacKINNON (Edmonton West): I want to be fair.

Mr. HANSON (York-Sunbury): And I do, too.

Mr. MacKINNON (Edmonton West): I am not so sure, Mr. Chairman. I say "frequently", and "frequently" means just exactly what the word signifies; that is, I would say, a dozen times.

Mr. HANSON (York-Sunbury): That is good. In three months?

Mr. MacKINNON (Edmonton West): In less than three months.

Mr. HANSON (York-Sunbury): May I suggest that, in order to carry out the suggestion of the hon. member for Weyburn, the minister amend this section 2, which amends second 6 of the act, to read:

The governor in council may appoint during pleasure an advisory committee to assist and advise the board.

Let us get a little strength into it. Otherwise it is purely permissive.

Mr. MacKINNON (Edmonton West): It seems to me that the advisory committee's duty as indicated is clearly to advise and assist. As a matter of fact, I think the word "assist" makes it very much stronger than would the word "advise" alone.

Mr. HANSON (York-Sunbury): The words have entirely different meanings. "To assist" the board is to help the board carry out its functions. "To advise" the board is an entirely different function. Last year it was "to advise" the board. This year it has been

lowered a stage; it is "to assist" the board. The committee are not to have any advisory functions. If language means anything, they cannot be an advisory committee unless they have the power to do something; otherwise it is only a name.

Mr. FAIR: I wonder if the minister could tell us why the original board was abolished, and, at the same time, why the number of members of the committee is increased to eleven from the original seven.

Mr. MacKINNON (Edmonton West): Owing to the peculiar circumstances in connection with the marketing of grain, and with a practically closed exchange, it was the opinion of the wheat committee of the cabinet that this year there should be an advisory committee consisting not only of producers but of representatives from various organizations, shipping companies, and exporters, in connection with the grain trade. It was thought advisable that they should be represented on this committee.

Mr. FAIR: May we be informed, then, in what way or from what source it is intended to select these six producers' representatives?

Mr. MacKINNON (Edmonton West): Possibly the hon. member for Battle River should not expect an answer to that question at this time, but I am quite ready to say that organizations handling wheat for the farmers of western Canada as agents for the producers will be represented. If the hon. member is referring purely to the producers, I think that is as far as I can go.

Mr. DOUGLAS (Weyburn): Will organizations such as the United Farmers of Alberta and the United Farmers of Canada be represented?

Mr. MacKINNON (Edmonton West): I think they will.

Mr. FAIR: I raised this question because it is of great importance to the producer whether the persons selected are to be representatives of organized agriculture, or are some farmers, perhaps supporters of the government, who have not been able to run their own business but who can be told what they are to do. We do not want that kind of representative on the board. I should like to see representatives of organized agriculture on this board, and have the different organizations nominate or select their representatives.

Mr. MacKINNON (Edmonton West): The greatest care will be taken to select in the fairest way possible the members of this advisory committee.

Mr. DOUGLAS (Weyburn): Would it be possible to ask some of the organizations that are really representative of large bodies of farmers or wheat producers to select the producers' representatives? The minister says that they will be selected with the greatest fairness possible. I am sure that is the minister's intention, but what one person might consider fair another person might not. The really fair way to have producers' representation is to allow some of the producers' bodies to select one or two persons to sit on that committee. I have in mind, for instance, the wheat pool. The three wheat pool organizations represent between 160,000 and 170,000 wheat growers in western Canada. The Saskatchewan pool represents 105,000. The wheat pool organizations should be requested to select somebody; there should not be somebody selected by the government from among their number. Just as labour is to be invited, according to the Prime Minister's announcement the other day, to suggest someone to sit on the advisory committee which is being set up in another connection, organized agriculture should be free to nominate representatives upon this advisory committee.

Mr. MARTIN: And the producers from Ontario or eastern Canada?

Mr. DOUGLAS (Weyburn): Surely. I am talking now about the west because primarily we are interested in that section of the country.

Mr. MacKINNON (Edmonton West): What the hon. gentleman has suggested, I have already done. I have already asked various farmers' organizations; I have spoken to a number of Ontario producers, and I have suggested that they present names from whom members can be appointed.

Mr. DOUGLAS (Weyburn): And from farmers in the west?

Mr. MacKINNON (Edmonton West): From western farmers' organizations.

Mr. ADAMSON: May I ask what the minister meant by the words "a practically closed exchange"?

Mr. MacKINNON (Edmonton West): With the condition of the market and with the government wheat policy, all wheat is handled by the government and there is none for the Winnipeg grain exchange to deal with. It has not handled any for weeks. I see no reason why we should close the Winnipeg grain exchange. I think it should take care of itself.

Mr. HANSON (York-Sunbury): Would the minister be good enough to give me the reason to which he referred the other day, the

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reason which actuated the British cereals import committee to ask that the exchange be kept open? That is what the government was hanging its hat on as the reason for its decision, and I should like to know more about it.

Mr. MacKINNON (Edmonton West): I read into *Hansard* this afternoon the actual telegram.

Mr. HANSON (York-Sunbury): I beg pardon; I may have been out. If it has already been given, I shall not ask that the information be repeated.

Mr. PERLEY: This clause reads:

The governor in council may appoint during pleasure . . .

Would the minister interpret the word "may"? Does the government intend to appoint the committee right away, so that they will be available to advise upon the handling of the 1940 crop? Also, with reference to the closing of the exchange, the minister will recall that at a meeting of grain exchange members a little while ago they asked the government to provide hedging facilities. Has the minister considered that? What did they mean by that, and what does the government propose to do about the matter?

Mr. MacKINNON (Edmonton West): What is the last part of the question?

Mr. PERLEY: At a meeting of the grain exchange council some time ago, a resolution was passed requesting that the government provide hedging facilities for grain. Is the government considering that question? If so, what does the government propose to do about it?

Mr. MacKINNON (Edmonton West): It is the intention to appoint the advisory committee right away. I am sorry I did not quite catch the last part of the question.

Mr. PERLEY: Some time ago the grain exchange officials met and passed a resolution which was forwarded to Ottawa asking that the government provide facilities for hedging grain.

Mr. MacKINNON (Edmonton West): I have not heard of it.

Mr. FAIR: Is the grain exchange operating in England at the present time?

Mr. MacKINNON (Edmonton West): No.

Mr. FAIR: I believe it was closed in England by government order. If it was necessary to close it there, why not here?

[Mr. R. B. Hanson.]

Mr. MacKINNON (Edmonton West): I do not know whether I should be called upon to answer a question in that form. However, I have no objection. So far as wheat is concerned, the grain exchange is now entirely inoperative. I do not believe there has been a transaction through the grain exchange for some time. Under our legislation the government takes all the wheat, and I think it is up to the grain exchange to do what it likes, either to continue to pay salaries and overhead or to close up.

Mr. FAIR: Is any transaction going forward through the grain exchange in coarse grains or anything else at the present time?

Mr. MacKINNON (Edmonton West): There are some transactions in coarse grain and a few in wheat.

Mr. DONNELLY: Is it not a fact that the grain exchange in Winnipeg is allowing anyone who has hedges to transfer them to other months? Is it not allowing hedges to be transferred from month to month at the present time?

Mr. MacKINNON (Edmonton West): Yes.

Mr. DOUGLAS (Weyburn): As I read section 2, what we are going to do is, instead of having an advisory board, to have a committee which will assist. The committee, however, has no power to call meetings of its own accord. It is called by the board. The board does not have to call it unless it wishes to; and when the committee meets, its power is not to advise but to assist, as the minister says, in an administrative way. The members of the advisory committee will not receive a salary, and so it is a matter of calling them from time to time. It seems to me that the change has weakened the section.

Mr. MACDONALD (Brantford City): The change from "advise" to "assist" makes the section stronger. Previously it read:

The governor in council may appoint during pleasure an advisory committee to advise the board.

That is not well worded. I do not know what an advisory committee could do except advise the board. The proper wording would have been:

The governor in council may appoint during pleasure an advisory committee to the board.

The words "to advise" were not necessary. That is the function of an advisory committee, to advise the board. That has been made stronger by the use of the word "assist," so that the present committee will not only be an advisory committee which, by virtue of its creation, will advise, but also have the additional function of assisting the board.

Mr. DOUGLAS (Weyburn): But there is no requirement that the committee should meet at any particular time or that it has to be called. It is called at the behest of the board. The board may call it or not as it chooses. I asked the minister three times whether the pools would be represented, and he said that the farmers' organizations would be represented.

Mr. MacKINNON (Edmonton West): Yes; the pools will certainly be represented.

Mr. PERLEY: The minister referred this afternoon to a cablegram, dated July 23, from the British cereal imports committee to Mr. McIvor. Were there any other cablegrams prior to that? If so, will he table them? I am referring to communications with respect to the closing of the exchange. Was there any correspondence or were there cablegrams last September with reference to that question just after Mr. Rank was appointed as purchaser for the British government in France?

Mr. MacKINNON (Edmonton West): I know of no cablegrams received last September or at any other time which would give a different direction from that referred to in the cablegram read this afternoon. There are no communications I know of except the one I read this afternoon.

Mr. DONNELLY: The minister has said that the organized farmers will be represented on the advisory board. He has asked certain organized farmers to make representations as to persons whom they want. At the present time the board has two gentlemen, two ex-pool men, and one from the grain trade; and the great body of western farmers, the majority of them, do not belong to any organization.

Some hon. MEMBERS: Oh, no.

Mr. DONNELLY: I belonged to the wheat pool years ago; but there are hundreds who, like myself, do not belong to the wheat pool to-day. Will the unorganized farmers of western Canada be represented? They should be represented on the board just as well as the organized farmers.

Mr. MacKINNON (Edmonton West): They will be.

Mr. DONNELLY: I do not know what other organization can be meant than the wheat pool. Is that the only organized body that will be represented, or are there others?

Mr. MacKINNON (Edmonton West): I know of at least two sorts of organized farmers who will be represented, and I know that producers belonging to neither of these will be on the board.

Mr. HOMUTH: Why not put them all on and they will all be satisfied.

Mr. FAIR: The argument of the hon. member for Wood Mountain (Mr. Donnelly) is rather weak, like several others that he has advanced along the same line. He refers to two men who worked for the wheat board some years ago and suggests that the organized producers are represented. That is foolish, because while these men worked for the organized wheat growers and took their orders from them, at the present time they are working for another organization from whom they take their orders. There are in this house other men who worked for organized agriculture at one time, and to-day they have a knife in the back of the organization. The hon. member's argument does not hold water and he should consider his statements before taking up the time of the committee.

Mr. PERLEY: The minister made a statement to the effect that the grain exchange was practically closed, that it was not doing business. I have here a return tabled July 4, showing that the board had done business to the extent of 29,623,000 bushels of futures sold. Will the minister tell the committee whether the board have disposed of those trades and how they were cleared, and would he give the committee a statement with respect to the board's position in futures? Are they short or long on the exchange at the present time?

The CHAIRMAN: I do not believe that question arises under this section, which is concerned exclusively with the constitution of the board, not with its future policy. I believe the question is out of order.

Mr. PERLEY: I asked it only because the minister made reference to the exchange.

The CHAIRMAN: I am trying to apply the rules, but I have some difficulty in drawing the line as between what is and what is not directly or indirectly related to the section under examination. However, the policy of the board certainly is not at present under consideration by the committee. I should think the question would be in order under section 3.

Mr. MacKINNON (Edmonton West): If the question is going to be asked again, I may as well answer it now. I am particularly anxious to give as much information as possible, but in connection with the transactions of the wheat board there is a great deal of information which in the public interest should not be made public. The trades, however, to

which the hon. member for Qu'Appelle has referred were made prior to the placing of the peg in the market.

Section agreed to.

On section 3—Powers of board respecting the buying of wheat.

Mr. NICHOLSON: In my considered opinion the price proposed is quite inadequate. I should like to direct the attention of the committee to the statement of the minister to the effect that we are going to be able to market approximately 160 million bushels of wheat this fall. We are going to thresh approximately 400 million bushels, in connection with which the bill for threshing and delivering alone, at, say eight cents a bushel, will amount to about \$32,000,000. According to the Sirois report, municipal taxes in the three prairie provinces in 1937 amounted to \$51,166,000. In my province at least, before the farmers can realize a single dollar for themselves they have to receive from the secretary of the municipality a statement to the effect that current taxes have been paid. Therefore we must realize from the current crop \$51,166,000 for taxes and \$32,000,000 for threshing, cutting and delivering, or a total of about \$83,000,000. With the present price, which is approximately fifty cents a bushel on the farm, the 160 million bushels which will be marketed will give the farmers \$80,000,000. In other words, out of their wheat crop the farmers will not get enough to pay their taxes and the cost of threshing and delivering.

Mr. ROSS (Moose Jaw): My hon. friend mentioned municipal taxes. Are those only the rural taxes?

Mr. NICHOLSON: Those were the municipal taxes in the prairie provinces.

Mr. ROSS (Moose Jaw): Then that takes in all the cities.

Mr. NICHOLSON: Quite so, but the farmers indirectly supply the money with which the city people pay their taxes. In Saskatchewan the bulk of the wealth is produced on the farms.

Mr. GOLDING: Is wheat their only source of income?

Mr. NICHOLSON: Hon. gentlemen in the far corner opposite will have plenty of time to make their own speeches when I am through. I submit that we are not proceeding in a businesslike manner. We are now discussing a commodity that is just as important in this war as any other commodity. I have before me a record of the contracts awarded during

the month of April, 1940, covering 340 pages in all. I need not take time to read this list but I open it at random and on page 128 I find listed a contract with Lyman's Limited of Montreal for medical supplies. I have no doubt that in obtaining that contract the company concerned were able to include wages to their employees, interest on their investment, salaries for their officials, and all the other charges; yet no one in this house questions that contract. I feel satisfied that every contract listed in this volume gives to the contractor every possible item of cost, and in many instances a handsome profit.

Mr. HOMUTH: Do not be too sure of that.

Mr. NICHOLSON: I am not too sure of it, but the records of many of these corporations would indicate that this is a fair conclusion. In connection with the cost of producing wheat I have *Hansard* for April 5, 1939, when the Minister of Agriculture (Mr. Gardiner) set out what in his opinion were those costs. I quote from page 2623:

It has been proven over and over again that twenty bushels to the acre of wheat can be produced at a cost of from thirty to forty cents a bushel. We have had a great deal of discussion about the cost of producing wheat. It costs a certain amount to work an acre of land whether you get any wheat off it or not; it costs a certain amount to harvest it if you do get any wheat off it. It has been proven over and over again, I say, that twenty bushels to the acre of wheat can be produced at a cost of from thirty to forty cents a bushel. For every bushel a man gets over twenty his costs per bushel decrease. When he has a crop of twenty bushels or more per acre his other crops are usually good in proportion.

A lengthy discussion followed, during which the name of Professor Hope was mentioned. I have before me the report of the proceedings of a conference on markets for western farm products, containing statements by Professor Hope, who is recognized by all hon. members from western Canada as an extremely dependable authority on the question of farm management. He states that on the basis of average yields of wheat, twenty bushels to the acre, for the period 1918 to 1930, for the Regina plain and the Rosetown area—represented here by the hon. member for Rosetown-Biggan—costs of production are approximately fifty-five cents a bushel for a half-section farm, forty-four cents for a section farm, and thirty-four cents for a two-section farm with a tractor combine truck. Of course, as Professor Hope pointed out, these costs were based on the assumption that the farmer had his land free of debt. Hon. members from western Canada know that a very small percentage of western farmers are in the fortunate

position of having large farms, with up-to-date equipment, diesel caterpillars, combines and so on, all free of any encumbrance. At page 234, Professor Hope was questioned by Mr. Brockington, in these words:

This morning, in quoting figures as to the minimum price of wheat necessary to maintain certain amenities in Saskatchewan, you were, I think, referring to the price on the farm and not the price at Fort William. The following essential fact, however distasteful it may be to some people in eastern Canada, should be stated directly. Am I correct in drawing from your remarks this morning this conclusion, that in so far as Saskatchewan is concerned the price of eighty cents a bushel for wheat at Fort William is quite inadequate to enable the Saskatchewan farmer to pay anything but a small portion of his existing debt, and certainly to allow him to maintain decent standards of living. Would you say that was a correct conclusion?

Professor Hope: The present price at Fort William is not enabling the farmer to pay any debt in Saskatchewan except in a few cases in the north.

I believe the evidence Professor Hope has submitted on different occasions indicates quite conclusively that the price of 70 cents proposed is inadequate. To hon. members from other parts of Canada I want to make it quite clear—

Mr. GARDINER: Why does the hon. member read the first statement I am presumed to have made in trying to prove what Professor Hope says?

Mr. NICHOLSON: I pointed out in my remarks that Professor Hope supported the statement of the Minister of Agriculture that wheat could be produced at from 30 to 40 cents a bushel if a farmer were in the fortunate position of having a large farm and were in a good wheat-producing area, with up-to-date machinery, free of all encumbrances.

An hon. MEMBER: And twenty bushels to the acre.

Mr. NICHOLSON: But I contend that 90 per cent of the farmers in western Canada are not in that fortunate position.

Some hon. MEMBERS: Ninety-nine per cent.

Mr. GARDINER: I wish to thank my hon. friend for taking that position. He is the first one in that group who has explained it in that way.

Mr. COLDWELL: We have always maintained that one per cent of the farms in Saskatchewan—according to Professor Hope's figures—and on the superior soils, equipped as the hon. member for Mackenzie (Mr. Nicholson) has pointed out, and without debt, could produce a bushel of wheat, on an average of twenty bushels to the acre, at the cost

the minister has indicated. But we have contended before, and I contend to-night, that to take that small number of farms as the basis of an argument as to the cost of producing wheat is entirely misleading. I have said this—and I repeat it to-night—that he misled this house a year ago last April.

Mr. GARDINER: Just to clear up the point, because it has been repeated over and over again—

Mr. COLDWELL: I have repeated it, yes.

Mr. GARDINER: The statement made by the hon. member for Rosetown-Biggart is scarcely the position which has been taken both in the house and out of it by way of criticism. As a matter of fact, the statement made by Professor Hope is correct. That is, that you can, as I said in my statement in the house, put in an acre of wheat; you can do the cultivating of it, and you can do the harvesting of it at a cost of from \$6 to \$8 an acre. That figures out, at the rate of twenty bushels to the acre, at 30 to 40 cents a bushel. Of course, if there is no debt on the land, there is no debt cost to be paid, and no consideration for that need be given.

Mr. NICHOLSON: There is interest on investment.

Mr. GARDINER: My hon. friend talks about one per cent of the land being heavy and the greater part of it being light and of lesser value—

Mr. COLDWELL: Not heavy, superior.

Mr. GARDINER: I want to point out that the heavier land costs more to cultivate than does the lighter land, and if you have twenty bushels to the acre on the lighter land you are a little better off than if you have twenty bushels to the acre on the heavier land. But that point does not come into the calculation at all. If you have twenty bushels to the acre on land, and do not take anything into consideration but cultivation and harvesting, the statement which I made was that that would cost from \$6 to \$8 an acre. And I suggest that Professor Hope's statement bears that out.

Mr. COLDWELL: Just let me tell the minister the conclusion at which Professor Hope arrived at page 152 of this booklet.

An hon. MEMBER: We are tired of that.

Mr. COLDWELL: The hon. member may be tired, but this is an important matter, and should have been discussed earlier in the session.

Mr. HANSON (York-Sunbury): That is right.

Mr. COLDWELL: This is Professor Hope's conclusion:

Conservatively it would probably require with average yields a farm price for wheat of average grade of about 90 cents, with coarse grains in proportion to maintain a reasonable level of living and service the present debt on western farms. It would require somewhat more than this to restore the farming community to the condition of 1931.

The conclusion is quite obvious. It is clear that it will require not a Fort William price, but an average farm price of 90 cents a bushel to maintain even the standard of living we now have.

Mr. GARDINER: We all agree with that. Why discuss that at greater length?

Mr. COLDWELL: Then, if we all agree, why do we not set the price on that basis?

Mr. QUELCH: It has been said that the statement of the hon. member for Mackenzie was one which had been made for the first time in the house. That is not correct. I would refer hon. members to what I said in the house on May 6, 1939. At that time I quoted this statement of Professor Hope:

Probably not more than one per cent of the farms of the west are as efficient as this.

The CHAIRMAN: Order. The hon. member is referring to a debate which took place this session.

Mr. QUELCH: No; I am referring to a debate which took place last year—on May 6, 1939.

The CHAIRMAN: Very well, proceed.

Mr. QUELCH: Then I follow up my quotation with this statement:

According to that, the Minister of Agriculture was ninety-nine per cent incorrect in his statement, because only one per cent of the farms in western Canada are of a type to permit the production at a cost of 34 cents.

That is exactly the same statement.

Mr. HANSON (York-Sunbury): Just a moment; I should like to make some observations.

Mr. NICHOLSON: I have been interrupted several times.

Mr. HANSON (York-Sunbury): Probably the hon. member would permit me to change the subject. Perhaps if that were done we might make some further progress. In the bill as at present before the house the powers of the board are set out in respect of the purchase of wheat. Then there is this over-riding proviso:

Provided that no wheat shall be purchased by the board except from the producers thereof.

[Mr. R. B. Hanson.]

Then, paragraph (b) of section 7 of the act reads:

(b) to buy wheat from producers only and not in excess of 5,000 bushels from any one producer in any one crop year.

Then follows the proviso:

Provided that the board may, by way of one or more purchases, as the case may be, buy from any one person entitled as landlord, vendor, mortgagee or otherwise, by contract for operation of law—

And so on. This seems to me to limit the person who is a producer of wheat; and if a very narrow interpretation is placed upon it, of course it will substantially limit the quantity to be bought. I am wondering if there subsists in the west a system of share croppers. I believe the relationship would be that of landlord and tenant; that would be the legal relationship. Is the landlord to be entitled to sell his share?

Mr. DOUGLAS (Weyburn): The definition in the act includes vendors and mortgagees.

Mr. HANSON (York-Sunbury): If that is so, it is a complete answer.

Mr. DONNELLY: In that connection I should like to ask a question. I notice the bill states:

(b) To buy wheat: Provided that no wheat shall be purchased by the board except from the producers thereof.

Is it possible, therefore, for a producer to load a car with wheat and send it to Winnipeg directly to the board, to pay no commission or no service charges, and to sell it directly to the board without the service charges which at the present time are levied by the grain handling facilities? Is it possible for us to sell directly to the board without having to pay a commission or service charges?

Mr. MacKINNON (Edmonton West): I am informed it is not possible.

Mr. HANSON (York-Sunbury): Why?

Mr. DONNELLY: Then the board will not take wheat direct from a farmer at all? He has to pay commission? He has to have a commission agent.

Mr. PERLEY: If the grain exchange closes, what will he do?

Mr. MacKINNON (Edmonton West): According to the wheat board act of 1935 he has to deliver his grain through the regular channels.

Mr. DONNELLY: But the producer is consigning this wheat to the wheat board, and he is selling so that it may go directly to that board. He does not want a broker or a commission agent. Why would the wheat

board not be willing to take it, and why does he have to pay a service charge to a commission house?

Mr. MacKINNON (Edmonton West): Section 8, paragraph (i) of the Canadian Wheat Board Act covers the point.

Mr. LEADER: I believe that is true. In the few remarks I made the other night I tried to make it clear that I thought the wheat board had no alternative than to purchase through the regular channels of trade, which would include commission merchants, and were compelled as purchasers to pay the one cent commission, which some hon. members call a service charge. I believe the act could be amended to take care of this situation. Now that the grain exchange is not functioning, most producers could ship directly to the board and save that one cent. It should not be difficult to amend the act, and I submit that it should be done. Perhaps it cannot be done to-night, but I ask the minister to consider the matter.

Mr. MACDONALD (Brantford City): If wheat were purchased in that way it would cost considerably more to operate the board. The board would have to increase its staff in order to be able to buy from hundreds of thousands of individual wheat producers. By carrying on in this manner the board purchases from a few commission agents and the cost of operation is much less.

Mr. HOMUTH: The reduced cost is at the expense of the farmer.

Mr. HANSON (York-Sunbury): If I understand the minister aright, he contends that the board could not buy directly from the producer; that it must use the existing channels of trade. He was asked to give his authority and he referred to section 8(i). That section has nothing to do with the purchase of wheat by the board. The section reads:

It shall be the duty of the board:—

(i) in selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the board in its discretion may determine.

That section limits the operation of the board to the disposal of wheat. There is nowhere a provision that the board shall buy through the existing channels, so the information of the minister would appear to be misinformation, if I may use that term. If I recollect aright, this section was put in the act at the request of the grain trade. They wanted to handle the outlet for the wheat, but there was no provision at all with respect

to purchases. I have not looked at the act for five years until this evening, and there may be some other section, but certainly the minister's information to the committee on this point is erroneous.

Mr. ROSS (Souris): I think Mr. Ramsay, chairman of the commission, stated that they had nothing to do with this service charge. He said it was distinctly an arrangement between the board and the grain trade.

Mr. ROSS (Moose Jaw): Section 7 of the act reads:

The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:—

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) to buy and sell wheat: Provided that no wheat shall be purchased by the board except from the producers thereof;

(c) to store and transport wheat;

(d) to operate elevators, either directly or by means of agents, and subject to the provisions of the Canada Grain Act or any other statute or law, to pay such agents commissions, storage and other charges, remuneration or compensation as may be agreed upon, with the approval of the board of grain commissioners.

I believe the hon. member for Wood Mountain has raised an important point. I am not a lawyer, but from what I read there, I am of the opinion that the board must take delivery from the farmer. If the board takes delivery from the producer or the farmer through an agent, that agent is the agent of the board and not of the farmer or the producer. Once the grain is handed to the agent, any further service charge or any other charge, apart from the elevation charge and the freight, would have to be borne by the board and not by the producer.

Mr. HANSON (York-Sunbury): That is pretty sound reasoning.

Mr. PERLEY: The farmer has a right to load a car of grain, ship it to his own order at Fort William and get all the papers including the warehouse receipts. Does the minister mean to say that if he delivers those warehouse receipts to the board, the board will not accept them and deal directly with him without any agent? If that is the situation, then the act should be amended, because it is taking away from the individual rights which should not be taken away. It has been understood for years that a farmer had a right to ship grain to Fort William to his own order and dispose of it as he saw fit. I do not think there is anything in the act to prevent the board from accepting warehouse receipts when they are presented.

Mr. HANSON (York-Sunbury): It is a matter of construing the statute. I think the hon. member for Moose Jaw has given a fair interpretation of section 7 (d). Of course that paragraph follows the one having to do with the operation of elevators, and it must be read with the context. But on the bald point of charging a commission on a sale by a producer to the wheat board, there is no authority for that in the statute so far as I can observe. There is provision with respect to the sale of wheat, and section 8 (i) provides:

(i) in selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat.

Naturally a commission on the sale would follow, but it would not touch the producer.

Mr. ROSS (Moose Jaw): There are two separate sections.

Mr. HANSON (York-Sunbury): If the wheat board has been operating on another theory, they had better revise their methods immediately. I do not want to give a lecture to the wheat board because they know a good deal more than I about the operation of this thing, but all my life I have been trying to construe statutes and it is a fundamental principle that you cannot read into a statute a charge or tax unless it is expressed by words or by implication so clear that he who runs may read. I suggest to the minister that he ask the board to give revised information on this matter. After all, if it is not in the statute, I do not think it ought to be charged. Perhaps we can save the farmers a cent a bushel, but I suppose it will be passed on to the government.

Mr. ROSS (Moose Jaw): Not at all.

Mr. HANSON (York-Sunbury): I hope it will not have that effect. In other words, the board will simply do it with their own administrative facilities.

Mr. ROSS (Moose Jaw): The one cent service charge comes out of the 70 cents Fort William price, so it is taken off the price which the farmer receives at the elevator. If that one cent service charge is not charged to the farmer, it will be charged to the board, but the farmer or producer will get one cent more per bushel for his wheat at the country elevator. Last year that meant \$3,180,000.

Mr. HANSON (York-Sunbury): That is quite an item. Why should it be deducted at all under the statute?

Mr. ROSS (Moose Jaw): It should not be. [Mr. Perley.]

Mr. HANSON (York-Sunbury): It seems to me that there is an erroneous impression on the part of the board as to the powers it has to deduct this one cent, and if this discussion has served no other purpose it has served a useful purpose in saving that one cent a bushel to the farmer. The power is certainly not in the statute. Anyone who has read anything at all on the construction of taxing statutes knows that the most fundamental principle is that a subject cannot be taxed by the crown—and the board is, of course, a crown agent—without express language in the statute or by implication so clear that he who runs may read. That is a correct statement of the principle.

Mr. MacKINNON (Edmonton West): I am informed that the service charge was established by the first board in 1935.

Mr. HANSON (York-Sunbury): That does not make it right.

Mr. MacKINNON (Edmonton West): I am not trying to justify it, but that is how it started and it has continued in that way.

Mr. HANSON (York-Sunbury): In the light of the discussion will the whole position be reviewed?

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: This clause states that "no wheat shall be purchased by the board except from the producers thereof". It does not say that the farmer must deliver his wheat in any particular place. I suggest that the section be amended to make it clear beyond doubt that the farmer can deliver his wheat to the board at Fort William without any charges whatsoever.

Mr. MacKINNON (Edmonton West): I have an amendment to section 3 which I shall ask my colleague the Minister of Agriculture (Mr. Gardiner) to move.

Mr. GARDINER: Mr. Chairman, I move:

That clause 3 be amended by adding after the words "Fort William-Port Arthur" in lines 3 and 4 of the new proposed paragraph (e) the words "or Vancouver".

Amendment agreed to.

Mr. GREEN: Will the minister explain why the bill left out Vancouver which is a basic grain delivery point? When he made his speech on the 24th of July the minister mentioned that Vancouver was to be included, but when the bill was brought down on the following day, Vancouver was left out. The minister has apparently changed his mind since then, fortunately.

He said something to-night about one reason being the dangers to shipping. We have built

up an export grain trade through Vancouver with the help of the people of Alberta and of the western portion of Saskatchewan—the member for Moose Jaw (Mr. Ross) said this afternoon that the dividing line came about Swift Current, if I remember correctly—and that grain export trade through Vancouver has been built up over quite a long period of time and under great difficulties. The feeling in Vancouver has been that eastern interests were doing what they could to prevent the development of a grain export trade through Vancouver, and it has come as a great shock to the people of British Columbia that the government should have left out Vancouver in bringing down the bill. All the press reports coming through show great concern, and I believe the minister had a telegram from the secretary of the Vancouver grain exchange—

The CHAIRMAN: Order. I see no practical point in discussing now why Vancouver was left out. I think it would be wasting the time of the committee.

Mr. GREEN: On the point of order, Mr. Chairman, if I may say this, I should like to make it absolutely clear to the government that we in Vancouver are very much concerned over what has happened and we do not want to have a similar thing happen again. I could have spoken when the amendment was put forward, but to facilitate matters I waited until the chairman of the committee had put the motion, which he then declared carried. I suggest that I be allowed to complete my statement.

The CHAIRMAN: Order, please. I have ruled as being out of order any discussion which has no practical purpose. There is no practical purpose in discussing why Vancouver was omitted now that, by the amendment, Vancouver is included.

Mr. HANSON (York-Sunbury): Has the amendment been carried, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. HANSON (York-Sunbury): The hon. member for Vancouver South (Mr. Green) rose to speak before the amendment was put, and I suggest that he should have been allowed to speak before the chair declared the amendment carried.

The CHAIRMAN: I asked, shall the amendment carry?

Mr. HANSON (York-Sunbury): But you declared it carried before he could rise again.

Mr. GREEN: Mr. Chairman, the minister made mention earlier in the evening of dangers to shipping on the Pacific coast.

Mr. MacKINNON (Edmonton West): I made no such statement.

Mr. GREEN: That point should be cleared up. I would ask the minister to state if there are any reasons at all why Vancouver should not be included as a basic grain delivery point.

Mr. MacKINNON (Edmonton West): I know the hon. member for Vancouver South would never be unfair, but he has referred to a statement that I am supposed to have made earlier this evening with respect to dangers to shipping at Vancouver. I made no such statement and no such reference.

Mr. GREEN: Were there any reasons why Vancouver should have been left out? If so, we should like to know.

Mr. MacKINNON (Edmonton West): The main thing is that Vancouver is in now, and we are very glad.

Mr. HANSON (York-Sunbury): Let us say it was a lapse on the part of somebody.

With reference to the question the hon. member for Qu'Appelle asked, is it the law of this country under the wheat board act that a farmer at any station on any railway in either of the three prairie provinces is able to ship, on a through bill of lading, payable to his own order at any point, say Fort William, and to deal with a carload of grain in any way he may see fit? Can he endorse the bill of lading over to me, for instance, if I want to buy it from him without going to the wheat board?

Mr. ROSS (Moose Jaw): No, he cannot.

Mr. HANSON (York-Sunbury): He can under the law.

Mr. MacKINNON (Edmonton West): I am informed that a farmer has never attempted to deliver a warehouse receipt to the board.

Mr. HANSON (York-Sunbury): The board has not encouraged that line of activity. Its whole idea has been to have shipments made through the then existing channels of trade, but what we are trying to find out here is the farmer's right under the statute. Is it not his right to ship to the board or to another individual without going through a commission house?

Mr. MacKINNON (Edmonton West): I am informed that it would be within his rights but that it would be expensive. He would have to go down himself or arrange for somebody else to go down to look after the matter.

Mr. PERLEY: You mean a farmer would have to go to Fort William to get his warehouse receipt? I have shipped thousands and thousands of bushels in that way. Furthermore, I should like to know what commission is charged—the service charge, as they call it, is a cent commission—and I should like the minister to inform the committee what charge the board pays to the commission men or elevator people who get the wheat in that way. I think we should have an understanding here and now that that cent service charge will be materially reduced.

Mr. HANSON (York-Sunbury): It should not be paid at all.

Mr. PERLEY: I have shipped thousands and thousands of bushels, and I got it done for years at a time at a quarter of a cent. The present charge is altogether out of proportion to the service rendered. I think the minister should say what the board pays in commission, and also state whether he is prepared to have that charge cut in half, at least.

Mr. NEILL: On a point of order, I should just like to mention, for future protection, that we are treading on dangerous ground if we accept the ruling of the chairman that he can rule something out of order on the ground that it has no practical value. Half the time we are listening to arguments which perhaps some of us think have no practical value, but there is no rule whatever—

The CHAIRMAN: Well, the ruling has been given, and it is not debatable; it is subject to an appeal of the house. If the hon. member desired to appeal from my ruling he should have appealed immediately after it was given. That was his privilege. The ruling is not debatable and the hon. member is now too late to appeal.

Mr. NEILL: I might say that the absurdity did not sink into me for a while.

The CHAIRMAN: Order. I am afraid that I shall have to ask the hon. member to withdraw what he has just said.

Mr. NEILL: I withdraw, but I still think it.

Mr. COLDWELL: I rise to a point of order. I have heard this ruling given a number of times. When I turn to the standing order—

The CHAIRMAN: What is the hon. gentleman discussing?

Mr. COLDWELL: I am questioning the point of order raised a few moments ago.

[Mr. J. A. MacKinnon.]

The CHAIRMAN: The hon. gentleman is out of order. There is no point of order at present before the chair. We are discussing section 3 as amended.

I should like to draw the attention of hon. members to this point. When any hon. member is dissatisfied with a ruling, he can appeal to the house; immediately the chairman will leave the chair and will report to the speaker, who will ask the sentiment of the house, as to whether the ruling of the chairman should be upheld or not.

Mr. MACDONALD (Brantford City): In regard to section 3 which we are discussing, the leader of the opposition has drawn the attention of the committee to the fact that the producers might be able to sell their grain directly to the board. It is a legal question, and the law as to their rights is set forth in statutes. My suggestion to the committee would be that this section should be now carried. The producers have all the rights that the law has given them, and apparently the section is quite clear.

Mr. HOMUTH: No one is clear about it.

Mr. MACDONALD (Brantford City): It seems to me that it is quite clear. I refer to the producers' rights in the matter. The question has arisen whether it would be advisable for them to sell directly to the board or whether it would be less expensive for them to employ a commission agent. That is all part of the wheat business, which, I submit, we cannot settle in this committee to-night for the producer. He has his rights, and he is carrying on his business as a farmer. He must decide which method is better for him. That is the reason why I suggest that the section should be carried, leaving the producer all the rights which he now has.

Mr. HANSON (York-Sunbury): No one wants to impair the rights of the producer as laid down in the statute, but we want to know what in practical operation the wheat board decides are his rights, and I suggest that this is a pertinent question. The hon. member for Qu'Appelle raised the question about this one cent commission on sales by the farmers to the wheat board. It has been stated here that the practice has been that the wheat board will not accept any sales to the board except through the channels of trade. I suggest that there is in the act no justification for the board taking that attitude, and that therefore, the charge of a cent for selling through a commission house is illegal; I will go that far. But in respect of sales of wheat, under section 8 the act gives specific directions, and of course the usual charge must be paid, but this does not come on the farmer.

The other question raised by the hon. member for Qu'Appelle relates to the right of the farmer to ship wheat to his own order. I do not see that anywhere this right is taken away from him. The minister said that it would not be convenient for the farmer to ship wheat to his own order; that he would have to go to Fort William and take delivery. Why, delivery passes by endorsement of documents of title. It is a commercial transaction familiar to every man who has been in business, and he gives further directions if he wants to. That right is fully preserved in this statute; and if the board will not allow an individual producer or shipper to operate under his common law rights, or in the cases of provinces, under their sale of goods acts, the board are, in my judgment, taking quite a lot on themselves, and would not be sustained by the courts.

I believe that this discussion will have a clarifying effect. It seems to me that the rights of the producer, under the practical operation of the statute, have been very much restricted. I hope the discussion will have some good effect, and I have no desire to prolong the debate, but the authority does not exist for the one cent commission, or to deprive a man of his right to ship directly, if he so wishes, on a bill of lading payable to his order.

Mr. ROSS (Souris): I think we have discovered that the service charge is not provided for under the act. Would the minister mind reciting clause 19 of the agreement with the grain trade? Probably that contains the powers for which the act does not provide.

Mr. MacKINNON (Edmonton West): Am I asked to read this clause?

Mr. ROSS (Souris): Yes; of the agreement with the grain trade, for last year, if the minister does not mind.

Mr. MacKINNON (Edmonton West): It is as follows:

The board will pay to the company a carrying charge covering storage and interest on class B wheat in store at country elevators of .03900 of one cent per bushel per day, said carrying charge to commence on the date of mailing or delivery to the board of the regular daily report form reporting this wheat to have been received into the company's elevator, and will continue to pay this carrying charge until three days after the date the wheat is unloaded at the terminal point or such other destination as directed by the board, provided that the maximum carrying charge shall not exceed thirteen days from the date of bill of lading. The carrying charges accruing and due to the company will be paid to the company as at the fifteenth and last days of each month within five days of the receipt of a correct statement from the

company. The board will pay for such wheat on date of invoice at board fixed price, subject to provisions contained in paragraph 22 of this agreement.

Mr. ROSS (Souris): Does that mean that they pay storage while a car is loaded and in transit?

Mr. MacKINNON (Edmonton West): No.

Mr. PERLEY: Would the minister just explain what that means—"thirteen days from the date of the bill of lading?"

Mr. CRERAR: On the point raised by the leader of the opposition a moment ago, it is, I think, quite correct to say that it might be possible for a farmer to load his wheat over a loading platform, send it forward in a car and send the documents direct to the wheat board. But if that happens, then the wheat board has to perform certain services in respect of the shipment, and it should properly make a charge to the farmer who sent the wheat.

Mr. HANSON (York-Sunbury): That is a question of argument. I was looking at the matter only from the legal point of view.

Mr. CRERAR: I am looking at it from the practical point of view.

Mr. HANSON (York-Sunbury): That is another matter.

Mr. CRERAR: We will assume that the farmer loads the car, closes the doors and goes to the railway station agent. The farmer fills out a bill of lading with the necessary particulars, has it receipted by the railway agent, and the agent seals the doors of the car and it is ready for transportation.

Mr. HANSON (York-Sunbury): That is the way in which we sell our potatoes.

Mr. CRERAR: In due time the car reaches Winnipeg or some inspectional point. It is sampled for inspection. The sample is taken to the inspection office and a grade is given covering the contents of the car. It has been the practice, and it is a very necessary practice, that each commission agent or each elevator company handling grain has a man in the inspection office to check the inspection and, if necessary, to argue the point with the inspector as to whether it should be, say graded No. 2 northern or graded No. 3 northern. Many of these cars are what are called line grades. That is a service rendered by the commission company or by the elevator company for the service charge. Furthermore, the car passes on to

the terminal point. It is unloaded. Someone must then take the bill of lading and exchange it for a warehouse receipt, and then the freight has to be paid on the car. According to my hon. friend's contention, the wheat board would have to set up a freight account and issue a cheque to the railway company for the freight on that particular car. They would have to exchange the documents. Not only that, but they would then have to write out a cheque and prepare a sales statement and send it to the farmer covering his particular car. I think the committee is under a misapprehension—

Mr. HANSON (York-Sunbury): There is no misapprehension. We are looking at the man's legal rights.

Mr. CRERAR: I may be wrong, but the impression exists, certainly in the minds of some members of the committee, that this service should be performed free by the wheat board for the farmer. That cannot be done without discrimination, and the wheat board would have to make a service charge for handling that car if equity were to govern.

Mr. PERLEY: About 1/32nd of a cent would be enough.

Mr. CRERAR: No. My right hon. friend—

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Oh, oh.

Mr. CRERAR: Mr. Chairman, my apologies are due to the committee.

Mr. PERLEY: That is all right; I did not ask for it.

Mr. CRERAR: My hon. friend, to give him his proper title, has posed in this house for many years as an expert on the handling of grain.

Mr. PERLEY: Oh, no.

Mr. CRERAR: Yes, he has; and I wish to tell the committee—

Mr. HOMUTH: Who are the experts?

Mr. CRERAR: —that what my hon. friend does not know about marketing grain would fill a very large book.

Mr. HANSON (York-Sunbury): That is a gratuitous statement which the hon. gentleman should not make.

Mr. PERLEY: That is a statement not coming to me at all. If the hon. member wants to compare me with experts, I can produce certain statements read on the other side a year ago with regard to the hon. gentleman's record as an expert on grain, and I think the comparison would be favourable to me.

[Mr. Crerar.]

Mr. CRERAR: There is nothing new—

Mr. HANSON (York-Sunbury): It is unnecessary to introduce that sort of thing.

Mr. CRERAR: There is nothing new about the statement the hon. gentleman has made, because, to my memory, he has made it at least a dozen times in the house until it has worn threadbare.

Mr. PERLEY: Statement about what?

Mr. CRERAR: About the gentleman who was a former representative of Melville. In deference to the leader of the opposition I withdraw the statement I made a moment ago, that what the hon. member did not know about wheat would fill a large book. I do not wish to say that what he does know about wheat would fill a large book.

Mr. HANSON (York-Sunbury): That is a left-handed way of taking it back.

Mr. CRERAR: I am willing to withdraw the whole thing and have peace in the family. Perhaps I should not have said it. I think, however, I am within the bounds of fair criticism when I say that the hon. member for Qu'Appelle has not always been fair in his criticism.

Mr. HANSON (York-Sunbury): That may be true. Sometimes we are not.

Mr. CRERAR: The effort to-night to create the impression in the mind of the committee and in the mind of the country, that the wheat board charged under the act with the administration of this business has been derelict in its duty to the producers, is not in my opinion a fair one.

Mr. PERLEY: Who charged that to-night?

Mr. CRERAR: My hon. friend says that 1/32nd of a cent a bushel would cover it.

Mr. PERLEY: May I ask a question?

Mr. CRERAR: Just a moment. My hon. friend said that 1/32nd of a cent could cover the service charge.

Mr. PERLEY: Will the minister tell me how much his company has charged on many occasions for a similar service in doing commission business, dealing with other members of the grain exchange?

Mr. CRERAR: I do not quite comprehend my hon. friend's question.

Mr. PERLEY: Has the company with which the minister is associated ever charged about 1/32nd or 1/16th of a cent as service charge in connection with inspection, warehouse receipt and so on?

Mr. CRERAR: Certainly not.

Mr. PERLEY: I have had it done for that many times.

Mr. CRERAR: Certainly not. The regular commission charge of one cent a bushel—and that commission rule was established many years ago; in fact, there was a famous controversy over the commission rule nearly forty years ago—

Mr. HANSON (York-Sunbury): Its antiquity does not help it.

Mr. CRERAR: —was to cover all the services that I have mentioned. The farmer who shipped his grain and had all these details looked after, paid a cent a bushel charge. In more recent years competition in the handling of grain by the country elevators has become keen. The old days when the elevator companies had margins of six, seven and eight cents a bushel on street grain they purchased have gone forever, in my judgment; and competition has resulted in this condition, that the elevator company in handling grain and grading it in the elevator which had to carry the risk—the grade risk and the risk of the weight—narrowed its margin to such a point as the wheat board last year was able to make in its arrangements with the elevator companies. As the minister said, it is all a matter of convenience. If the wheat board went into the grain commission business itself—and that is what it would be doing if effect were given to the argument which has been advanced to-night—it would have to set up a separate department for that business and would have to make a charge against the farmer for handling his grain. It may be a question whether that charge should be a cent, a half cent or a quarter of a cent, but certainly the principle of a charge would have to be recognized or there would be discrimination.

Mr. HANSON (York-Sunbury): Just for my information, what would be the discrimination?

Mr. CRERAR: Because many farmers would not handle their grain in that way.

Mr. HANSON (York-Sunbury): And they would have to pay while the other fellow would not?

Mr. CRERAR: Yes; that is where the discrimination would come in.

Mr. HANSON (York-Sunbury): After all, that is their own lookout.

Mr. CRERAR: But on the whole I think the present arrangement is fair. I believe there may be some force in the argument that in view of the situation which seems likely to exist during the next twelve months at any

rate, storage charges might be reduced, and as a matter of fact I think they have been reduced already.

Mr. HANSON (York-Sunbury): Yes, from one-thirtieth to one-forty-fifth of a cent per bushel per day.

Mr. CRERAR: That is from one cent to three-quarters of a cent per month. That charge may be criticized here; it is quite open to any hon. member to criticize it. But I would point out that many years ago, under the grain legislation, a board of grain commissioners was appointed with certain definite legal powers. That board is in the nature of a court; it has to administer the law. No elevator company, no grain commission merchant or any other person is permitted to deal in grain without a licence from that board. If hon. members will go back to the early history of that regulation, they will find that it was imposed not so much to regulate storage charges as to ensure the financial set-up and standing of any person or company dealing in grain. It is not so many years ago—

Mr. HANSON (York-Sunbury): Fly-by-nights.

Mr. CRERAR: Yes, as protection against fly-by-night merchants who might set up business. They might speculate on the grain exchange; they might use the collateral secured from farmers in order to bolster up their accounts, and then when they went down—

Mr. HANSON (York-Sunbury): The farmers suffered.

Mr. CRERAR: —the farmers got nothing. It was to protect the farmer shipping grain against that sort of thing that the licensing system was introduced. Now every person doing business must satisfy the board of grain commissioners as to his financial standing.

Mr. MacNICOL: So he should.

Mr. CRERAR: And properly so. Therefore the board is in the nature of a court, and I have every confidence in it. The chief grain commissioner, Mr. Ramsay, was one of the leading officials of the Saskatchewan pool for more than five years before his appointment to this position. He is a gentleman of ability and probity.

Mr. HANSON (York-Sunbury): I agree.

Mr. CRERAR: And those remarks apply also to the other commissioners. The hon. member for Qu'Appelle, the leader of the opposition, any farmer or any other person can appear before the board and make representations as to what the handling or storage

Canadian Wheat Board

charges should be; in the light of the evidence submitted by both sides the board fixes the rate, and that rate governs. That does not mean they may not make mistakes.

Mr. HANSON (York-Sunbury): That is for storage under the grain act?

Mr. CRERAR: Yes, and the same thing applies to the grain handling charge.

Mr. HANSON (York-Sunbury): Do they fix the service charge?

Mr. CRERAR: No, that is not fixed in that way; that is a rule of the trade. I am speaking of the charges for handling grain through elevators, which must be approved by the grain commission. They have nothing whatever to do with the service charge, which arises under the contracts made between the wheat board and the elevator companies for the handling of grain. We may criticize the judgment of the wheat board; we may say they have been too generous with the grain companies in this connection. That is a legitimate criticism to offer. My judgment, based on my personal experience, is that the whole basis of remuneration fixed by the wheat board has been fair.

I wish to leave just this thought with the committee. If the suggestions made here to-night were adopted and the wheat board went into the business of handling the grain of individual farmers, then it would have to set up the necessary machinery and it would have to make some sort of charge to cover the cost; otherwise there would be discrimination.

Mr. ROSS (Souris): I asked a question that had been hardly answered before the minister rose to make his statement. The question was whether the storage was paid while the grain was in transit from the elevator to Fort William.

Mr. MacKINNON (Edmonton West): I am informed that the carrying charges are paid until the wheat is delivered to the board. The limitation of thirteen days is imposed in order that carrying charges will not be paid in the event of any congestion. Thirteen days is considered the average time in transit.

Mr. PERLEY: That means the charge is paid while the grain is in the boxcar in transit?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Moose Jaw): Is that in regard to both types of wheat under the board, or only the one type?

Mr. MacKINNON (Edmonton West): Just one type.

[Mr. Crerar.]

Mr. ROSS (Moose Jaw): That is type B wheat, under the board?

Mr. MacKINNON (Edmonton West): Yes.

Mr. ROSS (Moose Jaw): That is only the street wheat, not the carload lots.

Mr. DONNELLY: This service charge is important, because it means a cent a bushel on all the wheat handled in western Canada. Last year it meant \$4,000,000 to the farmers of the west. It means in the neighbourhood of \$15 on every carload that goes to Fort William. I have taken up the matter with the board of grain commissioners and I have looked through their regulations. They have no regulations with regard to this charge. I have asked the wheat board. They have nothing to do with the setting of the charge; they say it has been the custom, and that is all they know about it.

As this act reads now, it is misleading, because it states that the wheat board shall buy from producers only. If a farmer must have a commission agent, let us say so; let us clarify the act. If that is the case, let us say in the act that a farmer must deal through a commission agent, and state what the charge may be. Do not leave it as it is at present; do not say that the board must buy only from producers and then tell the producers that the board cannot buy from them. I say we should clarify the act in that respect. At the present time the commission agent receives about \$15 on each carload, because now cars are larger and we put about 1,500 bushels in each car. The result is that \$15 is paid the commission agents who take in the papers, look over the grade, decide it is all right and make the settlements. That is not worth \$15.

Mr. HANSON (York-Sunbury): Do the commission men make the settlements?

Mr. DONNELLY: They send back the money.

Mr. HANSON (York-Sunbury): Not the wheat board?

Mr. DONNELLY: Not if it is shipped in that way. The grade is made; the agent agrees to it and sends back the money to the farmer. We should decide definitely what this charge should be and put it in the act, so that the farmer may know what he has to pay and where it goes. It goes to the grain trade, entirely. It is not the board that gets it, or anything else. It is the grain trade that gets it.

Mr. LEADER: May I say something about clarifying the act? Of course I am not a lawyer, but I have had some experience in

shipping grain. I also remember an experience we had in this very house in 1925, when we revised the grain act. At that time there was the question whether a farmer or a producer, as we now call him, had a right to designate to what terminal his car of grain should go. We always thought we had that right, but it turned out that we did not have it. It was the general practice, I believe, for the elevator companies to ship to whatever terminal they liked. The farmers had a right to say to what terminal they should ship their wheat, and some of them took advantage of that right.

I shall not go into the whole history of the matter, because it is a long one. But we clarified the act. The Minister of Mines and Resources (Mr. Crerar) will remember it well. We clarified the act, and what was the result? We put an iron-clad regulation in there which took that right away from the farmer. We had the Campbell amendment afterward, which rectified it.

I would say to the hon. member for Wood Mountain (Mr. Donnelly) I am afraid that if we clarify this act there will be an amendment next year which will make it definite that the farmer has not the right to consign his grain to the grain board. It will be made very plain that we must go through the commission firms. I want to say to the hon. member that that is a possibility. Let us just watch out that there is not a little bit of doubt about this measure, and that an amendment is not put in next year so that it will be made iron-clad to the point where we shall lose the rights we now have. Therefore my advice would be to leave the act as we have it.

Mr. HANSON (York-Sunbury): From what the Minister of Mines and Resources (Mr. Crerar) has said, it would appear to me that the position is this: While there is no specific authorization in the statute to make this charge, and there is no prohibition of anything of that kind, with respect to the board buying direct from the farmer—in other words, it is the reverse of that—yet, because of a long-established custom of the trade which, by continued usage has obtained a certain amount of sanction, the farmer has to pay a service charge of one cent. The minister made it quite clear to me that it was a service which would have to be performed by somebody.

The question in my mind is this: Is the quantum of the charge sufficient? Is it too much? Should it be cut in two? If there is a movement of 400,000,000 bushels, the commission for the service charge would amount to \$4,000,000. That is a huge sum of money. I do not know whether the service rendered is worth one cent a bushel, but I say that the position should be clarified.

I would say to the hon. member for Portage la Prairie (Mr. Leader) that the two points are not connected, one with the other. Each ought to stand on its own bottom. I ask the Minister of Mines and Resources and the Minister of Trade and Commerce to give consideration to the charge which is levied, especially when the farmers are being asked—or so it is represented here—to take a price which is inadequate, and below cost of production. That is the position. Undoubtedly there is a service; the minister has demonstrated that fact to my satisfaction. If it was not performed by commission men, it would have to be performed by the wheat board. It would cost them money, and they would be entitled to make a charge for it. The whole matter reduces itself to a question as to the quantum of the charge. I must say that \$4,000,000 is a great deal of money for this class of service. The department ought to give consideration to this point. This is not just a sweetener for the commission men in Winnipeg, is it?

Mr. MacNICOL: It sounds like it.

Mr. HANSON (York-Sunbury): Yes, it does. Certainly \$4,000,000 is a great deal of money.

Mr. MACDONALD (Brantford City): And there is a great deal of wheat, too.

Mr. HANSON (York-Sunbury): I agree with that. But it was pointed out to me that much of this work is simply routine. It has been stated that it cost them practically nothing to do it, and that it is done by the carload—even several carloads at a time. In fact, I am told that hundreds of carloads would go through one commission house in a single day. I would be satisfied to go into that business if I thought I could get clientele enough. It looks to me like a pretty cushy job, for that \$4,000,000.

I am making this statement so that the minister may take it into consideration. I am interested in the primary producer. After all, we owe him some obligations here.

Mr. ROSS (Moose Jaw): There are two points at issue. One is the amount of that charge, and the other is whether it should be charged at the local elevator, or should be a proper charge for the board to pay.

Mr. HANSON (York-Sunbury): That is not clear from the statute.

Mr. ROSS (Moose Jaw): The point I brought up was that according to the act the board is supposed to take delivery from the producer. The producer delivers his grain to the elevator company.

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Mr. HANSON (York-Sunbury): Which is the agent of whom?

Mr. ROSS (Moose Jaw): The elevator company must then be the agent of the board. If that is so, then once delivery is taken, the elevation charge comes before delivery. Of course the freight always comes out.

But apart from that, my contention is that no further charge should be made. I admit that a service charge of that kind must be paid by the board, either to the regular people in the trade, or to somebody set up by the board to do that business. But my contention is that it is not a proper deduction from the producer of the grain at the initial point. And I say that in this last year, in view of the fact that the wheat board has handled 318,000,000 bushels of wheat, there therefore has been deducted from the farmer \$3,180,000 which, I suggest, should have gone to the farmer on last year's crop. If he delivers this year, the same argument would apply.

May I point out at the same time that I have no criticism whatever to make of the board. I think it has done a good job—and I have looked fairly carefully into its operations. I repeat that I believe the wheat board has done a good job, and that there are good men on it. I do not believe we could better them in Canada at the present time.

Mr. HANSON (York-Sunbury): But what about this commission?

Mr. ROSS (Moose Jaw): I think this is a misinterpretation of the act. The practice has been carried on now for several years, and I suggest it should be corrected.

On the other point, mentioned by the hon. member for Wood Mountain (Mr. Donnelly) and the hon. member for Qu'Appelle (Mr. Perley), namely, that the farmer should be able to deliver his wheat direct, if he wishes to ship over the platform to the board at Fort William, I say that provision could be made for him to do so, and, if necessary, the board should set up proper facilities at that point for handling the grain for the farmer when it gets there.

These are two important points in connection with the shipment of wheat in western Canada. I will say this for the board, in connection with the contract they have made with the trade concerning the handling of wheat, that perhaps on the whole the charges were not too great. But it looks to us as though that service charge, by itself, is too high for the service rendered. Taken together with the other charges, it may not be too great a charge for all that is done in regard to that grain.

[Mr. J. G. Ross.]

I will say this, when we are speaking of the B type of wheat about which I spoke a moment ago, under that type of wheat, or street wheat, the Canadian wheat board has got a much better deal for the farmer, or for the producer, than the regular trade has got, throughout the last year. I took the trouble to check up the spreads on street wheat on the open market for every day last year, and I found that on only two or three days was the spread on the open market as low as the spread in the contract of the wheat board with the trade. All the rest of the time the open market spread on street wheat was much higher than the deal made by the board with the trade. I think the board made a good deal in regard to that matter. I think the board and the minister should listen to the representations which have been made, first, in regard to not deducting the service charge but paying it to the farmer and, second, in regard to allowing the farmer to consign his grain direct, either to his own order or to the order of the board at Fort William.

Mr. HANSON (York-Sunbury): I was intrigued by a statement made by the hon. member for Moose Jaw when referring to this one cent commission. He spoke of other charges and I made some inquiry as to what they are. I find that other charges which aggregate $3\frac{1}{2}$ cents a bushel are made against the farmer. Three and a half cents and one cent make $4\frac{1}{2}$ cents. What are these other charges that are made against the primary producer? How are they justified? How are those charges of $3\frac{1}{2}$ cents a bushel made up? Is the quantum too great? What are these other charges and to whom do they go?

Mr. CRERAR: Perhaps my hon. friend will allow me to give some information on the matter.

Mr. HANSON (York-Sunbury): I am glad to take it from any source.

Mr. CRERAR: As I understand it—and I think my information is correct—there are two methods of handling grain under the wheat board administration. There is the first method which deals with street grain, a term perhaps not so well understood by those not familiar with the marketing of wheat, but one which is well known to those who have had to do with that trade. Street grain is where a farmer delivers grain to the elevator, has it weighed and graded, sells it outright and gets a cash ticket for it. The elevator company assume the risk of grade, the risk of loss in weight in transportation and any other risks that may arise. In the meantime they have their money invested

in the grain and of course they must keep it insured. The margin allowed is $4\frac{1}{2}$ cents a bushel. That is where the $4\frac{1}{2}$ cent charge comes in, to which my hon. friend referred a moment ago.

Mr. HANSON (York-Sunbury): That is a fixed profit according to the custom of the trade?

Mr. CRERAR: That might be broken down in this way: One and three-quarter cents a bushel for receiving the grain in the elevator, weighing it and giving free storage for fifteen days.

Mr. HANSON (York-Sunbury): Those are the elevator charges.

Mr. CRERAR: They total $1\frac{3}{4}$ cents a bushel.

Mr. ROSS (Moose Jaw): Insurance and loading.

Mr. CRERAR: That covers also loading out. Then there is the service charge. There is the $1\frac{3}{4}$ cent handling charge to the elevator and the one cent a bushel service charge, making $2\frac{3}{4}$ cents. Deducting $2\frac{3}{4}$ cents from $4\frac{1}{2}$ cents leaves $1\frac{1}{2}$ cents. The question may be asked: What is this $1\frac{3}{4}$ cent charge? Why is that necessary? It is necessary to protect the elevator company against the risk it takes in connection with loss in grade or loss through dockage. These are technical terms and I hope I am making them clear. A farmer delivers wheat to the elevator, and the elevator manager or agent may say that it should carry $2\frac{1}{2}$ per cent dockage. The farmer may contend that this is too high, that $1\frac{1}{2}$ per cent is enough, and in order to hold his custom the elevator may bring the dockage down to $1\frac{1}{2}$ per cent. When that grain goes out and is inspected, it may be charged with $2\frac{1}{2}$ per cent dockage. In that event the elevator has lost one per cent.

Mr. HANSON (York-Sunbury): In other words, this charge is an insurance fund to protect the elevator.

Mr. PERLEY: How often does that happen?

Mr. CRERAR: I do not want to get into a controversy with my hon. friend.

Mr. PERLEY: How long would a man continue to be employed by my hon. friend if he did that more than once or twice?

Mr. CRERAR: May I say quite modestly that I have had some experience in operating a line of country elevators, and I have also had experience in operating a farmer's elevator, of which I was manager for several

years. The curious thing is that there are many farmers who are more concerned with the grade of their grain than with anything else. They are touchy upon that point, if I may use that term. Time and again I have seen a farmer come in with grain which was actually No. 3 northern, and he would be honestly convinced that it was No. 2 northern.

Mr. HANSON (York-Sunbury): Or else he was a good bluffer.

Mr. CRERAR: Very often in such a case the elevator agent will agree to give him the price for No. 2 northern, but will ask a heavier dockage.

Mr. DIEFENBAKER: How long has this $4\frac{1}{2}$ cent charge been made?

Mr. CRERAR: I think ever since the board was established.

Mr. DIEFENBAKER: What year?

Mr. CRERAR: In 1935. That was the rate set by Mr. McFarland when it was in operation, as I recall.

Mr. HANSON (York-Sunbury): It goes back beyond that; it has been a custom of the trade.

Mr. CRERAR: In the particular case I mention the elevator agrees to pay for No. 2 northern but charges a four per cent dockage fee. When the grain is inspected—this has happened time and again, and the records can be examined—it is graded as No. 3 northern, perhaps with one per cent dockage. The elevator company has lost in the grade, but it has gained in the weight. The hon. member for Qu'Appelle smiles.

Mr. PERLEY: It is too funny even to laugh at.

Mr. CRERAR: Those are actual facts.

I should like to say a word in defence of the board. It has been under some criticism, but it is quite able to take it. I think the basis which has been reached with the trade is quite reasonable. If you reduced the handling charge of the service charge so-called, you might have to widen out the margin somewhere else in order to get your contract with the grain handling companies.

Mr. HANSON (York-Sunbury): Are the grain handling companies and the commission men one and the same?

Mr. CRERAR: Very often they are.

Mr. HANSON (York-Sunbury): They get the whole thing.

Mr. CRERAR: As I read the act, the board is not exceeding its powers in doing this.

Mr. HANSON (York-Sunbury): Where is the justification for it?

Mr. CRERAR: In section 8 (i).

Mr. HANSON (York-Sunbury) As I pointed out, that applies entirely to sales of grain by the board. It has not a thing to do with the purchases of grain by the board.

Mr. CRERAR: I shall not quarrel with my hon. friend over a legal interpretation.

Mr. HANSON (York-Sunbury): It is just a simple interpretation of the language, and it makes a big difference.

Mr. QUELCH: To come back to another point of great importance, the question of a guaranteed price of 70 cents proposed in this section, this afternoon several statements have been made which I do not think should be allowed to go unchallenged by western members. First, I want to refer to some of the statements that were read by the minister which purported to speak on behalf of western Canada. At the time I asked the minister whether he had statements also by any prominent farm organization in western Canada. The statements that he read were from papers that speak on behalf of vested interests. By no stretch of the imagination could one say that those papers were speaking on behalf of the western farmer. I should like to quote a few statements made by prominent farm organizations in western Canada. The first is from an editorial in the *Western Farm Leader*. Referring to the question of price, the editorial reads in part:

Not only the now imminent storage problem but the task of ensuring to producers of primary wealth a return sufficient to enable them to meet their costs of production, must be faced by Canada's responsible authorities if breakdown is to be avoided.

An economic crisis plunging the basic industry of the dominion into disaster would inevitably disorganize plans now being accelerated to enable our country to play the major role it is called upon to play in the struggle for the survival of freedom and decency in the world.

I do not think anyone will suggest that a price of 70 cents will ensure that.

I quote next a statement by the United Farmers of Alberta, also published in that same paper:

It will further be pointed out that as living costs have increased substantially, a higher minimum price for wheat than that of last year—a price more in line with increased costs to the farmers—should be set for the new crop.

[Mr. R. B. Hanson.]

Here is a statement by the wheat pool of Alberta, issued in the form of an advertisement:

The directors of the Alberta wheat pool have drawn up the following recommendations:

1. Continuation of the wheat board and extension of its powers to handle all wheat.
2. Fixing of a wheat price in proportion to the cost of things the prairie farmers have to buy.

A statement by the United Grain Growers reads:

Grave difficulties are in sight if no better price than 70 cents is available during the coming year, especially if the crop should be small, and if production costs continue to advance as they are now doing.

I think I have quoted sufficient to show quite clearly that those organizations which are in a position to know the costs of production and the problems of the farm, are by no means satisfied that a price of 70 cents is sufficient to make it possible for the farmer to carry on and pay his way.

I should like to refer to one other statement which was made in this house to-day and which has been repeated a number of times during this debate. It was mentioned by the Minister of Agriculture (Mr. Gardiner) and by the hon. member for Lambton-Kent (Mr. MacKenzie). I, as a western farmer, bitterly resent the statement that he made. The hon. member for Lambton-Kent said that there were not many farmers in this house and still fewer dirt farmers. I can claim to be both of these.

The statement has been made in this house that the farmers of western Canada, in asking for a guaranteed price sufficiently high that it may entail loss to the federal government, are in effect asking for charity. That was stressed by the Minister of Agriculture, who said that the farmers of western Canada should be grateful. I would point out, Mr. Chairman, that when the farmers of western Canada ask for a guaranteed price that will return to them the cost of production they are not asking for charity; they are asking only for that which they have every right and justification to demand, because, as I stressed this afternoon, just so long as the farmers of western Canada have to continue to pay a highly protected price for everything they buy, they have every right and every justification for demanding a protected price for the products they sell, and they have been paying a protected price for the products they buy for a great number of years. As has already been shown in this house, that protection has cost them in the neighbourhood of \$79,000,000 a year. What is the most we ever got back?

Altogether the total amount of payments that have been made to the west do not equal the amount we have been penalized by the fiscal policy of the federal government in a single year.

The hon. member for Lambton-Kent suggested that we have no right to expect the farmers of eastern Canada to contribute towards the west. He stressed that farmers in eastern Canada are also paying protection. But I refer him to the submission of the late Minister of Labour, Mr. Rogers, before the commission in Nova Scotia. In his submission to the commission Mr. Rogers showed that if you subtract the gains to manufacturers in western Canada resulting from tariffs from the losses to the three western Canadian provinces on account of increased prices resulting from the tariff, you have a net loss to the west of over \$55,000,000, and that loss is incurred every year. On the other hand, if you subtract the cost of tariff to the people of Ontario and Quebec as represented by increased prices from the total gains to manufacturers in Ontario and Quebec resulting from tariffs, you have a gain to the eastern provinces of over \$83,000,000.

Ontario farmers are residing in a province which benefits by the tariff to the extent of over \$51,000,000 annually. As a result of the operation of the tariff, the net gain per head of population in Ontario was \$15. The net loss to the farmers of western Canada as a result of the operation of the tariff, as shown by the Manitoba brief, was \$110 per head. The western farmers lost, as a result of the tariff, \$110 per head per year, while the eastern population gained \$15 per head per year. So what possible justification can there be for any hon. member saying that the eastern farmers were also paying towards this tariff? The fact is that the people in the east are gaining considerably by the tariff.

If the hon. member says that the farmers of eastern Canada do not benefit as a result of that gain of \$51,000,000 a year through the tariff I would say to him, the farmers of eastern Canada should insist that their provincial government bring about a fairer distribution of that gain and frame their taxation in such a way that the eastern farmers will benefit from it, because the east gets it and the western farmers have to pay it. Therefore it is nonsense to suggest for one minute that the guaranteed price, even though it costs the federal treasury \$30,000,000 or \$40,000,000 a year, is in any way, shape or form a gift to western Canada. It is merely a repayment of something that has already been extracted, and eastern Canada, in paying these millions of dollars to western Canada is

simply repaying what the east has already extracted from the west. For years the slogan was: "Soak the west." Western Canada paid higher insurance rates, higher interest rates, higher taxation, higher freight rates, and the magazines and trade papers always quoted a certain price for goods in eastern Canada and a higher price for west of the great lakes. So again I emphasize that eastern members might just as well cease making that foolish remark about eastern Canada subsidizing western Canada. The shoe is on the other foot. There is no question of subsidizing; it is merely a repayment by the Dominion of Canada to western Canada of that which rightfully belongs to the west.

Mr. DONNELLY: To me this section is misleading. It reads:

Provided that no wheat shall be purchased by the board except from the producers thereof.

Yet the minister tells us, and tells us correctly, as I understand the practice is, that they cannot and do not take from the producers. Why, therefore, is it stated in the act that they must buy wheat from the producers? The section is misleading and should be clarified.

Further, no one controls this service charge. The board of grain commissioners has nothing to do with it. The practice has grown up through a period of years of paying one cent to the grain trade; that is all; and we still are paying it. My contention is that if we must pay a service charge, and if the farmer must hire a commission merchant, let us put that provision in the act. Let us say that this grain must go through a commission agent, and prescribe what he shall be paid. Let us control the proceeding. We have been operating under this grain act for years, but there has never been proper control over it, and I do not think this should continue any longer.

The wording is misleading. It says that we shall sell direct. We cannot sell direct. It makes no mention of a commission merchant, but there is a one cent service charge on every bushel of wheat which goes from western Canada. Make no mistake, the farmer pays it, not the board of grain commissioners or the wheat board. The charge is deducted when the farmer brings in his load of wheat whether he delivers it to the elevator or sends it to Fort William, and costs about \$15 a carload. I regard the charge as too much, because the business is only routine. The agent looks over the car, checks and weighs it, and sends the money back. To pay \$15 for that service is too much. The matter should be clarified in the act; it should not be left in this misleading

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form. For the last number of years, under both this government and the last Conservative government, the wheat board have been operating and buying in the same way; yet the act says they must buy from the producer, and now they say they cannot.

Mr. NICHOLSON: I submitted a question some time ago. Since that time I have not had an opportunity, Mr. Chairman, of catching your eye, but I do not intend to follow the line of thought I was pursuing at that time.

Since I took my seat, the copy of the *Commercial Intelligence Journal* dated August 3, issued by authority of the Minister of Trade and Commerce (Mr. MacKinnon) has been brought to my desk. I find on page 163 some important information:

Prices of agricultural products in the
United Kingdom

London, July 5, 1940.—The Minister of Agriculture has announced a new range of prices for farm products to meet the increased costs of production, chiefly the higher wages now in operation; . . .

The following prices came into force on July 1:—

Wheat.—The standard price for wheat under the Wheat Act, will be raised from the level of 11s. per cwt. to 14s. 6d. per cwt.

If my memory serves me correctly, an English hundredweight is 112 pounds. At any rate, the increase is over thirty per cent. Assume for the sake of argument that the 70 cents set a year ago was a fair price—which we are not for a moment prepared to admit—the conditions which apply in Great Britain apply here. If they consider it wise to increase the price to the farmer for wheat 30 per cent in Great Britain, I think it is only fair that we in Canada should increase our initial payment at least 30 per cent, which would give the farmer an additional 21 cents a bushel, or 91 cents, basis Fort William. I should like to urge the minister to give the most careful consideration to following the policy pursued in Great Britain.

Mr. HANSON (York-Sunbury): I suggest to the minister, upon reflection, that I believe section 7(b) will help him in connection with these commission and other charges. The interpretation of that might help substantiate these charges. But I think the department should review the whole position as to the quantum of these charges.

While I am on my feet, one of my colleagues has requested me to ask this question: Is it legal for a member of parliament to deal with this wheat board without violating the Independence of Parliament Act? My view is that it would be, because this is a

[Mr. Donnelly.]

corporation set up by statute. I do not want the minister to take my view, but I should like to know what the view of the department is. The board is a corporation set up by statute, and owned, I suppose, by the crown.

Mr. MacKINNON (Edmonton West): I am advised that counsel for the wheat board has given an opinion that it is legal.

Mr. HANSON (York-Sunbury): I think that is right.

Mr. COLDWELL: Before the section is passed, in trying to arrive at what this price will mean to the people of Canada and to the western farmer I think it is important we should know what return we are getting for the wheat which is now being sold. We were told this afternoon that we recently sold 100,000,000 bushels of wheat, and that shortly before, we sold 50,000,000 bushels or, in all, 150,000,000 bushels. We were told that this was sold above the 70 cents pegged price; and in March the Minister of Agriculture stated that wheat could have been sold last fall at 87½ cents a bushel. We as a parliament are responsible for the financing of this particular business if there is a deficit, and I think the committee is entitled to some information as to the price which was obtained for the wheat which was sold by the board up to the present time out of last year's crop. What prices were obtained for the 50 million bushels, and for the 100,000,000 bushels of which we heard to-day?

Mr. MacKINNON (Edmonton West): When the 50,000,000 bushel sale was made some time ago, it was announced that the figure obtained was considerably above the pegged price; and when I announced to-day the 100,000,000 bushel sale I made the same statement. I am advised that the publication of the actual figures would be a breach of trust with the cereals import committee and that it would not be in the public interest to make the figures known.

Mr. COLDWELL: I would not press the minister to divulge information if it is not in the public interest to do so, but it appears to me that it cannot be against the public interest to tell this parliament what wheat which belonged to the people of Canada was sold for. After all, this parliament has only one control over the government, and that is in relation to the expenditure of money. We exercise it through the estimates and in bills which appropriate moneys or commit the government to the expenditure of money.

Mr. HANSON (York-Sunbury): On that point, if the only buyer is the British government, and if the British government has requested that this price be kept secret, then certainly, I think, it would be a violation of that undertaking if the price were disclosed. If there were other buyers, the position might be different, but I think the government, inasmuch as this is the only foreign buyer, must keep faith, if that is the undertaking.

Mr. PERLEY: With reference to the sale of 100,000,000 bushels, what were the channels through which it passed; how many commission agents were used, or did it go through the board direct?

Mr. MacKINNON (Edmonton West): Direct.

Mr. HANSON (York-Sunbury): The government will observe the provisions of section 8 in carrying out the transaction. They are making negotiations direct, but they will have to use section 8. Somebody will get something out of this. Probably it will come out of the British government.

Mr. PERLEY: Since we have the ruling that it is legal for a member of parliament to deal with the board, I may say that I have never yet sold a bushel of wheat to or taken a participation certificate from the board. If I shipped a carload of wheat this fall to my own order at Fort William, paying the freight and all the charges and getting a warehouse receipt, and if I sent the warehouse receipt to the board in Winnipeg, would they take it and charge me anything, or what would happen?

Mr. MacKINNON (Edmonton West): I am advised that the charges would have to be paid through the regular channels of trade. I am informed, however, that the matter will be taken up by the solicitors for the board.

Mr. HANSON (York-Sunbury): The whole matter will be reviewed?

Mr. MacKINNON (Edmonton West): Yes.

Mr. CRERAR: I move that the committee rise, and report progress and ask leave to sit again this day. I am doing so in order to make a motion that the house do not adjourn at eleven o'clock.

Progress reported.

BUSINESS OF THE HOUSE

SUSPENSION OF THE ELEVEN O'CLOCK RULE

Hon. T. A. CRERAR (Minister of Mines and Resources) moved:

That the house do not adjourn at eleven o'clock.

Hon. R. B. HANSON (Leader of the Opposition): Is this motion debatable? I do not suppose it is, but may I make a statement? I know the government and all hon. members are anxious to get the business of the house concluded, but I think the business of this house should be concluded in an orderly manner. The spectacle of three or four hundred million dollars of public money being voted in a few hours is absolutely wrong. Two of the great prerogatives of parliament are the voting of money for the supply of his majesty and the ways and means whereby that money shall be provided. These, I take it, are the two fundamentals of the House of Commons, fundamentals which were obtained many decades ago, perhaps as a result of bloodshed itself. They were rights that were exacted from the crown after a great struggle and they should not become mere routine. They are primarily the functions of parliament. Therefore I appeal to hon. gentlemen to vote supply in an orderly manner so that we shall not be held up to ridicule by the public as rushing through without due consideration the estimates which the government submitted at an early stage of the session. It is quite evident that we cannot finish the business of the house this week. The discussion to-day and yesterday on this bill has made that impossible. Let us therefore not try to overwork ourselves. Let the estimates go over to next week. Let us do it in an orderly and dignified way. That is the plea I make to the minister. After a hard week, how can members be asked to sit until twelve o'clock or one o'clock in the morning just to save a few days or one day next week? It is not fair.

Mr. CRERAR: Perhaps the discussion is out of order, but in any event, with the permission of the house I should like to make a comment on what the leader of the opposition has said. Yesterday the house approved unanimously, without objection, a motion that we sit to-morrow. We are anxious, if possible, to get this bill through the committee stage to-night. I understand that the senate is meeting to-morrow in the expectation that it will be able to give consideration to the bill, and I think it is desirable that it should have that opportunity. After all, we have had a fairly lengthy discussion, not only on the resolution leading up to the bill but on the

second reading of the bill, and we hope to conclude consideration of the bill in committee to-night and have it reported.

On the other question, I agree wholly with what the leader of the opposition has said. Sometimes we are apt to forget it. But I do not think there is any matter that is more important in the business of parliament than the levying of taxes and the expenditure of public money. Let me make this clear. There was, and I believe is, a general desire among hon. members to conclude this week, if possible. I agree with my hon. friend that it looks doubtful whether we can do it, but I wish to make this clear not only to the house but to the country, that the government do not propose to rush consideration of supply at all, and if it is necessary in order to finish up in an orderly manner as the leader of the opposition has suggested, the government are ready to stay here next week and the week after. I wish to make that clear not only to the house but to the country.

Mr. HANSON (York-Sunbury): I am advised that the succeeding sections of the bill may prove to be just as contentious. I do not know whether that is a fact, but I am telling the hon. gentleman who is leading the house what I am given to understand.

Mr. CRERAR: We might try it for another hour or an hour and a half.

Mr. COLDWELL: Do I understand that there is a time limit to-night?

Mr. HANSON (York-Sunbury): No.

Mr. COLDWELL: I know some of us are very, very tired; I am, personally, and last night we sat here until half past twelve.

Mr. HANSON (York-Sunbury): I do not think this motion can go through without unanimous consent. If any hon. gentleman wants to stop it, he only needs to say so.

Mr. CRERAR: I would suggest that we should sit until twelve or perhaps twelve-thirty o'clock.

Mr. COLDWELL: Let us say twelve o'clock. I think that is as late as we should stay. Moreover, I think the staff should be given some consideration, particularly these young page boys.

Mr. HANSON (York-Sunbury): We can send them home.

Mr. COLDWELL: They should be sent home.

Mr. NEILL: The government will not go beyond this bill to-night?

Mr. CRERAR: No.

Motion agreed to.

[Mr. Crerar.]

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS MARKETS, EXISTING STOCKS, AND HANDLING OF 1940 CROP—INITIAL PAYMENT OF 70 CENTS

The house resumed consideration in committee of Bill No. 118, to amend the Canadian Wheat Board Act, 1935—Mr. MacKinnon (Edmonton West)—Mr. Vien in the chair.

On section 3—Powers of board respecting the buying of wheat.

Mr. DONNELLY: I want to ask just one question in regard to this service charge. This evening we were saying that this has grown up as a custom. Suppose the grain trade decided that the one cent now being charged was not sufficient, that they should have two cents or three cents; who is to control them? How is it going to be looked after? This is not under the control of the board of grain commissioners, nor is it under the control of the wheat board. What would we do in a case like that?

Mr. MacKINNON (Edmonton West): I am informed that under those circumstances the wheat board would not give them a contract.

Mr. DONNELLY: We are told that we must have commission merchants, that the board will not buy direct from us. If the commission merchant says that he will not work for less than two cents a bushel, what can we do? There are in the act no regulations under which this charge may be controlled. I believe this should be dealt with in the act in order that we may have control over this charge. This is important to me. This charge should be controlled by somebody. We should provide under some act or some regulation that somebody, in some way, will have some control over this service charge.

Mr. MacKINNON (Edmonton West): Assurance has been given that this matter will be looked into and, if necessary, action will be taken.

Mr. DONNELLY: Then I think this section should be allowed to stand until we see how it is to be clarified. What the minister says is not enough. I want to see some provision put in the act.

Mr. HANSELL: Might I repeat the question I asked at the beginning of this debate? Will the minister tell us definitely just what price the Ontario farmer will receive at his local elevator and what price the Alberta farmer, for instance, will receive at his local elevator?

Mr. MacKINNON (Edmonton West): It will be 70 cents in each case. In Ontario, it

will be less the freight charge to Montreal; in Alberta, it will be less the freight charge to Vancouver.

Mr. JOHNSTON (Bow River): What are those charges?

Mr. MacKINNON (Edmonton West): They vary at the different points.

Mr. JOHNSTON (Bow River): Could the minister give an average?

Mr. MacKINNON (Edmonton West): No, I could not. It varies.

Mr. JOHNSTON (Bow River): It is about 19½ cents in Alberta.

Mr. MacKINNON (Edmonton West): It would vary.

Mr. FAIR: I paid 27½ cents.

Mr. DIEFENBAKER: This evening there has been lengthy reference to the powers of the wheat board in connection with this service charge and other matters. The Minister of Mines and Resources suggested that these powers arose under section 8, paragraph (i), but it was pointed out that this section was inapplicable. It seems to me to come under section 7, paragraph (d), which bears out the contention of the hon. member for Moose Jaw that the elevator companies would be the agents of the wheat board. That section has not been referred to this evening, and perhaps if I read it now it will assist the minister and the committee in clarifying the situation. It reads:

7. The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:—

(d) to operate elevators, either directly or by means of agents, and subject to the provisions of The Canada Grain Act or any other statute or law, to pay such agents commissions, storage and other charges, remuneration or compensation as may be agreed upon, with the approval of the board of grain commissioners;

That being the situation, I should like to know when and under what circumstances the former service charge of 2½ cents a bushel was increased to the present rate of 4½ cents a bushel. That is a large increase. The Minister of Mines and Resources suggested that the increase had been made in 1935. I should like the minister to advise the committee whether in point of fact that is a correct statement of the situation.

The hon. member for Wood Mountain has mentioned an important matter in reference to charges of this kind. As I pointed out last evening, these charges mean to the western farmer at least \$7,000,000 over and above the

charges permitted under the grain act. Under this section the board only has power to pay elevator companies such charges as are permitted under the Canada Grain Act. The service charge of 2½ cents a bushel, including commission, is provided by that act, and I ask the minister what justification there is for the extra levy of 1½ cents a bushel, which on 300,000,000 bushels would mean approximately \$4,500,000 annually.

These are questions of serious import, and I think the minister should be able to answer them. It was just because of this levy, which has continued for at least four or five years and perhaps longer, that I made the suggestion last evening that the western farmer was paying altogether too much in charges of this kind; that the elevator companies were levying a toll that was unfair and inequitable and that the only way in which the government could justify itself before the people of Canada, if such charges were to be permitted, would be to take advantage of its powers under the mobilization act and take over the elevator companies and storage concerns, paying the owners a stated rate of interest for the use of their premises for the duration of the war. Therefore I ask the minister to explain why this additional levy is allowed. What is the justification? What are the increasing costs which justify the increase of one and a half cents to-day for every bushel produced in western Canada over the service charges which prevailed, whether in 1935 or prior thereto. Those charges might have been justifiable when the wheat was being produced and sold at a price which returned a reasonable return to the farmer. To-day, when it is recognized in all parts of the house that the farmer must produce and sell at a loss, all these matters which go into his costs of production, and which reduce the share he ultimately will receive, should be reduced to the minimum.

I join with the hon. member for Moose Jaw, the hon. member for Wood Mountain, and the hon. member for Qu'Appelle in their demands that these charges be reduced. Their reduction would mean about \$7,000,000 a year to the western farmer.

The CHAIRMAN: Shall the section carry?

Mr. DIEFENBAKER: I want an answer.

Mr. MacKINNON (Edmonton West): In one case the charge of 2½ cents is on carload lots. In the other case, the 4½ cents is on street wheat. The charges have been the same in both cases for the last five years.

Mr. DONNELLY: I would draw the attention of the committee to the fact that the

Canadian Wheat Board

charges for the handling of grain, as they appeared in the Canada Grain Act of 1925, are as follows:

The charge for storage, cleaning, handling and fire insurance of grain, including the cost of receiving and delivering, shall be subject to such regulations or reductions as the board may provide—

Meaning the board of grain commissioners.
—with the approval of the governor in council.

That was the act as it was in 1925. Then, the act as it was in 1930, and as we have it now, gives these duties of the board:

In particular, fixing or approving the maximum charges to be made for the discharge of grain into and out of elevators, and for the insurance against fire, storage, cleaning, treatment and handling of grain while in any elevator—

But not subject to the governor in council, at all. Then:

—fixing the maximum shrinkage allowances which may be made on the delivery of grain to country elevators—

Again, not subject to the governor in council, at all. Then:

—governing the procedure to be followed at elevators in respect to the receipt and discharge of grain and the handling, treatment and shipping thereof while in such elevator.

That is the act as it is at present. Not a word is said to the effect that the board have anything to do with this service charge. Then, regulations were passed from time to time. As the minister has pointed out, we are working under regulations passed in 1934 for country elevators. The regulations as adopted in 1934, passed by the board of grain commissioners, govern storage charges, cleaning charges, special bin charges, shrinkage charges, dockage on cash or storage grain, and so on. All this is as it was in 1934, and passed on July 30 of that year. It has not been changed at all. There is no difference now from what there was then. The other charges, for example the storage charges as we have them for the terminal elevators at Fort William, Port Arthur and Winnipeg, were changed on August 31, 1939. The same is true in respect of some other storage charges at terminal elevators at Saskatoon, Moose Jaw, Calgary and Edmonton. That was in August, 1939. However, the charge at the country elevator is just the same as it was in 1934.

I would again ask the minister that someone be placed in charge of that service charge to which we have referred, namely, that charge of one cent a bushel which is being paid. I would suggest that the board of grain commissioners or the wheat board be responsible,

[Mr. Donnelly.]

and that the matter be determined in such a way that there will be some control, so that we shall know what we are doing.

Section as amended agreed to.

On section 4—Certificates to producers.

Mr. FAIR: This is an important section. Paragraph (f) deals with certificates to producers. This is nothing new, and I hope payments will be made on these certificates for the 1939 crop as well as those in years to come. Because of the amendment made to section 3, I suggest that a similar amendment will have to be made in line 25, adding the words, "or Vancouver" after the words "Port Arthur."

As I said a moment ago, in respect of interim payments I hope we shall soon receive something by way of interim payments on the 1939 crop, and that we may continue to receive those payments on crops we hope to grow in the future. The fact that we do not get a large payment in the fall is, I believe, sufficient to justify a payment later on. In the spring season the farmers have a hard time financing, and an interim payment, such as has been made by the pools in the past, has been found useful in the early part of the year.

There is a new provision here, so far as the wheat board is concerned. While hon. members have been told on one or two occasions that this is the idea of a certain party, I believe it is an idea used by the pools some years ago. I am glad to see that it is inserted here again.

In connection with the payment of storage on farms, I would expect the amount would be the same as that which is now being paid the grain elevator companies. With regard to storage, I would hope the government would see to it that the price control board stays on the job when the material for granaries will have to be purchased. At the time that the home improvement plan was put into operation we know the lumber manufacturers took advantage of legislation passed here, and immediately raised the price of their lumber. In my opinion, the government would be well advised to see that that does not occur on this occasion.

I believe the section is incomplete. At the present time it is our belief that there is sufficient room to store only 150,000,000 or 160,000,000 bushels of grain in all Canada, so far as elevator facilities are concerned. I believe that at the present time there are several points where elevators are filled right to the top—and that before the period of threshing. I would think, therefore, that as soon as threshing commences, it will be absolutely necessary to have some provision for

an advance on the grain which will remain on the farm. The minister has told us that this matter is under consideration. However, I do not believe the statement that it is only under consideration will be sufficient for the wheat growers of Canada. I understand that when this announcement was made it had a bad effect upon the credit of the farmers. For a number of years farmers have been getting credit at the local stores for purchases of twine, lumber, binder repairs and other articles, but as soon as this information was given out by the minister, much of this credit was withdrawn. I believe the government realizes that if some provision is not made for an advance payment on grain stored on the farm, a serious condition will result in western Canada. I should like to quote from a letter which I received yesterday morning as follows:

We as farmers realize unless an immediate substantial increase in price is ensured the western producers, Ottawa will be faced with a relief problem too late to be solved. The spirit and hope of the farmer to-day is very near the breaking point. Their burden of the past ten years has been too heavy and the youth of to-day refuse to carry on. We trust parliament will awake before it is too late.

That letter was signed by forty-one growers of wheat in a small district around Wainwright, and I have several other letters along the same line. I hope the government will do something worth while, and do it in a hurry, in connection with the payment of advances on grain stored on the farm. In order to bring this before the committee I move:

That section 4 of the bill be amended by adding thereto as subsection (i) the following:

To advance to the producer prior to the delivery of the wheat to the board, upon such security and upon such conditions as the board may by regulation require, such sum per bushel as the board may deem advisable, but not in any case to exceed the sum of forty cents per bushel.

The CHAIRMAN: I am afraid that this amendment imposes a charge against the public treasury and therefore cannot be moved by a private member. In addition, it is not covered by the resolution which was approved by His Excellency the Governor General. If any hon. member desires to speak on the point of order before I give my ruling, he should do so now. The point of order is whether this amendment is in order in view of the fact that it entails the expenditure of public money.

Mr. DOUGLAS (Weyburn): I have only glanced at the proposed amendment, but it seems to me that it does not entail the

expenditure of public money in excess of what would ordinarily be expended. The wheat board is to purchase all the wheat, and this merely states that some of the purchase price shall be paid in advance, the remainder being paid when it is delivered.

The CHAIRMAN: Under the act the board has no power to advance any money to the producer prior to the delivery of wheat to the board. This amendment purports to give the board power to disburse public funds not to exceed 40 cents a bushel which would be paid to the producer prior to the delivery of the wheat. In that respect the amendment entails the expenditure of public funds, and in my opinion it is out of order.

Mr. ILSLEY: I have an amendment to move, similar to the one which was proposed to section 3(e). It is:

That section 4 be amended by adding in paragraph (f) after the words "Fort William-Port Arthur" in the ninth and tenth lines thereof the words "or Vancouver."

Amendment agreed to.

Mr. DOUGLAS (Weyburn): I should like to ask the minister a question in connection with clause (g), which reads:

(g) to make an interim payment on account of any surplus aforesaid if such interim payment can be made without any possibility of loss or deficit in respect of operations of the board.

Just exactly what does that mean? As I understand it, the only way in which it could be known that there could not be a loss would be to have all the wheat sold, or such a large percentage of it sold that there could not be a loss on the small amount of wheat still to be delivered. This actually means that an interim payment can be made.

Mr. MacKINNON (Edmonton West): If and as soon as the money is available.

Mr. DOUGLAS (Weyburn): Section 13, subsections 1 and 2, provides for payment when all the wheat is sold and all the money received. I do not know whether this amendment is some more of the eye-wash referred to by the leader of the opposition. It may be just a piece of verbiage to protect some of the election promises made by the Minister of Agriculture.

Mr. ILSLEY: I do not want to interject myself into this discussion except to say that, as the legislation stands at the present time, I understand that all the wheat to the last bushel must be sold before anything can be paid in addition to the initial payment. This does away with the necessity for that and provides for an interim

payment when the amount that is left is reduced to such dimensions that, no matter what it brought, it would still be safe to make a payment.

Mr. DOUGLAS (Weyburn): About 96 per cent.

Mr. STIRLING: Am I right in understanding that this amendment provides that a producer of wheat in British Columbia who sends his wheat to Fort William will only have to pay the freight rate to Vancouver?

Mr. MacKINNON (Edmonton West): That is correct.

Mr. DONNELLY: I notice that these certificates are not transferable, but as a matter of fact many were transferred last year. It was necessary to do this because of certain conditions which arose. For example, a man may be renting a farm from a loan company or from the owner. He sells wheat in his own name and the owner comes round for his share of the crop. The owner asks for sufficient certificates to cover his share and the renter transfers them to him. I know of many instances where that has been done. I know of hundreds of instances where certificates have been transferred because the loan companies have demanded it.

Mr. MacKINNON (Edmonton West): I am informed that these certificates can only be issued to the party delivering the wheat, that technically at any rate they are not transferable.

Mr. QUELCH: Paragraph (h) says that the amount paid for storage "shall not in any case exceed the amount payable for storage in a country elevator." I would ask if the amount paid will be at least equal to the amount paid for storage in a country elevator, and when the date of storage will commence. Will it be the date when the farmer threshes his grain?

Mr. MacKINNON (Edmonton West): The rate of storage will not be more than the amount payable for storage in the country elevator. Neither the rate nor the date has yet been settled.

Mr. QUELCH: The minister cannot say whether the amount paid to the farmer for storage will be as much as for storage paid in a country elevator. The bill says that it will not be more.

Mr. MacKINNON (Edmonton West): It will not be more; I hope it will be the same.

Mr. FAIR: Can the minister give us any idea of when we may expect payment on the 1939 crop?

[Mr. Hsley.]

Mr. MacKINNON (Edmonton West): I cannot give any information on that at the moment.

Mr. PERLEY: I did not quite catch the question asked by the hon. member for Acadia (Mr. Quelch) with respect to the amount payable for storage on the farm. I understand there has been a change in the rate of storage in the country elevators. Is that correct.

Mr. MacKINNON (Edmonton West): Yes.

Mr. PERLEY: The bill provides that the rate paid the farmer for storage on the farm must be no more than the amount payable for storage in a country elevator. I think the minister should give us a definite statement as to when storage on the farm will start. I think the farmer is entitled to receive payment for storage dating from the first of September. I also think he should receive what the storage charge was last year, one cent a bushel.

Mr. WEIR: A cent a bushel for what?

Mr. PERLEY: One cent a bushel a month. I say that the rate should be more than the storage charges this year for this reason: The longer the farmer keeps that wheat on his farm, the more the board will save in interest through not paying out the fixed price of 70 cents. This means a saving to the government through storage by the farmer, and on that ground alone the farmer is entitled to consideration. Further, the storage paid the farmer should be such as to encourage him to hold more of his wheat on the farm. I am suggesting that he should be paid one cent a bushel a month, starting from the first of September.

Mr. MacNICOL: May I ask the minister a question with reference to freight rates which he mentioned a moment ago? If I understood him correctly, the freight rate on wheat in British Columbia shipped to Fort William will be the same as the rate from the point of shipment in British Columbia to Vancouver. Is that correct?

Mr. MacKINNON (Edmonton West): If it is necessary for the grower of wheat in British Columbia to ship his wheat to Port Arthur or Fort William, which we hope will not be necessary, the rate would be the same as he would have to pay if he were shipping it to Vancouver.

Mr. MacNICOL: Then a shipper at the village of X, we will say, five miles east of Vancouver, if he cannot get bottoms at Vancouver to ship his wheat to the old country and has to ship to Fort William instead, would pay a freight rate from X to

Fort William that would be just the same as if he shipped his grain from X, five miles east of Vancouver, to Vancouver.

Mr. MacKINNON (Edmonton West): There is no wheat at the point X.

Mr. MacNICOL: I do not want to give the village away, so I am designating it X. It is doing very well for a little village. The shipper in X would enjoy a freight rate to Fort William that would be no more than the freight rate from X to Vancouver, and that would be a very small item indeed. Our freight rate structure is becoming somewhat of a predicament. If we could only ship machinery from the east to western Canada for that freight rate from X to Vancouver, we should hear no more protests from hon. gentlemen to my left.

Mr. PERLEY: Would the minister now give me an answer?

Mr. MacKINNON (Edmonton West): I heard the hon. gentleman's statement, but I do not recollect that he asked a question.

Mr. PERLEY: Will the minister give consideration to making the storage rate on the farm one cent a bushel a month, even if it is more than the rate paid at the country elevators? In support of that request I stated that storage on the farm would mean a saving to the government in interest on the amount paid as the initial price, because the longer the grain is held on the farm, the shorter the time will the government have to pay interest on the 70 cents invested in the grain. There is a saving there. Second, the storage rate should be such as to encourage the farmer to hold back his wheat.

Mr. MacKINNON (Edmonton West): The board inform me that they will give consideration to the question, but that they are restricted as to the amount they can pay the farmer for storage by the clause which states that they must not pay more than is payable at the country elevator. The wheat board have not as yet formulated their regulations regarding the date for commencement of payment of storage, or as to the amount.

Mr. DONNELLY: I understood the minister to say that the board of grain commissioners had passed new regulations covering the cost of handling and elevating wheat, and so forth, for this year. The new grain year has just started and I do not know what new charges have been made. Has the minister the charges there, and would he mind letting us have the new regulations under which we are now working?

Mr. MacKINNON (Edmonton West): I have not that information here.

Mr. DONNELLY: I should like to know what the new charges are. The charges at some of the country elevators have been changed?

Mr. MacKINNON (Edmonton West): The board of grain commissioners have made a change in the elevator storage charge from 1/30th to 1/45th of a cent, and there are some other minor changes.

Mr. DONNELLY: I should like to know the charges at the country elevators and if there has been any change in the charges at the terminal elevators.

Mr. MacKINNON (Edmonton West): I could give that information when the estimates for the board of grain commissioners are before the committee of supply.

Mr. DONNELLY: It is important that we should know what these charges are, because under this bill the farmer is to be paid for storage of his wheat on the farm no more than is paid for storage in the country elevators.

Mr. McNEVIN: Is it the intention when paying for storage on the farm to make any distinction between the farmer who stores 1,000 bushels and the farmer who stores 30,000 or 40,000 bushels?

Mr. MacKINNON (Edmonton West): No difference.

Mr. McNEVIN: I should like to offer a suggestion. To my mind there is a vast difference between the position of the ordinary farmer and that of the man who is a heavy holder of wheat on his own farm. I believe that there should be a system of rates in force on the basis of a reduction in the allowance per bushel per month as the amount of wheat increased. I can see where a large wheat grower can obtain a huge sum of money for storage of wheat on his own farm, and I believe we should protect the treasury to this extent, that one individual cannot collect a huge sum under the circumstances I have indicated.

Mr. PERLEY: I want to refer briefly to clause 19 of the agreement between the wheat board and line elevator companies. While it applies to class "B" wheat, if there is a shortage this fall of storage capacity in western Canada there might easily arise a condition under which farmers would be anxious to get their wheat in and would sell it on the street in order to get it into the market. This clause provides for the storage charge to start practically the day following delivery to the country elevator, or, as it says here, the daily report is forwarded to the office in Winnipeg.

This charge continues for thirteen days at least while it is in transit, that is thirteen days from the date of the bill of lading. That seems to me unfair, and I should like some explanation why that agreement was made. Was it made under the advice of the wheat committee of the cabinet? To my mind it should be changed to read as it was before, whereby there would be at least fifteen days' free storage, and, certainly, no charge while the wheat is in the boxcar. I protested against this agreement having been made, even as to the charges made last year. This year there will be much more street wheat or "B" class wheat than there was last year, on account of the storage situation.

Mr. MacKINNON (Edmonton West): It is pointed out to me that the change made last year was a decided improvement upon the former regulations, inasmuch as the charges were made until two days after the wheat was unloaded. There is now a limitation of thirteen days.

Mr. WEIR: In connection with this feature, there is a point which I think should be kept in mind when the board is making a new agreement. With the storage situation as it is, and the possibility that there will have to be some regulation with respect to the actual delivery, many more farmers will deliver wheat on what may be called the class "B" basis, that is street wheat—farmers who ordinarily would have carload lots but who may be able to deliver only half a carload at a time. As we observe this agreement, we recognize that there has been a difference between the service charges payable for handling carload lots and street wheat. There is an important feature with respect to that very situation: Although a man may have a carload of wheat to deliver at some time during the year, yet because of the particular storage situation at the present time he may not be able to deliver it when he has an opportunity to deliver some portion of his crop.

Second, in connection with this same feature, I do not believe the minister has indicated to the committee the manner in which it is proposed to pay this farm storage. At the moment I am not concerned about the amount, because I see that provision is made; I am interested in the manner in which the storage will be provided; that is, the mechanics of it.

This agreement for handling wheat by the wheat board has been evolved over a long period of time. I do not know what the wheat board did at the time of the last war, but I recall that when the pools started to operate, it was necessary for them to enter into an agreement with the elevator companies, because

[Mr. Perley.]

they had no facilities of their own to handle grains of any kind. The wheat board, when it came into the picture to handle grain, also was obliged to make an agreement with the elevator companies to handle grain, or else provide the facilities itself. It went ahead and made an agreement. I am not going to argue whether the agreement is a fair one or not, or as to the equity of individual charges. But I submit that at each stage there have been changes in the content of the agreements made with elevator companies to handle grain for the board. Since the first agreements were entered into, there has been a progressive and steady improvement, evidenced in the reduction of the charges as they affect the farmer. Each succeeding agreement has been made, so to speak, tighter. It may not yet be tight enough—that is not the point—but there has been an improvement all along the line.

Before resuming my seat I want to refer to the two matters I mentioned at the beginning: the spread between track and street wheat, and the method by which the storage allotment will be made.

Mr. MacKINNON (Edmonton West): I will answer part of the question of the hon. member for Macdonald (Mr. Weir) who has just spoken, and will ask him to repeat the other portion of the question.

The hon. member asked how the farmer would be remunerated for storing his wheat on his own farm. He will be paid an increased price per month when he comes to deliver his wheat.

Mr. WEIR: Perhaps a direct answer cannot be given to the other question, but I will put it this way, and, through the minister, direct it to the wheat board: that in negotiating a new agreement with the elevator companies particular attention should be given to the new conditions which will arise in respect of deliveries of street wheat as compared with carload lots. I mean that, because of the possibility of a limited delivery from individuals, a great deal more wheat will be delivered in other than carload lots, and it does not seem to me that under the circumstances the producer should be deprived of his advantage as a carload shipper.

Mr. MacKINNON (Edmonton West): That matter is already under consideration by the board.

Mr. PERLEY: I should like to have a definite assurance from the minister that that clause in the agreement will be changed, so that under no circumstances whatever will storage be paid on grain in a boxcar even for fifteen days.

Mr. WEIR: Does not that really come down to the question whether or not the board can make a deal with the elevator companies or anyone else to handle the grain? If they can reduce the charge, well and good. Probably they can and probably they cannot, but it is a business proposition between the elevator companies and the board and the closer the deal the board drives, the better. But that fact has to be considered, that the board is making a deal with someone else, and it takes two to make a deal.

Mr. MacKINNON (Edmonton West): I thank the hon. member for giving a clear answer to the question.

Mr. PERLEY: I am not satisfied.

Mr. FURNISS: I do not think there is anything that will create a more distasteful impression among the ordinary taxpayers of Ontario than this storage payment to farmers in the province who have their own granaries. I am appealing on behalf of the man who pays the taxes. I do not know what the impression will be in these times, when the government is trying in every way to get money to carry on the war. I do not know, I repeat, what the impression will be among the ordinary taxpayers, the man with a family whose living costs are bound to go up, or the man on low salary, who has had so much sympathy from some of the western members this session, or the man working on the farm for a wage from which his employer will have to deduct \$12 a year. I do not know what they will think when they know that the farmer is getting six cents a bushel for storing his wheat for eight months of the year.

Mr. DOUGLAS (Weyburn): What is the difference between paying storage to the farmer and paying it to the elevator company?

Mr. FURNISS: We have not been growing wheat extensively and I am calling attention to the difference between the west and the east. I know the impression was thrown out this afternoon that eastern farmers did not understand anything about the west, but if they do not it is not because they have not been told often enough about it, and they have been told about it, mostly by hon. members who are not farmers. I am telling the committee the impression that will be created among the poor people who pay the taxes, when money is paid to the farmer in Ontario for storing his own grain in his own granary, something that I know he has never had before. It will not make any difference what I say, but I cannot allow this

opportunity to pass without recording my attitude towards this matter, and it is the attitude that will be taken by, I believe, 90 per cent of the farmers in the constituency which I represent. I cannot understand how some members can reconcile this payment, even in the west, with the payments made under the farmers assistance act. If a man has 10,000 bushels of wheat to store and he stores it for eight months at the current rate of three-quarters of a cent a month, he will get \$600 storage, whereas the largest payment that can be made to the man who has absolutely nothing under the prairie farm assistance scheme is \$500. You are paying the man who has a crop for keeping it on his farm, and the man who has no crop is footing the bill. I know it is a fine thing to say that you are getting it because the elevators are getting it and you might as well have it.

I have every sympathy with the farmer because I have farmed all my life. I have every sympathy with the farmer who farms to make a living, but I have no sympathy with the farmer who treats wheat growing as a commercial enterprise and grows ten or fifteen thousand bushels. When the hon. member opposite speaks about the difference between east and west, I would ask him why it was that a number of years ago scores of farmers, thousands of farmers, left Ontario, sold their farms and went to the west. I can tell him of different ones who left my own locality. One man had a farm of 150 acres, well equipped with stock, implements and everything. He went west and in twenty years had four sections of land and \$20,000 to the good. People went west despite the long freight haul, despite the tariff about which the hon. gentleman complains so bitterly. They went west to make money because it was easier to make money in the west than in the east. Production in the west was cheaper. They went west because they got land given them, a quarter of a section and a preemption. In fact, they could buy all the prairie they wanted. I can tell the committee the whole story about that, but I want to register my attitude toward this payment for storage, so far as concerns the people of Ontario.

Mr. QUELCH: The hon. gentleman addressed a question to me and I should like to answer it. He asks why the farmers of Ontario went to western Canada. They went for the same reason that people in England and Europe came out to Canada and went to the west. It was the result of high-pressure salesmanship on the part of the railways. They went out of their way to misrepresent the facts. It is true that many farmers made

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a good living in the west, but I can point to thousands of farmers who were ruined. Millions of acres of land had to be taken back by the government because it was not possible for men to make a living on them. The Minister of Agriculture referred to this matter when he stressed the fact that the federal government assumed a certain responsibility for the condition that existed there, because they opened for settlement land which the federal government knew was not fit for the purpose. Yet they encouraged settlers to go there. Why? I can quote from the proceedings that took place in this house long ago. I can quote from a speech by the Hon. Frank Oliver—

The CHAIRMAN: I should like to allow the hon. gentleman a certain latitude inasmuch as the hon. member who preceded him touched upon the subject, but he was out of order. The trend of the discussion is not relevant to the section.

Mr. WEIR: May I say a word with regard to the observations of the hon. member for Muskoka-Ontario (Mr. Furniss). He has brought up a matter that may be a little misunderstood. This storage will be paid, as the minister indicated, when the wheat is sold. If the Ontario man feeds his wheat, there will be no storage paid on it. This is a new procedure, but it is brought about because of existing conditions. Storage facilities in the west and in Canada as a whole will not be adequate this year, and some inducement, may I say with all due respect, has to be provided to encourage those who have more storage facilities than required, to store additional quantities of grain. That to me is the reason and justification for this provision.

Mr. FURNISS: I understand the hon. member, but if a farmer in Ontario has a thousand bushels to sell he will get storage from the time it starts until the wheat is delivered. That is the point I am making. It is something he never got before, and something the poor taxpayer knows he will have to pay unless the price advances beyond the initial payment.

Mr. DOUGLAS (Weyburn): May I point out that, in the main, the farmers of the west have never stored their wheat. There are districts where the situation is different, but in the main the farmers on the prairies have drawn their wheat directly to the elevator or to the siding. Now, because of necessity, not for their own benefit but because this wheat board cannot store the wheat, and in order to meet the convenience

[Mr. Quelch.]

of this government and assist the Canadian economy, they are going to store wheat on their farms. This will mean a large capital expenditure. The hon. member speaks of storing 10,000 bushels and receiving \$600 in eight months; but think of the capital expenditure involved in building granaries to store that much wheat.

An hon. MEMBER: Have they no granaries in the west?

Mr. DOUGLAS (Weyburn): The north-western part of the constituency I represent is one of the heaviest pieces of wheat land in western Canada; that is from Weyburn to Regina. In normal years, from 1920 to 1930, we had the highest per capita production per acre of any part of the west. In that district there are no granaries at all; one can travel for miles without seeing one. Those people use combines and tractors and draw the wheat directly to the elevator. If they are to store five or eight or ten thousand bushels of wheat—although I do not think many will have that much this year—they will have to buy lumber at high prices and build elevators. It will take them two or three years to begin to get back their investment through the payment of storage charges.

Mr. McNEVIN: I do not want to delay the passage of this bill, but if I remember correctly, the storage capacity of the country elevators on the prairies is a little in excess of 100,000,000 bushels. When we have a four hundred million bushel crop, where has it all been stored? If I am wrong in my understanding, I should like to be corrected. What is the total storage capacity?

Mr. ROSS (Moose Jaw): The storage capacity of the country elevators is 189,000,000 bushels and of the terminal elevators 233,000,000 bushels.

Mr. McNEVIN: But we have frequently had a heavy carryover, some years amounting to 200,000,000 bushels. There has been a great deal of wheat stored in western Canada by the farmers every year. I know; I have been there.

Mr. PERLEY: I should like an understanding from the minister that at least he will undertake to have this section of the agreement amended so that no storage will be payable on grain in a boxcar.

Some hon. MEMBERS: No.

Mr. PERLEY: I do not think any hon. member will say that a farmer should pay storage on grain when it is in the boxcar of a carrying company, on which boxcar

freight is being paid, in transit from the interior to the terminal point. If any hon. member thinks that is fair, and he has ever heard of it in the history of grain marketing, let him say so.

Mr. BLACKMORE: Is the minister contemplating any change or modification of the act to meet the situation suggested by the amendment of the hon. member for North Battleford? Is he contemplating any provision under which farmers may obtain an advance on the grain stored on their farms?

Mr. MacKINNON (Edmonton West): Certainly it is being seriously considered, and has been for some time, although not by means of an amendment to this act.

Mr. BLACKMORE: I earnestly suggest that we need something more than consideration. "Can" as far as the government is concerned is one thing. It is quite a different matter to the poor farmer on the land, with a wife and children to keep and a big bill at the grocer's, with no other way whereby he can get any advance on his crop. This is a "can't" which simply must not be ignored. The government can move, but those men cannot. I come from a constituency in which practically ninety per cent of the farmers are going to face that very situation, and I say that if something is not done, the position is going to be tragic. We have not much more than another week or two in which to consider this matter, because they are going to be facing the grim realities soon.

I wonder if something could not be given beyond the statement that the matter is under consideration. Let us remember that the minister stands here with the whole resources of the Dominion of Canada behind him. If the government sees fit to do something about the matter, the government can do something. Let us not forget that during this session of parliament we have passed regulations and laws giving the government power to conscript everything in this country, which has placed this whole country behind the government. Now to say the government cannot do something about this is to say something foolish, without point.

Mr. MacKINNON (Edmonton West): I did not make the statement that the government could not do anything. I started to say that the government could not do what was suggested by the hon. member without giving it proper consideration. I have spoken on this point already. The hon. gentleman has not taken very much part in this debate, and I want to give him all the information I can. We realize the situation and are just as much concerned about it as the hon. gentleman may be. We are seriously concerned about

the situation and are giving it every possible consideration, as we must in order to arrive at a solution.

Mr. HANSELL: The fact of the matter is that it is not a question of coming to a decision eventually, a few months from now; it must be done now. We are getting letters every day. A harvest is on, and the elevator companies will not advance the farmers any money. The banks will not advance them any money. They require repairs for their machinery, but the machinery companies will not carry them. That is the position, and I think the question of the hon. member for Lethbridge should be answered definitely. I know this is a problem, but it is a problem that must be faced at some time, so why not face it now?

Mr. BLACKMORE: There is another matter I should like to bring to the attention of the minister, and because I may appear a little over zealous, I do not want the minister to think I am not sympathetic with him. I realize his position, but I realize also the position of those thousands of men whom I represent in this parliament. I believe the minister has this in mind, but let hon. members realize it. There are scores of merchants throughout my constituency who have gone the limit in granting lines of credit to these farmers, and who have gone the limit with their wholesalers. If the farmers cannot get advances on their crops, they cannot pay anything on their bills, which means that a good many of these merchants will be on the verge of bankruptcy. There is no provision for protecting the merchants; they can be closed out by the wholesaler at any time. There is no way by which the farmer can be protected either; his line of credit can be cut off at any time, and as soon as that is done in this age of unemployment, his family begins to starve.

While I am on my feet I should like to make one further point, and I am sorry the hon. member for Muskoka-Ontario is not in his place. It does one good to have a man like the hon. member speak so earnestly in this house. That is just the sort of discussion we must have. But men like the hon. member for Muskoka-Ontario must realize that there is the greatest difference between the situation of a farmer in most parts of Ontario and the situation of a farmer in most parts of the prairie plains. For example, most farms in Ontario have wood lots, where the farmers can cut wood if they need something to burn.

Some hon. MEMBERS: No.

Mr. BLACKMORE: Please bear in mind, Mr. Chairman, that I have been in Ontario for four or five years now, and I know a

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little about it. It is ridiculous for men to begin to argue when a person is speaking of a matter like this. I am in perfect sympathy with the hon. member for Muskoka-Ontario, but now there are three or four hon. members in front of me who act as though they would like to jump down my neck. Well, what foolishness! All I am endeavouring to do is to put before hon. members—

Mr. FRASER (Northumberland, Ont): Mr. Chairman, on a point of order, nobody intimated that we are going to jump down the hon. member's neck.

Mr. BLACKMORE: I am relieved to hear that. But I wish to go on to say this—

The CHAIRMAN: Order. We are considering section 4 as amended. Would hon. members please come back to a discussion of that section?

Mr. STIRLING: On a point of order, it is now twelve o'clock, and the arrangement was that we should adjourn at twelve o'clock.

Mr. BLACKMORE: I was speaking about advances made on crops, and I was pointing out that while in some places a man can go out to his wood lot and cut wood, in my constituency a man cannot get coal, he cannot get wood, he cannot get the needs of life unless he can get money. There is no wood lot for him to go to. Those people are right out on the bald, open prairie. The difference is tremendous. They cannot raise gardens as well out there; they cannot get fruit as easily. They simply must have money, and if they cannot get an advance on their crop, they are going to be in a condition of the most acute suffering. So are the merchants with whom they deal, and so are the wholesalers. Therefore I must point out that this is an extremely important matter—this of getting an advance.

Section as amended agreed to.

Progress reported.

On motion of Mr. Crerar the house adjourned at 12.05 am

Saturday, August 3, 1940

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

MOTION FOR ADJOURNMENT ON COMPLETION OF BUSINESS UNTIL NOVEMBER 5, 1940

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members are anxious, I am sure, to know the [Mr. Blackmore.]

intention of the government with respect to adjournment or prorogation when the business for which the present session was called is concluded. My colleagues and I have given thought to what in the public interest would be most advisable, all circumstances considered, and we have endeavoured to meet, as well as it possibly can be met, the convenience of hon. members of the house generally. With the consent of the house, I desire therefore to propose the following motion:

That this house, on completion of the business for which it was specially summoned, do adjourn till Tuesday, 5th November, 1940, at three o'clock p.m., provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with His Majesty's government, that the public interest requires that the house should meet at any earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

As hon. members will understand, this means that when the business of the session is completed, be it to-day, on Monday, or on whatever day it may be, the house will then stand adjourned until Tuesday, November 5. If in the interval for public reasons it should appear necessary to have the house reconvene, it will be possible for the government, upon consultation with His Honour the Speaker, to bring hon. members together in the shortest possible time. If it should not appear necessary to bring hon. members together until November 5, at that time the government would be in position to know whether the public interest would be best served by calling the next session of parliament almost at that very time. Whether that would be wise or unwise, I am unable to say at the moment. These matters can be decided only in the light of the circumstances that may exist at the time.

I realize that it would be a great inconvenience to hon. members to have them come from all parts of the country to Ottawa for a very short period, have them return home, and then call them back again almost immediately afterwards in order to begin a new session of parliament. At the time to which adjournment is being made, I believe the government will know whether it would be better for the house to meet for what time may be necessary, then prorogue, and have the next session begin early in the new year or, should there not be much business to attend to in November pertaining to matters which have happened meanwhile, and the government then be in a position to bring down its programme for the next session, to prorogue forthwith and have parliament imme-

diately summoned for its next session possibly on the Thursday of the week to which adjournment is now being arranged for.

Upon reflection hon. members will see, I am sure, that the government has considered the matter from every side, in the light of conditions in our own country as we know them, and of conditions in the world as we know them. Hon. members will have observed that when I spoke before on this matter, I always declined to say that parliament would adjourn rather than prorogue, and I declined to give any definite undertaking in respect to prorogation. I have always said that I thought these matters could properly be decided only in the light of circumstances as they might exist at the time when it was necessary to make a final decision. All circumstances considered, I believe what is proposed in this motion will meet with general approval, at least I hope so.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I rise for the purpose of expressing concurrence in the motion which has just been placed before the house by the Prime Minister (Mr. Mackenzie King). I had asked for something similar to this on two occasions during the session, and I had not intended returning to it again, rather leaving it entirely to the discretion of the government.

We are of course aware that parliament is the proper place to discuss the state of the defence of Canada should this country become further imperilled. I have always held the view that if the circumstances are such as to imperil the safety of the state, indeed our very existence, the high court of parliament should be functioning.

I am not unaware of the inconvenience which private members of the house may suffer by the action which is proposed, but I hope they will accept the suggestion contained in the motion as a patriotic gesture in their public service and that they will agree unanimously to the motion.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, the proposal of the Prime Minister meets of course with our approval. I believe it is the right thing to do and I feel that none of us, no matter how inconvenient it may be, can possibly complain with respect to the action that is proposed. We do not know what may happen during the next two or three months and I feel that the Prime Minister is acting in the best interests of the country.

There is just one question I should like to ask, to clear up any doubt there may be in our minds. I understand that the reassembling of parliament on November 5 is mandatory.

Mr. MACKENZIE KING: Oh, yes. Parliament will have to meet on that day, if it does not meet again at an earlier date.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I am always fearful when a suggestion comes from the leader of the opposition. He suggested conscription; we have got it. He suggested an adjournment of the house instead of prorogation; we have got it. It is not the desire of a great many members to have an adjournment at this time. I am not grouching, of course. I am a good enough sport to accept my financial responsibilities as a member, although I am not a big corporation lawyer like the hon. leader of the opposition.

But the Prime Minister should remember one thing. It is that we had a special session of parliament last year, when we came here for one week. Canada is a larger country than England and what works well in England does not necessarily work well here. You can travel overnight from Plymouth to Inverness or from the northern part of Scotland to London or from any part of the British Isles to Westminster. But it takes a long time to come from British Columbia to Ottawa; it takes a long time to come here from Halifax, and it takes a long time to come to Ottawa from Rivière du Loup. But I am not afraid to do so. I can do so. I can pay for my berth; there is no objection to that. But I do not see why people who have high salaries and others who have high positions as corporation lawyers—

Some hon. MEMBERS: Order.

Mr. POULIOT: There is one thing, Mr. Speaker, with respect to adjourning the house to a certain date in order to have the members here then. It takes British Columbia members a week generally to get here by train, but if they come here by Trans-Canada Air Lines I wonder if the government would be ready to pay the travelling expenses of the members who want to reach Ottawa in a day. That would be all right; but otherwise it is quite different. Every member must answer the call of the chair for a sitting of the house. It is evident that it is our duty to be here, and in that sense, being true to my duty as a member of parliament, I am behind such a call.

You know, Mr. Speaker, and the members know that I am just as assiduous in my duties in this house as my correspondence will permit, and that correspondence is exclusively political. By that I mean I am working in the interest of my electors. I have expressed regret that I cannot attend the sittings of the house more often because of the trouble we have had in

certain departments, but I do my best, as the members will agree. We can come to Ottawa at any time. We have done so before.

But there is another thing. The members of parliament were summoned to Ottawa to sit for one day in January last. They came here expecting to be here for a whole session, and some rented apartments, and when the sitting suddenly ended they had the trouble of settling with the landlords from whom they had rented apartments. Now they are to live on the pure air that we breathe outside. I find it pretty hard.

I remember the time when Mr. Lavigne was a member from Quebec and Mr. Irvine a member of the Progressive group, and they rose to ask for an increase in the indemnity. We all needed it, but I did not join with them. But this time we have been sitting long enough to be entitled, under the Senate and House of Commons Act, to payment of our full indemnity, and I do not see why we should not get it. Why should we be afraid to speak plainly?

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: Most of our indemnity goes back to our electors in the form of contributions of funeral wreaths, masses for the dead, wedding gifts and charity. It costs me \$1,500 a year of my indemnity to meet these expenses, but now if people will wed or die I shall have to tell them: I am sorry but I have not the means to pay for masses or funeral wreaths, and I can send you only my sympathy; and if they get married I shall have to give them my blessing. I am not afraid to put it in *Hansard*. The people of my constituency know how I treat them. As members most of us spend at least \$5 a day in contributions of one kind and another. I do not complain about it, but I want to have what is owed to me according to the statute.

I am sick of the idea of copying what is done at Westminster under entirely different circumstances. The leader of the opposition says, in a prayerful attitude: I hope this motion will be agreed to unanimously. It is not agreed to unanimously; I am against it, just as I was against the rotten social legislation of Bennett and against all bad things. What I ask now I do not ask for myself. I ask it on behalf of my electors. Many members who have just applauded me are in exactly similar circumstances to my own. I tell the Prime Minister once for all that he is on a much safer road when he follows the views of his supporters than when he follows the views of the leader of the opposition. Why, why, why cater to the *Ottawa Journal*, that Tory paper which is making lots of money by renting space to the government

[Mr. Pouliot.]

during the war. I am not the first to say that. It was said in the house by Doctor Edwards, an Orangeman, a Tory, but a good fellow with a good heart and a sense of fairness. He complained of the *Ottawa Journal* being so greedy to get money and then preaching immolation and sacrifice. They are just hypocrites, like those hypocrites the Lord expelled from the temple with a whip.

Let us be sensible. That is my last recommendation to the house.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like at once to say to my hon. friend the member for Témiscouata (Mr. Pouliot) that I myself take full responsibility for this motion. It has not been brought forward as a result of any suggestion made from any part of the house. It has been brought forward as the result of careful thought to what is most in the public interest, all circumstances considered, at this time. I believe that the motion as it has been presented will serve to meet any and every possible contingency, in the most effective way. It is not an imitation of what is being done in any other country; it is a statement of what in this country, having regard to the position of Canada, having regard to the position of the United Kingdom, and having regard to the world situation, is obviously the wisest thing to have done with respect to the proceedings of parliament.

In regard to the question of indemnity which my hon. friend has raised, the effect of the motion is that on adjournment of the house, each day on which there has been no sitting in consequence of its having adjourned over such day shall be reckoned as a day of attendance. The result is that hon. members will not get the balance of the indemnity as of prorogation, but will be paid monthly until the \$4,000 is fully paid.

My hon. friend has referred to sacrifice. When men of this country are crossing the ocean to join with others in the old land, prepared to sacrifice their lives if need be for the preservation of freedom, it ill becomes, I think, any hon. member of this house to make comparisons with respect to the extent of possible sacrifice.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, on a question of privilege. The hon. member for Témiscouata (Mr. Pouliot) has referred to me in somewhat contemptuous terms. Under ordinary circumstances I should greet those words with the silence they deserve. But I should like to make this personal explanation to the house. When I was sworn in as a member of his majesty's Canadian privy council in 1934 I

severed my connection with my legal firm. I want to say that it was not without a good deal of misgiving that I did so, because it was a firm of which I was very proud and which had grown and been built up in the esteem of a large clientele over many years. In doing so I sacrificed a very substantial professional income. Since that time I have had no connection with that firm save and except in a consulting capacity, and at the same time I returned all the retainers of any consequence and of any character which I had as being a member of that firm. I am happy to think, however, that the firm still bears my name. That is quite in accordance with the laws of the province in which I live. I have had no connection in a professional capacity with any corporation except one since the middle of November, 1934. I have retained such directorships as I have enjoyed because in certain cases I was acting in a fiduciary capacity, and in other cases I felt it my duty to do so and that it was in no way inimical to the public interest.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Carried.

Mr. POULIOT: On division.

Motion (Mr. Mackenzie King) agreed to, on division.

PRIVILEGE—MR. POULIOT

Mr. POULIOT: On a question of privilege, I wonder if my chief, the Prime Minister in stating that the soldiers were making sacrifices overseas, was implying that I as a member of parliament was making no sacrifice. If such is the case, may I remind him that both of us are over forty-five years of age and that I am married, am a father, and do my duty as a member of parliament?

A second question is this: Will the expenses of the members, if they come at the call of the chair during the adjournment, be paid or not?

Mr. MACKENZIE KING: As to the first question, may I say that I am not aware of having made any reflection upon the character of my hon. friend or on the extent of his sacrifices; certainly nothing of the sort was intended. I think we are all fully aware how considerable they are. My hon. friend himself raised the question of sacrifice, and I deemed it desirable in that connection to indicate as I saw it, a true sense of proportion between any sacrifice which a member of parliament as such can make and that

which is made by a man who is prepared to give, or actually does give, his life on the scene of conflict.

Mr. MacNICOL: There is no comparison.

Mr. MACKENZIE KING: As to the question of the payment of expenses of members coming back to attend the session when it is reconvened, whatever is customary in that regard will be followed at that time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*HOUSE RENTALS IN WAR TIME

Mr. HLYNKA:

1. Have rentals of dwellings risen in Canada since war was declared? If so, to what extent?
2. Is the government prepared to adopt any action in checking such rise of rentals?

Mr. MACKENZIE KING: I might answer this question orally. To the first part the answer is: In some cases yes; as to the extent, not known; impossible to say. As to the second part of the question I would say that the government departments have been carefully watching this situation and giving it as much attention as is possible in the circumstances.

QUESTION PASSED AS ORDER FOR RETURN

CONSERVATION OF EXCHANGE—USE OF DOMESTIC FUEL

Mr. PURDY:

With a view to conserving foreign exchange and increasing employment, will the government arrange (a) that as far as possible fuels produced entirely in Canada are used in all government buildings; (b) that heating specifications for all buildings now being constructed, including troop accommodation, will be written accordingly?

Mr. CASGRAIN: Return tabled.

PRIVILEGE—Mr. FULFORD

PRESS REPORT IN OTTAWA EVENING CITIZEN OF AUGUST 2

Mr. G. T. FULFORD (Leeds): I rise to a question of privilege. In last night's *Ottawa Evening Citizen*, that newspaper, in reporting my few remarks in the house the day before, printed "George T. Fulford (Con. Leeds)." Mr. Speaker, I positively deny that allegation.

NATIONAL REGISTRATION

STATEMENT OF MAYOR OF MONTREAL—ACTION OF
PRESS CENSOR IN RESPECT TO
NEWSPAPER REPORT

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I rise to put an important question to the ministry.

Yesterday, in the city of Montreal, an amazing thing happened. The mayor of the city of Montreal, in a signed statement delivered to the press at a press conference in relation to the matter of national registration, openly defied the law of Canada. I hold in my hand a copy of the statement which he then made and which was delivered to the press of Canada:

I declare myself preemptorily against national registration. It is unequivocally a measure of conscription, and the government recently elected, last March, declared through the mouths of all its political chieftains, from Prime Minister Mackenzie King to Premier Adelard Godbout of Quebec, and not excluding Messrs. Lapointe and Cardin, that there would be no conscription under any form whatsoever.

Mr. POULIOT: I rise to a point of order, Mr. Speaker. I saw in the press room yesterday, a dispatch from the press censor to the effect that it was not in the public interest to mention the matter. I wonder if the hon. gentleman will continue? Mr. Fulgence Charpentier signed it as press censor.

Mr. HANSON (York-Sunbury): That is no point of order. This is still a free parliament.

I call attention to this paragraph in the press statement:

Parliament, according to my belief, has no mandate to vote conscription. I do not myself believe that I am held to conform to the said law, and I have no intention of so doing, and I ask the population not to conform, knowing full well what I am doing presently and to what I expose myself. If the government wants a mandate for conscription, let it come before the people, without this time fooling them.

I may say that this outburst followed the granting by Mr. Parent, director of municipal buildings in the city of Montreal, of space in five municipal buildings for the purpose of national registration. That statement was published in the early edition of the *Montreal Gazette*. It was accompanied by an editorial which I have heard read but which unfortunately I am not able to reproduce to the house at this time. Suffice it to say that it called attention to the attitude of the mayor of the city of Montreal and demanded that the federal authorities take action in the premises.

To the surprise of everyone, after thousands of these papers had been sold on the streets

[Mr. Fulford.]

of Montreal, the press censor of Canada stepped into the picture and ordered the suppression of the whole edition. An appeal, I understand, was made by the manager of the publishing company to the Minister of National Defence (Mr. Ralston), who referred the manager to the Secretary of State (Mr. Casgrain), under whose jurisdiction the press censor is, and that the latter informed the manager that he would refuse to alter the action of the press censor.

The questions I desire to ask the Prime Minister are:

Is there any longer a free press in Canada?

What action does the government propose to take to vindicate the majesty of the law in this country, having regard to the declaration of the mayor of the city of Montreal?

Is the government prepared to meet open defiance of the law on the part of a gentleman occupying the position of the mayor of Montreal, and will the government have the action of the press censor reviewed in the light of the facts?

The public of Canada will demand that this matter see the light of day.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend has asked me several questions. I should like first of all to look very carefully into the statement which he has read and also carefully to consider the questions which he has asked. In the meantime, I would simply say that hon. members may rely upon the laws of this country being duly upheld by the present administration.

Mr. HANSON (York-Sunbury): I am directing particular attention to the action of the press censor. I think that is a very important matter and that it should receive the immediate consideration of the government—to-day.

Mr. MACKENZIE KING: May I say that I shall make it a point to confer with my colleagues at the intermission at one o'clock with regard to the whole matter. The reason I did not make special reference to censorship was that there are conflicting views, as I understand, with respect to what actually occurred in that regard, and I should like to be sure of my ground before expressing an opinion.

Mr. HANSON (York-Sunbury): Has the government the editorial? I understand the Minister of National Defence had the editorial.

Hon. J. L. RALSTON (Minister of National Defence): No. The newspaper telephoned to my secretary last night a copy of the

statement which my hon. friend has read—not the editorial. May I say however that I am not sure that my hon. friend has the facts quite correctly with regard to the action of the censor. There is a fact that is left out, which is rather important and which is being considered by the government.

Mr. HANSON (York-Sunbury): I do not wish to prejudice the government's position. I think I am performing a useful public duty when I call attention to the situation. The responsibility is the government's and the public will demand that the situation be clarified.

Mr. RALSTON: I do not think my hon. friend need have any worry, so far as the government is concerned, about the situation being clarified, but I do question, with all due deference, whether it is in the public interest for my hon. friend to raise the question just as he has done at this time, particularly in view of the fact that the matter has been called to the attention of the government by the press censor. As I understand it, the fact which has been left out is that the press censor had given instructions, before this paper was published, actually on the streets, that this particular article should not be published.

Mr. HANSON (York-Sunbury): The editorial or the statement?

Mr. RALSTON: The statement itself. That is my information. I may be wrong about that. It was telephoned to my office because of the fact, I suppose, that I am Minister of National Defence, and I immediately referred it to the minister who I thought was the appropriate minister in the circumstances, the Secretary of State, who deals with matters of censorship. When the manager of the newspaper telephoned me again I referred him to the Secretary of State. I can assure my hon. friend that, so far as I am concerned, the matter was put into the proper channel and, as I expect, it will be fully considered by the government.

Mr. HANSON (York-Sunbury): And a statement made later in the day?

Mr. RALSTON: I cannot say.

Mr. HANSON (York-Sunbury): The Prime Minister rather intimated that.

PROCESSED BERRIES

EFFECT UPON BRITISH COLUMBIA COAST GROWERS OF REFUSAL OF BRITISH IMPORT LICENCE

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I wish to direct a question to the

Minister of Agriculture (Mr. Gardiner). I have already had one disappointment to-day—Mr. Henry Ford. I bought a new car. In order to ask the question I shall have to read a telegram. I have a wire from the board of trade of the city of Vancouver. Vancouver happens to be the third largest city in the dominion and is the greatest contributor in a voluntary way to the war effort. I may be out of order—I generally am—but I have heard my friends to the left reading wires into the record and I should like to read this one from the Vancouver board of trade:

Contents telegram forwarded you by coast growers re processed berry situation familiar to this board. Strongly recommend federal action in view seriousness situation. Vancouver business firms equally concerned with growers. Please advise federal members who received air mail information last night from growers our decision also minister.

Vancouver Board of Trade

I saw the minister about this matter the other day. The matter is of vital importance to us in British Columbia. We have a large stock of processed berries from this season's operations; we have orders from British firms and we cannot make delivery because so far British import licences have been refused. In the meantime these farmers are actually going without the necessities of life. I think it is time the minister advised us whether the government are going to guarantee these orders to the bank in order that these farmers may exist.

Hon. J. G. GARDINER (Minister of Agriculture): The only thing I can say to the hon. member is that we are giving very careful consideration to the situation existing in British Columbia, and will deal with it in exactly the same manner as we deal with all similar questions affecting agriculture across Canada.

Mr. CRUICKSHANK: I ask the minister to remember that the farmers of British Columbia cannot pay their bills and cannot live on "considerations."

NATIONAL DEFENCE

REASONS FOR REJECTION OF RECRUITS FOR CANADIAN ACTIVE SERVICE FORCE

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): Some time ago the hon. member for Vancouver South (Mr. Green) asked a question with regard to disabilities as grounds of rejection of recruits for the Canadian active service force. If the house will permit I will

National Defence—Recruits

just hand the information in the form of an answer to a question. It is somewhat lengthy but it may benefit not only the hon. member but the house in general.

The hon. member asked:

When may we get the information as to the findings of the medical officers who have examined recruits? This is of vital importance. I do not think there is any doubt that thousands of young Canadians have been rejected on medical grounds, and I think the committee should have a summary of the reasons for which they have been rejected in order that action may be taken to remedy the causes of these defects.

The answer is as follows:

In the early days of enlistment, it was not fully understood by all that statistics were to be carefully kept. The result has been that the mass statistics available on the examination of recruits in September of last year are not wholly reliable. Ordinarily in preparing mass statistics, a reliable cross section of 10 per cent of the whole is considered to be satisfactory.

The following figures based on an accurate survey of approximately 10 per cent may be relied upon:

- Defective vision
- Under-weight
- Heart disabilities
- Varicose veins
- Defective hearing
- Hernia
- Defective teeth
- Defective limbs
- Under standard height
- Flat feet
- Gastro-intestinal disease
- Deformity

accounted for 88.2 per cent of rejections and are listed in the order of their importance.

Some 29 other disabilities represented 11.8 per cent.

The highest single cause of rejection was defective vision which accounted for 31.87 per cent of the total of rejections.

MUNITIONS AND SUPPLY

MONTHLY LIST OF CONTRACTS AWARDED— PUBLICATION DURING ADJOURNMENT

On the orders of the day:

Mr. J. H. HARRIS (Danforth): I should like to direct a question again to the Minister of Munitions and Supply (Mr. Howe) with regard to contracts awarded. We have had no reports since April: those for May, June, July have been delayed at the printers, and inasmuch as that condition evidently is going to obtain until the house adjourns I would ask the minister if he will see to it that during the recess hon. members get

[Mr. Ralston.]

copies of the contracts awarded in his department for May, June, July, August and until such time as we again meet in November.

Hon. C. D. HOWE (Minister of Munitions and Supply): It has been the practice of the department to mail copies of publications to hon. members whether parliament is sitting or not, and that practice will be continued.

Mr. HARRIS (Danforth): Will the minister see to it that this is made a public publication?

Mr. HOWE: It will have all the publicity that any government document has. I do not know just what the hon. member means by a public publication.

MOBILIZATION OF RESOURCES

NUMBERS CALLED FOR TRAINING SUBSEQUENT TO NATIONAL REGISTRATION

On the orders of the day:

Hon. GROTE STIRLING (Yale): I should like to ask a question of the Minister of National Defence (Mr. Ralston). I am not clear as to whether the quota for which the Department of National Defence will ask from the results of the national registration will apply only to militia, or to the two other services as well.

Hon. J. L. RALSTON (Minister of National Defence): That is as to the number to be trained? What we were expecting was that it could apply to all services, that is to the army, the navy and the air force, as required.

DOMINION HOUSING ACT

REPORTED DISCONTINUANCE OF HOUSING LOANS IN PRINCE ALBERT

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to ask the government a question arising out of an editorial in the Prince Albert Daily *Herald* of July 25 last. In part it reads:

Prince Albert's growing home building boom has been killed.

No more loans will be available under the Dominion Housing Act.

It goes on to point out that instructions have been received that no more loans will be made to intending house builders in the city of Prince Albert on account of certain alleged default on the part of the city authorities. Has any order gone out that no more loans are to be permitted in Prince Albert under the Dominion Housing Act?

Mr. MACKENZIE KING: May I assure my hon. friend that no order has gone out that relates particularly to Prince Albert. If there is any action of the kind it is due to an order that applies to all municipalities.

Hon. J. L. ILSLEY (Minister of Finance): I have made inquiries and I find that no instructions of the kind have been issued from the Department of Finance. The director of housing is travelling in the west and I have been unable to get in touch with him. I do not know what conversations he may have had or what questions he may have been dealing with there. But specifically with regard to the question put by the hon. member for Lake Centre, the answer is in the negative.

CANADIAN WHEAT BOARD ACT

AMENDMENTS ARISING OUT OF LOSS OF OVERSEAS MARKETS, EXISTING STOCKS AND HANDLING OF 1940 CROP—INITIAL PAYMENT OF 70 CENTS

The house resumed from Friday, August 2, consideration in committee of Bill No. 118, to amend the Canadian Wheat Board Act, 1935—Mr. MacKinnon (Edmonton West)—Mr. Vien in the chair.

On section 5—Regulate and control deliveries of grain.

Mr. DOUGLAS (Weyburn): This is perhaps the most important section in the bill, because it constitutes the most radical departure from any principle hitherto contained in the Canadian Wheat Board Act. It gives the power—

“(i) to regulate deliveries of all kinds of grain by producers to country elevators, loading platforms, mill elevators and terminal elevators and to fix the maximum amounts of any kind of grain that a producer may so deliver in any period of time and to prescribe penalties to be suffered by any producer who delivers or attempts to deliver any grain otherwise than in accordance with the board’s regulations herein authorized”.

As I understand that section, the board is to have power to issue regulations that will establish a quota in respect of wheat that the farmer will be allowed to deliver to the wheat board this fall, and determine at what rate and in what quantities he shall be allowed to deliver the remainder over the rest of the crop year.

Now, two questions arise out of this provision, first of which is the basis upon which deliveries of wheat to the wheat board shall be made this fall. Yesterday when the hon. member for Macdonald (Mr. Weir) said he

believed he would be allowed to sell about 1,500 bushels of wheat to the board this fall, I asked him on what he based that assumption, and he said he was figuring on five to ten bushels to the acre. That is what I have heard, although the government have not made any statement as to what the basis of rationing will be. A second problem arises, then: how is the farmer going to finance if he is allowed to deliver to the wheat board only a small percentage of his crop? Assume that a man has a crop of twenty bushels to the acre, with two hundred acres in crop. That means 4,000 bushels of wheat, and if he is allowed to deliver only five bushels to the acre—we will assume it is only five; it may be more—he will sell only 1,000 bushels, so that he must store the other three thousand. For the 1,000 bushels he will get roughly \$500. Out of the \$500 he must first pay his taxes; for in Saskatchewan the provincial government have a law which provides that no man may deliver wheat to the elevator until he has a certificate from the municipal council that he has paid his current year’s taxes. The next charge will be his threshing and harvesting expenses, which will be considerable. Then he will have some store obligations which have accumulated during the summer months. These are charges of honour which he has to meet. How much will he have left out of the \$500? I submit that he will have absolutely nothing left with which to begin the winter, except a large accumulation of wheat on his farm which he cannot sell.

This is not going to affect the farmer only. Consider how it is going to upset the western economy. As one hon. member said yesterday, during the fall months we usually sell from 300 to 400 million bushels of wheat, which means a sudden injection into our western economy of from \$200,000,000 to \$300,000,000, depending on the price of wheat. Under these regulations and this programme of rationing this year the amount is more likely to be \$40,000,000 or \$50,000,000 for that portion of the crop the farmers will be allowed to sell. What will be the effect on the towns and cities of western Canada? Instead of \$250,000,000 of purchasing power there will be only perhaps \$50,000,000. I submit that whether or not the government are aware of it, before Christmas of this year we are going to face one of the worst economic catastrophes we have ever seen in western Canada, not only for the farming population but for the entire community.

What do we propose to do about it? I submit that something must be done. On

July 25 I suggested that the government ought to consider either buying the wheat outright, as they have done in some parts of the United States, sealing it up and taking title to it; or, what I think is more practicable, giving the farmer an advance. Then when he is finally allowed to dispose of his grain the first charge against his receipts will be the advance he has received, and he will be given the difference between the two. What policy has the government evolved to meet this very serious problem? What solution has been offered by the wheat committee of the cabinet? The Minister of Mines and Resources says it is moonshine, so that I can rule him out to begin with. Then the other day he said we were so busy that we did not always have time to bring clear thought to these problems, and it is quite possible that many members of the government have been in that condition for a considerable period of time.

Mr. CRERAR: Apparently that is not the position of the hon. member.

Mr. DOUGLAS (Weyburn): No, not at this moment. Now we come to the second member of the wheat committee of the cabinet, the Minister of Trade and Commerce, who said on Thursday last that the government was considering the matter of financing that portion of the grain which necessarily will have to be retained on the farms. They are giving consideration to that.

Mr. MacKINNON (Edmonton West): Yes.

Mr. DOUGLAS (Weyburn): Then I come to the Minister of Agriculture, who is another member of that wheat committee. On the same day, at page 2315 of *Hansard*, he said:

There are two ways in which we can deal with the problem. One is to encourage the farmers and the other is to have someone—

He did not say whom.

—put up additional storage. If additional storage is put up, then the 70 cents will take care of the farmers' wheat up to 50 cents a bushel to the farmer, and that is probably more than he could get under any borrowing scheme which could be devised. If some way could be found to get additional storage, then the government would be advancing at the rate of 70 cents Fort William, which would be about 52 cents at the average place in western Canada for No. 1.

I interrupted to ask:

Does the government plan to do that?

Mr. Gardiner: That would be the simplest way if it could be done.

This is not the time to tell us what could be done. This is not the time to place before this committee several alternatives, to say we could store it or we could give assistance in

[Mr. T. C. Douglas.]

financing or we could make an advance. This is the time this government ought to be telling us what they are going to do, not what they could do. We can all think of a score of alternatives, but this government is supposed to be giving us a policy. That is why, of course, this legislation should have been brought in two or three weeks ago and considered by the committee on agriculture, so that all these facts not only could have been placed before hon. members but could have gone out to the farming population.

The fact of the matter is that the government has not a policy for the marketing of this wheat. The Minister of Mines and Resources waves it out of the field altogether. The Minister of Trade and Commerce says the government is considering the matter of financing. The Minister of Agriculture says perhaps we can get somebody to build storage facilities. But no one says what the government actually propose to do to meet this very pressing problem. I suggest that they have not a policy, that the wheat committee of the cabinet are floundering around like three blind men in a dark room looking for a black cat that is not there. That is exactly the situation.

Mr. CRERAR: That is not new.

Mr. DOUGLAS (Weyburn): No, it is very much out of date; and so are some of the ideas which have been emanating from the wheat committee of the cabinet.

I do not think this committee of the whole should be asked to pass this section until we have a statement from the government as to exactly what will be done to help the farmer in respect of that part of his crop which he is not going to be allowed to sell and which must be stored on his farm. I suppose in a few moments I will be told by one of the ministers of the crown that this will be done by regulation. That is not good enough. In parts of Alberta wheat is going into the elevators right now. Therefore the regulations must be ready. They should be ready; and if they are, then the government knows now what it is going to do, and this is the time to tell us. It is not good enough to wait until all the members have gone home and then issue a regulation saying we will do this or that. At the present time, from the speeches made by the three members of the wheat committee, it is very evident that they are not exactly clear on what they are going to do.

I ask the government two questions, and I think we have a right to be given specific answers. First, what will be the basis of the rationing? Certainly it cannot be based on

first come first served; otherwise all the benefit will go to the farmers who have trucks and can rush their wheat to the elevators. Second, and more important, what will be the basis of financing in respect of that portion of the crop which the farmer is not to be allowed to sell, which I understand will be the major part of his crop? How is he going to finance? Is he going to get an advance on the wheat? Is the government going to back his guarantee to the banks so that he may get an advance from them? Or, as the minister suggested, is the government prepared to put up storage facilities so that the farmer can deliver all his wheat and get the full amount payable under this legislation?

We do not want alternatives. We want to know definitely what the government proposes to do, because they will have to do it within the course of the next few days, and they might just as well tell us now. I ask the minister to give us a statement at this time.

Mr. POULIOT: I should like to ask the minister just one question. Has this bill been submitted for approval to, or have any recommendations in connection with it been received from, the consultative committee on political economy?

Mr. MacKINNON (Edmonton West): I am sorry, but I could not hear my hon. friend.

Mr. POULIOT: In court I would ask the reporter to read back, but I will repeat my question. Was the bill submitted to the consultative committee on political economy, composed of Mr. Clark, Mr. Towers and other gentlemen?

Mr. MacKINNON (Edmonton West): No.

Mr. POULIOT: That answer will shorten my remarks.

Mr. DOUGLAS (Weyburn): I asked the minister for a statement as to how this section will operate.

Mr. POULIOT (Translation): Mr Chairman, there did not exist at the time of confederation, a federal department of trade and commerce; there was, however, a department of agriculture which remained in existence for many years

Here is what the British North America Act states with respect to immigration and agriculture. The matter is one of joint jurisdiction. Section 95 reads as follows:

In each province the legislature may make laws in relation to agriculture in the province, and to immigration into the province; and it is hereby declared that the parliament of Canada may from time to time make laws in relation to agriculture in all or any of the provinces, and to immigration into all or any of the provinces; and any law of the legislature of a

province relative to agriculture or to immigration shall have effect in and for the province as long and as far only as it is not repugnant to any act of the parliament of Canada.

We again find these provisions in sections 35 and 36 of the report submitted by the Fathers of Confederation. On Feb. 19, in the House of Lords—

The CHAIRMAN (Translation): Could the hon. member point out the relevancy of his statement to section 5 of the bill at present under consideration? Subsection 2 of rule 58 provides that all discussion in committee be confined to the section under advisement.

Mr. POULIOT (Translation): Mr Chairman, I first of all drew the committee's attention to the fact that, although there existed no department of trade and commerce at the time of confederation, wheat was nevertheless grown in this country. There was only a federal department of agriculture which assisted in the marketing of farm products, while all aid to agricultural production itself came from the provincial departments in this field. We now have a department of trade and commerce that fulfils, as regards the marketing of farm produce, the very same mission formerly entrusted to the department of agriculture. I would therefore request the abolition of the federal department of agriculture, and the distribution to the provinces, according to the ratio of their farm population, of the moneys expended in connection therewith. I offer this suggestion, and do claim that there is a relationship between my remarks and the bill at present under advisement. We are dealing, at the moment, with the marketing of wheat, not by the Department of Agriculture but through the federal Department of Trade and Commerce.

The CHAIRMAN (Translation): The present section authorizes the Minister of Trade and Commerce (Mr. MacKinnon) to establish regulations with respect to marketing. The hon. member suggests that the Department of Agriculture be abolished because the Department of Trade and Commerce sees to the marketing of wheat. This matter is not, in my opinion, related to the consideration of section 5 of the bill. The point raised by the hon. member is thus out of order.

Mr. POULIOT (Translation): There is another matter I would like to broach, Mr. Chairman. As I said, a moment ago, we had no department of Trade and Commerce in 1867, and the first minister to head such a department was Sir Richard Cartwright, appointed to this high position by Sir Wilfrid Laurier in 1896. However, it is only nine years later, in 1905, that the western provinces were established. Cattle breeding has given way to

production of wheat on such a large scale that Canada has become the granary of the world. Mr. Fisher, who represented Brome in the house, was minister of agriculture in the Laurier cabinet.

We often hear, to-day, that our western farmers are complaining bitterly about the hardships they are forced to endure. It might be pointed out to them, however, that in more prosperous times they were the ones who insisted that new railway lines be opened, a fact with which you are undoubtedly well acquainted, Mr. Chairman, since you have been able to examine many of these cases. You have taken a special interest in the building of these new railway lines requested mostly by our western population, with the result that, in these provinces to-day, there are a great many more miles of trackage than in any other part of Canada. When times were good, they asked for new railway lines. Wheat prices were excellent, and greater railroad facilities were demanded for the marketing of this commodity. Once they obtained these new lines, the western farmers insisted that the cost of farm machinery be reduced. They were apparently hard to satisfy.

If the western grain growers lost a part of the British market before 1930, it is precisely due to the fact that they refused to reduce, once the war had ended, the war-time price of wheat. They remained adamant on the subject. As a consequence, Great Britain had to resort to capital investments in the Argentine Republic with regard to the production of wheat.

Mr. CHAIRMAN (Translation): I feel that I must once again draw the attention to the hon. member for Témiscouata (Mr. Pouliot) to the rules of this house. His remarks have absolutely no bearing on the section now under consideration. We are called upon to discuss the advisability of authorizing the Canadian Wheat Board to regulate and control grain deliveries. The hon. member's remarks might have been more appropriately made upon second reading of the bill, with respect to the general problem of wheat marketing, or he might resume them a little later when the bill is up for third reading. At the moment, however, his observations have no bearing on section 5 under discussion.

Mr. POULIOT (Translation): I accept your suggestion.

Mr. MacKINNON (Edmonton West): The hon. member for Weyburn asked about the rationing and the basis of financing grain in storage in farmers' bins. I am informed that deliveries of grain will be regulated on the most equitable basis possible. The wheat board has been in contact with the various

[Mr. Pouliot.]

provincial governments of western Canada, with the producers, with the producers' organizations and with everyone from whom they thought they could get good and helpful advice. The regulations have practically been decided upon and it is hoped that they can be announced within two days. At this time it is not a matter of great public importance to go into the question whether decisions should have been arrived at earlier or not, but I do know that every possible effort was made to arrive at a decision on the various questions affecting the wheat problem of western Canada, and I say frankly, but without any intention of giving offence, that if we do not stop talking about the regulations it will soon be too late to put them into force.

As to help being given to the farmer in the matter of his personal expenses while marketing his grain under the quota regulations, I am satisfied that the provincial governments in western Canada, and they are the ones in charge with respect to that matter, will be most sympathetic and generous in their dealings with the farmer.

Mr. DOUGLAS (Weyburn): What about financing?

Mr. MacKINNON (Edmonton West): I have referred to financing in what I have just said. The matter of financing, the method of financing and the possibility of financing, whether it will be done by one organization or another and with or without the help of the government—all these are matters that have been considered, but no decision has as yet been arrived at. At this very time people are waiting in this city to be heard on that question, and if this bill gets through I have an appointment with one or two organizations this afternoon. I can assure hon. members that every effort will be made to see that the very best possible is done to help the farmers in the circumstances in which they find themselves.

Mr. DOUGLAS (Weyburn): May I say this, following what the minister has just said. The minister has just taken over this portfolio; he is piloting one of his first bills through the house, and is doing it very well. I do not want to be unpleasant at all, but I must say that his answer is not satisfactory.

Mr. ILSLEY: Why not?

Mr. DOUGLAS (Weyburn): I will tell the Minister of Finance (Mr. Ilesley) why not. For the Minister of Trade and Commerce to say that if we stop talking about the regulations we will get the regulations is just putting the cart before the horse. Here is what the government are saying: We have consulted with a lot of different groups of people; we have a lot of different ideas and are comparing

them and trying to work out a solution; we have not yet reached a decision, but if you will give us the tremendous powers contained in clause 5, then as a result of our deliberations we will formulate a policy.

I say that the government have no right to come here and ask for the powers contained in clause 5 unless they have a policy and are prepared to tell the house what they propose to do if we give them these powers. These powers enable the board to say to the farmer: You cannot sell all of your crop on the market this fall, perhaps not till next spring or mid-summer. That is what it means.

Mr. HANSON (York-Sunbury): Power to regulate delivery.

Mr. DOUGLAS (Weyburn): That is what it means, and I say we should not give these powers unless we are first told exactly what is going to happen to the farmer while he is waiting to sell the remainder of his grain. When the government ask for these powers they should tell us what they propose to do with them if granted. The minister says that we should stop talking so that the regulations can be put in force, but it is not the fault of the opposition if the regulations are not ready. There should have been consultations with the producers and with organized farmer groups six weeks ago. Everybody knows that since the invasion of the low countries our markets have been gone, that we have been faced with a tremendous surplus, and that storage was going to be our most pressing problem. These things should have been taken into consideration by the government six weeks or two months ago and a policy formulated and brought down to the house and placed before the agriculture committee, where it could have been gone into thoroughly. But that was not done. Instead the Prime Minister announces that the house will probably get through about August 3, and then about August 1 down comes the bill in the dying days of the session. That is not good enough.

So far as I am concerned I would sit here not only for a day but for a week rather than approve a clause giving these powers to the board unless we know what is going to happen to the farmer under these powers. I do not propose to go back to western Canada not knowing whether the farmer after disposing of a portion of his crop will get back enough money to pay his threshing expenses. What is going to happen to him from then on if he has no money? No emergency relief has been passed for him by this parliament, and the provincial governments cannot pay him relief. In my constituency all relief was

stopped completely in July. I quite agree with the minister that the provincial governments will probably be agreeable to protecting the farmer from his debtors, but what is he going to do without money? How is he going to feed and clothe his family all through the fall and winter and carry on until he is allowed to sell the remainder of his crop? It is not good enough to say that the government will work out something on an equitable basis. I have not faith enough in the judgment of some of the men who have formulated the policies of this government in the past. Their ideas of what is equitable may not agree with other people's ideas, and what they propose may be equitable or it may not be. I submit that we have no right to grant these powers until we get something that is a whole lot more satisfactory than what we have to-day.

Mr. PERLEY: We are in a hurry to get through.

Mr. MACKENZIE (Vancouver): It looks like it.

Mr. PERLEY: I want to say this in regard to the statement which the minister made in reply to the hon. member for Weyburn (Mr. Douglas). No responsible member of the house dare vote for this clause. He would not be fulfilling his duty to his electors and the people of Canada to vote for a clause of this kind. The minister says that as yet no decision has been arrived at. He says, however, that the matter is being considered and that a decision will be arrived at. He tells the committee that he is meeting to-day with certain groups who are in Ottawa. I presume it is those who are here trying to persuade the government to finance the building of additions to elevators so that they can take all the grain. Let me tell the minister that I have arranged to have my crop combined, and if I get home within ten days it will be all combined and delivered as fast as I can get it to the elevator.

This clause is not fair to the farmers of western Canada. They do not know where they are at or how much they can deliver. The ones who are combining their crop will get it all delivered. I challenge the members of this house to vote for this clause as it is to-day. I shall not delay the committee any longer. I simply say that this clause should be deleted and the government left to handle the problem any way they like. Certainly I shall not vote for clause 5.

Mr. GARDINER: The suggestion made by the hon. member for Qu'Appelle (Mr. Perley) can be met only by passing this

clause. He has pictured the situation very clearly in what he said about his own position. Leaving out of consideration altogether the question whether or not the legislation should have been brought down earlier, the situation is pretty much as the hon. member for Qu'Appelle described it. That is, the farmers are about ready to take out their equipment, whether it be binders or combines, to cut their crop, and when they are in that position they will want to know how they are going to have to deliver their crop and how much they can deliver. The preferable thing would be to do what the hon. member for Qu'Appelle is going to do. Other farmers who are similarly equipped will be combining their crop and taking it directly to the elevator. That is what we have been doing for years. It is the easy and natural thing to do, and it is what the farmers will do if they can.

But the only difficulty about that is this. There will be many farmers of the type described by the hon. member for Weyburn (Mr. Douglas), men who have not combines but binders, and who cut a very much smaller crop. It may be only 1,000 bushels when they are through, or 500 or 600 bushels, and if there is a shortage of storage the problem is going to be to get some money for them all at the beginning of the season so that they can pay their costs both of harvesting and seeding and at least get along until the time comes when something can be worked out in the way of financing whatever part of the crop has to be left on the farm.

Let me repeat that the most acceptable way would be, if it could be arranged, to get our wheat to the elevators when we want to take it there and obtain our advance on it. That would be the easiest way to deal with the matter. But before you can deal with it even in that way this legislation has to be passed, certain people will have to be seen, and certain arrangements made in order that this storage shall be properly distributed. For example, in some sections, although not to a great extent this year in the constituency of the hon. member for Weyburn, there is very little wheat, but there are elevators all over those areas. Wheat will have to be moved from some of the areas where the yields are good and put into elevators in poor crop districts. A full check must be made on that situation as it affects the farmers as a whole. Men situated like the hon. member for Qu'Appelle may be able to take out a combine next week, harvest all their crop, and get it to an elevator. But if everyone who is in a position to do so were to move

[Mr. Gardiner.]

his crop into the elevators in the next two or three weeks, by the time the Peace River crop was harvested there would be no storage left, and persons up there would not be able to get any advances.

This brings us back to the position taken a moment ago by the hon. member for Weyburn, that under the circumstances we should have to arrange for some kind of financing. Either we should have to take care of the people by means of relief, or arrange for them to get an advance of a certain amount on each bushel of wheat. I believe I am correct in saying that no system we can devise other than a direct payment by the government on wheat which is retained on the farm—indeed, no system we could devise of financing it in that way, would provide the farmer with anything like as much for each bushel of wheat as he would get if he could put it in storage at a shipping point.

These are the questions which men have been waiting in Ottawa the greater part of this week to discuss with the government. All that this section gives power to do is, that if any of the means which have been spoken of, which would make it possible for the farmer to get his grain into the market, should fail, the government still has power to arrange for a quota on deliveries to elevators, in order that those who have big crops and extensive equipment shall not jam the storage facilities to the roofs in the first week or two, and leave everyone else sitting with no opportunity of getting anything in.

I hope it will not be necessary to use this power. I think every hon. member also hopes that we can get along without all the difficulties of trying to apply quotas to deliveries from each individual farmer in the west. But if we are compelled to do that, we think we ought to have the power to do it. That is all that this section involves. It simply gives the government a power which under existing legislation they have not got. They may not have to use it. I am quite sure that the hon. member for Qu'Appelle would not wish to deprive the government of the power if it were necessary for them to use it in the final resort for the proper handling of this year's crop. If we can get the legislation agreed to, and then begin to discuss with provincial governments, with elevator organizations and with financial institutions just what can be done, we shall be able to announce just that more quickly to the farmers what we will be able to do in connection with the whole crop situation, and we shall be able to get along better than we can do by merely discussing the matter here hour after hour.

Mr. PERLEY: I notice that one of the sections contains a penalty. What will happen if the regulations go out within three or four days, including of course the provision that a producer can deliver only a certain quantity of grain, and by that time a farmer has already delivered more than that amount? With much of what the Minister of Agriculture has said I agree. We do not wish to be unfair. But I think, in view of the minister's statement that a plan is being considered, he might outline the plan. I know that there are interests here that are asking the government to finance additions to the elevators. Is that the plan to which he referred a few moments ago when he said that he is going to meet them and the matter will be decided in the next day or two?

Mr. GARDINER: Answering the first part of my hon. friend's question, I do not believe that any regulations put out by any department of government would be made retroactive, and I do not think anyone need fear prosecution for having done something which he did before the regulations were promulgated.

Coming to the other point: regulations of this kind may not be necessary after certain discussions have taken place, but this house may be out of session.

Mr. DIEFENBAKER: What discussions?

Mr. GARDINER: If you are going to arrange for financing you will have to discuss it with the people who are going to do the financing.

Mr. DIEFENBAKER: What discussion could possibly affect the needs of the farmers at the present time?

Mr. GARDINER: Discussions as to the building of additional storage at certain points of delivery. Not as to the necessity of the putting into effect of this regulation, but whether the provision can be made or not is something which nobody knows at the moment, for this reason. At the present time we are constructing all over western Canada buildings for air training. The supplies of lumber for building purposes are becoming more or less limited. It may be difficult for the government to obtain the amount of lumber necessary for the storage which will be required. That is one matter which has to be considered.

Mr. DIEFENBAKER: Then is it correct that the only way whereby storage facilities can be provided for the expected crop this year is the building of additional facilities, additional bins, and that sort of thing?

Mr. GARDINER: No, that is not the only way it can be done, but it will take more lumber to do it in any other way. There is another way of doing it; every farmer can put thousand bushel bins on his farm. To do that you have to put four sides on each thousand bushel bin. But if you put fifty thousand bushels in a heap you still have got to put only four sides around it, and it takes very much less lumber and labour to do it in that way.

These are some of the matters which have to be considered. If we are going to take into consideration at the moment only the future welfare of the farmers in western Canada, I would say that the most that could be done on his behalf would be to encourage him to put storage out on his farm. But let me point out this, that in the United States they have been trying for two or three years to do that. Do you know how much storage they have got out? I understand that on the farms of the United States there is accommodation for about 33 million bushels. They have a scheme to grant loans to persons who will provide storage. I may be wrong, but my understanding is that about 33 million bushels of storage has been put out on farms and the remainder of it has been placed at the shipping points, so that in actual experience it is not accomplishing the results which one might have hoped to get from it. To build one of these bins costs about \$100. If a farmer has only a thousand bushels of grain, and he has to lay out \$100 for lumber to build a bin, he is not going to have very much security left upon which he may raise money on his crop which is in storage there.

That is one of the difficulties we are up against at the moment. All these matters will have to be considered before our policy is finally decided. Probably it may be well to encourage both methods—first, to encourage the farmer, in so far as it is practicable to do so, to provide bins on his own farm and put his wheat there and have it where he can market it when he finds it possible to do so. The farmer who can raise and handle wheat in bulk would be the farmer if any who does not need assistance to finance. The man who has only five, six, seven, eight hundred or a thousand bushels of grain will not get very far with the 30 or 40 cents which he would receive if he had to finance on grain on the farm. It would not help him to any great extent through the winter. If however he got 50 or 52 cents he might get through the winter. So that all these situations are being considered, and we shall finally make a decision. I should not say they are being considered. As a matter of fact they have been

considered all through the period outlined by the hon. member for Weyburn. The government is prepared to take certain action as soon as the legislation giving the power to act is put through the house, and then we can go and sit down with these people concerned and make whatever arrangements can best be devised and announce them to the farmers, with a view to having them financed through the year under the very difficult conditions that exist.

Mr. JOHNSTON (Bow River): It is rather queer to me that the Minister of Trade and Commerce should say that members should not discuss these provisions in the bill and that the longer we discuss them the longer the farmer will have to wait for the regulations to come into force. Either that is a definite admission that there is no policy or it indicates that the government is hesitant about bringing the regulations before the members of this house. Now if there is anyone who should have an opportunity to discuss these regulations it ought to be members of parliament. It appears that every organization in the country is being consulted with respect to the regulations, but members of parliament will go home without any idea of what is going to take place. There should be some arrangement whereby all these regulations that are to be passed will be sent directly to members as well as to the other parties concerned; otherwise we shall have no definite information with regard to the government's policy.

There is one thing which I think is being overlooked in connection with this financing of the farmers. It is true that if the farmer gets only a small portion of the cash return for the crop he will be in a terrible position. Reference has been made to the grocer's bill, the doctor's bill and so on. These are minor considerations. I do not think it is likely that the grocer will bring an action against the farmer for the bill of \$40 or \$50 which he owes, but definitely the machine companies will bring action against him if he does not pay for the combine he bought a year ago. In my town alone 52 combines were sold on time last year—in one little town. These were not paid for in cash and there is a definite agreement that the farmers must pay the balance this fall, at any rate in the majority of cases. The government can say, "Oh, well, the province can take care of that."

Mr. MacKINNON (Edmonton West): That is within the confines of their duty.

Mr. JOHNSTON (Bow River): Yes, but if the province attempts to pass debt legislation the government declares that legislation *ultra vires*, and what can the province do then?

[Mr. Gardiner.]

This is a serious situation. Suppose the machine companies do carry the farmer; they will not reduce their interest. We should take action right now to protect the farmer in the event of his being unable to make payments because of dominion legislation, and regulations to be set forth limiting him to the sale of so much grain. Definite legislation should be put through at this time to provide that the machine companies shall not force the farmer to pay interest on his obligations in view of the fact that he cannot sell his grain and get the money for it. It is not a fair deal. I do not know of any business organization in the country that would tolerate it for a moment. Take the aeroplane industry or munitions factories—the Bren gun is a good example. How long would they operate under the conditions laid down for the farmer? They would not do it. I doubt whether their patriotism would go so far. At any rate, it would not be good business, and it is not fair to ask it.

I think we should know on what basis the quota will be issued. Will it be on a bushel basis or on a per acre basis? We ought to get that information. The debt question is one that needs immediate attention now, so that we as representatives of the people can go back and tell the farmers exactly what will be done. When we get back the farmers will say to us, "What are we to do about our debts?" I had a letter yesterday stating that a machine company is demanding payment for a combine purchased last fall. What is that man to do? He is paying 7 per cent interest on it and he has only about 2,500 bushels. That is his estimate, and usually in the fall he does some other combine work. But how can he get money to make the payment on the combine if he is not assured that he will get some return in the form of a cash advance for the grain stored on his farm? Yet the companies insist on their pound of flesh; they demand their interest. It is not right, and the Minister of Trade and Commerce knows that as well as I do. If the provinces declare a moratorium they are looked upon as repudiators and if they pass debt legislation it is called *ultra vires*. At least the government should give them power and should encourage them to do it, and should make some regulation with regard to the interest that is to be paid. And it should be done now, so that the people will know where they stand.

Mr. ROSS (Moose Jaw): I will make a few remarks and then finish, so far as this bill is concerned, until the vote comes if a vote is necessary. The hon. member for Qu'Appelle (Mr. Perley) suggested that he

would probably be having a combine in his fields right away and rushing his crop to the elevator. I do not doubt that in my fields a combine will be going very shortly, but I do not intend to rush my grain to the elevator. It is up to the member for Qu'Appelle and to myself to keep the grain back on the farm if possible, and it is up to every large farmer who can possibly this year finance without putting the grain into the elevator to do so in order to give the smaller farmer, who has not the same opportunities, a chance to put in as much grain as possible.

Mr. HANSON (York-Sunbury): What about the amendment with regard to the elimination of the 5,000 bushel clause? That does not look like it.

Mr. ROSS (Moose Jaw): That is an opportunity to sell, because there is no other opportunity, any time through the season.

Mr. HANSON (York-Sunbury): That leaves the matter wide open.

Mr. ROSS (Moose Jaw): To hear some hon. members speaking with reference to this part of the bill, one would think that the government was trying to do something to take away certain advantages which the farmers have. That is not the position at all. The government is endeavouring to get power to do certain things to protect certain farmers against others. If the thing is left open, naturally the big farmer who has the machinery and the power, who owns the combines, is the man who will thresh first. He has the trucks and he is the man who will put his grain into the elevators right away, and the result will be that the smaller farmer will be left with nowhere to sell his grain, and the 5,000 bushel clause does not affect him at all. This power is being asked for for the purpose of protecting the smaller farmer, for the purpose of giving each farmer an opportunity of putting an equitable amount of grain into the elevators this fall in order that he may get his advance price on it.

It may sound easy to some people to make all the arrangements that are necessary this fall in connection with this matter but I do not think it is an easy matter for the best minds you can find in the country to do it at the present time. There are many factors that enter into it. First of all, we do not know how much grain will be held back voluntarily by the farmers who can afford to hold it back, and we cannot know that until delivery starts. It seems to me therefore that it is our duty, in this house and when we get back, to try to get as many of the people in the country who can afford to hold grain back

on the farm to do so in order that the man who is not so fortunate can get grain into the elevators and get his cash price.

Mr. JOHNSTON (Bow River): What if the price goes up next year? How will the little fellow fare as compared with the big one?

Mr. ROSS (Moose Jaw): Exactly the same, because he will sell it through the board in the same way.

Mr. JOHNSTON (Bow River): The price may go up to a dollar.

Mr. ROSS (Moose Jaw): Well, if it does he gets his participation certificate the same as the other.

Mr. JOHNSTON (Bow River): He will not need to sell through the board.

Mr. ROSS (Moose Jaw): That may be. On the other hand he is probably not going to get the top price. He may sell part way through, and the other man may get more money at the end. But I am not going into that part of the argument at present.

Storage arrangements must be made, and to-day we do not know how much additional storage capacity can be built at the shipping points or how much the farmers can build themselves. This is not an easy thing to decide. The responsibility for seeing that the farmers in western Canada are not placed in the position that my hon. friends fear is on the government, and they have to take that responsibility. My hon. friends may not agree that this government will discharge their responsibility properly in that regard, but I believe they will. They have done it in the past and will in the future. I am perfectly willing to leave to the minister and to the government the arrangements that must be made for our people, and I am satisfied that proper arrangements will be made.

Mr. DOUGLAS (Weyburn): I would say to the hon. member, "according to your faith be it unto you." I certainly hope it will work out that way. The situation is much more acute than the Minister of Agriculture would indicate by his remarks a few moments ago.

Mr. GARDINER: I know it is as acute as it can be.

Mr. DOUGLAS (Weyburn): A moment ago the minister said the purpose of this was to give them power to establish a quota if necessary. It might not be used, depending on what storage facilities can be found. Let us not delude ourselves; they are going to have to use it, beyond any doubt. The minister talks about elevators through my constituency where they had no crop last year and the year before. But wheat has been

moved in there; most of the elevators are packed full. The other day in the debate on the Canadian National Railway bill the Minister of Transport said, as I understood him, that there were 24,000 cars full of wheat in Canada now that could not be got into terminal elevators.

Mr. HANSON (York-Sunbury): There was an embargo.

Mr. DOUGLAS (Weyburn): Yes. On July 24 the Minister of Trade and Commerce pointed out that we have a carryover of between 290 and 295 million bushels, and this year a crop of between 350 and 400 million bushels is expected. Our storage facilities are about 424 million—

Mr. GARDINER: We all realize that.

Mr. DOUGLAS (Weyburn): But the minister said we "may use" this.

Mr. GARDINER: I did not say that in figures, but after all 100 million bushels of extra storage is not an impossible thing. That is what these figures really mean. People do not market all their grain the first day they start to thresh.

Mr. DOUGLAS (Weyburn): But as the minister said the other day, what they will need is storage for 150 to 160 million bushels. And while people do not market all their wheat the first day, most of them will try to market it before Christmas.

Mr. GARDINER: Even if they do.

Mr. DOUGLAS (Weyburn): A hundred million bushels of storage is not going to be prepared right away. There is no use talking about this being a possibility. Under this clause we are due for a rationing system, a quota system. I am not objecting; I do not see how the government could do anything else. But if we are going to have a quota system we should be told what it is going to be and on what basis the farmer will be able to carry on in respect of the part of the crop which he keeps on the farm. The minister says that the government are ready to take certain action the moment this legislation is passed—

Mr. HANSON (York-Sunbury): What action?

Mr. DOUGLAS (Weyburn): The minister said the government is ready to take certain action. We want to know, what action?

Mr. GARDINER: I can answer in these words: The government will take the action which is in the best interests of the western farmer, and will take it just as soon as this legislation goes through to make it possible.

[Mr. T. C. Douglas.]

Mr. HANSON (York-Sunbury): Of course that is not an answer.

Mr. DOUGLAS (Weyburn): That is not an answer. What is happening in this house is that increasingly parliament is being made a farce. We pass a bill and say those responsible will issue regulations, and the regulations are in themselves practically a statute. That is what happened under the National War Services Act, and that is what is going to happen with this legislation. The government say to hon. members of this house: Just shut your eyes and sign a blank cheque and when it is all over we will make the arrangements and you will see what you have for Christmas.

Mr. GARDINER: Let us finish that point, then. The government, of course, as has been said by hon. members in all sections, had they desired so to proceed, did not have to bring this legislation in; they could have acted under the War Measures Act and done just what my hon. friend says. But the government did not think that the proper thing to do; we thought we should have specific instructions regarding a matter of this kind as far as it might be possible to give them at this time. I venture to say that things can happen within the next two months that may make it necessary, even with this legislation, for us to do things under the War Measures Act that are not anticipated at this moment. You cannot anticipate everything that is going to happen, with the situation now existing in the world. This bill gives the government power, delegated to it by parliament, to do a certain thing. If parliament does not want the government to have that specific power to set a quota for deliveries in order that smaller farmers can get the advantage of sufficient storage in order to be able to finance, that is one thing. But if they want to say definitely to us, "Go ahead and do it," that is all this legislation asks for.

Mr. DOUGLAS (Weyburn): Oh, no. The minister says they choose rather to come to parliament for specific instructions. What specific instructions are contained in this clause?

Mr. GARDINER: To set a quota system if necessary.

Mr. DOUGLAS (Weyburn): No. The board is given power—

to regulate deliveries of all kinds of grain by producers to country elevators, loading platforms, mill elevators and terminal elevators and to fix the maximum amounts of any kind of grain that a producer may so deliver in any period of time.

Mr. GARDINER: That is just a description of a quota system.

Mr. DOUGLAS (Weyburn): There are no specific instructions there. We are giving the board blank powers. We have a right to know; if as the minister says the government are prepared to take certain decisive steps and to follow certain specific policies, we should be told what they are. I have never heard of a government saying: You pass an act, give us the powers, and we are all ready to do something about it, but we are not prepared to tell you what we are going to do.

Mr. GARDINER: This section does that thing, all the way from (a) to (i).

Mr. PERLEY: Not to regulate deliveries.

Mr. GARDINER: It gives the government power to do certain things through the board.

Mr. HANSON (York-Sunbury): Two wrongs do not make a right, and because the government have taken that power they want to perpetuate it. I do not particularly understand the situation involved here, but the principle involved I do understand, and the hon. member for Weyburn has correctly and succinctly stated it. The government should give heed to the protest he has made.

Mr. DOUGLAS (Weyburn): Section 7 of the act says:

The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:

(i) to regulate deliveries of all kinds of grain by producers. . . .

And so on.

Mr. GARDINER: What are some of the other powers?

Mr. DOUGLAS (Weyburn): The minister knows them very well. They are:

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) to buy and sell wheat

(c) to store and transport wheat;

Mr. GARDINER: That is the very principle you are objecting to.

Mr. DOUGLAS (Weyburn): No. The board has never had power to refuse to take delivery of wheat. Now we are giving the board power not only to refuse to take delivery but to prescribe at what times and in what amounts the farmers shall deliver their wheat. All we are asking is that the minister be specific when he says the government is prepared to take certain action. Let us know what the

action is. Let us know what protection is to be given. The minister says they are in discussion with certain groups of individuals. Surely the policy of the government is not going to be any different after those discussions from what it is now. All the discussions will be concerned with the details of financing. This government has unlimited power under the War Measures Act and the mobilization act, and the discussions will be only in connection with working out administrative details. The policy of the government should be formulated now, and probably it is. Why does not the minister tell us exactly what will be the gist of the regulations which probably will come out next week? No doubt the government has them drawn up and all ready to publish; everyone knows that. Why are we not told what they are? Are they of such a nature that the government dare not tell us about them? Is the government afraid that if they tell us now what they have in mind in connection with the marketing of this crop, the amount of wheat the farmer will be allowed to deliver and the load he will be asked to carry, the members will raise such a row that we may be here much longer than is anticipated? Surely the government should tell us. This is the most revolutionary step ever taken as far as western agriculture is concerned. For the first time the farmer is going to be restricted as to how much wheat he can sell. That is new; and he is to be paid on the instalment plan.

Mr. EVANS: On a regulative basis.

Mr. DOUGLAS (Weyburn): On an instalment basis, and he is to be allowed to sell only a percentage of his crop. The hon. member for Moose Jaw (Mr. Ross) made an appeal for the smaller farmer. Well, Mr. Chairman, I don't know; whenever the government wants to get by with something they always say they are protecting the smaller farmer. I want to know just how the smaller farmer is to be protected. For instance, if it is going to be on a basis of five bushels an acre, in what position is that going to place the small farmer with a hundred or a hundred and fifty acres of wheat? That will give him 750 bushels that he will be allowed to sell, for which he will receive \$375. What is he going to do with that? The other day I suggested to the minister that if the government wanted to protect the small farmer they should fix the price on the basis of the first thousand or two thousand bushels and taper it off after that. Then the farmer would get a price commensurate with the price of production for his thousand or two thousand bushels, and after that the price would decline. Then it

would pay the man with a big crop to store a large part of his grain. There is nothing here that gives the small farmer any more protection than he has now.

It is most unsatisfactory for the government to come here and say, "We want this bill passed, and we want it done in a hurry. We have a lot of plans in the back of our heads and we are ready to put them into operation the moment we pass this bill. We will not tell you what the plans are or what the regulations will contain or what restrictions we will impose upon the farmer or what provision we are going to make to help the farmer carry on this fall and winter." With all deference I say to the government that this is not good enough and should not be accepted.

Mr. TRIPP: Perhaps the hon. member would tell us just what he would be satisfied with.

Mr. DOUGLAS (Weyburn): Certainly; I should be glad to do that. I have stated it in the house two or three times already, and if the hon. member had been here and properly awake he would have heard me.

Mr. DUPUIS: Two dollars a bushel.

Mr. DOUGLAS (Weyburn): No, nothing like that. I suggested that the government help the small farmer, and encourage the large farmer to keep his wheat on the farm, by fixing a reasonable price for the first thousand or two thousand bushels and then tapering the price off on the remainder.

Mr. DUPUIS: What would be your idea of a fair price?

Mr. DOUGLAS (Weyburn): I do not think I should enter into a discussion with the hon. gentleman. I think this matter is away beyond his depth.

Mr. DUPUIS: But we have to pay something because of it.

Mr. DOUGLAS (Weyburn): That is so, and we in the west pay a great deal of money in connection with eastern matters. The other day I suggested to the minister that if the farmer is to be placed on a quota basis—and I do not see that anything else can be done in the circumstances—then the farmer should be allowed to deliver a certain percentage of his crop, for which he should get a definite payment.

Mr. EVANS: But what should he get?

Mr. DOUGLAS (Weyburn): I would say 90 cents a bushel.

Mr. EVANS: And what amount should he deliver?

[Mr. T. C. Douglas.]

Mr. DOUGLAS (Weyburn): I should say at least 40 per cent of the crop, and perhaps 50 per cent. Let him deliver that grain to the wheat board. If that percentage should be found to be too great it might have to be further reduced. But here is the important part; the percentage of his crop which he is not allowed to deliver to the wheat board could be retained on the farm, and two things done. First, arrangements could be made with the banks to make advances so that granaries may be constructed in districts where there are no granaries now, in order that the farmers could store their wheat. Second, an advance should be given to the farmers on that portion of their wheat retained on their farms. I would suggest that the advance might be 40 cents a bushel on the farm. The government would take a lien against that crop, so that when the farmer was finally notified by the wheat board that he would be allowed to sell that wheat, it would be sold and the first charge against his grain ticket would be the government lien, which would be subtracted and he would get what was left.

That would not cost this government a dollar more. It does not make much difference whether you pay him 40 cents now and 30 cents next spring or 70 cents next spring. The only difference is that the government would have to arrange through the Bank of Canada or through the chartered banks to have these advances made. To-day the government are doing all sorts of financing and making all sorts of advances in connection with these great munitions plants they are building. Millions of dollars are being spent on those plants. Why cannot the government advance money to the farmer on the wheat he is storing on his farm? If you can spend millions of dollars to build eight munitions plants, five of which we will not even own when the war is finished—this will allow private interests to get their fingers into the pot—then the government can arrange through the central bank to advance money to the farmer on the security of the wheat he is storing on his farm. They will have all kinds of security. They will have the lien on the wheat, and that money will be repaid as the first charge against the grain ticket, and I would impose very heavy penalties for any infringement of the agreement.

That is what I suggest, but that is what the Minister of Mines and Resources called moonshine.

The CHAIRMAN: Shall section 5 carry?

Some hon. MEMBERS: Carried.

Mr. DOUGLAS (Weyburn): No; we want an answer from the minister.

Mr. MacKINNON (Edmonton West): There is no necessity of an answer to that statement.

Mr. QUELCH: I have a few questions I should like to ask. I have been waiting as patiently as possible to get the floor, but it is now one o'clock.

The CHAIRMAN: Shall section 5 carry?

An hon. MEMBER: One o'clock.

Mr. QUELCH: If you are not going to call it one o'clock, Mr. Chairman, I shall ask my questions and carry on with the debate. First I should like to know—

An hon. MEMBER: One o'clock.

Mr. QUELCH: There has been a good deal of criticism because of the fact that up to the present the government have not stated what is to be their policy in this regard. For instance, would the government advise a farmer to do everything in his power at this time to provide storage on his farm? Would the Minister of Agriculture consider that a sound policy? Would he advise the farmers, while they have a little spare time before harvesting commences, to go ahead and build all the storage they can? Is that advisable? If so, the farmers should know now, because within a week they will be busy harvesting, and then they will not have time to build granaries. I should like an answer to that question before I go further. Is that part of the policy of the government?

Mr. MacKINNON (Edmonton West): I think it is most reasonable and natural to suppose that the farmer is giving that matter very serious consideration at the present time, just as we are giving attention to any necessary help that may be required from outside sources.

Mr. QUELCH: I have received a number of inquiries about this, but I have not been able to get any information from the government. How long will the grain have to be stored? Will open bins be sufficient? It will be remembered that in past years when it was necessary to store grain the farmer simply drove a number of posts in the ground, sheathed them with inch lumber and put a cover over it. Will it be possible to clear up this grain in February and March? If that is so, open bins should be sufficient. If, on the other hand, protection is necessary, the farmer should be told. If it is necessary to store in this way the farmer is ready to make provision by boxing off a part of the barn or by closing up a couple of box-stalls. Surely it is up to the government to let them know what has to be done. You are not

giving them any advice. The minister says the government are consulting with the various farm organizations; apparently they are consulting with everybody except the people's representatives.

Mr. GARDINER: They have been here and have discussed it.

Mr. QUELCH: We have had no discussion in this house.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. MACKENZIE KING: Mr. Chairman, I have been asked by a number of the members of the house what the intention is with regard to sitting this evening. Of course our desire is, now that the arrangements with respect to the conclusion of its work is known, to get through the business of the session just as rapidly as possible. There is always an advantage in sitting in the evening as well as in the afternoon and forenoon when an effort is being specially made to conclude the business of the house. On the other hand, I gather that a good many members would prefer not to sit to-night. What I was going to suggest, if it met with the approval of the house, was this, that provided the bill which is now engaging the attention of the committee is disposed of before six o'clock, we might continue for one hour after six with supply, and then adjourn at seven o'clock. But if the present bill is not disposed of by six o'clock I think we ought to rise at that hour as usual, and sit to-night to see if we cannot at least get this bill through its third reading to-day. I think that order will perhaps serve to accommodate everyone.

I have also been asked if the house will sit on Monday, which is civic holiday in this city. I think the civic holiday should not interfere with the house sitting, because we are all anxious to get through.

Mr. MacNICOL: We will sit on Monday?

Mr. MACKENZIE KING: Yes.

The CHAIRMAN: We were on section 5.

Mr. QUELCH: Mr. Chairman, this morning I took only three minutes of the time of the committee to ask a couple of questions which the minister apparently is not prepared to answer, at least at this time. There are one or two comments I wish to make on this section with respect to matters which are of great importance, points which I think should be considered.

First we should consider what are to be the actual conditions in the west as a result

of the operation of this act and particularly of this section. I do not believe in criticizing for the sake of criticizing, and I do not think anybody can ever accuse me of having done so on any agricultural question. Any criticisms I have ever made have always been of some point which I considered of vital importance, and I would say the same of criticism by any member of our group.

I appreciate the provision which will make it possible to pay the farmer for storage on the farm. I also appreciate the necessity for the establishment of a quota. I think that is necessary. But as we are allowing for a payment of only 70 cents a bushel and, further, are making no provision whatsoever for an advance against the grain on the farm, I contend that a small delivery quota will create chaotic conditions on the farm. I drew up after lunch a short summary of what would happen under this section, showing the number of bushels threshed on the farm, the quantity delivered and the payment made. As a basis I have used 20 bushels to the acre as the yield, and 5 bushels to the acre as the quota delivered. On that basis, with an acreage of 80, the yield would be 1,600 bushels, and the farmer would be able to deliver 400 bushels. At 70 cents Fort William, which would mean 50 cents locally, he would receive \$200. Against that grain he would have to pay harvesting expenses, and in harvesting expenses I include stooking, binder twine and threshing, which would take at least 12 cents a bushel; so that he would have to pay for harvesting expenses a total of \$192. So that all that he would receive net, after paying his expenses, would be \$8.

Double the acreage: On 160 acres, at 20 bushels to the acre, the yield would be 3,200 bushels, the quota delivered 800 bushels, payment received \$400, harvesting expenses \$384, leaving the farmer \$16.

Take 300 acres. The yield would be 6,000 bushels, the quota delivered 1,500 bushels, payment received \$750, harvesting expenses \$720, leaving the farmer the sum of \$30.

Has the minister considered how the farmer is going to continue to live on the farm and be able to finance himself and his family over the winter when all the cash he has left from his crop is \$8 if his acreage be 80, or \$16 if his acreage be 160, or \$30 if his acreage be 300? How is he going to buy fuel for the winter and clothes for his children if he has a family? The first charge against a crop in Alberta is hail insurance and in Saskatchewan is taxes. What about his mortgage payments? They would have to be forgotten, no doubt. Would the minister himself feel like asking a man to come on

[Mr. Quelch.]

his farm to thresh his crop if he knew very well he would not be able to pay the thresher? The thresher works on only a small margin of profit. He has to pay his crew and his fuel bill, and how can he thresh a crop if he does not get paid for it? I am not exaggerating the seriousness of the case. These are facts that must be faced; they are conditions that are bound to arise. What is the minister's suggestion in that regard?

We suggest and I would say that the only solution is to make provision for an advance against the grain on the farm. That will have to be done. If it is not done, you will have chaotic conditions in the provinces. The provincial governments will be forced to pass a moratorium. There is no question about that, and even a moratorium will not help very much in meeting the situation. Certainly taxes will not be paid, or mortgage payments, nor will the machinery companies be able to collect payments. What are the storekeepers to do? Are we going to pass on to the local storekeeper the duties of a banker? The local storekeepers have had to assume that responsibility, but it is not fair to ask them to do it; and how long will the local storekeeper go on giving credit when he has no knowledge of when the farmer will be able to sell his grain and pay him?

The minister has stated that he was considering making an advance to the farmer against the grain on his farm, and we know that various farm organizations in the west have been urging that very thing. On the other hand we have the statement from one of the senior ministers in the cabinet, the Minister of Mines and Resources (Mr. Crerar), that the suggestion is "moonshine." It is all very well for the minister (Mr. MacKinnon) to shake his head, but the Minister of Mines and Resources made that statement and has not yet seen fit to withdraw it. Therefore we must conclude that so far as the cabinet is concerned the suggestion to make an advance to the farmer against the grain on his farm is moonshine. I think the minister should at least make a statement to reassure us on that score. I would ask him to state that steps will be taken—I do not ask him to state just what they will be or how they will be made—to make it possible for an advance to be made to the farmer against the grain in storage on his farm.

Mr. MacKINNON (Edmonton West): I have on more than one occasion answered the question just asked by the hon. member for Acadia (Mr. Quelch), and I do not like to repeat it over and over again. The answer could not have been given better than it was

given this morning by the hon. member for Melville (Mr. Gardiner). He gave it in a fair and an easily understandable way.

Mr. QUELCH: He gave his point of view. He just said that that was his idea. He did not say it was government policy. We want to know the government's policy.

Mr. DOUGLAS (Weyburn): That is, how it could be done.

Mr. MacKINNON (Edmonton West): I think that hon. members will have to depend on the statements on this matter which have been made already.

Mr. QUELCH: Surely the minister does not ask us to accept such an answer. We have two ministers dealing with the matter. On the one hand we have the Minister of Mines and Resources stating that such a suggestion is "moonshine." On the other hand, we had a statement—

Mr. MacKINNON (Edmonton West): Excuse me; I do not for a moment accept the construction which is being put on the statement that is alleged to have been made in this chamber.

Mr. QUELCH: It is not a question of "alleged."

Mr. JOHNSTON (Bow River): That is what he said.

Mr. CRERAR: I think I must once more take a little part in this debate. Apparently, to judge by the play which my hon. friends in the south or southwest corner of the house are making upon my reference to "moonshine" the other evening, I have made a contribution to the gaiety of nations.

Mr. JOHNSTON (Bow River): It showed the attitude of the government.

Mr. CRERAR: Will my hon. friend be patient? The hon. member for Weyburn (Mr. Douglas) in the course of his remarks, made the suggestion that the government should consider buying outright the grain on the farms and paying for its being stored there or, alternatively as he said, giving an advance on the grain to the farmer. Certainly that is a proposal which requires very careful consideration. May I tell my hon. friends that for the last five years the government have been writing off advances made over twenty years ago in Alberta and Saskatchewan for the purchase of seed grain. It was definitely understood when these advances were made that they would be repaid. I believe that some of them were made as far back as 1914. As hon. members will recall, we had excellent crops in 1915 and 1916.

What happened? The attitude of the farmer, and not he alone but everyone, towards an obligation he may owe to the government is different from his attitude towards an obligation he may owe to a private party. There were many farmers—and I do not criticize them particularly; the same is true of any other class of people—who felt that because they owed this money to the government they were not under the same kind of obligation to repay it as they would be to repay a private debt. It may be regrettable that such is the case, but any person who has had some experience of government administration knows it to be a fact, true not only of farmers but of others.

If the government through the agency of the wheat board made advances willy-nilly on farms all over this country, and those advances came due at some later date, imagine the representations which would come from hon. members in all quarters of the house, to the effect, "Well, this poor farmer cannot repay, and the government should carry him along." That is precisely what was done with regard to the seed grain loan.

So that the matter is not altogether so easy as my hon. friends maintain it is. Probably some method for giving advances on grain on farms can be worked out. But when you come into that field—and I say this with some hesitation, because my hon. friend the leader of the opposition is a lawyer and I am not—you enter the field of property and civil rights, where the jurisdiction and control lie not with the federal authority but with the provinces. Consequently, if advances are to be given, and certainly if it is expected that they will be repaid, it cannot be done in the free and airy and easy manner in which some hon. members say that it should be done. I do not agree that the government, as trustees for all the people of Canada, can legitimately regard this matter other than in the light of trusteeship. We are trustees for the taxpayers of Canada as much as for any class in the community, and we should fail in our duty if we did not give this matter the closest attention. That is why I characterized as "moonshine" the remark made the other evening by the hon. member for Weyburn. Perhaps this term was too strong.

Mr. QUELCH: It was irrelevant, I should say.

Mr. CRERAR: But I do maintain that there is a difficulty in the matter. To hear my hon. friends talking, one would think that nobody in this government and very few in this house outside of themselves had any regard for the position of the western farmer. That is not the case.

Mr. COLDWELL: I do not think anybody suggested that.

Mr. CRERAR: The record of the last eight or nine years, and certainly of the last five years, proves what I have said. We should not forget that in the years 1937 and 1938, when there was very serious crop failure in Saskatchewan, the government, with the approval of parliament, contributed over \$40,000,000 direct to the relief of that situation.

Mr. JAUQUES: You could not do less.

Mr. CRERAR: I do not question that. But when my hon. friend gets up and declares that nothing has been done, that the western farmers' problem is not understood and that it does not get sympathetic treatment from this house, he is not stating a fact.

Furthermore, we gave a guarantee of 80 cents a bushel, an initial advance on the crop of 1938. It is a fact that this cost the treasury of this country well over \$50,000,000, and as my hon. friends know, we shall never get a dollar of the money back. Even last year, when there was a crop on the prairies of 460 million bushels, we made through the Prairie Farm Assistance Act a contribution of almost \$10,000,000 for farmers in certain districts which had short crops.

In the light of these facts it is unfair to give the impression in this house and to the country that the rest of Canada is indifferent to the welfare of the prairies.

May I say this, further, in all sincerity. I have lived in the prairie country all my life. I love the prairie country. I know the tribulations and the difficulties which the people there have had. We must carry with us the judgment and the sense of fair dealing of the people of eastern Canada if we are ultimately to solve our problems in the west. Not many days ago a gentleman in eastern Canada who, to my knowledge, and I have known him many years, has been a good friend of the west, said to me, "Crerar, I am getting a bit fed up with all the stories of gloom and hardship and blue ruin which we hear about the prairie country."

Mr. COLDWELL: Unfortunately they are true. That is the difficulty.

Mr. DOUGLAS (Weyburn): He ought to go out west and see how true they are.

Mr. BLACKMORE: He would then be fed up worse than he is.

Mr. CRERAR: That may be, but I ask my hon. friends to remember this fact, that the prairie provinces, no matter what we may feel about it, have a representation of only 55 in this house of 245 members; and unless

[Mr. Crerar.]

we can carry the judgment of eastern Canada in requests that are reasonable, then I think that in the long run it may tell against us.

Mr. COLDWELL: But to get that judgment you have to state the facts.

Mr. ROSS (Moose Jaw): Fairly, though.

Mr. COLDWELL: That is what we are trying to do.

Mr. CRERAR: Coming back to the question of storage, we are not blind to the need of it. It is a most difficult matter to work out, and it cannot be worked out by some member getting up and demanding that before this section passes we must have the whole thing clear-cut. It cannot be done in that way. I ask my hon. friends to recognize this—though they may not give me credit for it. I say to them once more that the government are not unsympathetic to the suggestions they have advanced. Those suggestions will be given consideration. Personally, I should hope that a method may be found of meeting my hon. friends, but I do not think it is reasonable to hold up the passage of the measure until the matter is set out in complete detail to the satisfaction of every member of the house.

Mr. DOUGLAS (Weyburn): The minister is now endeavouring to beat a strategic retreat and he is throwing up a smoke-screen in the process. The statement I made the other day was not a suggestion to buy out the wheat on the farm.

Mr. CRERAR: Pardon me—

Mr. DOUGLAS (Weyburn): The minister made his statement and I did not interrupt him. Let me quote *Hansard*, which is a better record than the minister's memory. I quote from page 1947 of *Hansard*. I said:

I ask the minister to tell us now or later how the financing will be done. Will the farmer who keeps his wheat on his farm get an advance on it, or will he be paid outright for it and receive a storage allowance?

Mr. Crerar: Would my hon. friend recommend that that be done?

Mr. Douglas (Weyburn): Recommend that what be done?

Mr. Crerar: Would my hon. friend recommend that the government buy the grain outright and store it on the farm?

Mr. Douglas (Weyburn): No, but what the government could do is pay a substantial advance.

Mr. Crerar: I am asking what my hon. friend would recommend.

Mr. Douglas (Weyburn): I am recommending to the minister that a substantial advance be made to the farmer, sufficient to enable him to finance. That is, if he is going to be allowed to sell only a certain amount of wheat in the fall, and he has to carry the

rest, he can carry it only if there is a sufficient cash advancement to enable him to carry on his fall operations, be ready for his spring operations, and provide for his family in the winter. Is the Minister of Mines and Resources opposed to that? The minister is better at posing questions than answering them.

Mr. Crerar: I think, if you ask me, the suggestion is moonshine.

There can be no confusion of the issue. We were not speaking at the time of buying wheat outright; we were discussing the matter of financing. The question is not whether we appreciate what the government has done in the past, what it did in the way of relief in 1937 and 1938. What is the use of throwing up a smoke-screen of that sort? Why throw dust in the eyes of the people? We are making a suggestion with regard to advances. The Minister of Trade and Commerce, speaking on Thursday said:

The matter of financing the portions of grain which necessarily will be retained in the farmers' own granaries has been receiving our serious consideration.

These two gentlemen, the Minister of Mines and Resources and the Minister of Trade and Commerce, are both members of the wheat committee of the cabinet. One says that the matter is receiving serious consideration, and the other stands up, even to-day, and points out how difficult it is, how many obstacles lie in the way. The fact of the matter is that the government's own wheat committee of the cabinet are not agreed as to exactly what they propose to do. One tells us that it is under consideration, the other simply rules it out and says that it is not as bad as we thought in the first instance. That is not policy. We are not making unreasonable demands from the east; the minister need not drag that in. What I asked for this morning, and all that we have asked for, is a clear-cut statement from the government as to what they propose to do with the powers under section 5. The Minister of Agriculture made a statement this morning. The Minister of Trade and Commerce has just referred to it and said, that was the answer. What was the answer? The answer was to outline a set of alternatives, saying, "We could do this, or we could do that, or we could do something else." But he did not say what they were going to do, and he ended up by saying that when this legislation is passed there are certain actions which the government propose to take. All we ask is that before this legislation passes we be told what these actions are, not in an administrative way but as to the general policy underlying the actions. That is not unreasonable. We have a right to know what those actions are, and it is little wonder if we are confused, when two

ministers on the wheat committee of the cabinet give diametrically opposite views regarding the matter.

I put this to the Minister of Trade and Commerce. The Minister of Agriculture did not give a satisfactory answer. We do not want to be given a set of alternatives. All we want is this: If the Minister of Trade and Commerce will assure us either that storage facilities will be provided, so that the farmer can sell his wheat this fall, or that, for that portion of his wheat which he cannot sell, he will get a cash advance, I personally will drop the debate this minute. That is all the assurance we want. The Minister of Mines and Resources pointed out the difficulty in connection with the collection of money in days gone by. That is an administrative detail, and I am not saying that it is easy. But I repeat what I said this morning during the absence of the Minister of Mines and Resources. All that it is necessary to do, if the farmer can deliver a portion of his grain which he is allowed to deliver under this quota, and if he can store the rest on his farm or wherever he has storage facilities, should he get an advance from the wheat board of 40 cents a bushel on wheat on his own farm, that would be sufficiently low to make allowance for any mistake in grading or for any overestimate on his part of the quantity of wheat he had. That would have to be computed. The wheat board would have complete control. He cannot sell the wheat anywhere else under the present circumstances, and when he comes to sell the rest of the wheat at such time as the board notifies him that he is allowed to sell it, the first charge against his grain tickets will be the lien which the government has placed against the wheat in respect of which he has been given the 40 cents. From the grain tickets would be deducted the wheat board's lien. He could not dispose of the wheat he had retained on the farm unless he smuggled it out and gave it to someone else, because heavy penalties are imposed under the act. If the minister will get up and say that the farmer will get a cash advance on the grain which he is not able to sell to the wheat board I am prepared to stop debating the matter.

Mr. MacKINNON (Edmonton West): All I can say is that the wheat committee of the cabinet is seeking a solution right along the line indicated by the hon. member for Weyburn.

Mr. HANSON (York-Sunbury): Does that mean that the government has not a policy? Let us be concrete and definite.

Canadian Wheat Board

Mr. MacKINNON (Edmonton West): There has not been a decision.

Mr. HANSON (York-Sunbury): Is it true that the government does not know yet what it is going to do?

Mr. MacKINNON (Edmonton West): There is not yet a final decision.

Mr. HANSON (York-Sunbury): There is no final policy on the matter. That is definite and concrete. I intervene only in the hope that possibly this discussion may conclude.

Mr. CRERAR: The statement of the leader of the opposition is quite correct, for the reasons I have stated. My hon. friend would be the last man in the house to say that the government should carelessly or recklessly advance money all over the prairies for grain on the farms.

Mr. NICHOLSON: It is now the third of August.

Mr. CRERAR: I have no doubt if the hon. member were sitting in the place of the Minister of Trade and Commerce administering the department he would have a solution in fifteen minutes.

Mr. DOUGLAS (Weyburn): We should have had it fifteen days ago.

Mr. CRERAR: May I say a word about the hon. member for Weyburn. He is becoming an expert in intellectual gymnastics in this house. He not only splits hairs but quarters them as well.

Mr. HANSON (York-Sunbury): He is pretty good.

Mr. CRERAR: All this intellectual juggling with phrases and all the demands he makes may sound very well back on a portion of the prairies, but it is not an effective contribution to the solution of this problem. My hon. friend when he was speaking the other night did ask, "Is the government going to pay for grain outright on the farms? Will the farmer who keeps his wheat on the farm get an advance on it, or will he be paid outright for it, or receive a storage allowance?"

Mr. DOUGLAS (Weyburn): It was a question.

Mr. CRERAR: Why did my hon. friend ask it?

Mr. DOUGLAS (Weyburn): Because I I want to know. The government have not told us anything yet.

Mr. CRERAR: But was my hon. friend serious in suggesting that we should buy outright a man's grain on the farm and pay storage on it? If he was not serious, why did he ask the question?

[Mr. R. B. Hanson.]

Mr. DOUGLAS (Weyburn): Because it has been done in other countries.

Mr. COLDWELL: It has been done in the United States and elsewhere.

Mr. CRERAR: We are not discussing the United States. We are trying to find a remedy for this problem in Canada.

Mr. JOHNSTON (Bow River): Does not the grain company do that now?

Mr. CRERAR: The Minister of Trade and Commerce has given a reasonable answer to the proposals of the hon. member for Weyburn.

Mr. DOUGLAS (Weyburn): Except that the Minister of Mines and Resources contradicts it.

Mr. CRERAR: I stated a moment ago and I repeat that this matter is under consideration. It is not an easy thing to settle. We are not in the position this afternoon to answer in the affirmative the question of the hon. member and to submit a method by which it can be worked out. The public interest has to be protected.

Mr. GOLDING: Hon. gentlemen opposite do not think of that.

Mr. CRERAR: There are many members in this house and many people in Canada outside of the prairie provinces. We recognize the importance of this problem; I think I may modestly claim that I recognize its importance just as fully as any hon. member sitting diagonally opposite me. There is not only the interest of the farmer himself to consider; there is also, as I think the hon. member for Rosetown-Biggar said the other evening, the vital interest of its effect on the whole national economy. In the light of all the facts and in the light of all the study that we can give to it we shall do the best we possibly can to solve this problem, not only in the interests of the farmers of western Canada but in the interests of the whole national economy. When the hon. member for Weyburn rises in his place and says that before he will agree to this clause he must have in black and white before him what we propose to do, I tell him it cannot be done. We are all anxious to get through; I do not think I am unreasonable in that position, and I hope my hon. friend will accept that suggestion in the spirit in which I make it.

Mr. COLDWELL: The best answer to the minister regarding his criticism of the hon. member for Weyburn was given by the Minister of Trade and Commerce when he said a few minutes ago that the government was considering suggestions in line with those made by the hon. member for Weyburn. Of course

if the government have no policy at the moment which it can present to the committee regarding this matter then it is useless for hon. members to continue to ask the government to submit its policy. I agree with the leader of the official opposition to that extent.

But may I say this word to the Minister of Mines and Resources, whom I have known for many years. We know perfectly well that when farmers in western Canada begin to cut their grain they become anxious as to what is to be done with it and how they are to meet the obligations they have assumed in connection with the raising and harvesting of that crop. I have many letters from my constituents asking the very questions that the hon. member for Weyburn has been asking for the last twelve or fifteen days, and I imagine that every hon. member from western Canada, irrespective of party, has the same kind of letters coming to his desk. People there are anxious to know what is going to be done. That is quite natural, I think the minister will agree.

The criticism I would make, particularly at this stage of the discussion, is that last year the wheat matter came up late in the session. If hon. members will recollect, it came up just before their majesties arrived in Canada, at which time it was hoped that the house would prorogue when their majesties arrived. This year, with this tremendous problem facing us, no proposals of any kind were made until practically in the dying days of the session. This important matter, important not only from the point of view of western Canada but also, as the minister reminded us a few moments ago, from the point of view of the whole economy of Canada, should have received much earlier and more careful consideration. The crop year ended on July 31. To-day is August 3. Already farmers in certain parts of western Canada have cut some grain and threshed some grain and delivered or attempted to deliver some grain. Consequently this matter is of pressing and primary importance.

Speaking for myself and my party in this debate we have been anxious that there should be no suggestion made that because it was late in the session this matter had not been given the consideration that it deserves. We are going to have this problem again next year, perhaps in a different form. I am afraid that our entire agricultural problem, the agricultural situation in both the east and the west, is going to confront us for a very considerable time to come. The world outlook is such that I believe that can almost be taken for granted. Therefore I suggest to the minister that if the government want to avoid

delay at the end of the session when we are all tired, they should bring down their suggestions earlier than they have on this occasion.

Mr. CRERAR: I do not want to monopolize the discussion, but may I say this in respect of what has been said by the hon. member for Qu'Appelle, the hon. member who has just taken his seat, and others in criticism of the government for its delay in bringing down this measure. Perhaps that criticism is justified up to a point. But there was a reason for that delay. By some hon. members it may not be regarded as a very good reason, but I think it is a substantial one. The reason was that until the last week or ten days no one knew what the possible crop this year in western Canada might be. As late as two or two and a half weeks ago, when we had a wave of extremely hot weather over the prairies and there was a lack of rain, which fortunately came a few days later, there was very general apprehension all over the western country as to what the crop outcome might be.

Mr. COLDWELL: As between what figures? Was it not between 350,000,000 and perhaps 450,000,000 bushels?

Mr. CRERAR: I heard estimates even lower than that. I have seen, as my hon. friends have seen, a crop on the prairies which looked first-class in the middle of July, suffer from rust and heat until it was cut in half. We could not intelligently bring down proposals dealing with the question of farm storage and all these other matters that have been mentioned, much earlier in the session. We may be criticized, but we did desire to see the picture more clearly as to what the final outcome in regard to the crop was likely to be.

Mr. HANSON (York-Sunbury): Does the minister say that was the reason for the delay?

Mr. CRERAR: That was the chief reason.

Mr. HANSON (York-Sunbury): Then it was a very minor reason.

Mr. CRERAR: No, my hon. friend is not correct. However, I hope we are making a little progress, and I shall not transgress further on the good nature of the committee.

Mr. WEIR: The Minister of Mines and Resources has already expressed some of the thoughts I had in mind in connection with this matter. In this legislation the government has attempted to do two things. The first is to regulate deliveries by farmers to the elevator companies. From what I can gather of the sentiment of the house I think that principle is agreed upon and recognized.

Mr. COLDWELL: Quite.

Mr. WEIR: In the second place the government comes forward with a proposal to pay farm storage. That is the beginning. From that point matters must be worked out by negotiation. As the minister has stated, even two weeks ago the question of how large the crop was going to be could not be answered. At that time we were experiencing a heat wave throughout the west which might have severely depreciated the crop. Now the government has come forward with a proposal to regulate deliveries to the elevator companies and to pay storage on the farm. From that point on it is in a position to negotiate with various institutions in regard to the carrying out of any other details that may be necessary. They can say to the banks, if you like, "We have taken authority to do these things. What arrangement can we make with you to assist in the financing?" On the other hand they can say to the elevator companies, "We have taken authority to do these things. What can you do in the matter of providing additional storage capacity if that is required?"

Those are the things that have been done; those are the principles the government has laid down to start with, in dealing with the present emergency situation. But until the legislation is passed and the bill enacted the government is unable to make an approach to this situation. Therefore I submit that it would be quite out of place, and the government would not have the authority, to proceed to deal with these other matters which have been discussed at such length during the debate. When this bill is passed they will have authority to do these things, and they can say to these people, "Here is what we have done by way of legislation in our approach to this problem. What can we work out with you, by means of negotiation, in an attempt successfully to meet this situation?" I submit that this is a reasonable approach, and I think the bill might now be passed, since these two principles are included from which the government can go on to deal with the rest of the problem.

Mr. HANSON (York-Sunbury): I do not wish to intervene unduly in this discussion, but I do not think I should allow the statements of the hon. member for Macdonald to go unchallenged. The passage of this bill is not a condition precedent to any arrangement that may be made either with the banks or with the elevator companies. That is only a plausible excuse for not giving the information requested by hon. gentlemen in the south-east corner. There will be no trouble with the banks provided this government gives its guarantee to the wheat board, as I assume it will have to do. I do not think this matter

[Mr. Coldwell.]

can be financed in any other way. I think the milk in the coconut is that the elevator companies have made certain suggestions to the government with reference to providing additional storage facilities, and that the question of financing those facilities is what is uppermost now in the minds of hon. gentlemen.

I do not know enough about the question of storage to discuss intelligently what should be done. I am content to have the government adopt a policy which will help the farmer, provided that it does not bear too onerously upon the public treasury. But the matter of deliveries certainly is a vital question to the farmer. He wants to know what he is going to be able to do and how much he is going to get in advance. After all it is the question of the almighty dollar. What is the farmer going to be able to get by way of advances from the wheat board under this legislation? That is the information for which these hon. gentlemen are asking. I think the government should tell them whether it is going to be nothing or something; and if it is to be something, what that something will be.

Mr. CRERAR: I should like to make one point clear. So far as I am aware there have been no suggestions that the government should finance the construction of any storage facilities anywhere.

Mr. HANSON (York-Sunbury): I am glad to hear that, because I was afraid that was in the offing.

Mr. CRERAR: So far as I am aware that suggestion has not been made.

Mr. HANSON (York-Sunbury): That is a reassuring statement.

Mr. WRIGHT: I am glad to hear the government admit something at last. They admit that until a few days ago they had no wheat policy. In other words they have been gambling on the off chance that there might be a crop failure in the west to let them out. That has been pretty well admitted this afternoon; but fortunately they are not let out, and we have to face the situation. I think it should have been faced fairly. Many hon. members of this house know something about farming, both in the east and in the west, both in this corner of the house and on the government side. We have a standing committee on agriculture, but it has not been called together this session. Apparently so far as the government is concerned there is no agricultural problem in Canada, or there has been none until the last three or four days.

I think this is entirely wrong. The government should have been considering this matter. If it had been placed before a committee of this house some time ago we would not have had the spectacle we have seen in the last few days. Now I think the government should make some definite announcement, so that the farmers may know what they will have to do and what storage they will have to provide for themselves. The farmers of the west can provide a good deal of storage if they are given time; but if they are in the midst of harvesting they have no chance to provide it. If they had known even a week ago it would have helped. But apparently we do not know yet, and how in the world the government can expect them to provide that storage when they are in the midst of their harvesting operations is more than I can understand as a practical farmer. I think we should have some definite information on this matter just as soon as possible, if we are to be able to do anything to help.

Mr. CASTLEDEN: There has been some discussion with regard to agriculture in the east as compared with the west. I want to clear up any misapprehension which may lie in the mind of any hon. member from the east that we in the west are not thinking as much of the east as they are thinking of us. I should like them to know that we appreciate the relief that was sent out to us when there was no wheat at all, and the western plains, which had produced so much wealth, were nothing but deserts. We should like them to know we appreciate the bonus which was given last year, but I object to the impression being given that this government, under the bonus scheme, handed over about \$10,000,000 to the west, entirely as a gift. They collected almost \$2,000,000 under the one per cent levy in the west and they are going to collect some more. No statement has been made that a bonus will be paid this year.

We appreciate the fact that the price has been pegged, but it makes a lot of difference whether we can take advantage of that pegged price or not. The people of the west are in dire straits. I believe it was yesterday that an Ontario farmer member stated that about 53 per cent of the farms in the east were mortgaged. I ask hon. members from Ontario if 90 per cent of the farms in Ontario were mortgaged, if there was no opportunity to get any income this fall, if there was nothing to stop the mortgage companies from coming in and taking the rest of it, would they not be up here fighting just as hard as we are? The mortgage companies are moving in on the farms of western Canada. Men who have put in thirty or forty years on their farms now find they

have no protection. They are given no assurance that they are going to receive any benefit from the grain left on their farms. We are fighting with our backs to the wall. We are staying here to get that assurance, and once we get it we shall be satisfied. I should like the house to listen to and think over what a statesman said at Westminster on July 11, 1940. I quote the words of Mr. Lloyd George, as given that day.

. . . Every great country that has developed itself into an important empire, has always begun with agriculture, and it was only when it left agriculture that it began to decay. It was true of every empire in the world; it was true of the Persian and Roman empires, and it was just beginning to be the symptom of that decay that was premonitory of the destruction of our empire, too.

Mr. JOHNSTON (Bow River): In view of the fact that this government is practically responsible for the amount of money a farmer will receive according to the number of bushels of wheat he has to sell, will the Minister of Trade and Commerce state whether the debtors of western Canada will be protected against their creditors?

An hon. MEMBER: That is provincial.

Mr. JOHNSTON (Bow River): I know the government will say that that is a provincial responsibility, but they should consider the position in which they are putting the provinces. They are saying to the provincial governments, "We will not give these prairie farmers the full price for their wheat, so you fellows look after the debts." That is an unfair situation in which to put the provinces. What action can the provincial government take to—

Mr. MARTIN: Change the constitution of Canada.

Mr. JOHNSTON (Bow River): I was going to say—

The CHAIRMAN: What relation is there between this speech of the hon. member and the section of the bill which gives power to the board to regulate deliveries of wheat? So far as I can see, there is none. It is the duty of the Speaker or the Chairman to apply the rules of the house so as to expedite business as much as possible. This morning there has been a tedious repetition of the same questions and the same answers. Hon. members have repeated their own remarks and the remarks of others. It is my duty, under the rules of the house as construed by parliamentary authorities, to draw the attention of hon. members to tedious repetitions. As an illustration the following question has been asked time and again: "Will the government table the regulations?" and

the answer has been, "No, definite decision has not been arrived at, as to what the regulations should be." That having been made emphatically clear, any repetition of the same question or of general discussion on this question is tedious repetition, which obstructs the committee in the expedition of its business. It is my duty to call attention to that fact. I could cite numerous authorities, but experienced parliamentarians know that rule very well.

Mr. JOHNSTON (Bow River): I was dealing with section 5, subsection (i), which says:

(i) to regulate deliveries of all kinds of grain by producers to country elevators, loading platforms, mill elevators and terminal elevators and to fix the maximum amounts of any kind of grain that a producer may so deliver in any period of time—

This section relates definitely to the amount of grain which a producer may deliver. It is because of that restriction on delivery that I am asking the government what protection is to be given.

The CHAIRMAN: That question has been asked time and again, and the government has answered.

Mr. JOHNSTON (Bow River): They have never answered this question.

Mr. PERLEY: No.

The CHAIRMAN: I hear the hon. member for Qu'Appelle say "no". May be the answer was not satisfactory to the hon. member, but the proper way of challenging an unsatisfactory answer from the treasury benches is not by repeating the question but by the test of a vote. It is improper and against the rules to repeat an argument when an answer is unsatisfactory.

Mr. DOUGLAS (Weyburn): Probably there is a slight misunderstanding. There are two questions involved. The one which has been asked repeatedly and which the minister has refused to answer had to do with what provision will be made for advances to the farmer. That question is not being asked again. The hon. member is now asking what debt protection will be arranged for with the provincial governments in view of the fact that the farmers will be restricted under the provisions of this section. I think that question is in order, and it has not been answered.

Mr. JOHNSTON (Bow River): It should be answered by the minister.

Mr. QUELCH: I should like to correct what I think is a false impression created by the Minister of Mines and Resources when he was dealing with the question of advances to farmers in western Canada. He stated

[The Chairman.]

that because of the unfortunate condition that had existed when loans were made before, the government were not very enthusiastic about having those conditions repeated. When the Minister of Agriculture spoke in this house on February 11, 1937, he showed what the true situation was. I do not think the Minister of Mines and Resources was giving a true picture, so I shall quote what the Minister of Agriculture said.

The CHAIRMAN: The question of advances to farmers is not now before the committee. The section before the committee is No. 5, which provides that the wheat board shall have power to regulate deliveries of wheat. That is all there is to it. Advances to farmers come under section 4.

Mr. QUELCH: I would point out that the success of section 5 depends upon whether or not advances can be made.

The CHAIRMAN: My ruling is that it is not covered by section 5.

Mr. QUELCH: May I—

The CHAIRMAN: If the hon. member wants to appeal from my ruling he may do so; otherwise it is not debatable.

Mr. QUELCH: I am not going to refer to your ruling, Mr. Chairman; I simply want to know whether I may correct a statement which was made by the Minister of Mines and Resources.

The CHAIRMAN: The hon. member cannot do that if he refers to advances to be made to farmers. That is out of order. There is no question before the committee with respect to advances to farmers. We are studying whether the wheat board should have power to regulate deliveries.

Mr. QUELCH: I shall wait until the bill is up for third reading.

Mr. NICHOLSON: I support the principle of this particular section, but I do wish that the consensus throughout western Canada could be considered to be represented by the press clippings read yesterday by the minister. I can hardly conceive of the Sifton papers in the western provinces offering very severe criticism of anything this government might propose in connection with wheat marketing. Many of us from the west are in the position of having to go back after the session to meet our people, and it is not fully realized by the house I think that the farmers of western Canada are going to be in a position where they cannot meet their obligations, cannot pay their taxes, cannot

possibly carry on. I do not think that has received full consideration by the government.

The CHAIRMAN: Order. We have been considering this clause for the last two or three days. Clause 5—I shall read it if hon. members have not read it—is as follows:

Subsection one of section seven of the said act is further amended by adding thereto the following paragraph:—

“(i) to regulate deliveries of all kinds of grain by producers to country elevators, loading platforms, mill elevators and terminal elevators and to fix the maximum amounts of any kind of grain that a producer may so deliver in any period of time—

And so on. The question whether the hon. member has to go back to the west and face his electors is not connected with clause 5 of the bill.

Section 5 agreed to.

Sections 6 to 8 agreed to.

On section 9—Weekly report of purchases and sales.

Mr. PERLEY: Will the minister state that when we come back in November he will submit a full report to the house of the whole operations in regard to the 1939 crop and in regard to what has happened to date in connection with the 1940 crop? This clause provides for a report to be made by the board to the minister, and I think we should have had an interim report at least. Will the minister assure us that we shall have a detailed report when we return in November similar to the reports of 1935-36, 1936-37 and 1937-38 so that we shall know exactly where we stand?

Mr. MacKINNON (Edmonton West): We hope and it is expected that by that time we shall be able to make a complete report on the 1938-39 crop, but it will not be in the public interest to give at that time figures on the 1939-40 crop.

Section agreed to.

On section 10—Offering wheat for sale.

Mr. HANSELL: Mr. Chairman, I have said very little up till now because for one reason I think we have men in this group who are more or less experienced with wheat, but I consider section 10 one of the most important in the whole bill because it deals with the marketing of wheat on the world's markets. We are facing considerable difficulty this year with regard to storage, because we have a surplus on hand and a crop coming on, and apparently a good crop, and world markets have to some extent broken down. It is the opinion of some that western Canada may again come into its own because the climatic

cycle is beginning to upturn and wet years are beginning to return. It may, therefore, be that the problem of marketing of wheat and our wheat surplus will grow more acute as the years go by. I recognize that we have to deal with one thing at a time; at least we have to deal with one crop at a time, but if we have a bumper crop in 1941 I do not know where this country is going to be under the present financial system.

Mr. DOUGLAS (Weyburn): Perhaps we shall be under wheat.

Mr. HANSELL: Perhaps we shall be under wheat. Section 10 provides that the board shall “offer continuously wheat for sale in the markets of the world through the established channels.” I should like to ask whether the wheat board has given serious consideration to possible changes in world marketing policies. This to my mind is one of the most important questions which farmers in this country may have to face in the days to come. There is no question that we are living in an age of change. We shall win this war, but whether world trade after the war will function as in days gone by is extremely doubtful. I noticed the other day in the press that Japan is attempting to set up a new world order. We may have a separate Asiatic economy. It is a well known fact that the Berlin-Rome combination is attempting to bring about a new Europe. I have said that we expect to win the war. I believe that through divine guidance we shall win this war but afterwards we may find ourselves faced with a new European-North African economy. Apparently the pan-American conference now sitting in Cuba has been dealing with this very problem. The Americas may find that after the war they are left pretty much on their own. If world economy is to be sectionalized in that way, the old system of world trade is liable to collapse. Whether such a world could function under the present system of trade agreements based on the present international financial system is to my mind very doubtful indeed.

We have to be far-seeing, and I do not think I am going off my course when I say that if I had any particular criticism to make of the government it would be that I have some doubt as to how far-seeing they are. It is becoming recognized more and more clearly by the people of Canada that necessity speaks and Mackenzie King follows. If we are not far-seeing, if within a year or two we are simply deluged with wheat and have no market for it, then we shall have a problem indeed. And so I ask the minister on this clause, has the wheat committee or the Department of Trade and Commerce considered the advantages and disadvantages of a new system of

world trade? In answering that, the minister might tell me, if he cares to do so, whether the department has considered the possibility of a system of world trade by barter. I want to say through you, Mr. Chairman, to this committee that changes are going to be made, and in my reading and attempting to predict the future I feel that world trade on a barter system is a coming thing. I should not be a bit astonished if in a few years the whole financial system of the democracies completely collapses.

I believe I have said enough. Perhaps the minister could give us some answer.

The CHAIRMAN: Carried?

Mr. HANSELL: No. I want to know what we are plunging into.

Mr. MacKINNON (Edmonton West): I cannot give any extended answer to the question asked by the hon. member for Macleod. I suppose that everybody who is thinking nationally and internationally is studying and following the issues raised by the hon. member, but I do not know what sort of answer he expects me to give. Certainly no solution of our present difficulties can be presented by the Minister of Trade and Commerce at this time.

Mr. HANSELL: This is what I had in mind. We have a wheat board and we have an advisory committee. A good many of my agricultural friends have insisted that representatives of agriculture be on that committee. They will be very valuable members. They know wheat; they know the various intricacies of the operations of a wheat board. I have no criticism to make along that line. But this matter of world marketing is a big problem, and I have been wondering how much attention the wheat board is paying to the economic structure of the world.

The CHAIRMAN: The hon. gentleman's question hardly arises under section 10. As now worded, paragraph (j) of section 8, to be amended by section 10, reads:

to offer continuously wheat for sale in the markets of the world through the established channels. . . .

The proposed section amends section 8 by dropping the word "continuously," to give the wheat board the right to offer wheat for sale in the markets of the world at intervals instead of continuously. The hon. member speaks of changes which may take place in trade relationships in the world, in the basis of that trade, perhaps by coming back to barter trade. I have allowed a great deal of latitude, thinking that these remarks were

[Mr. Hansell.]

preliminary, but it is now evident that they are the substance of the hon. member's speech; they are irrelevant and out of order.

Mr. HANSELL: Mr. Chairman, I humbly bow to your ruling, and I would offer this observation to the minister, that in a few years' time, if I am still here, I shall remind him of what I have said this afternoon.

The CHAIRMAN: That, again, is out of order.

Mr. DOUGLAS (Weyburn): Why is the word "continuously" being taken out?

Mr. MacKINNON (Edmonton West): To suit altered conditions. At the present time we have but one purchaser.

Mr. PERLEY: In his statement the other day the minister said that the British cereals import committee had, in a wire to Mr. McIvor, stated that they wanted the grain exchange to remain open. Does the cereals import committee insist on trading in futures? When they buy wheat do they insist on the board taking futures back? If so, what amount of the 100 million bushel sale which was reported here yesterday is taken back in a future, and what future?

Mr. MacKINNON (Edmonton West): In connection with the previous sale of 50 million bushels to the cereals import committee, futures were purchased. This present sale of 100 million bushels is also being handled in the futures market, but at this time I am unable to give further particulars.

Mr. PERLEY: In connection with the 50 million bushel sale, I understand that the import committee had bought a future and the board delivered the wheat on the future.

Mr. CRERAR: They bought the wheat for future delivery.

Mr. PERLEY: All right. I am asking if they delivered on the future, whatever month it was in. I assume it was July.

Mr. MacKINNON (Edmonton West): The cereals import committee bought futures from the wheat board.

Mr. PERLEY: And the board delivered wheat on the future?

Mr. MacKINNON (Edmonton West): Not yet.

Mr. PERLEY: Well then, they have not sold any wheat yet.

Mr. MacKINNON (Edmonton West): Oh yes, they have.

Mr. PERLEY: No. They have not delivered any cash wheat. The answers are not

very satisfactory. We have now a definite statement that this import committee wants the exchange open. I have here a report in to-day's press to the effect that last Wednesday the pit was deserted, that there was no trading, and now we have the statement that part of these sales of 50 and 100 million bushels is in a future. I think we ought to have a definite statement of how much, and in what future it is held. Was the 50 million sale in a July future or in a May future?

Mr. MacKINNON (Edmonton West): Mr. Chairman, I am afraid I do not know very much more about the technicalities of the wheat market than does the hon. member for Qu'Appelle, but I do know that the wheat board—and I think that this information is all that the producer and consumer of wheat in Canada expect at this time—have made two sales of wheat to the cereals import committee,—one early in June, of 50 million bushels; the other yesterday, of 100 million bushels, and that that wheat will be taken over from the wheat board some time in this coming crop year.

Mr. PERLEY: One other question. How much of the 150 million bushels has already been delivered?

Mr. MacKINNON (Edmonton West): I understand that it is not in the public interest to answer that question.

Mr. PERLEY: You do not know whether you have sold any wheat—cash wheat—or not.

Mr. MacKINNON (Edmonton West): We have sold 150 million bushels.

Section agreed to.

Sections 11 and 12 agreed to.

On section 13—Definitions.

Mr. GARDINER: The first amendment of this section, which I now move, is:

That subsection (2) of the proposed section 18 under clause 13 of the bill be struck out and the following substituted therefor:

Whenever any wheat product intended for consumption in Canada is delivered by the processor thereof to any purchaser or is imported or taken out of customs warehouse, there shall be imposed and collected, in addition to any duty or tax that may be payable under any other statute or law, a processing levy payable by the processor or by the importer or the transferee who takes the wheat product out of bond for consumption, as the case may be, at a rate to be fixed by the governor in council, not exceeding, however, fifteen cents per bushel utilized for the production of the wheat product: Provided, however, that no such wheat product shall be imported into Canada without permission of the board; and provided further that in the case of any wheat product delivered pursuant to a contract in force on the twenty-fourth day of July, one thousand nine hundred

and forty for the future delivery of such product, the levy shall be payable by the purchaser and shall be collected by the processor and any processor who fails so to collect the said levy from the purchaser and pay the said levy to the board as required by subsection three of this section, shall become liable to pay the said levy.

Amendment agreed to.

Mr. GARDINER: I have two other amendments. I move:

That subsection (3) of the proposed section 18, under clause 13 of the bill be amended by striking out the words "collected by the processor from the purchaser and", in the second line of the said subsection, and by striking out in lines 5, 6 and 7 of the said subsection the words "and any processor who fails to collect the said levy from the purchaser shall become liable for the said levy".

Mr. SENN: There is just one question in that connection. It may not be important to everyone but it is to a certain number of people in Ontario. I understand that about 6,000,000 bushels of Ontario wheat are milled annually. Of that amount something like 1,500,000 bushels is known as customs milling, where the farmer takes the wheat to the mill and has it processed into flour, taking it home and getting the flour at first cost. If this tax is levied against that amount of wheat who is going to be held responsible? Will it increase the cost of flour to the farmer or will the miller himself pay the extra charge?

Mr. GARDINER: Before replying to that question I should like to move a further amendment which affects the same thing. I move:

That subsection (9) of the proposed section 18, under clause 13 of the bill be amended by adding after the word "delivered" in the last line thereof the words ", imported or taken out of the customs warehouse".

Amendments agreed to.

The CHAIRMAN: Shall section 13 as amended carry?

Mr. MacKINNON (Edmonton West): Do I understand that the hon. member for Haldimand (Mr. Senn) asks whether a farmer taking wheat to a mill to have it processed for himself pays the tax?

Mr. SENN: Yes.

Mr. MacKINNON (Edmonton West): Yes, he does. The purpose of the legislation is to provide a fund for the benefit of the producers of wheat.

Mr. SENN: I suggest that the farmer might better sell his wheat and let the miller pay the shot, and do away with the system of customs processing.

Mr. GARDINER: As I understand customs processing at the mill, the farmer takes his wheat and he gets so much flour back. The miller keeps a certain amount by way of toll for the work done.

Mr. SENN: That is right.

Mr. GARDINER: It will not make any difference at what price the wheat goes in because it will come out at the same price. In that case it is processing of wheat for the farmer.

Mr. SENN: The two ministers are expressing contradictory views. Who is right?

Mr. GARDINER: If he sells the wheat, action will be taken in the matter.

Mr. CASTLEDEN: Would not the 15 cents be collected?

Mr. GREEN: Who is expected to bear this tax? That is a question of particular importance to British Columbia, because according to a press dispatch of two days ago the bakers of Vancouver have already raised the price of bread one cent, from eight cents to nine cents a loaf. I quote from the press report:

Vancouver, July 31—Majority of Vancouver bakers will advance bread prices one cent from eight to nine cents a loaf to-morrow, for standard 16-ounce unwrapped and 15-ounce wrapped loaves, Ian Davidson, secretary of the Master Bakers' Association said to-day. Two loaves will now sell for 17 cents.

Davidson said the price raise is necessitated by the new federal wheat processing tax which meant increased flour prices to bakers.

The minister said the other day that the tax was not meant to raise the price of bread, and on receiving representations from Vancouver that there was a danger of this rise he wired back as follows, according to the press report:

Suggest Vancouver citizens unnecessarily alarmed regarding processing levy. Actual increase in cost per loaf is minor, and millers and bakers should absorb this increase without adding to the retail price of bread.

Now the actual result is that the price of bread has gone up and I suggest to the minister that it is a consequence that should be very carefully considered not only by the government but also by the house, because in essence it means a tax of one cent a loaf on bread, and with bread at 8 cents a loaf, that amounts to a tax of 12 per cent. Talk about the sugar tax. This is far worse than the sugar tax about which there has been so much complaint over the years, and it is a tax that hits the poorest people the hardest. It will be used as an excuse for raising the price of some other foodstuff which the people

[Mr. Senn.]

must have. I am afraid this rise in the price of bread will have a serious effect on the whole life of Canada in the next few months or perhaps throughout the war. Would the minister explain what the government propose to do about the situation? They have the power through the war-time prices and trade board to prevent this rise in price. I suggest that if it was not the intention that the tax should be passed on to the consumer, they should have the board step in at once and wipe out that increase in price.

Mr. MacKINNON (Edmonton West): I wanted to explain these amendments before there was any discussion, but I did not have an opportunity. I should like to make this statement. Two points are covered in the amendment. Section 18, subsection 2, as it stands in the original bill requires the purchaser, or baker, to pay the levy, while the processor or miller is required only to collect the levy from the purchaser. In these terms the purchaser is required to bear the whole levy, whereas it is the government's intention that part of the levy might be borne if possible by the miller as well as by the baker. The amendment just introduced makes it legally possible for the miller to bear part of the levy. In connection with that I am asking that the war-time prices and trade board deal with this very question.

The second point covered in the amendment provides that if the board should license the importation of wheat flour or other wheat products, these products will be subject to the processing levy as well. This comparatively minor point was overlooked in the original drafting of the bill.

Mr. GREEN: Then it was not the intention of the government that anyone who buys a loaf of bread should have to pay any more for it?

Mr. MacKINNON (Edmonton West): That is correct.

Mr. GREEN: Will the government take steps to see that they do not have to?

Mr. MacKINNON (Edmonton West): I so stated.

Mr. GREEN: But merely referring the matter to the board does not mean that the buyer of the bread will not have to pay an extra cent.

Mr. MacKINNON (Edmonton West): I am hopeful that it will be dealt with properly by the war-time prices and trade board.

Mr. CASTLEDEN: I want to bring up the same point. The price of bread has already gone up a cent a loaf. On the figures given the other night, indicating that Canada consumes bread representing about fifty million bushels of wheat, and that about fifty loaves are made out of each bushel, it is clear that the fifty cent increase which the consumer is going to have to pay on each bushel will amount to \$25,000,000 a year. The processor, according to this bill, is supposed to collect 15 cents a bushel, and pay it over to the wheat board. This means the wheat board will receive only \$7,500,000, and that the millers will keep the remainder, making an increased profit of \$17,500,000. If there is no control over the price of bread, the millers are going to receive this additional profit, and instead of adding to the consumption of wheat and bread in this country we are going to curtail it, because the poorer people will not be able to buy bread at the higher price. The Ogilvie Flour Mills and Consolidated Bakeries, linked through their directors with the Royal bank and the bank of Montreal; Canadian Bakeries, linked with Maple Leaf Milling company; and Canada Bread, linked through their directorship with the Dominion bank, stand to make about \$17,500,000, while all the wheat board will get is about \$7,500,000. That is the evil of this legislation, as it stands. I make two suggestions: first, that steps be taken to see that all the increase in the price of bread on account of this levy goes to the wheat board; second, that the war-time prices and trade board make it possible that wheat in this most nutritive form be made available to every man, woman and child in Canada, and that does not mean processing and milling it all into white flour.

I just wished to point out the evils that may arise as a result of this legislation. I am not sure, from what the minister said, how the amendment will change it. It did not appear to me in the moment I had to study it that it would prevent the millers or bakers from making that tremendous extra profit through the existence of this processing tax.

Mr. HANSELL: That this processing levy does affect other industries has already been pointed out. In that connection I wish to enter a protest. Where other industries are affected by legislation, I believe that legislation should be brought before the appropriate committee. We have heard criticism concerning the lateness in bringing down this bill. There is no reason whatsoever why it could not have been brought down earlier so that there might have been time to send it to a committee where representations could have been made by industries affected. They could

have appeared before that committee, put their cards on the table and let us know how they are affected, and there the matter of ultimate taxation could have been discussed. But no opportunity has been given for that. I understand that the agriculture committee has not held a single meeting this session. When it comes to matters of agriculture and a processing tax on wheat products resulting perhaps in a rise in the price of bread, such questions should have come before that committee, and I want to register my protest.

Mr. GRAYDON: I wish to say a word in regard to the increase in price of one of the most important foodstuffs that people use. The rise in the price of bread is a serious matter affecting the home budget. It is not enough for the government to say now that they are going to have an investigation by the war-time prices and trade board to see if something can be done about the increase. The government have a responsibility in this matter and should have seen, when the legislation was brought down, that those concerned were notified that the price of bread should not be increased by reason of this processing tax. There is no use in crying over spilt milk, but on the other hand, as someone logically said in another place not long ago, while there is no use in crying over spilt milk, one may have to attach some responsibility to the person who is still holding the pail. That is the situation in regard to this matter.

Here we have spent many days trying to help the working men of this country by a system of unemployment insurance; on the other hand, while that is a step in the right direction and will give him some benefit, we are now by virtue of other legislation in this parliament apparently causing an increase in the price of one of the most important commodities the working man uses. I do not think the answer the minister gave is, under the circumstances, good enough. To refer the matter to the war-time prices and trade board is not sufficient. If that board is going to function effectively in the interests of the consumer, it should have seen that these baking concerns were not permitted to raise the price of bread. I would ask the government to give us this afternoon a definite statement, not that they are going to refer this increase in price to someone, not that they are going to consider the matter, but that they are going to put the price back where it was before. That is the government's duty. They have taken that power upon themselves in the various bills we have passed since last September. If, by virtue of that power they cannot reduce the price of

bread by one cent, then I say their powers are either not broad enough or not being used as the people of this country expect them to be used.

Mr. FURNISS: A few moments ago the minister said that the processor might absorb part of this processing tax. If he attempts to do that, I wonder if he will not pass it on in the price of the by-products. Out of every bushel of wheat there are about twenty pounds of by-products. I understand they get about forty pounds of flour from a good bushel of wheat; that is what we used to get when we took grist to the mills, and the other twenty pounds came out in the form of bran and shorts, which are used by almost every stock raiser in the production of milk or bacon or beef. If the processor should undertake to absorb one-third of this tax, he might pass that on in the price of the by-product, which would mean five cents on every twenty pounds of by-product from a bushel of wheat. If that were carried out, it would mean an increase of \$5 a ton in the price of bran and shorts. I do not see anything in this measure that prevents the processor from passing on part of that tax to the consumer of these by-products.

Mr. DOUGLAS (Weyburn): On July 24, when the Minister of Trade and Commerce introduced the resolution which preceded this bill, he made this statement:

Based on the experience of past relationships between the price of wheat and the retail prices of bread throughout Canada, the rate of levy we are recommending should not require any change in the retail price of bread.

Perhaps it should not, but according to all the press statements it has.

Mr. MacKINNON (Edmonton West): Here and there.

Mr. DOUGLAS (Weyburn): I have seen press clippings from half a dozen of the large cities across Canada, and I imagine the situation is fairly general. Could the minister explain how this figure of 15 cents was arrived at? I pointed out the other evening that according to the department for farm management of the university of Saskatchewan, the price of wheat would have to rise 52 cents a bushel before an increase of one cent would be justified in the price of a 20-ounce loaf. This is less than a quarter of the increase that would justify an increase of one cent in the price of bread. It seems to me, therefore, that the government would be quite in order in doing one of two things, either increasing the amount of the processing levy to a point which would justify that increase of one cent, or insisting that there should be no increase

[Mr. Graydon.]

in the price of bread. Certainly the milling industry of this country, which has enjoyed a great monopoly for a number of years, can well afford to absorb this tax.

Will the income from this processing tax go into a special fund to be paid on the participation certificates of the farmers who have delivered wheat to the wheat board? Can the minister give us an assurance that this income will not be used in connection with the administrative features of the board, but will all go back to the farmers?

Mr. MacKINNON (Edmonton West): On this point I would refer the hon. gentleman to subsection 5 of section 18, which reads:

Notwithstanding the provisions of The Consolidated Revenue and Audit Act, 1931, sums received by the board, as hereinbefore provided, shall be deemed by the board to be ordinary revenue of the board and shall be held and expended by the board in all respects as such ordinary revenue and not otherwise.

Mr. DOUGLAS (Weyburn): I should like an interpretation of that, because I am not a lawyer. Does that really mean it will not be used for administrative purposes but will go entirely to the farmers?

Mr. MacKINNON (Edmonton West): It will be part of the revenue of the wheat board.

Mr. DOUGLAS (Weyburn): Will it be specifically earmarked for the fund?

Mr. MacKINNON (Edmonton West): It will be part of their revenue and will be called upon if and when a payment is made on the participation certificates.

Mr. DOUGLAS (Weyburn): It will go into the general fund?

Mr. MacKINNON (Edmonton West): Yes.

Mr. DOUGLAS (Weyburn): Will it go into the general fund or into a special fund?

Mr. MacKINNON (Edmonton West): It will go into the general fund. I have been asked to put the following figures on *Hansard*. Our technical advisers tell us that on the four and a half bushels required for the manufacture of one barrel of flour, the processing tax, at the rate of 15 cents a bushel, is equal to 67½ cents a barrel. One barrel of flour is used for the manufacture of 270 pounds of bread. Therefore, applying the 67½ cents a barrel levy on the 270 pounds of bread, there would be an increased cost of a quarter of a cent per pound of bread. That is on the basis of the tax of 15 cents a bushel.

Mr. MacNICOL: If that is the case, why should the price control board not enter an action against the producers, the bakers or millers, who have raised the price of bread

one cent a loaf? They are trying to gyp the public out of three-quarters of a cent, because, divided between them, the increase would mean only one-eighth of a cent to the baker and one-eighth of a cent to the miller. If the price control board has not power to enter an action against those who manufacture the flour and bread, then it should have that power, because certainly that increase is not justifiable. They should not be allowed to make an extra three-quarters of a cent when their increased cost is only one-quarter of a cent. If they were patriotic they would divide that one-quarter of a cent between them, each absorbing one-eighth. Certainly they should not increase the price of bread to the ordinary consumer.

Mr. ROSS (Moose Jaw): Probably the price was too high at the start.

Mr. GREEN: Is it perfectly clear that the price control board has power to telegraph Vancouver this afternoon and order that the price be reduced from nine to eight cents a loaf?

Mr. MacKINNON (Edmonton West): Yes, it has that power. I may tell the committee frankly that at this moment, and for some hours at least, this matter has been in the hands of the war-time prices and trade board.

Mr. GREEN: I would strongly urge that this step be taken this afternoon. I suggest that the attitude of the war-time prices and trade board on this matter is entirely wrong, if the press dispatch I hold in my hand is correct. Just below the report I read a few moments ago, appearing in the *Ottawa Citizen*, this further item appears:

Hector B. McKinnon, chairman of the war-time prices and trade board, informed of an announcement that bread prices would increase a cent a loaf to-day in Vancouver, said last night that "to the best of our knowledge" no other similar step had been taken in Canada since legislation was advanced in the commons placing a 15 cents a bushel processing tax on wheat for domestic use.

Then he went on to make this significant statement:

The board has power to police prices in war time but Mr. McKinnon said in no case would action be taken until the matter had been fully probed.

I suggest that action should be taken at once; that prices should be put back where they were before, and then let the probe be held. If the price should be increased, that would be the time to increase it. Instead, the price has been allowed to go up. There will be an investigation which may last for weeks, and then it may be found impossible to get the

price back to its original level. The minister has admitted this afternoon that three-quarters of that one cent rise is just highway robbery.

Mr. CRERAR: I do not quarrel with the remarks made by the hon. member for Vancouver South, but I believe they are predicated upon a newspaper report that there has been an increase of one cent a loaf.

Mr. GREEN: The minister admitted this afternoon that there had been increases in several centres.

Mr. MacNICOL: And he started an investigation.

Mr. CRERAR: I am referring to the report from Vancouver. Perhaps I misunderstood, but my understanding of what the hon. member said is that the newspapers carried a report that the bakers in Vancouver were increasing the price of a pound loaf of bread by one cent, and that the chairman of the war-time prices and trade board had stated that the matter would be investigated. I am not criticizing the newspapers, but sometimes their reports are not accurate.

Mr. GREEN: We do not have to depend upon newspaper reports; the minister himself has said that is the situation. His department either knows or does not know whether that is so.

Mr. MacNICOL: It does, because the war-time prices and trade board has been told to take action.

Mr. CRERAR: I did not hear the minister state that he had any definite information that the price in Vancouver had been raised a cent a loaf.

Mr. GREEN: Let us ask him whether he knows or not.

Mr. CRERAR: Perhaps he can answer when I have finished. I am simply suggesting that care must be taken in accepting these reports. I remember about six or eight weeks ago when I was asked a question in the house about fifty Germans who were reported to have landed in Quebec. An hon. member wanted to know why we were permitting Germans to enter this country. That went out over the radio; some members received telegrams, and I received a number of letters when, as a matter of fact, not a single German got off the boat. Reports of this kind sometimes do get out. I will say this: If the bakers of Vancouver have raised the price of bread one cent a loaf when the increase in cost is only one quarter of a cent a loaf, they should be investigated.

Mr. GREEN: Will the minister go further and say that if they have done that, the war-time prices and trade board will be asked to issue an order this afternoon that that price be reduced.

Mr. CRERAR: It would be difficult for the war-time prices and trade board to issue an order to the bakers in Vancouver to reduce the price of bread one cent a loaf when they do not know that the price of bread has been increased one cent a loaf.

Mr. GREEN: The Minister of Trade and Commerce said that they have the power to force prices back to the previous level.

Mr. CASTLEDEN: The Minister of Agriculture has stated that this processing tax would not apply where a farmer took wheat to a mill and got flour in return. Subsection 2 reads:

Whenever any wheat product intended for consumption in Canada is delivered by the processor thereof to any purchaser there shall be imposed and collected, in addition to any duty or tax that may be payable under any other statute or law, a processing levy payable by the purchaser at a rate to be fixed by the governor in council not exceeding 15 cents per bushel of wheat utilized for the production of the wheat product.

According to the information I have from the Department of Trade and Commerce, the processor is liable and must pay the 15 cents a bushel to the wheat board. Which of these interpretations is correct?

Mr. GARDINER: I am not a lawyer, as many have pointed out in this house, and there is just a possibility that I missed a point in making the statement I did a moment ago. I said that the practice is for a farmer who has a grist to go to the mill and return with a certain amount of flour and perhaps other things, such as bran and shorts. The miller takes a certain percentage of his wheat, based on what he takes away. My opinion at the moment is—I may be wrong—that there has not been a transaction such as is referred to in the section. There has been no sale of wheat and there has been no purchase of wheat. I do not think I would be liable to the processing tax if I did that. When I take wheat to a mill to be ground I am simply having it turned into something which I can eat when I take it back home. I am not selling anything and I am not buying anything.

Mr. CASTLEDEN: I should like to have a statement as to whether the processor is liable or not. When the resolution was introduced it was said that the tax would come into force on the night of July 23, and I got

[Mr. Crerar.]

a statement from the Minister of Trade and Commerce to the effect that the processor was liable.

Mr. MacKINNON (Edmonton West): That is correct.

Mr. GREEN: What information has the minister with reference to increases in the price of bread across Canada?

Mr. MacKINNON (Edmonton West): I shall have to depend entirely upon what I have seen in the press. I think I saw one dispatch to the effect that in Vancouver bread prices had been raised one cent a loaf, and I believe I saw another dispatch that prices had gone up in Montreal. Apart from those two, I have not heard of any other place where an increase has occurred. May I say that when I stated that the war-time prices and trade board had the power to issue definite instructions, I gave that as my own opinion, but I believe it to be correct.

Mr. HATFIELD: Have prices of flour and mill feed been increased?

Mr. MacKINNON (Edmonton West): I understand from the press that the price of flour has been increased 70 cents a barrel.

Mr. MacNICOL: Which works out to a quarter of a cent a loaf.

Mr. PERLEY: I am certainly in agreement with the principle of this section. For a number of years I have advocated a domestic price for wheat, and I am pleased to see that the government have seen fit to adopt this principle. I think the way they are going about it is the only way it can be done, that is, by a processing levy. I was pleased also to hear the minister say, I believe in answer to a question asked this afternoon by the hon. member for Weyburn, that the revenue from this processing levy will go into a general fund to be distributed through participation certificates which will apply on all grain.

I am not satisfied with the 15 cent tax; I think we should go further than that. I believe there will be considerable difficulty in enforcing the legislation. We have it now that there has been an increase in the price of bread in several places. This levy of 15 cents a bushel amounts to about a quarter of a cent per pound loaf. I would have raised the levy to the point where it would warrant an increase of one cent per loaf in the price of bread. I think this would be acceptable to the people who would have to pay the extra price when they realized the amount of revenue that would accrue from the tax. Domestic consumption amounts to about 50,000,000 bushels, and if this tax were 50

cents, the revenue would be \$25,000,000, which would be distributed over all the wheat delivered to the board as well as export wheat. I think the people who have to pay an increased price for their bread will be satisfied on the whole because of the general benefit there will be all round. I am not going to oppose this section at all. I am in favour of its principle, but I should like to have seen the processing levy considerably higher than is provided for in the bill.

Section as amended agreed to.

Bill reported.

Mr. MacKINNON (Edmonton West) moved the third reading of the bill.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I desire to take a few minutes to reply to the statement that was made yesterday by the Minister of Trade and Commerce (Mr. MacKinnon) just before the house went into committee on this bill. He made reference to certain facts, referred to conferences held with western men, with the pools and with representatives of rural municipalities, and read a number of press clippings, also a cablegram, dated July 23, to Mr. McIvor from the cereals import committee. He also announced the sale of 100,000,000 bushels of wheat. We have already discussed that sufficiently, so I shall not refer to it now, but if I had been given an opportunity when I attempted to reply to the minister's references to me yesterday, I should have had something to say about that.

The minister also read a letter from a gentleman who is a member not of this house but of another place, referring to a certain conversation which I had had with him, and which he practically denied.

In the debate on the address, I think, and certainly in the budget debate on June 27, I referred to that conversation. The date of the letter which the minister quoted is July 11, and I think he would have been a little more courageous and more courteous if at a proper time and on a proper occasion he had made his references to that letter. But he left it to the last minute yesterday when I had no chance to reply. I regret that I have to do so now, at this late stage of the bill, which we all want to see through this house before six o'clock.

The letter admits that I had been invited to attend the then minister in his office. There is no question about that. The letter also says that the statement I made in the house discloses a defective memory or possibly a vivid imagination, and that what I had said had not the remotest relationship to the facts. May I

suggest that possibly that gentleman himself may have a conveniently defective memory. He may also lack imagination. May I recount exactly what did take place.

The conversation could not be termed confidential at all. It was rather a general discussion covering the whole wheat situation. The conversation took place in September, on the last day of the war session. Hon members will recall how the house was rushing legislation through and that we had no time to spare for a general discussion of the wheat question. So I sent a note over to the then Minister of Trade and Commerce to this effect: Before parliament prorogues, are we not going to have a statement on the wheat situation, which I should like to discuss? The minister replied in a note which he sent back by a page, asking me to follow him to his office when he went out. I went to his office, where he greeted me and presented me with a nice cigar. We sat down and I smoked it. That would indicate how long the conversation lasted because it takes me ten minutes to smoke a cigarette, and I got through most of that cigar.

I asked him, "What about the wheat situation?" I had not brought it up in the house, and he thought that was very fair of me. But he said, "Of course you know that Mr. Rank has been appointed sole purchaser of wheat for the British government and for France." I think that was the first time I had heard of that.

I asked him about the price for wheat. Can hon. members for one minute imagine me following the minister into his office, on his invitation, to discuss this matter and not asking him a few questions about wheat? He announced that Mr. Rank had been appointed purchaser for the British and French governments, and I said, "How about the price?" He replied, "I do not think we can discuss that." There was nothing definite but he did mention with respect to price that the suggestion had been made that the grain exchange should be closed. I said, "Why not? There is a war on." I reminded him of what had taken place during the last war, that Britain had closed her exchanges as soon as the war broke out, and I further reminded him that Great Britain had set a price on grain of \$1.35, which was an increase of five cents because the domestic price had previously been \$1.30. I said that the British price of \$1.35 was equivalent to \$1.15 in our market. He agreed, but would not say anything or commit himself to any price policy. However, when I suggested that the exchange should be closed and the board handle all the grain, he remarked to me that as far as he himself was concerned he would like to do it. He said,

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"I am tired of the whole business. It has given me a lot of worry. I do not know any more about this than possibly I should, and I am depending upon my associates." I said, "I think you should close the exchange," and his exact words in reply were these, "My colleagues in the cabinet would not agree to that." I did not press him very much further. I said something about price and the grain interests. I said, "Surely there is going to be a very considerable increase in price," and he replied, "I think so myself." We discussed that further, and I said, "I think price increases are going to be general all over the country."

The war was on; Britain had closed her markets and appointed this buyer, and wheat would be an important factor. We had a general discussion for quite a little while. Then I asked, "How far are you going to let the thing go before the government takes some action such as was taken in the previous war?" He said to me, "The interests generally think that the price may ultimately—sooner than we think—go to \$1.25, but," he said, "there will be no action taken until it gets to around that figure, if it does." Probably we all regret that it has not gone up. But this is an exact statement of what took place. I suggested to him that the government should accept Mr. Rank's suggestion and close the exchange. The minister carried in his pocket until yesterday that letter dated July 11. He shakes his head, but he did not produce it until yesterday, and I think he would have displayed more courage and more courtesy if, since the letter is dated July 11, he had produced it on some previous occasion when I mentioned that fact.

I am not going to labour the point, but I have raised it more or less as a matter of privilege, in order to state that that conversation did take place. My imagination is no greater than the other fellow's and the minister has just as poor a memory as he stated that I have if he says that what I am now saying did not take place. I am putting this on *Hansard* simply that it there may be recorded that the statement which I have made in the house was correct, and I think hon. members will have to take my word for it as readily as they would accept that letter.

We have had very little information with respect to this whole matter. My complaint all along has been this lack of knowledge. Were it not that we are getting this all-important measure so late in the session, I certainly should have moved that the bill be referred to a select committee somewhat like that which functioned in 1935 and 1936. We would then have got the information to which we are entitled.

[Mr. Perley.]

In announcing the sales yesterday and in referring to them again to-day the minister has been most indefinite. He has stated that we are dealing in futures, but we do not know how much, and in what months. The farmers and producers, whose business it is, have not received the information to which they are entitled. The minister said yesterday, when I asked him about the price, that it would not be in the interests of the public to disclose it. I have here a report from the grain exchange, dated on Friday last, reporting that the Argentine had made a sale last week of 2,500,000 bushels of wheat to the British government, and the price was given, over 80 cents as at Canadian seaboard. Then why all this secrecy concerning the price at which our wheat is being sold? In connection with the Argentine sale, the British government did not control the announcement of the price. Why should the government do so in connection with the purchase of our wheat?

My final protest relates to the storage charge in the agreement which was made by the board with members of the grain exchange. We were informed last evening that the producers are losing certain days of free storage, and that certain classes of wheat will be subject to storage charges when it is in the boxcar of the carrier. I again protest against that provision, and suggest and hope that the minister will see to it, if this agreement is renewed this year, that it be changed so that no such situation can continue, because it is neither fair nor reasonable that the elevator company should be paid storage for grain which is in the carrying company's car when it is in transit.

I will not further delay the house, but allow me to say in conclusion that I hope that, when we come back in November, the minister will be able, with the experience of this business which he will gain in the next few months, to give us more definite information, and we shall expect the reports which are due to this house with respect to the whole business and operations of the board on the 1938-39 crop, and up to date on the 1940 crop.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I desire only to complete a statement which I was attempting to make when we were dealing with section 5 of the bill. At that time I was stressing the argument that, in view of the fact that the price to be paid to the farmer under this bill was very low, and in view of the further fact that the quota of deliveries to be allowed the farmer would necessarily be small, it would be impossible for him to finance his immediate expenditures, and I therefore urged the necessity

of making loans to farmers on grain stored in their own granaries. The Minister of Mines and Resources (Mr. Crerar) in his reply emphasized the point that the proposition was not quite so simple as hon. members in this corner were trying to make the committee believe. He stated that the experience of the federal government as regards the collection of loans made to farmers in western Canada had been somewhat unfortunate; indeed, he left the impression that loans made to the western farmers had not been collected.

In order to correct that impression, I should like to quote from a statement made by the Minister of Agriculture (Mr. Gardiner) in this house on February 11, 1937, when dealing with the question of federal loans to farmers. He said:

The federal and provincial governments each undertook to pay fifty per cent of any loss which might be incurred by the municipalities as a result of seed being advanced to the farmers. During that period \$4,385,000 was advanced for seed purposes.

I want to emphasize the fact that I examined the records in 1928, after there had ceased to be any need for the giving of seed or the providing of relief of any kind, and I found that only \$180,000 of the money had not been paid. There was advanced \$4,385,000 and at that time only \$180,000 had not been paid, and much of that has been paid since.

In the light of that fact, Mr. Speaker, I do not agree that the Minister of Mines and Resources was justified in saying that the government's experience had been unfortunate. When one takes into consideration the trying period which agriculture had gone through, I think we came off very well indeed.

I would also stress that in Alberta we recognize the fact, in making loans to-day to farmers for seed grain or in dealing with the question of hail insurance, that it is necessary to impress upon them the need to repay those advances. We are having great success in the new hail insurance scheme which we have in operation in Alberta; the payments are being made punctually. I do not think there need be any trouble in this matter. We have not at any time asked the federal government to say how these advances should be made, whether through the wheat board or by guaranteeing the banks. All we asked was a statement to the effect that advances would be made. I am satisfied it is quite a simple matter of administration to arrange for these loans, and unless they are made the result is bound to be chaos in western Canada.

Mr. C. E. JOHNSTON (Bow River): Speaking on the point on which the chairman of the committee ruled me out of order a little while ago, I should like to draw the attention of the government to the position

in which they are placing the provinces when they have not definitely decided on the amount they are going to pay the farmers for the quantity of grain they are required to hold on the farm.

The question of debts in the west is a serious one. Every provincial government has had grave difficulties in handling its debt problem. Not long ago the Manitoba government made a statement, which I saw reported in the press, wherein it was intimated that if something were not done in regard to wheat they would have to declare a moratorium. No province, especially Alberta, wishes to be in that position; and the dominion government is throwing the responsibility upon the provincial government. We often hear it said in this house and other places that the reason why the dominion housing plan is not being carried out in Alberta is that the banks will not lend people money because they cannot collect these debts. The provincial government, they claimed, was passing legislation prohibiting the collection of debts.

The condition in the west is such that people cannot pay their debts, for the simple reason that they are not being allowed here to get money. The dominion government is not paying them sufficient to cover the cost of production of wheat so as to enable the farmer to pay his debts. It is obvious that when the farmer does not get cost of production, it is utterly impossible for him to pay his debts, and it is the responsibility of the provincial government to step in and protect these farmers, citizens of the western provinces, against something for which the dominion government was directly responsible and which is an unfair imposition upon the provinces. Here we have a condition in which the dominion government will be responsible for the amount of money advanced to the farmer. If the money the government advances to the farmers per bushel for the number of bushels in storage is not enough to cover their debts, mortgages which will be coming due on their combines this fall, then one of two things will happen. Either the mortgage companies will seize the machines and the farmers will lose the equity they have in them, or the provincial government must come in again and either declare a moratorium or pass such legislation as will protect the citizens. Then the provincial government is blamed for not paying debts, and the financial institutions, especially the chartered banks, at once refuse to make loans because they say that the provincial government's legislation makes it impossible for them to collect. The mortgage companies make the same statement. It is evidently unfair for the dominion government not to take steps now to see to it that these debtors are protected,

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because obviously the dominion is to blame. Whether it can get out of the difficulty or not is something I am not contending; whether it can pay sufficient to the farmer in the form of an advance to enable him to pay his debts, I am not arguing. But I say that the responsibility rests with the dominion, and the dominion should assume that responsibility and not put the onus upon the provinces.

Mr. T. C. DOUGLAS (Weyburn): My only purpose in rising now is to remind the house that we in this corner have been endeavouring for the past two days to call attention to a serious defect in the bill, namely, that while the bill gives power to the wheat board to ration the amount of wheat which the farmer may deliver to the board, no provision has been made and no proposals have been outlined by the government as to what will be done with reference to financing the remainder of the farmer's wheat which he will be compelled, under the powers given the board, to store on his farm. I will not labour the point; it has been made again and again throughout the last two days. If the figure given by some hon. gentlemen opposite is correct, the amount the farmer will be able to sell is five bushels to the acre. That is what he will sell this fall, and that means roughly 25 per cent of his crop, which represents 25 per cent of the income he ought to have. That means he will not be able to buy the things he needs and he will have to take his payments on the instalment plan.

What we have been asking the government to do is to outline, if possible, some policy whereby the farmer will be able to get an advance or to be assisted in financing during this year, not only for his own sake but for the sake of the entire western economy, that will find its income, which is in large part derived from wheat, reduced this year to 30 or even 25 per cent of the normal amount. The government have said that they have certain regulations in mind. There are several courses which they might follow, but they have not intimated the particular course they do intend to follow, and to us that is a highly unsatisfactory state of affairs. Ministers have pointed out again and again that the subject is under sympathetic consideration; that the government is appreciative of the situation; that it will do whatever it thinks ought to be done in the circumstances. As the Minister of Agriculture (Mr. Gardiner) put it the other night:

We can take care of the situation in front of us; we can take care of so many million bushels at 70 cents a bushel. If some is moved

[Mr. C. E. Johnston.]

out, we may be able to take care of all in storage, but somewhere along the way during the next five or six months we shall know exactly what we can do.

With all deference to the government, good intentions are not enough; sympathetic consideration is not specific. In passing this legislation we have given very wide powers to the Canadian wheat board. We submit that in return there should be placed on the statute books equally specific guarantees to the wheat producer that during the period between the time he sells his first amount of wheat to the board and the time he is allowed to sell the remainder, some provision will be made whereby he can meet his current obligations and maintain his family in decency. We want that put into the act. Consequently I move, seconded by Mr. Coldwell:

That the said bill be not now read a third time but that it be referred back to the committee of the whole with instructions that they have power to amend it by adding a provision that the wheat board shall make an advance payment to the farmer in respect of that portion of his wheat crop which he is required to store on his farm.

Before you put the amendment, Mr. Speaker, may I say this in conclusion. All I am asking, all that this amendment asks, is that we shall set the basis upon which the payment shall be made. It is not an increase in expenditure. I do not see how it can be ruled out on that ground. It makes no difference whether you pay the farmer 40 cents now and 30 cents in the spring or the whole amount in the spring, the result is the same: It is not an increase in expenditure. It merely changes the basis on which the board will make the payment to the farmer for the wheat delivered. I therefore ask the government to give the amendment serious consideration.

Hon. T. A. CRERAR (Minister of Mines and Resources): We had no notice of this amendment and I did not hear it when my hon. friend read it, but from your reading of it, Mr. Speaker, I think there is a doubt whether it is in order. If I caught the sense correctly, it is an instruction from the house to the committee to amend the legislation in a way that certainly carries the risk of creating an increased charge on the public treasury; and if my understanding of the rules is correct, it is not within the competence of a private member to move in that direction.

Mr. DOUGLAS (Weyburn): Before you give your ruling, Mr. Speaker, I submit that there is no guarantee that any interest rate would be paid on that amount advanced. There is in Canada a central bank of which

the people are the owners, and there is no difference whether the wheat board pays to the producer seventy cents in the spring or forty cents now and thirty cents in the spring.

Mr. MACKENZIE (Vancouver Centre): In addition to the point raised by the Minister of Mines and Resources (Mr. Crerar), may I suggest that this amendment changes the whole provisions of the bill as presented to the house, and therefore it is out of order.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order? If not, I think the amendment is out of order, for the reason that has been stated by the Minister of Pensions and National Health (Mr. Mackenzie), namely, that it changes the provisions of the original resolution, and in addition it requires a payment by the government, which the hon. member has no right to do. I therefore rule the amendment out of order.

Is it the pleasure of the house to adopt the motion?

Mr. DOUGLAS (Weyburn): I reluctantly challenge your ruling.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Carried.

Motion (Mr. MacKinnon, Edmonton West) agreed to and bill read the third time.

Mr. DOUGLAS (Weyburn): I rise to a point of order. The Minister of Mines and Resources is not dealing now with schoolboys. He cannot ride me down. I challenge the ruling that the amendment is out of order.

Mr. SPEAKER: The hon. member cannot challenge it. I have already called the bill as having been read the third time. Mr. Mackenzie (Vancouver Centre) moves, seconded by Mr. Gardiner, that the said bill do now pass and that the title be as on the order paper. Is it the pleasure of the house to adopt the motion? Carried.

Mr. DOUGLAS (Weyburn): No. I rise to a point of order. First of all, I challenged the decision ruling the amendment out of order, and I asked an appeal to the house. That was not given.

Mr. SPEAKER: The hon. gentleman did not make an appeal to the house. What he said was "I challenge the ruling." There was no appeal to the house from the decision of the chair.

Motion agreed to and bill passed.

DEBTS DUE THE CROWN

DEDUCTION FROM SALARIES OF FEDERAL EMPLOYEES IN PROVINCES—NON-CONCURRENCE IN SENATE AMENDMENTS

The house proceeded to consideration of amendments made by the Senate to Bill No. 99 to amend an act respecting debts due to the crown.—Mr. Ilsley.

Hon. J. L. ILSLEY (Minister of Finance): It is necessary to deal with one rather important amendment made by the senate to Bill No. 99, to amend an act respecting debts due to the crown. The house passed an act which empowered his majesty in the right of Canada to deduct from the amounts due by way of salary to civil servants the taxes due from those civil servants to provinces with which the crown in the right of Canada has agreements for the collection of taxes. Those provinces are Ontario, Prince Edward Island and Manitoba. The bill went to the senate and was discussed there. I think the first stage of the matter in the senate was this: It was suggested that the government give consideration to a further amendment permitting the right of garnishment to creditors of civil servants as against the crown. That was a fundamental alteration of the whole bill. I sent a memorandum to the government leader in the senate briefly stating some objections to taking that position at this stage of the session. I gather that my suggestion that the question was a large one, having many ramifications, was not particularly well received in the senate. The position taken there was that it was an extremely simple question and that there was no reason why civil servants should continue to have an exemption from garnishee proceedings, a position which, at first blush, appears to a great many persons as reasonable.

The senate then proceeded to make an amendment, and have suggested a rather long section to be added to the bill. In order to make the position of the government clear, I must read that amendment. It is:

2. The said act is further amended by adding thereto as section three the following:—

3. (1) In any case where any officer, servant or employee of His Majesty in the right of Canada is indebted to any province, municipality or person in any specific sum of money on a judgment recovered for or on account of

- (a) any income tax, special tax or wage tax (including interest and penalties) or
- (b) any other manner of debt not sounding in damages, whether such debt be or be not of the genus of a debt for taxes,

the like recourse by the judgment creditor against third parties by way of garnishment of judgment debts, as applies against garnishees,

Debts Due the Crown

generally, in and by the law of the province in which the judgment has been recovered shall be available to such judgment creditor against the Minister of Finance as a third party garnishee, but subject to the subsequent provisions of this section.

(2) The Minister of Finance shall not be subject or required to answer in or to attend at any garnishment proceedings; he shall be liable as a third party garnishee in his representative capacity only and he shall be subject in matters to which this act extends to orders and directions, specific or general, of the governor in council.

(3) The judgment creditor shall produce to the Minister of Finance a certificate of the judgment, the garnishee order and an affidavit made by some person having knowledge of the facts stating the amount due on the judgment and for what it was recovered and establishing the identity of the judgment debtor as an officer, servant or employee of His Majesty in the right of Canada.

(4) The governor in council may authorize the Minister of Finance to retain by way of deduction out of any sum or sums of money which, from time to time, may be due or payable by His Majesty in the right of Canada to any officer, servant or employee of His Majesty in such right (such deduction to be by instalments or otherwise as that minister may, in the interest of the efficiency of the public service, determine) the amount of any judgment debt due or payable in any garnishment proceedings instituted under the authority of, and in compliance with, this act, and to pay out such sum or sums of money so deducted to the provinces, municipalities and persons who are, pursuant to their respective garnishee orders and to this act, entitled to be paid it or them.

The section is carefully drawn and is designed to meet certain objections which might be offered to the course proposed. I have had the section examined by the officers of my own department and the officers of the Department of Justice, and I am afraid that I must say on behalf of the government that the government is not prepared to accept that section. I shall have something to say about the other two amendments before I take my seat.

It is, of course, necessary that the reasons should be given. I am setting them out in some detail because the matter is one of some importance and also one of some complexity. The reasons are:

1. Because the proposed amendment is of doubtful constitutional validity. The province has exclusive authority in relation to the jurisdiction and procedure in civil matters in provincial courts. By the provincial statutes the garnishee must be "within the jurisdiction of the court" or "within" the province, or "resident in" the county. It is doubtful if parliament can in effect extend the jurisdiction of the provincial courts to include the Minister of Finance as a garnishee.

I do not express any opinion myself as to whether this amendment is constitutional or not, but the advice of the Department of Justice is that it is of doubtful constitutional

[Mr. Isley.]

validity, and certainly when a doubt is raised in a matter of this importance it is a reason for further consideration by this house.

2. Because under the present state of the law the crown cannot be impleaded in the courts without a fiat. This principle constitutes the main impediment in the way of garnishee proceedings. The proposed amendment would in effect amount to the abandonment of this prerogative of the crown in a limited class of cases. It is most important that the position of the crown in relation to the courts should not be altered in this respect without full consideration being given to the whole problem of proceedings against the crown.

I think that reason speaks for itself, and I could not make it any clearer if I attempted to enlarge upon it.

3. Because the question of recognition by the crown of voluntary assignments of debts due from the crown is allied to the subject matter of the amendment and it is not clear why it should not also be dealt with.

By this I mean that the crown does not recognize assignments. I am not sure whether it is accurate to say that the crown cannot recognize assignments; perhaps it is, but certainly it would appear to be anomalous if we got the law into this position, that the crown must recognize judgments of creditors against debtors and be amenable to garnishee proceedings, but could not recognize voluntary assignments. In effect, it would mean that if the creditor obtained a voluntary assignment from the civil servant debtor, he would find that he was no further ahead, the crown not recognizing his assignment; but if he put on quite a substantial amount in the way of costs by reason of a suit against the debtor, he would bring himself within the provisions of this measure. I think the two matters should be dealt with together; they are so closely allied that for an act to deal with one and not the other would be improper.

4. Because the proposed amendment only permits garnishee proceedings to be taken in respect of any judgment for or on account of any tax or other debt not sounding in damages. The justification for excluding other judgments is not clear.

There may be some reason, but it is not clear from the legislation nor is it clear to me. I do not think it would be clear, at least at first blush, to members of this house.

5. Because the grounds for making a distinction between officers, servants or employees of His Majesty in the right of Canada on the one hand and other persons to whom amounts may from time to time be due from the crown on the other is not apparent from the proposed legislation, will not be apparent to the public, and require consideration. In particular, it is not clear why such persons as senators, members of the House of Commons, judges, and persons entering into contracts with His Majesty in the right of Canada are excluded from the provisions of the amendment;

Certainly consideration would have to be given to drawing a distinction of that kind. There may be grounds for it, but they are not apparent from the legislation and I think should be carefully considered before we make any such distinction.

6. Because under the proposed amendment a creditor is put to the expense of obtaining a judgment and garnishee order and forwarding them to the Minister of Finance but the Minister of Finance is not under any obligation to make deductions from the sums payable to the debtor of such person.

In other words, this section, while it purports to give the right of garnishee, gives what is little more than a pretended right of garnishee, because in the end it is provided that the governor in council may pass upon the question as to whether the garnishee order is to be complied with or not. It is a curious situation, that the creditors should go to the expense of garnishee proceedings, serve the minister with these papers, deposit an affidavit establishing identity, and so on; then, when we come to the end of all this, it is within the discretion of the governor in council whether any attention is to be paid to it at all. Yet those are the provisions of the amendment.

7. Because in form the proposed amendment is open to the following objections—

I would emphasize that these are objections of form. They may be met, I suppose, by changing the form, but I think it is important that the matter be dealt with as fully as possible, because it may form the ground for future consideration if this question comes up again, as it may.

(a) The expression "third party" is well understood to mean a person made a party by a defendant who claims to be entitled to contributions or indemnity from such person. A garnishee is not a third party.

(b) This proposal is to extend to claims by the provinces for taxes. Where the crown seeks to recover its taxes from third persons such remedies as the writ of extent are ordinarily employed rather than garnishee proceedings. It may even be doubted whether the crown is entitled to proceed by way of garnishee since such expressions as "person" and "judgment creditor" used in the provincial statutes relating to garnishee proceedings are not apt to describe his majesty. The municipality, too, has special remedies to enforce payment of taxes.

(c) The expression "garnishment" implies compulsion and is an inappropriate term to use with reference to his majesty even though the statute provides merely for voluntary and not compulsory payments.

(d) The exchequer court has by statute exclusive jurisdiction over claims against the dominion crown and it should be made clear that the senate proposal is to apply notwithstanding anything contained in the Exchequer Court Act.

(e) The Minister of Finance has no "representative capacity" to represent his majesty in the courts; that representative capacity is vested in the Attorney General of Canada.

I have set out somewhat fully these five objections in point of form to the senate amendment, because I do think they have some importance.

8. There has been no demand from the public for this legislation and it is an inappropriate stage of the session at which to open up a matter of such extent and importance.

Those are the reasons I would suggest why the house, at this stage of the session, should not accept the senate amendment. I have left out of account any consideration of any practical matters which may or may not be of great importance. The ones that occur to me are the inconvenience and expense to the crown of acting in these garnishee proceedings, as well as the doubt as to need for any further remedies to creditors of civil servants, or, in other words, the whole question of the adequacy of present remedies.

That is the amendment relating to garnishee proceedings.

With regard to the other two amendments, I am prepared to accept amendment No. 1, which is the proviso that the Minister of Finance may not retain in any one month an amount greater than that seizable per month by the law of the province in which the civil servant resides. Perhaps it is confusing to have this amendment brought in at this stage; but, as I stated at the outset, the main section of the bill authorizes a deduction by the crown in the right of Canada from the salaries of their civil servants in these provinces to the amount of the taxes due to the provinces from those civil servants. This merely provides that the crown cannot keep more than a certain amount per month out of their salaries. That amount is the amount seizable per month under the law of the province in which the civil servant resides. We have no objection to that.

The second amendment is that this section shall come into force upon proclamation by the governor in council. I am afraid I shall have to disagree with that amendment, because it is desirable that the bill should come into force on assent being given.

I therefore move:

That a message be sent to the senate to acquaint Their Honours that this house

(a) agrees to amendment No. 1 to bill No. 99, an act to amend an act respecting debts due to the crown;

(b) disagrees with amendment No. 2 for the reason that it is desirable that bill No. 99 should come into force on assent being given; and

(c) disagrees with amendment No. 3 for the following reasons—

Those are the reasons I gave while I was speaking.

Debts Due the Crown

Mr. A. W. NEILL (Comox-Alberni): I cannot argue the legal aspects of this matter, but it would appear to me that those who drew up these objections were determined to find every excuse against this proposal. It seems to me to be rather like an *ex parte* statement.

It has been said that there has been no public demand for this legislation. I should like to say that for years I have attempted to get such legislation through the house, and on one or two occasions I brought up the matter in the house. There is quite a general feeling, perhaps not expressed by great public meetings or petitions because this is not that kind of thing, that well paid or fairly well paid civil servants should pay their debts. I think it is to the advantage of those civil servants who are honest—and the great majority of them are honest—that there should be some procedure to deal with those who are not. I do not know about the other provinces, but in British Columbia we have a law under which the crown can be garnisheed, and no legal objection seems to have been taken to it. I am sorry to see the government take the stand they have taken in this matter.

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, the hon. member for Comox-Alberni (Mr. Neill) has prefaced what I intended saying. The Minister of Finance (Mr. Ilsley) has said that there is no public demand for this, but that statement is hardly in accordance with the facts. If that statement goes out, it will leave the impression that no one is particularly interested in seeking this legislation. I can tell the minister that there are a great many who want to see such legislation placed on the statute books of this country. I would say that probably three-quarters of the people in this country cannot see any justifiable reason why a civil servant should be entitled to any more consideration than anyone else. A man who works for the transportation companies is subject to garnishee, and if he is garnisheed two or three times his services are dispensed with. I can see no reason why civil servants should receive extra consideration.

Motion (Mr. Ilsley) agreed to.

BUSINESS OF THE HOUSE

MOTION FOR CONTINUATION OF SITTING AFTER SIX O'CLOCK

Hon. T. A. CRERAR (Minister of Mines and Resources): The understanding was that we would go on until seven o'clock to-night.

Mr. NEILL: Why?

[Mr. Ilsley.]

Mr. CRERAR: In order to do that, it is necessary to put the following motion, and I so move:

That the Speaker do not leave the chair at six o'clock.

Mr. NEILL: This is unnecessary. We cannot possibly get through to-night and we shall have to come back on Monday. We have been sitting from eleven o'clock in the morning until eleven o'clock at night all week, a thing which we have not done for years, and no great object can be achieved by sitting any longer to-night. We have to come back next week and I think we have done enough.

Mr. CRERAR: I would point out that if this motion does not pass, under the motion passed yesterday or the day before the house will resume at eight o'clock and go on to eleven o'clock.

Mr. NEILL: The motion for adjournment can always be put.

Mr. CRERAR: I am sure the hon. member for Comox-Alberni (Mr. Neill) will not press the point.

Mr. MacINNIS: There is a great deal in the position taken by the hon. member for Comox-Alberni (Mr. Neill). We have been working under a terrific strain during the past two weeks, and I cannot see what can possibly be accomplished by sitting this evening until seven o'clock when we cannot finish the work now before us. I think the leader of the government could very well move that we adjourn at six o'clock.

Mr. ROSS (Moose Jaw): Both hon. gentlemen were in the house at the time this arrangement was made.

Mr. MACKENZIE (Vancouver Centre): There was not a dissenting voice in the whole house.

Mr. ROSS (Moose Jaw): The whole house agreed to carrying on until seven o'clock.

Mr. NEILL: How was it put to the house?

Mr. ROSS (Moose Jaw): The Prime Minister (Mr. Mackenzie King) announced it.

Mr. CRERAR: The Prime Minister announced it at three o'clock, and no objection was taken.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF FISHERIES

77. Departmental administration, \$129,300.

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Chairman, on Friday, July 23, when this item was last before the committee for consideration the leader of the opposition (Mr. Hanson) asked for some information with respect to the relations between the Department of Fisheries and the government of New Brunswick, and to what extent we had contributed to the establishment of a fish processing plant at Caraquet, Gloucester county, New Brunswick. The hon. gentleman questioned the economic soundness of the project and invited me to answer several questions which he asked at that time. I did not then have before me sufficient information to answer his questions, but I have taken the trouble to look into the matter and I now have the information he wanted. I believe the best way to lay this matter before the committee is to give the questions asked by the leader of the opposition and then my answers.

The first question asked was:

Did the government contribute to the establishment of a new fish processing plant at Caraquet, and was that contribution made out of this grant?

The dominion government allotted out of vote 503, which was to aid fishermen, groups of fishermen and others, to establish or better establish themselves in the industry, a grant of \$100,000 to the province of New Brunswick. Permission was sought by the provincial authorities to use \$75,000 of that grant partly to subsidize a fish processing plant which the province had induced the Gorton Pew (New Brunswick) Limited, to establish at Caraquet. The authorization was given on August 26, 1939.

The next question was:

I understand that the province of New Brunswick undertook to contribute 75 per cent of the total capital cost of this plant?

It is correct to say that the province undertook to subsidize the establishment of the plant to the extent of 75 per cent of the cost of construction, but this was not to exceed \$150,000 in all.

The next question was:

I want to know the total capital cost of the plant.

The total capital cost of the plant is in the vicinity of \$250,000.

The next question was:

I want the Minister of Fisheries to find out from the province of New Brunswick what the arrangement is with the Gorton Pew Company.

The arrangement is in the form of a written agreement dated July 24, 1939, which calls for the building by the company of a plant at Caraquet to be subsidized by the province of New Brunswick to the extent of 75 per cent of the cost, but not to exceed \$150,000, and the performance of certain conditions by the company. These conditions include the purchase of suitable round fish of good quality offered for sale by fishermen up to the extent of 9,000,000 pounds a year at current prices for five years, commencing from the time the works shall be ready for operation, and to process the same through the said works as frozen fish. The performance of its obligations is guaranteed by the company by a mortgage of \$150,000 on the whole undertaking for ten years.

The company also undertakes to employ New Brunswick labourers and pay fair wages.

The company shall keep available for the fishermen at all times at least 2,400 cubic feet of suitable refrigerated space for storage of baited trawls, such storage to be paid for at a rate not higher than that prevailing in other commercial cold storage plants.

The company also must prepare and keep on hand an adequate supply of bait in cold storage, which bait shall be sold to fishermen operating in the neighbourhood at prices not higher than prevailing local prices.

Any disputes, differences of opinion, or questions arising between the province and the company are subject to arbitration under the New Brunswick Arbitration Act.

The next question was:

The next thing I want to know is whether any architect or firm of architects was engaged to draw plans for the plant.

Mr. Kenneth Campbell was engaged by the company to draw the plans of the plant. I am informed that Mr. Campbell is a graduate in architecture of McGill university, 1912, and has been in continuous practice since graduation, excepting for five years in the Canadian expeditionary force, with Nobbs and Hyde; Barott and Blackader, Montreal; Sir Austin Webb, London, England; with the late J. E. R. Carpenter, New York; and that he has had a varied experience in Montreal, New York, and Florida, designing large buildings, including schools, hospitals, hotels, apartment houses, office buildings and cold storage plants.

As consultants on the Caraquet plant, the engineers of the Linde Canadian Refrigeration company, and the Armstrong Cork company, were employed.

Mr. Campbell is a member of the Royal Architectural Institute of Canada.

The next question was:

Were any difficulties encountered in the construction of the plant?

No; no significant difficulties were encountered.

The next point was:

The foundation of the building is at least three feet too low. No provision was made for ventilation in the basement, and that part had to be done all over again. The ventilation had to be installed in the basement at a greater cost.

Due to the nature of the ground, certain alterations were made in the plans raising the level of the main floor before construction was commenced. The level of the foundation was, therefore, changed before construction commenced and cannot be considered as being too low at the present time. The other changes which were made in the plans before construction commenced involved the thickening of the main wall at the top with from eight to twelve inches of brick, which was considered to be a wise provision in case the capacity of the plant had to be enlarged in the future. I am informed that this change involved an expenditure of \$1,800. Another change which was provided for before construction was commenced involved the installation of an internal power plant, because competent engineers considered that the local power lines would not carry the load suitably.

There is no basement to this plant. The main floor of the building is well lighted, with numerous windows, and no difficulty is encountered with ventilation.

The next point was:

Part of one of the brick walls had to be torn down so that some necessary machinery could be installed in the building.

With regard to the removal of brick walls, the only change that was found necessary was the removal of from twenty-five to fifty hollow tiles to allow the manoeuvring of the machinery during installation after it had been got into the building through the ordinary doors. In addition to this, a few small holes were made through the roof to allow the introduction of hangers for the conveyor.

The next point was:

The first cement floor is a disgraceful job, not providing enough slope to force the water and offal into the gutters.

With regard to the cement floors, there were a few high spots which interfered with

[Mr. Michaud.]

drainage and this trouble was easily overcome. In addition to this, five extra outlets to the drainage system were installed.

The next point was:

Steam engines are not of standard build, and they began to heat after being in operation for a short time, and had to be taken down and repaired.

I am advised that the steam engine in connection with the fish-meal plant is of a standard build and that the only trouble which was found was in the slight unbalancing of the fly-wheel, which was quickly adjusted, at no cost to the company or the government by the engineers in the employ of the company which sold the machinery.

The next point was:

The drying and fertilizing plant broke down on its first trial, and is not giving satisfactory service.

I am advised that the drying and fertilizer plant is operating to the complete satisfaction of the management, and that the only difficulty encountered was with the conveyor, which difficulty has been removed.

The next question was:

I want to know if any additional cost was incurred as a result of the difficulties which I have described, and if so, how was such cost borne.

Any additional cost over and above the original contracts was borne by the Gorton Pew company and the province. These additional costs were occasioned by the aforementioned changes in the wall construction and the power plant and due to increased costs because of war conditions.

The next question was:

Did the Department of Fisheries at Ottawa have a fully qualified representative or inspector examine the plans of the architect before construction of the plant began?

Yes, the engineers of the department examined the plans and the same were approved by the Minister of Fisheries on the recommendation of the acting deputy minister.

The next question was:

During the construction of the plant, did the federal government have a fully qualified representative or inspector examine and report from time to time on the quality and efficiency of the work being undertaken?

There were two fully qualified inspectors present throughout the period of construction at this plant. One was in the employ of the provincial government; the other in the employ of the Gorton Pew company, and it was deemed unnecessary for the Department of Fisheries to send an additional inspector. The department, however, inspected the accounts concerned with this project and fully satisfied itself that the amounts estimated

had been spent by the company and the provincial government before paying its share, as well as satisfying itself by consultation with the inspectors that the plant was nearing completion and was capable of being operated.

The next question was:

Did the minister understand when he made this contribution that it was to be a free gift to a group of Americans who would not invest their own money in the plant, or was it just an indirect form of hand-out to the Caraquet fishermen?

The Minister of Fisheries, when he authorized this contribution, understood that it was to be used as part of a subsidy granted by the province of New Brunswick to help establish a fish plant in Caraquet which was greatly needed to help the fishermen of that district.

The next question was:

I hope that the fishermen are paid decent prices for their fish. That is an important consideration. What control is there over this American-owned company to see that the fishermen of the Caraquet coast are paid a living wage for their catch?

The fishermen are paid the prevailing price which is, this year, \$1 per hundred, gutted, heads on, for cod. This is about double the price received by the fishermen before this plant opened. The plant has been operating for about a month, and it has bought about 1,500,000 pounds and is buying all fish offered of any kind.

Proper control is exercised over the company by the government of New Brunswick.

Since the plant has been completed, the company has established a filleting plant without any additional subsidy. It has established a cod-liver oil plant which enables the fishermen to dispose of the cod livers which previously were practically wasted. The weekly payroll is from \$1,500 to \$2,000.

There is another matter to which I want briefly to refer. The leader of the opposition, as reported at page 1877 of *Hansard*, near the bottom of the second column, asked this question:

Mr. Hanson (York-Sunbury): Why do you need a publicity agent as well as a director of publicity? I know the director of publicity; he was an old school friend of mine. The job was created for him; there never was any such position before he came here, and he won his spurs by writing political editorials. He did not know any more about fish than I did, perhaps not as much. Why do you need both these men? I do not think there is any necessity for them, and I think the position should be abolished.

In justice to the director of publicity, who has been in office since 1929, I must say that the position was not created for him, but was created by the civil service commission in 1929 on requisition of the department, pursuant to a recommendation of the Maclean commission

which investigated fisheries in the maritime provinces in the years 1927-28. The present incumbent of the office received the appointment, not because the position was made for him, but as a result of competition, and was selected by the civil service commission from among several applicants.

Mr. NEILL: May I ask his name?

Mr. MICHAUD: H. F. S. Paisley. Mr. Paisley, it is true, was a schoolmate of the leader of the opposition. He had been an editorial writer both in the east and in the west; for some years previously he had been a member of the press gallery; and from information on file and what I have been able to gather, he was appointed after a competitive examination by the civil service commission and has held the position ever since.

Now as to the publicity agent, may I refer the committee again to *Hansard*, page 1878, where I am reported as having stated:

Shortly after 1930 another similar job was created, that of assistant director of publicity. I do not know what the purpose was, but the salary was the same.

These are the facts: This position also was created by the civil service commission, who also established the salary. The previous appointee was transferred from another position in the service by the then government in 1931, I believe, and he held the position until he took his pension two years ago. After he had retired and before his successor was appointed, it was pointed out to the civil service commission that the position of assistant director of publicity commanded the same salary as that of the director, namely \$3,780. It was suggested that the classification should be changed and that the salary of the successor should be reduced. The civil service commission agreed to this, and instead of appointing an assistant director of publicity, appointed a publicity agent at a salary of \$2,440 instead of \$4,620.

Mr. NEILL: Was the first publicity agent appointed by the civil service commission?

Mr. MICHAUD: Yes. I am placing these facts on record simply in order to be fair to the officers who now hold these positions, because they have been quite a long period in the service, and I do not know that up to this time any criticism has been leveled against them. It is only fair that the correct situation should be presented to the committee.

Mr. REID: There are one or two questions I should like to ask the minister. My first one is, is it a fact that his department is not paying a bounty on hair seals in British Columbia, and, if so, why has it been eliminated?

Mr. MICHAUD: That is correct. This year we are not providing a bounty on hair seals, and it is on account of economy.

Mr. REID: It may be economy so far as the department and the country as a whole are concerned, but I can tell the minister that the menace of hair seals, particularly in the gulf of Georgia, is a very serious matter indeed, and this year they are going to breed more, because none of them are going to be destroyed. I have been receiving letters for the past three or four weeks informing me that hardly a net can be thrown in the water of the gulf of Georgia but is attacked by these hair seals. If economy is to be practised in the minister's department, certainly it should not be at the expense of this particular activity.

May I point out that in the matter of licences British Columbia provides the department with over half the revenue of the fishery provinces; for I notice in the year book that, of the total revenue of \$52,281 received last year for licences, British Columbia paid \$26,815. I am merely drawing the minister's attention to that fact, but I am protesting strongly against curtailment of the bounty, and I ask him even yet to reconsider it, because the menace is serious.

Mr. MICHAUD: I find that last year parliament voted \$30,000 to pay bounties on hair seals. Out of that amount \$15,000 was allocated to British Columbia. From that province claims amounting to \$8,865 were presented to the department. There were 3,546 claims paid in the province.

Mr. REID: Is the policy of the department to be to allow these hair seals to propagate and multiply and become a greater menace to the fishermen of the province? Is that to be the continuing policy?

Mr. MICHAUD: I cannot state that it will be a continuing policy. All I can say at the present time is that the future with regard to hair seals or other seals is uncertain. The matter of the amounts which the department will be allowed to expend on such matters is also uncertain and indeterminate. However, if we find that in the public interest it is necessary to cope with this as being a menace to the industry, we shall try to find some money, possibly from other appropriations. If the condition is such as to menace the future of the fishing industry on the coast, we certainly, as an emergency measure, would find the money necessary to cope with the situation as it may arise.

Mr. REID. Fine. Just one other question. Has the minister received any representations

[Mr. Reid.]

from the packers of British Columbia asking that consideration be given to the placing of an embargo against the exportation of sockeye salmon to the state of Washington?

The minister will remember that many members from British Columbia took up the fight on behalf of the fishermen when the packers offered them one of the lowest prices on record for sockeye salmon. The packers made the statement that they had lost their market in Great Britain; that there was no market remaining, and that they were not ready to pay any greater price than was represented by a reduction of 18 to 30 per cent below the 1939 price. It has developed now that the United States is paying 75 to 80 cents to the Canadian fishermen on the Fraser river for this fish, and the packers are viewing with alarm the exports of fresh sockeye salmon. I trust that the minister, if representations have been made to the effect that I have mentioned, will give the matter serious consideration before he imposes that embargo and deprives the fisherman of the opportunity he now has to sell his fish in the higher market. It took a great deal of energy, especially on the part of the member for Comox-Alberni, who for many years fought to have the embargo lifted. Prior to that time the officials of the department had been advising the Minister of Fisheries that the fishing industry could not exist if fishermen were allowed to export this fish. Now they are doing it, and because of the increase in price of gear, fish nets and fishery supplies, it is imperative that the fishermen receive as much as possible for their fish. It is surprising to learn that the packers are now asking the department to put an embargo to keep the fishermen from getting 75 to 80 cents for their fish when all they are offered on the Canadian side is from 50 to 55 cents.

Mr. MICHAUD: So far no request has been made by the salmon canners of the Pacific coast for an embargo on whole fish or fresh fish shipped to the United States. However, it has been pointed out to the department by these same people that the Americans were coming into the Fraser river waters and competing with them in the purchase of fish from the fishermen, offering prices which the packers felt they could not pay—

Mr. NEILL: Is this recently?

Mr. MICHAUD: Yes—owing to the fact that the price of sockeye on the British market was limited by the food controller of Great Britain. That is an unfortunate situation which at the present time I do not think the department would be justified in dealing with.

I do not think it would be justified in attempting to interfere. I may tell my hon. friend that so far as this department is concerned, it is our intention to maintain the same attitude of independence towards the packers as we did to the fishermen.

Mr. MacINNIS: Are there any fishermen idle because of the dispute that developed between the canners and the fishermen at the beginning of the season? Has the trouble been cleared up now to the extent that all the fishing gear in British Columbia is employed?

Mr. MICHAUD: I am informed that no fishermen are idle at the present time. At the beginning of the season, I understand, some fishermen using the purse seine method of fishing did not go out but remained idle for a week pending final arrangement with the packers, and after a week or ten days of negotiation they finally came to an understanding and went fishing.

Mr. GREEN: Two or three weeks ago the minister made a statement as a result of advice he received from an economic committee appointed by the government. The last paragraph of the statement reads:

It is the plain duty of the canners to make public a clear-cut statement showing whether or not the fishermen are being asked to carry only their fair share of the reduction in the return from sockeye operations consequent upon the reduction in sockeye prices made by the British Ministry of Food.

Has anything been done by the department to follow that up, or was it just a pious hope?

Mr. MICHAUD: Nothing has been done by the department to compel the canners to do it, for the very good reason that the department has no jurisdiction over canners and no method of compelling them in that regard. That statement was by way of friendly advice to the canners, who are licensed by the province. For some years, since the last decision of the privy council, the federal government has had no jurisdiction and has not attempted to exercise any.

Mr. GREEN: Is this the position, that the government have washed their hands of the whole problem? The situation is that Great Britain has set a price for this fish, which means that the producers in British Columbia will take a loss. Surely the dominion has some concern over a situation that has come about in that way.

Mr. MICHAUD: The canners have not made any representations either to the department or to the government suggesting that they wanted us to interfere in their business.

On the contrary, they intimated to us from the very beginning that they wanted no interference from the department.

Mr. GREEN: When I said producers, I meant canners and fishermen. The men engaged in the fishing industry in British Columbia will take a substantial loss because Great Britain set a price lower than the ordinary. Surely the government can do something about that.

Mr. MICHAUD: I am not prepared to admit that they will take a substantial loss. The only class of fish in the price of which there has been a reduction on the other side is canned sockeye, which represents about 20 per cent of the export of the British Columbia take to Great Britain. On the other hand, if the price is going to be somewhat lower than in the past, so far as sockeye is concerned, the quantity exported will be much larger this year, because the British government has undertaken to accept a much larger quantity than heretofore in order to make up the difference in price.

Mr. MacINNIS: In the memorandum which the minister sent to some of the British Columbia members, and which has been referred to already, the last paragraph reads:

It is the plain duty of the canners to make public a clear-cut statement showing whether or not the fishermen are being asked to carry only their fair share of the reduction. . . .

If it is the duty of the canners to make a clear statement, what authority is there to see that the canners carry out that duty? The minister said that as a matter of fact they told the department that they wanted no interference. But the fishermen who have been carrying a heavy share of the burden of reduction did want the government to interfere. This is what I want to know: If there is a duty on the canners to make a clear statement in regard to this matter, what government authority, either provincial or federal, is going to see that that plain duty is carried out?

Mr. MICHAUD: As my hon. friend knows, the federal government has no power to enforce sanctions either upon the fishermen or upon the canners, but in my humble opinion the provincial authorities have full power to get the packers to disclose facts which, as I see it, should be disclosed, because the licence is issued by the province from year to year to enable the packers to carry on these operations. The provincial authorities could very well impose, as a condition to the licence, that the canners comply with certain obligations, among others one requiring a disclosure of their true position.

Mr. HAZEN: In view of the unavoidable absence of the leader of the opposition and the hon. member for Victoria-Carleton, I should like to direct the attention of the minister to an injustice, a great injustice that I believe is being done to certain residents of New Brunswick in the counties of York and Carleton by an order in council of May 9 last embodied in section 9 of the special fishing regulations of New Brunswick.

This regulation prohibits the catching of salmon with ordinary stationary gill nets in that portion of the Saint John river which extends from tidal water to Grand Falls. This part of the river was settled originally by United Empire Loyalists, men and women who had come out of great tribulation from the American colonies after the war of the revolution. These men had fought for their king and country and had been obliged to leave comfortable homes and an established form of living to build log houses and hew out for themselves a new living in a new land.

The officers and men of such regiments as the famous Delaney's Brigade, the Queen's Rangers, the New Jersey Volunteers, the King's American Regiment, the King's American Dragoons, the Pennsylvania Loyalists and the King's Orange Rangers, some of whom had fought with Rogers' Rangers in earlier Indian wars, were granted lands on the banks of the Saint John river in what are now the counties of York and Carleton.

It is their descendants and their assignees who suffer injustice by this order in council.

The grants that these men received from their king read in part as follows:

Nova Scotia.

George III by the grace of God of Great Britain, France and Ireland, king, defender of the faith . . .

To all to whom these presents may come

Greeting

Know that we of our special grace, certain knowledge and mere motion have given and granted, and by these presents, for us, our heirs and successors, do give and grant unto . . . in severalty and in severalty unto their and every of their several and respective heirs and assigns a tract of land.

Here follows a description of the lands. And not only did they grant the lands but also—

. . . all woods, underwoods, timber and timber trees, lakes, ponds, fishings, fishing waters, watercourses, profits, commodities, appurtenances and hereditaments whatsoever thereunto belonging or anyway appertaining, . . .

And so on. Then they make certain reservations of gold, silver, and other metals and also pine timber.

[Mr. Michaud.]

By reason of that grant those men, their heirs and assigns, obtained, I submit, a vested interest in the fishing waters adjoining their land, and the government by this order in council have taken away their rights, and done so without any compensation. They might just as well have stepped in and taken the trees off their land by an order in council as to step in and deprive them of their right of fishing.

I know the government have the right to make regulations respecting fishing, but I submit they have absolutely no right to take away the right of fishing when that right was granted by the crown under the grant I have just read.

Even if they had the right to take it away by order in council, which I submit they have not, they should not take it away without compensating the owners. If they see fit to compensate the owners of that right, I do not think there would be much objection in most instances to their taking the right. But to step in and autocratically take this right away is something that no government should do or permit. The owners of these rights are being treated like non-Aryans living under a nazi regime.

These men derive some income, and a very much needed income, from the fish they obtain from this source, and it is not right, it is not fair, it is not just that the government should take away this right without any compensation.

The agitation to have these men deprived of this vested right was commenced, I believe, by certain anglers, men of wealth who possess fishing pools on a certain tributary of the Saint John river. That agitation, I regret to say, was supported within the last year or so by the New Brunswick Fish and Game Protective Association. I was the president of the Saint John branch of that association for some years; afterwards for two years I was president of the New Brunswick Fish and Game Protective Association, and whenever this matter came up at any meeting at which I was present I always opposed the claim of these anglers to have that netting stopped on the ground that it was an interference with the rights of private property. However, the agitation went on and as a result this order in council was passed.

I have here a letter, dated May 3, 1940, part of which I should like to read. It is written from Upper Woodstock, N.B., and signed by Bert L. Shaw, who no doubt is a descendant of one of those men who fought

for king and country in the American revolution and were afterwards given these grants on the bank of the Saint John river. He says:

To say that I, in common with hundreds of others, was shocked at the glaring discrimination handed out to the people living on the 130 miles of so-called non-tidal portion of the Saint John river would be putting it very mildly.

Altogether apart from their vested rights, what strikes these people as extraordinary is that when you get below the non-tidal part of the river, which begins, I think, about ninety miles from the mouth of the river, in the tidal part of the river men can carry on their salmon netting; they get their right under the magna charta, but in the non-tidal part this order in council takes away their rights and prevents them from getting their living, in part at least, by setting out their nets and fishing as they and their fathers did for generations.

Mr. Shaw also writes:

I notice in the press report of the cancelling of our fishing permits that the reason for so doing was because the Fish and Game Protective Association, together with the Hon. Mr. Pirie, had asked to have it done. I might say in regard to that that neither Mr. Pirie nor the Fish and Game Association own these rights. But they were granted to those original settlers by their king in recompense for their services to the crown when they fought for and won this country of ours in the war of 1759.

He should have said 1776.

Mr. NEILL: Will the hon. gentleman explain how these rights, if they are rights, were taken away?

Mr. HAZEN: By a mere order in council.

Mr. NEILL: If they were granted by the crown they could be taken away only by legislation.

Mr. HAZEN: I have not gone fully into the law, but it is my submission as I have already said, that the government had absolutely no right to take away those privileges by order in council. But even if they had the right, certainly these men should be compensated. The writer continues:

And with the land they were given the right to fish the waters also, and for the last 180 years they and their successors have had the free use of this right. At least four times since this province was settled its citizens have, and are to-day fighting in defence of our rights and privileges and our homes, and there are 5,000 good citizens living on this river between Fredericton and Grand Falls who do not hesitate to say that the taking away of their rights is an outrage. They hold their lands and privileges under the same grants as do those living from Fredericton to St. John, and they feel that the taking of a part of their granted

rights, without their knowledge or consent, and without compensation, is a dangerous precedent, for if one granted right can be seized, then none of their holdings are secure.

I submit that it is a dangerous precedent for this or any other government to step in and by order in council take away rights that have been granted to these people by the crown. I wish to bring this matter to the attention of the minister and I ask him to see that justice is done these men.

Mr. MICHAUD: In his usual fair way the hon. member for St. John-Albert has brought before the committee a matter which is and has been for some years of some importance in one section of New Brunswick. I must tell him, however, that he is certainly misinformed or labouring under a misapprehension if he believes that any inherent rights were taken away from these people.

The non-tidal portion of the Saint John river, on which about several grants of land now occupied by these people, is frequented by the salmon which ascend the river to the spawning grounds in the upper regions. For some years, and particularly since 1931, that portion of the Saint John river extending for 150 miles was the only non-tidal water on this continent in which the use of nets was permitted at certain times of the year. Representations were made from time to time that the use of nets in those waters, which in the summer time are very shallow and narrow, did not permit proper escapement of salmon to reach the spawning grounds, that gradually the fish were disappearing from those waters, and that the commercial fisheries were being greatly impaired.

Mr. NEILL: What type of nets were used?

Mr. MICHAUD: Gill nets set by poles across the water.

Mr. NEILL: Set nets?

Mr. MICHAUD: Yes.

Mr. HAZEN: Not across the water.

Mr. MICHAUD: I saw them across the water last summer.

Mr. HAZEN: They do not extend from shore to shore. They go out into the water, but there are regulations governing the distance.

Mr. MICHAUD: I should have said they are set crossways in the water.

Mr. HAZEN: For how many feet?

Mr. MICHAUD: For thirty fathoms. As a result of the agitation carried on from year to year by those interested in the commercial fisheries in the tidal portion of the water and those interested in the sport fisheries in

the non-tidal portion; in view also of the figures brought to our attention, which showed a constant decline in the amount of fish caught in those waters, it was thought advisable to stop the netting, and this spring a regulation was passed under section 9 of the non-tidal waters regulations, as follows:

The use of nets in non-tidal waters except under a permit from the Minister of Fisheries is prohibited.

This section of the regulations pertains solely to the province of New Brunswick. This is the only curtailment that has been brought about in the rights of these people. We have not given any right to anybody, nor do we purport to give any right to anybody to fish in those waters, because of the legal decisions which prevent us from exercising any administrative control over non-tidal waters. Nor do I think it is fair to state that the department has deprived these people of any ancestral rights. We have not interfered at all with their right to fish, if they have such a right. That is a matter on which it is not my duty to pronounce. We are simply regulating the method by which they may exercise their right, in order to preserve and conserve these fish for the general public. Last year seventy-five people availed themselves of the opportunity of taking out licences. They were licensed previously as well, but they never claimed that their rights were being encroached upon when they were compelled to take out licences before they could set their nets and follow that method of fishing on the foreshore of their property. Last year these seventy-five people caught salmon to the market value of \$1,464, an average of \$28 per person.

Those who are interested in the conservation of the fisheries of New Brunswick represented to us that if those nets were removed, the fish would have a greater chance to escape and reach the upper regions of the river, so that after a few years of free passage their number would be increased and the commercial fisheries at the mouth of the Saint John river would be benefited accordingly.

Mr. NEILL: I presume these were commercial fishermen?

Mr. MICHAUD: Yes. We have information that the fish are in much larger numbers this year. Their ascent to the spawning grounds in the Tobique river, the Salmon river and the upper reaches of the Saint John has been followed, and we have reports from our officers and from property owners along those rivers that the fish are more abundant now than ever before. Some of the old residents of the district have written me to say that they have never seen so many salmon

[Mr. Michaud.]

in the upper reaches of the Saint John river in any year during the last thirty-five years.

I do not think the department dealt too harshly with these people when they were told that they would not be granted licences this year to operate their nets. We have given them to understand that as soon as the money is available we will purchase their nets by way of compensation. We think this is only fair because we are depriving them of the opportunity to use them, and at present they are a total loss. We have not infringed upon the ancestral rights of these people; we have simply told them that they cannot snare salmon any more than they can snare deer, moose or any other wild animal. They have no more right to stop salmon swimming along the foreshore than they have to stop the water itself. They could not set fire to trees which might happen to be upon the land granted to their forefathers if those trees were too close to a settlement. Many restrictions are imposed by federal, provincial or municipal authorities for the good of the community.

Mr. HAZEN: I do not want to get into an argument with the minister over this matter, but there are one or two matters to which I should like to refer.

Item stands.

Progress reported.

PRAIRIE FARM ASSISTANCE

PROVISION FOR ESTABLISHMENT OF BOARD OF REVIEW—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of and concurrence in amendments made by the senate to Bill No. 113, to amend the Prairie Farm Assistance Act, 1939.

He said: I have checked these amendments carefully, and have had the officials of the department check them, and they tell me that there is no change in the meaning of the bill as sent to the senate. These amendments represent changes in form and draftsmanship.

Mr. NICHOLSON: What is involved in them?

Mr. GARDINER: I have stated that there is really nothing involved in the amendments; they simply change the draftsmanship, renumber the sections and so on.

Motion agreed to, amendments read the second time and concurred in.

On motion of Mr. Crerar the house adjourned at 7.00 p.m.

Monday, August 5, 1940

The house met at eleven o'clock.

NATIONAL REGISTRATION

**STATEMENT OF MAYOR OF MONTREAL AND ACTION
OF PRESS CENSOR IN RESPECT TO
NEWSPAPER REPORT**

On the orders of the day:

Hon. GROTE STIRLING (Yale): Mr. Speaker, may I ask the Prime Minister (Mr. Mackenzie King) if he proposes to make a statement to-day with regard to the action of Mayor Houde of Montreal to which the leader of the opposition (Mr. Hanson) referred on Saturday, and particularly to the action of the censor in endeavouring to prevent further publication of the statement and comment on it in the press.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the Department of Justice I understand has under review the statement made by His Worship Mayor Houde. Personally I think the statement should never have been made. I think that when it was made any newspaper office that had seen it ought to have prevented its publication. Certainly I think it was quite correct that the censor should ask that the statement be censored, and I understand that it was censored and that after the attention of newspapers had been drawn to the fact that the censors regarded it as a statement the publication of which would mean violation of the defence of Canada regulations, it did not receive further publicity.

I would say further that I think the statement might well have been left out of the remarks made by the leader of the opposition in this house the other day. It is a statement calculated to endeavour to arouse opposition to the laws of this country, and every effort should be made to prevent any action of that kind at this time.

PASSPORTS AND VISAS

**QUESTION OF EXPEDITING ACTION ON APPLICATIONS
—METHODS OF PROCEDURE**

On the orders of the day:

Mr. GEORGE BLACK (Yukon): Mr. Speaker, I should like to call the attention of the proper minister to the methods of administration of the office at which passports are issued in Ottawa. I do not wish to complain because I know that that office has been strained to the limit and has been overwhelmed with applications. But a few weeks ago I received letters written by three different people in western Canada who in June had

applied for passports, two of them to go to the United States for medical treatment which I know they need, and the other to go to Chicago to examine an expensive piece of machinery which is coming up to be used in British Columbia. I had no answer to my letter asking whether these applications had been received and whether the passports had been granted, so that on Friday I went to the office. A clerk was called in, a memorandum made, and presently he came back and said they could not tell me whether the applications had been received or whether the passports had been granted. I think they ought to adopt some more businesslike system in the passport office. When an application comes in a memorandum should be made of it, perhaps a card index kept, noting the date of application for the passport and the date when the passport was granted. Then they would be able to tell people what the position was, but as it is, they are in a fog and do not know what has happened.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I imagine I am the minister responsible because the passport office comes under External Affairs. I was informed by the Under-Secretary of State for External Affairs that all the applications made to the Ottawa office for passports had been cleared off the slate some days ago. What my hon. friend said just now comes as a surprise, because I was informed not only that the applications at the Ottawa office had been duly attended to but that that was equally true of applications made to the other offices. However, I do not question for a moment what my hon. friend has said, and I shall immediately draw the attention of the Under-Secretary of State to his statement and seek to give my hon. friend a due explanation.

Mr. BLACK (Yukon): Thank you. I am very glad to know that that is the state of affairs and that the slate has been cleared off at the passport office. But they were not able to tell me that.

Mr. MACKENZIE KING: My hon. friend realizes that for a time there was a terrific rush for passports, and it was necessary to get in a number of additional clerks. Possibly the clerk my hon. friend interviewed was one who recently came to the staff and was not familiar with the work of the office.

Mr. H. R. JACKMAN (Rosedale): I do not know whether the Prime Minister (Mr. Mackenzie King) fully realizes the difficulties that the people of Canada have had in connection with passports, but in order to indicate to him how much trouble we have had and may perhaps have in the future I should

Passports and Visas

like to read a copy of a letter that was sent to the passport officer, Department of External Affairs, Ottawa. It reads:

Dear Sir:

On June 18 last, my son—

I leave out the name.

—applied for a passport.

Since then, I have written you three times, telegraphed twice and phoned by long distance once in an effort to obtain this passport, but am still without it or any communication regarding it.

May I again ask that you send this passport by return—please oblige me.

My wife, who applied at the same time for a passport, and who sent her application papers in the same envelope, received her passport weeks ago.

I personally applied to the passport office on Friday of last week, and the passport was issued on Saturday evening. There has undoubtedly been great trouble in getting passports from the office.

Mr. MACKENZIE KING: I must admit that there has been a great deal of trouble, but it originated south of the line, not in this country, when the obligation was imposed. As a passport is in the nature of a legal document, and one that has international significance, great care must be taken in the issuing of any passport. What has happened I think in many cases is that while the passport office has received some of the information that is required before a passport can be issued it has had to communicate further for additional information. I do not say that that applies in the particular case my hon. friend has mentioned, but there has been a very difficult situation to meet. At the present time, I understand, the difficulties have been overcome.

WHEAT**PROCESSING TAX—REPORT AS TO PROBABLE INCREASE IN PRICE OF FLOUR AND BREAD**

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Will the Minister of Labour (Mr. McLarty) say whether the war-time prices and trade board has come to any decision following the investigation into the proposed increase in the price of bread?

Hon. N. A. McLARTY (Minister of Labour): I can best answer the question of the hon. member for Weyburn by saying that the matter is under the consideration of the board. I have not been advised of any definite conclusion at which they have arrived, but they are giving the matter careful consideration at the present time.

[Mr. Jackman.]

THE PRESS**PUBLISHING OF MATERIAL BANNED BY ORDER OF CENSORSHIP**

On the orders of the day:

Mr. A. R. ADAMSON (York West): Early in July I asked the Prime Minister (Mr. Mackenzie King) a question with reference to press censorship. He promised me an answer some time later, and then I asked the question again. Would it be possible to get the question clarified before the end of the session?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend has struck a good moment. The matter I mentioned was in the hands of the Minister of Justice (Mr. Lapointe) and I believe the acting Minister of Justice (Mr. Cardin) has been intending to answer the question when he saw the hon. member in the house. Probably the minister has not had the good fortune that I have had of having a view of my hon. friend directly opposite him. Perhaps the minister will answer the question now.

Hon. P. J. A. CARDIN (Acting Minister of Justice): The question referred to by the hon. member was submitted to the officers of the Department of Justice, and his observations were taken into consideration. Two or three similar cases had to be considered at the same time. In fact representations have been made in respect of two newspapers of opposite views published in Canada for having committed the same offence. After considering the facts in the two cases, and in view of the fair and open apologies which were offered by the two newspapers in question, it was deemed advisable not to proceed. We were convinced, among other things, that after the apologies had been published the penalty that might be imposed by the court would be very slight and the matter would become of much less importance thereafter. In the circumstances it was decided that the matter should rest and that, instead of taking proceedings at once, we should try to secure the cooperation of newspapers and endeavour to obtain, if possible, their assistance, so that we might ensure the observance of the defence of Canada regulations. No action was taken, particularly in view of the fact that complete and unequivocal apologies were made by the newspapers.

SUPPLY

The house in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF FISHERIES

77. Departmental administration, \$129,300.

Mr. HAZEN: When the committee rose on Saturday we were discussing the regulation prohibiting the catching of salmon in the non-tidal waters of the Saint John river with stationary nets by the descendants or assignees of the men to whom those rights were granted about the year 1785. I said at that time that I did not want to get into an argument with the Minister of Fisheries over this matter, but there are one or two things to which I wish to refer in view of the statement he made to the committee. I am referring to these matters in the hope that he will give them careful consideration. For, despite what he has said, I believe an injustice has been done and an illegal attempt is being made to deprive these men of what they rightfully own; and unless this regulation is changed it will be a continuing source of discontent and the matter will be brought up on the floor of the house year after year until justice is done.

The minister said that I was labouring under a misapprehension if I believed that any inherent rights were being taken away from these people. I say that certain inherent rights or, as I prefer to call them, vested rights, have been taken away. I have drawn his attention and the attention of the committee to the wording of the grants under which these rights were obtained by the present holders or by their predecessors in title from the crown when the grants were originally made. By these grants they obtained all the fishing in all the fishing waters. I will not go into the grants again to-day but I would point out to the minister that, in addition to the grants of the fisheries, these grants ran to the middle of the river or, to put it more correctly, *ad medium filium aquae*.

I would ask the minister to confer with the law officers of the crown further with reference to the matter before coming to a definite conclusion, with a view to changing this regulation.

I must take exception to the statement made by the minister that this regulation does not interfere at all with the rights of the people to fish, because the method they follow is the only one by which those who possess the grants can catch fish. The fish cannot be caught in these waters by angling; they cannot be caught by bait fishing; they cannot be caught by trawling. The only way in which these fish can be caught in the waters in which the people in question have these particular rights is by netting, and it has always been an inference, from the time the

grants were made, that the fishing to which they have the right included fishing by netting. This regulation, by depriving these men of the right to use nets, prevents them in fact from fishing. As a matter of fact, this so-called regulation is not a regulation at all. It is not a regulation in the proper sense of the word but is an attempt to confiscate valuable legal rights by order in council and without any compensation whatever.

The minister said on Saturday that the government was not infringing upon the ancestral rights of these people but that it was simply saying to them that they cannot snare salmon just as they cannot snare deer and moose. But it does not say to the people that they cannot hunt or capture deer and moose, whereas it does say to these people that they cannot capture or catch salmon. It has prohibited them from catching salmon; for it has stopped them from netting, and that is the only way in which these fish can be captured or caught by the people who hold the grants. It is an attempt to confiscate a valuable legal right by order in council and without compensation, and I say to the minister that it is illegal and unjust.

If, for the general good of the country or of the province or of a certain part thereof, the government considers it advisable to acquire these rights then it should pay for them. The minister's suggestion that they will pay these men for their nets and equipment is simply adding insult to injury and injustice. If their rights are to be taken away they should be compensated not only for their nets but also for their rights in the land.

When private angling clubs on such rivers as the Restigouche or the Bonaventure and others wanted to improve their fishing, how did they go about it? They went to the net fishermen. They did not ask the government to confiscate the rights of these fishermen, or if they did they did not succeed in getting the government to do any such thing, paying nothing for it. They went to the fishermen themselves and paid them for their rights and got them to take up their stands, thereby allowing a larger number of fish to go up the river. That is the course which the government should take to-day if it wishes to take away the rights from these men in the non-tidal waters along the Saint John river.

If the minister wants to improve fishing in these waters, he might very well remove the dams from the mouth of the Mispec and also from the mouth of the Nashwaak opposite the city of Fredericton. If these were removed not only would angling be improved but the commercial fishery would also be improved in the non-tidal parts of the river and in the harbour and the bay of Fundy.

I do not want to labour the matter but I am going to ask the minister to do two things. I ask him to review this regulation and to consider further the facts and consult with the law officers of the crown so as to be thoroughly satisfied that it is not an infringement of legal rights. I ask him also to consider the matter from this point of view, that it is not a regulation but an absolute prohibition or confiscation. I will ask him, further, to go to the non-tidal part of the Saint John river and investigate the matter carefully for himself.

Hon. J. E. MICHAUD (Minister of Fisheries): I cannot allow this item to carry without adding something to what has already been said and correcting the impression that may be created by the hon. member's statement, that the change in the regulation, brought about this last spring, is an injustice to the land owners and also that it is an illegal attempt to deprive people of certain rights. The regulation, which I read before, is that the use of nets in any non-tidal waters, except under a permit of the minister, is prohibited. My hon. friend has construed it as confiscatory. It is a provision restrictive of the common law rights of people to fish in waters on the foreshore of their land. It is claimed that it is illegal and unjust because the grants from the crown, to which reference has been made, specifically mention that the owner shall have the right to fish and to the fish running in the waters. This has to be interpreted just as the provision of the British North America Act must be interpreted. The British North America Act says that the federal government shall have the exclusive right to regulate fisheries in sea coast and inland waters, and the interpretation put upon the grant has been that it means that the owners had the exclusive right to enjoy the fishing in these waters, provided that the public interest and conservation were safeguarded. It has been so interpreted from time immemorial.

Up to 1908 these people had not enjoyed the legal right to net fish on the foreshore of the Saint John river. From 1908 up to the spring of 1940 legislation allowed them to set nets at a certain time of the day and during a certain period of the year. If my hon. friend were right in his interpretation of these grants it would mean that no municipal, provincial or federal authority would have any right to regulate the time of year, the time of day or the day of the week, or the method in connection with the catching of fish. It would mean that these people would have the right to place a fence in the river and hold all the fish that came up to the fence or net, since no one could interfere with their

[Mr. Hazen.]

ancestral or legal rights. That would not be fair and no interpretation carrying that meaning could be put upon the wording of the grant. All that the regulation does is to control the method whereby these people or the owners of land abutting the foreshore or waters of the river Saint John shall exercise their rights. In the past, legislation has been enforced and accepted by these people, limiting their rights as to the time, the season; now we are limiting their rights as to the method of fishing.

With regard to the argument advanced that these people cannot catch fish except by nets—that is, that they cannot catch the salmon that run in those waters by angling or trolling—I submit it is possible for them to catch by angling if they want to use that method, and they are not deprived by legislation of the use of that method. As proof that it is possible, I might quote the headlines from New Brunswick newspapers showing that since nets have been prohibited in those waters angling has been very successful. For example, a news item from the Saint John *Telegraph-Journal* of July 18, headed:

Record catch of salmon taken. Hartland pool popular place during week; many visitors.

Then from the same paper of July 13:

Fishermen have field day at Hartland salmon pool.

That is in the middle of that territory, about midway between the head of the tidal and the head of the non-tidal waters.

Mr. HAZEN: Did not the same conditions prevail at the Harts pool?

Mr. MICHAUD: Yes.

Mr. HAZEN: And that is below where the netting took place.

Mr. MICHAUD: I am just giving these examples to show that fish can be caught in those waters by other methods than setting nets. Another news item in the *Telegraph-Journal* of July 25, from around Fredericton, says: "Hooked fish jumps into angler's boat." The fish are so plentiful, so anxious to get out of these waters, that they jump into the boat when hooked. I am simply giving these examples to show that fish can be caught by other methods than by set nets.

I know that there has been for some years a controversy with respect to the interpretation of the wording of these grants of land on the Saint John river. But after many years of consideration by officials of the department and law officers of the crown, and in the light of interpretations placed on other constitutional clauses by the different courts of the country and the privy council,

it is thought that the Department of Fisheries or the government by legislation have the right to regulate the methods by which the successors of the original grantees can exercise their rights. And that is the limit to which these rights have been interfered with. They have simply been regulated as to the methods of exercising such rights.

Regarding the request of the hon. member that I should look into the possibility of removing a dam at the mouth of the Nashwaak river, flowing into the Saint John, I am pleased to be able to inform him that recently steps were taken with a view to having these obstructions removed by the owners of the mill or the industry or of the shore rights, and I am told by the officers of the department that finally we have been successful in having this obstruction removed. But I understand my hon. friend to state that there are also obstructions at the mouth of the Mispec and that such obstructions should be removed. I remember having had considerable correspondence and negotiations with the city of Saint John and some people in that district regarding an old granite dam built some years ago which is no longer used for industrial purposes and which offers some obstruction to the fish ascending that branch of the Saint John river or the east side of the bay of Fundy. We are still negotiating with the interested parties. Last year an offer was made to the interested parties in Saint John through the city council that the federal Department of Fisheries would contribute fifty per cent of the cost of removal of those obstructions. So far I do not know of any action having been taken by those interested, but this offer still stands, and if it is found that the public interest requires the total removal of the obstructions at public expense, we shall see that it is done.

Mr. GILLIS: I notice that the departmental estimates have been reduced approximately 36 per cent. In my opinion this will render the department unable to carry on much necessary work with respect to developing the fishing industry from a national point of view. I was surprised a few evenings ago to hear the leader of the opposition bring to the attention of the house the fact that in New Brunswick a privately-owned fish company had been subsidized to the extent of seventy-five per cent of the total cost of the erection of a fish processing plant in that province. I was surprised for this reason, that for the past five or six years throughout the maritime provinces an effort has been made by the people themselves to rehabilitate the fishing industry along cooperative lines. I know of no other industry

in Canada in which the people have made greater strides towards reestablishing themselves and improving their economic position. This assistance was given, I understand, through the provincial government to a privately owned fish company. I was surprised because I know in that province the cooperative movement is fairly well developed and is paying particular attention to the rehabilitation of the fishing industry. For example they have in New Brunswick 650 study clubs with a membership of 5,200. The plant established there is a private enterprise operated for profit. While we have contributed seventy-five per cent of the total cost of the plant, we have no say in its operation, and the fishermen are being exploited through that medium, instead of being aided in reestablishing that industry on cooperative lines.

If there is any solution to the problems of the fishermen, it rests with themselves. They have to be instructed in the processing and marketing of fish. The extension movement through the university of St. François Xavier has made great strides, at least in the maritime provinces. I have had the pleasure of travelling through Nova Scotia and seeing the work that has been done in that industry. I know that the government are subsidizing it to some extent, but the grant is not adequate.

Mr. ISNOR: How much was it last year?

Mr. GILLIS: It was \$50,000 spread over the maritime provinces. That is not very much.

Mr. REID: It is more than we get in British Columbia.

Mr. GILLIS: Dozens of young men who were taken out of fishing boats have given gratis their service and their time to that movement. They have been schooled and educated in that movement; they have studied the problems connected with the processing and marketing of fish, and I consider them the most capable group of people in this country to deal with those problems. These young men travel from one end of the province to the other carrying on that work. If the government are interested in establishing that industry on a firm, workable basis, instead of having it handled by private enterprise which exploits the fisherman, I believe every assistance ought to be given that cooperative movement in connection with the erection of processing plants, cold storage plants and so on.

I have had some correspondence with the Minister of Fisheries since coming here, in connection with the Lockeport fishermen, who have been trying very hard to improve their

position. They went through a strike and formed a union. In my opinion the lowest standard of living to be found anywhere in Canada exists in that district. Wages are as low as ten to fifteen cents an hour, and the fishermen are exploited by the private fish companies. In addition to establishing a union they have established a cooperative fish processing plant, and have been asking for some assistance with respect to the establishment of a cold storage plant as well. The minister pointed out, no doubt quite properly, that this year there is no grant for services of the kind, so that he was not in a position to help them. That is one reason why I am somewhat disappointed to see the estimates of this department reduced. In view of the fact that the fish industry in Europe has been completely wrecked, they should be increased. Canada has a potentially great market for fish if that industry can be properly organized, set up, assisted and directed by the government, through the medium of the people themselves.

There is another service which I called to the attention of the minister and which I still believe should be established, though the minister's reply was not very encouraging. The fishermen ask for a radio broadcast setting out fish prices from day to day or week to week, so that when they come in from fishing they may know exactly what their fish is being sold for. This service would not cost a great deal. In sections where the fishermen are organized and operating cooperatively they have established standard prices, but in other sections private buyers take advantage of their ignorance with regard to prices, buy up the catch in the whole section and throw it on the market, which tends to keep fish prices unsettled. The minister's reply in regard to the establishment of this broadcast, which would be similar to the broadcast provided for the information of farmers, was that it would not serve any national purpose. Probably that is correct; Saskatchewan and some of the other provinces might not be interested in the price of fish. But I do not think it would entail a great deal of expense if once or twice a week there was a broadcast from Ottawa to inform those interested in the price of fish as to market conditions, so that fishermen might be in a position more or less to standardize their prices.

I should like to leave those two thoughts with the minister. Personally I think the fisheries is the most depressed industry in Canada. I do not know of anyone who suffers as the fisherman does, but I believe there may be a solution to the problem. They are taking a greater interest in their own affairs; they are trying to establish themselves on a

[Mr. Gillis.]

reasonable basis, in order to rehabilitate their industry. I think that is the real solution to the problem, to have them become interested in themselves, to help them establish lobster packing plants, fish processing plants, cold storage plants, and so on, to give them an incentive to keep on working. At present they are unemployed fifty per cent of the time; at times they face starvation, and often I have wondered where they got the courage with which to carry on. If there is any chance of doing it the minister should rearrange the funds available to his department in order to give these men every possible assistance.

If we are going to help these people, Canada should be made fish conscious. In 1939 Canadians ate only 26 pounds of fish per capita, as against 125 pounds of meat. One reason for this is that meat is government inspected and graded and attractively displayed in the average store. Fish is neither graded nor inspected; it reaches the market in any old condition, and when you go to a store to buy fish it does not look very inviting. Here is something the government might do. We have plenty of inspectors and other officials in this department, and it would be a good move if the minister considered some sort of organization which would see to it that fish are properly graded and inspected.

Mr. MICHAUD: With most of what the hon. gentleman has said I quite agree, but I should like to point out to him that the grant or subsidy to which he referred was made by the provincial government. Our only connection with it was to agree to the use of part of the money which had been allotted to the province in order to subsidize that plant. We did not do even this, however, until we had surveyed the ground and investigated the possibility of having this industry taken over by the cooperative organizations of the province. However, we found that these organizations were not then, and are not yet, in a position to undertake a project of that magnitude. They did not have the proper organization or experience to carry on that work. The provincial authorities entered into a contract in order to prevent exploitation by private industry; and the fact that this year these people are receiving for their fish 100 per cent more than they were paid last year, before that industry was established, would indicate that they are being safeguarded by the conditions of that agreement and by the control the province has over that industry. To-day the cooperative groups of the district are very well pleased with the treatment they have received, and it is entirely possible that in a few years they may be in a position to take over this

industry, after they have acquired the necessary experience. It must not be forgotten that this is a new industry in that district. It is an altogether new form of fish processing and marketing at that point. Prior to this year those fishermen were drying and salting their fish almost exclusively for export markets. Due to world conditions we sought to change the method which had been followed by these people, for their own benefit.

With regard to helping cooperatives by means of bonuses or subsidies, that was not confined to New Brunswick. Last year we helped the industry of Nova Scotia by subsidizing private plants, in order that they may be equipped to take care of local conditions. I recall that we offered a subsidy in one very important district which has been badly stricken, the Canso district. They were intelligent enough, however, to realize that under present circumstances they were not yet ready to take care of or to use to advantage the money offered to them. They suggested that some semi-public undertaking should be entered into with the industry which had been established in that locality, and for the time being that served to take care of the situation. It cannot be said, I suggest, that we have neglected the fishermen or their cooperative organizations.

Something has been said in regard to the broadcasting of fish prices. May I point out that the question of finance is not involved. The fact is that in Canada we have not yet any fish market; we have no fish exchange; we have no fish pier—except in respect of halibut on the Pacific coast, and of course I am confining my observations to the east coast. The industry on that coast is still using cut-throat methods of operation. Prices are not determined by any board, exchange or market in any locality. Those prices are determined by what fishermen are willing to take from the people who want to buy their fish.

Mr. ISNOR: By the demand.

Mr. MICHAUD: Yes, by the demand. Therefore we should find it very difficult to inform the fishermen of fish prices for any particular day at any particular place. Of course we could tell them what buyers were offering at a particular time, but it is possible that that information might lead the fishermen to the belief that the prices mentioned are market prices, and that they could not get more even if they asked more. Until the industry is better organized, the government believes that for the present it is in the best interests of the fishermen not to induce them to believe that certain sets of facts or certain conditions do exist, when in

reality they do not exist. I hope that before long we shall be in a position to supply the information the fishermen want.

Mr. NEILL: Mr. Chairman, I should like to ask the minister some questions in regard to the departmental staff. At page 88 of the estimates I find an allowance of \$3,600 for a private secretary. This is the usual grant for a private secretary, and I am quite sure he has earned it. All private secretaries do, although this department is not a very big one. But lower down on the page there is a further item of \$600 as an allowance for secretarial duties. Will the minister explain the purposes for which that money is used, and tell the committee how much of it was spent last year?

Mr. MICHAUD: A similar item has appeared in the estimates of almost every department from time to time in the past, and I am told that it is to supplement the \$3,600 where a person taken out of the civil service to act as private secretary is receiving a salary less than \$3,600. The \$600 would bring such person's salary up to an amount which would be considered fair for a private secretary, notwithstanding the fact that he might receive a stated salary in respect of his duties in the civil service. I might point out that since 1935 this expenditure has never been used in the Department of Fisheries.

Mr. NEILL: In the present instance the gentleman who is private secretary is receiving \$3,600.

Mr. MICHAUD: Yes, and no more.

Mr. NEILL: So that there is no present need for this item of \$600?

Mr. MICHAUD: No; but if during the year, for some reason the private secretary should drop out, and it became necessary to enlist the services of a person in the employ of the civil service whose present salary is less than \$3,600, we should need this amount to bring his remuneration up to the amount we believe a private secretary should receive.

Mr. NEILL: I suggest that argument is unsound. If we are going to adopt that principle we shall have to duplicate the salaries of all in the civil service, for fear they may die or change. This is war time, and we are supposed to cut down expenditure. Indeed we do know that expenditures are being cut down. It seems to me there is no reason for this item of \$600. It is an item which has appeared for five years, and it will appear again. I would feel inclined to move to reduce the amount to be voted by this amount of \$600. However, for the moment I shall leave that subject.

I wish to direct the attention of the minister to the item for director of publicity. This matter was discussed a few days ago by the leader of the opposition, but it may be that he did not have full information on the subject. I understood from what the minister said on the previous occasion that the gentleman in question is a Mr. Paisley, who was appointed in 1929. It was pointed out that before his appointment he was a well known newspaper writer. As would appear from the item, his duty would seem to be that of publishing, once a month, the fishing news bulletin, a four-page pamphlet with three columns to the page. It is a small publication, and I do not think much complaint could be made about it. As a matter of fact it contains useful information, and I like to read it. I understand, too, that this gentleman is charged with the duty of regulating the advertising done by the department. No doubt that would be a considerable item. I have no objection to his salary, which, in fact, is a substantial one. But when we go farther down the page we find an item for a publicity agent. When was this gentleman appointed?

Mr. MICHAUD: This is not a new appointment, but rather a reclassification of a position which has existed in the department since 1931. Formerly there was the position of assistant director of publicity. A gentleman was appointed to that post in 1931, and in 1938 he was retired on pension. We then asked the civil service commission to reclassify the position so that we might lower the salary, which then stood at \$3,780. In order that the salary of the new appointee might be lowered, we asked permission to reclassify the position, and it has been reclassified as that of publicity agent.

Mr. NEILL: It is a new appointment, inasmuch as it is another person who has been appointed?

Mr. MICHAUD: Yes.

Mr. NEILL: And the salary has been cut from \$3,780 to \$2,040?

Mr. MICHAUD: Yes.

Mr. NEILL: That might be held to be desirable, or a step in the right direction. But I should like the minister to tell us what he does to earn his salary, I do not care whether it is \$2,000 or \$200,000. What does he do? The director of publicity is a highly paid and good man. Why does he need an assistant? It does not matter whether he is called assistant director of publicity or publicity agent; that is only a play on words. What does this man do?

[Mr. Neill.]

Mr. MICHAUD: He is assistant to the director of publicity. That branch of the department was organized in 1931, on the recommendation of the Maclean commission, which in 1927 investigated the fisheries of the maritime provinces and the Magdalen islands, and in 1928 made its report. At page 83 of that report we find this recommendation:

(b) Departmental organization: We were not asked to make any general survey of the departmental organization, but we wish to point out in what respects the departmental staff should in our judgment be increased and strengthened for the performing of additional services.

(1) Fisheries Intelligence Branch: There is need for a fisheries intelligence branch under the direction of a highly qualified officer. We were much impressed with the widespread demand for reliable and regular information, particularly regarding the production and market conditions of other countries; the stocks on hand from time to time; market prices and forms of marketing; recent developments in the industry in Canada and elsewhere; statistical information of all kinds; and, in general, information of any nature which might be helpful in the intelligent direction of the industry. Information of this nature accurately collected, and properly edited and circulated by a regularly issued fisheries intelligence publication, would prove of great interest and of much value. This is not a light undertaking if it is to be properly and effectively performed. We recommend the creation of a fisheries intelligence branch in which such work may be carried on.

The next paragraph goes on to deal with statistics and to show that they are of great importance to any industry, and it gives reasons why they are specially important to the fishing industry. My information is that it was consequent upon this report that the director of publicity was appointed in 1929. As his work increased, an assistant was appointed and then the position of the assistant was changed to that of publicity agent in 1938.

Mr. NEILL: What is the date of that report?

Mr. MICHAUD: 1929. The director of publicity and his assistant, the publicity agent, gather all the information we require, prepare the annual report and the statistical statements that are issued from time to time, and generally keep the minister and the departmental officers properly informed on statistics relating to the fishing industry of the world.

Mr. NEILL: This report by the Maclean commission was made eleven years ago, and the minister has simply quoted the portion which backs up his justification for the appointment of this officer. But the report does not say that two men should be appointed to do one man's job. The work indicated is valuable and no doubt necessary. But all that

comes entirely within the jurisdiction of the director of publicity. We have one already at a salary of \$3,780 a year, who presumably is doing this work, and doing it well. The Maclean commission never recommended that we appoint another man to assist him. A good deal of this statistical information can be obtained now from the Department of Trade and Commerce, whose business it is to collect the statistics.

Here is a chance that does not occur in every department to save money. There is pressure put on all departments to reduce expenditures, and it has to be done willy-nilly. Here was a man who was superannuated, but the department, instead of taking the opportunity to leave the position vacant—and it was an absolutely unnecessary one—appointed another man to the position. He is now on probation, and when he has served his probation he will automatically go into the permanent service. I make that distinct criticism of the department. They are carrying a man whose services are entirely unnecessary, and at considerable expense to the department, when they have already a thoroughly competent and fairly well paid man to do the work. I do not think that can be gainsaid. Talking about the Maclean report has nothing to do with it. That report indicated the need of a director of publicity. We have got him, and we pay him well. That is the proper way to do it. But we do not need this other man. Here was an opportunity to save that amount of salary.

I want to draw the attention of the committee to the difference between economy as it is spelled in one department and as it is spelled in another. The dictum went out by the finance minister and the government, and quite properly, that we had to cut down the running expenses, so to speak, of the country in order to conserve our funds to meet the war. Expenditures in the Public Works department, for example, were cut down to an extent that if it were peace time, I would say was disgraceful. No new work at all is being undertaken, and even the most essential repairs are looked at with a jaundiced eye. Only if you can make a very strong and a very urgent case can you get anything for repairs. If it was peace time I would say that that policy was penny wise and pound foolish, because it will cost more money ultimately to make the repairs. The Minister of Public Works, if he were here, would bear me out that I have complained to him that I cannot get these expenditures, especially for new work, but he has explained the situation and I have acquiesced cheerfully because I appreciated the circumstances. I can explain the situation to my people and they will have

to accept it, and they will do it willingly if the same treatment is applied to all. That is the essential feature.

Now look at what economy means in the Department of Fisheries. Page 13 of the estimates shows a reduction of roughly \$150,000. But look at the analysis and see where the reductions are made. At pages 88 and 89 you will find the details of services for departmental administration at Ottawa, and a few outside places like Vancouver, Halifax and Saint John. At Ottawa there has been an increase of two employees and of approximately \$6,000 in salaries. It is true that page 88 shows an increase of only one employee but there is a sort of—I will not say trick—but manoeuvre there. The publicity agent is shown as non-existent and the staff appears to be reduced by one, but actually the publicity agent exists and he is shown as on probation. Therefore he is paid from the temporary vote, which has been increased by a little more than the publicity agent's salary comes to. So there has really been an increase of two employees and an increase in salaries of about \$6,000.

The minister has told us that he has saved \$8,000. How? He did it by appointing an unnecessary man at \$8,000 to a position that was not needed, and then he appointed the same man at the same salary to another position which was really needed, and by amalgamating the two positions he says that he has saved \$8,000. He did not save anything at all. Actually there was a net increase of two employees and a net increase of \$6,000 in salaries. We have seen this sort of thing so often that I would hardly have bothered rising to protest against it to-day if it were not for the special circumstances. Perhaps this is the price of democracy, I do not know; but there are special features about this thing which compel me to protest.

Lest it be thought that I am making some political attack let me say that I used almost the same language on a similar occasion when the Bennett government was in power and when there was a demand for economy on account of the depression. In this case the demand for economy is on account of the war. In both cases cuts had to be made, and in this case you will find by page 13 that there have been reductions in five items. In some the reduction is as low as \$105, and in others the reduction goes up to \$1,300. There is one outstanding item on which practically the whole cut is made, a reduction of \$235,340. There is another reduction of \$7,000, and another item of \$18,000 has been cut out altogether. The votes that have been reduced or eliminated are votes that serve a really vital

purpose, essential for the conservation and preservation of the fishing industry. For many years we have spent from \$2,000,000 to \$3,500,000 to protect the fishing industry, and that is good business. The money has been spent mostly to prevent poaching, to enforce the closed season at certain times of the year or week, and more particularly the closed or prohibited areas where people cannot fish, and in propagating the young fish, making it possible for them to be produced and protected. But now there is a demand for economy and how are we going to get it? Not by reducing but by increasing the official staff, and by reducing the votes essential to the life of the industry.

I have already shown that the officers' salaries are up \$6,000. Now let us look at outside officialdom. We find on page 88 an increase of five employees, mostly inspectors with an increase in amount of \$9,000—not a very big increase as time goes on and development goes on. But when there is an insistent demand and a patent need for economy, and when vital, essential things have to be cut down \$250,000, \$9,000 of an increase in salaries is, I submit, an unnecessary expense. It is true to the well-known policy, whenever an emergency arises, of "up with the salaries and down with the wages."

I will explain this big cut. It is on the practical work. It mostly cuts out guardians who watch the streams to prevent poaching and also to see that fishermen do not come within half a mile of the mouth of the river or the creek. Last year the amount voted was \$391,082; this year the vote is \$248,842, showing a decrease of \$142,240. There are three other similar cuts. The vote of \$18,000 for the air service has been cut out altogether, and for building fishways and clearing rivers the item has been reduced from \$9,000 to \$2,000, a mere 77 per cent cut. There is also the matter mentioned the other evening by the hon. member for New Westminster, the item regarding hair seals; \$30,000 is just wiped out of the book, or a 100 per cent cut.

Now as to the first two items. It is not only the matter of the loss of fish which will be poached through our withdrawing protection from them. If this was for only the one year we might put up with it, but there is no doubt the war will go on longer than that; it will continue for years to come, anyhow. The point is that, through the withdrawal of these practical working guardians, and so on, it may be ten, twelve or even sixteen years before the run in the particular place is restored.

The fish congregate as a biological urge or something of that kind to go up a certain

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river at a certain date. They wait perhaps till the rain comes to give them more water, or until they feel like it, and they gather within half a mile of the mouth of the river. Practically the whole run is there. And we pay a guardian whose business it is to stay there and see that no seine boat goes within a half a mile of the mouth of that creek. If they go outside of that area they are not so congregated together and cannot be slaughtered in a wholesale manner. But if a couple of seiners can get into that area to work their will for a couple of days they will take out perhaps ten thousand fish, which is the bulk of that run, not only for that year but almost for eternity. It will take at least two or three cycles of four years each to build up from the scattered ones which are left.

Remember, these fish which are there are the last resource, the final remnant. They have encountered and have suffered and been destroyed by all their natural and human enemies. They have escaped all the perils of the spawning ground and got down into the river. They have escaped all the fishing people who have been taking them legally on the way back, and have got to the river at last, and every salmon there is worth \$5 or \$10 because of its potential spawning value. Yet those are the ones we shall allow to be eliminated because we are going to withdraw their guardians, the inspectors there and let the whole run be poached. If that is done the area will have to be closed not for two or three years but for two or three cycles in order to restore it.

Now it may be said that this change merely means putting a little more work on the guardian, that he will have to cover a little more territory. That is not so. It is well known that these guardians have little gas boats, and a fisherman knows as well the sound of the exhaust of the guardian's engine as we would know the number of our car. They can hear him as far as the sound can be heard, probably a couple of miles or more on the water, so, knowing exactly when he is coming, they can pull in their nets when they are fishing illegally. And also there is what is called the grapevine proposition. An inspector has gone south, they know that he has gone south; they have wired ten miles and learned where he has gone, and they know that it is perfectly safe for them to go north, because he cannot get back in time to do them any harm. It is a free-for-all for everybody. Fishermen are like other human beings, no better and no worse, and they will take advantage of the opportunity, because if they don't, somebody else will do it.

I think that the cutting out of the air service is one of the most foolish economies the government has proposed. Even when you have these efficient guardians it is possible to trace them by telephone and telegraph, and fishermen know the sound of their engines. But the aeroplane people are impossible to guard against, so to speak. Seiners have come to me and said, "Why do they put on these airplanes so that an honest man doesn't have a chance?" The reason for the complaint is that he is happily poaching, and an aeroplane comes over a mountain top or a little hill, and two or three minutes from the time he hears the first sound of the engine the inspector lands down beside him; there is no time to pull up nets or anything of that kind. It has been said that this service has not got many cases of infractions of the regulations. That is because the fear of them is more powerful and more effective than any actual arrests they might make. A couple of years ago I had a date with an inspector in connection with a court case, and he was late. He explained that as he was flying down from some place he had to stop and pick up a couple of seiners whom he had unexpectedly found poaching. That is the beauty of the aeroplane; the inspector can come upon them unexpectedly and the poacher does not know when or where they will appear.

I have roughly estimated the reduction in these material expenses. My hon. friend has said something about 37½ per cent, but you can do anything with figures. I estimate that the material expenses will be down 60 per cent, while the official expenditures have been increased. In the case of the hair seals, mentioned by my hon. friend from New Westminster, you are going to undo the work of sixteen years. I believe that it is something like sixteen years since I first agitated that the bounty on hair seals, which had been suspended, should be put on again, and I succeeded. Now you are going to have a closed season for them, and of course they will breed and they will undo all the advantages which have resulted from the policy of the last few years. It must be remembered that hair seals do an incredible amount of destruction.

As to the item "building fishways and clearing rivers." Last year the vote was \$9,000 and this year it is \$2,000. Long experience has shown that fish ladders are one of the most effective methods if not the most effective method of preserving fish. A fish ladder within a few miles of where I live cost \$4,000; it was put up to allow the fish to get up the falls where, without it, nine times out of ten they could not pass. The odd one

did get up, in order to perpetuate his species, but the numbers were not of any practical value. There were three to five gill netters operating on that valuable sockeye run. We put this ladder in and closed down for five years, and now there are 165 gill net men getting their living off that river, because the fish go up that ladder. You can watch them leaping up step by step, and it is an attractive sight to many visitors. It is also obvious that clearing out the jams on rivers caused by logging operations, and so forth, is a very useful thing, because if you get one jam one year, that closes the run; they spawn in unsuitable places, and the run does not amount to anything.

Another consideration. In the past we have spent millions—and that does not mean one million—on hatcheries. In the long past we conceived the idea that that was the way to increase the run: as we were taking such a heavy toll of the ordinary catch of fish, we ought to help to bring them into existence, and we established these expensive hatcheries. A fisheries commission which I was on some twenty years ago doubted the wisdom of this. They ordered an investigation, and in the report, which is in the minister's office, while they do not say that fish could not be produced artificially, they contended that it could not be done economically, or not so economically as by permitting and encouraging the natural resources of the fish. They said, cut out these expensive hatcheries and encourage the natural breeding methods, and enable them to get up the river by building fish ladders, by removing jams and so on, and things like that. We were promised in this house—and there is many a promise made in this chamber which is afterwards broken—that the large sums formerly spent in the hatcheries would be devoted to helping the natural resources. That promise was not lived up to. Last year for this work all over Canada, the vote was \$9,000. I know many places where that amount could be spent profitably; half of it could be usefully spent at one place in my district, and there are others as well. Yet last year's vote has been cut 77 per cent, and \$2,000 is left for helping fish all over Canada to get up to the spawning grounds. Yet there is a vote of \$10,000 for the travelling expenses of the salt fish board—who won't produce any spawning fish—and that only for the maritime provinces.

I want to emphasize again that this loss is not for the moment—if it were we might endure it—but it will be in force and effect for years to come. It will not reduce the official staff. They increase like pink rabbits. But for a number of years it will reduce the fish catch and the number of men who are

living by the fisheries. The authorities do not seem even to have the sense to see that if there are no fish there are no fishermen, and therefore no officials. Many years ago, when I was appointed an Indian agent, with all the enthusiasm of a young official I suggested what seemed to be some desirable changes to my superior officer. He said to me, with the greatest of kindness and frankness, "Neill, let me offer you two pieces of advice. First, stop annoying your superiors with these ideas; it only irritates them; and second, see that you get your salary paid punctually every month." "But," I said, "if we go on like this it may lead to the Indians dying off." "Oh," said he, sarcastically, "they will last our time, anyway." And they have lasted my time.

It is things like that which make people sore—I cannot think of a better word—and when you make people sore, look out. I have been astonished at the reception which the heavy taxation imposed by this government has met back home. I may find things somewhat different when I go back home, but those who have written me have taken this line: "It is terrible taxation, it is a very heavy burden, but we have got to face it, and we will do our part." But they do insist on this, and some do so with blasphemous emphasis, that there must be no discrimination, money must not be wasted, and the taxation must be applied to all and sundry. Many an oak tree of discontent, perhaps of revolution, grows from the tiny acorn of dissatisfaction, the sense of injustice. What caused the revolution of the thirteen colonies against the British government? They said it was the tax on tea—a small exaction. Well, they said, it was not so much that, it was taxation without representation which they resented. But when the whole thing was boiled down it just came to this—a galling and gnawing sense of injustice. These fishermen in British Columbia, and I believe other workers also, will bitterly resent a decrease having been made on the outlay on practical work accompanied by an increase in the cost of officialdom. They will say, and I think wisely say, "Money unwisely saved, money unwisely spent."

I want to speak for a few minutes with regard to the salt fish board. The committee will recall the objections which were made last year when the bill was going through the house. Hon. Harry Stevens and myself, and also Mr. Cahan, who was then a member, took the matter up, and we were told definitely—I can quote from the record if necessary—that the board would apply all over Canada; there was nothing to prevent it. That was in the house. But when it got to the senate,

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guided by some vague sense of common sense and justice, or veracity, they put in a preamble which flatly and plainly stated that it was consecrated for the benefit of the maritimes only—which of course we had always insisted it was but that was not officially recognized in this chamber.

Another thing we objected to and fought very bitterly—and Mr. Stevens and Mr. Cahan know their law and what they are talking about—was that the bill would give the money which was being granted, about \$800,000, to the wrong people; it was going to be given to the exporters and not to the fishermen. But with the arrogance born of the backing of a large majority, the measure was left as it was. If anything is brought into this house nowadays it is rather like the law of the Medes and the Persians, it cannot be and must not be altered, and if you criticize or even comment on it you are guilty of disloyalty. But when the bill got to the senate they inserted this clause to the effect that the money had to go to the fishermen and not to the middlemen. Suddenly the government got a change of heart and said, "Why, this is all right. There is nothing wrong with it. We will accept it." Mr. Stevens commented caustically on the fact that the government had yielded to pressure from another place what they would not yield to suggestions put forward in good faith and all sincerity by Mr. Stevens, Mr. Cahan and myself. The bill went through. Not a cent was spent in British Columbia. We did not expect that there would be. But great emphasis was laid, when the bill was going through, on the necessity of this vote of \$800,000 to relieve the necessities of the maritime fisheries. I am all for that. I am not making any objection to it. I did not do it then and I do not do it now. But I should like to know why only \$400,000, or just about half the vote, was spent.

The leader of the opposition asked if anything had been done about marketing, and he did not get a very satisfactory answer. Perhaps this is necessary and is the only way by which these fishermen can be taken care of, but the department did take a man at \$7,000 a year to enforce the act, although we were told definitely when the bill was going through that it would not be necessary, that the matter could be handled by the officials then in existence. I wonder why only half the money was spent. What was the trouble? Did they, in their enthusiasm ask too much, or did the need disappear to that extent, or did the election come on too soon?

Mr. MacNICOL: Both.

Mr. NEILL: At any rate only half was spent. The other day an hon. member from the maritimes undertook to defend the fish board. He said:

On the whole the board did a good job. We have \$400,000 in the estimates this year for the same purpose. The board will function again, and if fish do not yield a price to give the fishermen a decent living, the board must make a deficiency payment to take up the slack.

Further on he said:

The money was paid on production of fish, and a large part of the money came to my county, because we produced the greatest quantity of salted fish.

Possibly if the leader of the opposition and myself had been able to make the same remark about our counties, we would have had the same complacent attitude, but I hope not. I particularly want to quote again what the member said, because it is so absolutely correct. He said:

. . . if fish do not yield a price to give the fishermen a decent living, the board must make a deficiency payment to take up the slack.

Hear, hear, I say to that. I am all for that. It was necessary to keep going these fishermen, who are in a very bad way, and keep the industry alive; but surely the law should work both ways, and I want to know why it is not working both ways. A law enacted for the whole of Canada has one effect in the maritimes and another effect in British Columbia.

The trouble in the maritimes was due, to some extent at least—I am subject to correction because I am not too familiar with the situation there—to the loss of the market because of changed conditions following the growth of systems of refrigeration. The ability to ship fish on ice and so on has hurt the salted fish market, and it is very doubtful whether that market can ever be recovered, whether it is not as much doomed as the horse and buggy was. It seems to me that it would be better to spend money on trying to switch a dying industry into the growing system of handling fish in an iced condition.

But in British Columbia conditions are somewhat different. This is not a state of affairs which will never pass away, but it is strictly a war condition. I am talking about a matter which was ventilated a few weeks ago, regarding sockeye salmon. This condition will pass after the war. Britain will not buy it to-day because she can buy cheaper fish; sockeye salmon is a luxury fish used by wealthy people; it is not any better food than the cheaper kind. The British people have not said that they will not buy it, but they fix the price so low that there is no sale. What we want is a price to give the fishermen a

decent living and make up the deficiency, a comparatively small amount and for a comparatively short time. But what happened to us? If the fishermen were not tricked I never saw men tricked. They were not going out to fish. A fisherman does not strike, he simply doesn't fish. But they were advised that things would be made right and that the government had appointed a committee. I think that was a genuine misunderstanding; the committee was not appointed by the government—it was an informal one among ourselves, and we did not have the same authority as a committee appointed by the government. Then we were told the matter had been referred to the economic council for study and report, and on July 10 the minister said he expected the report of the committee to be ready for release that evening or the next morning. But on July 11 a change had come over the picture, and the minister said:

Whether it will be laid on the table is a matter which has to be considered, because the committee was not a committee of the house but simply an advisory committee. . . . Personally I see no objection to making the contents of the report public, but I shall inform the hon. member later as to whether it will be laid on the table.

It was not tabled and never will be. We were told it was a privileged or private communication. I challenge the minister to produce it now. It is a public document, a report of a public body. I challenge him to produce it or to produce the report of his department on which the report of the economic council was based; it would give us a lot of information that we have not got now.

I suggest that the reason it has not been brought down is that they are ashamed to bring it down. I would say the result was a complete, cold turn-down.

Let me quote some of the reactions. British Columbia is supposed to be half pink and the other half red, but these fishermen are not as bad as they are painted. Here is a letter from the secretary of one of the fishermen's unions:

Of course the fishermen are very much disappointed at the result of the whole affair and I am afraid it will reflect very badly on the Liberal government as a whole.

The hon. member for Yale can take that for his comfort.

For some reason the fellows had banked quite a lot on government doing something to aid them this season, but as you know only too well, nothing has come of it.

Yes, I told them the truth from the beginning, that they were not going to get any-

thing, that they ought to sell their fish on the United States side. Then he says:

It is very easy and to some people satisfying to drag out the red boggy to fit every situation, but it should be evident to everyone that when fishermen think over their inability to get benefits like other workers from the acts covering compensation, arbitration and now unemployment insurance, and at the same time get no aid such as the farmers obtain from government loans, subsidy of crops and market control, etc., there is no wonder that they get the idea that they are the original forgotten men, at least as far as this coast is concerned.

Perhaps there is still a chance that something will happen this season that will inspire the fisherman. If so will you let us know about it.

I have not had any occasion to write or wire him of anything inspirational up to date.

Here is a man—I do not like to quote his name, but if I did I think some hon. members would know him; he is not connected with fishermen but he lives among them—who says:

I was out on the fishing grounds talking with some of the row-boat men (and God knows they have no easy time) and actually it was amazing what they voiced: in brief, "What does it matter to us who wins? We can't be any worse off than we are."

That is not red stuff, but it does illustrate the indifference born of despair, and you cannot get any worse combination than indifference and despair. The government in this matter are playing with fire; they are asking for trouble. I make this distinct charge, that too often they act in the interest of the big cannery combines rather than in the interest of the fishermen: for the cannery combine the fatted calf is always on hand, the ear and the pocket and the eye of the department are always open to their representations.

Apart from and beyond that is this further complaint; although British Columbia produces more than all the maritime provinces put together and within a reasonable distance of more than the whole of the rest of Canada, first consideration is always given to the maritime provinces, partly perhaps because they are older and longer established, partly because the officials of the department all come from the east—there are fifty-two officials in the department here and if there are more than two who do not come from the maritimes I don't know who they are.

Mr. ISNOR: Take out your salmon.

Mr. NEILL: Well, what about herrings and pilchards?

Mr. REID: And halibut.

Mr. NEILL: It is like the man who was going to make the farm pay but when his father looked over the figures he said, you [Mr. Neill.]

have forgotten to put down \$8,000 for rent. "Take out your salmon"; I can retaliate, "take out your cod". They are both there and will be long after we have gone away, I hope. I said partly because of the officials, and partly also because there are more members of parliament from the maritimes than from British Columbia.

The hon. member for Cape Breton South mentioned another instance in which the government is going in for helping the cooperative scheme—a very excellent thing, and I support every word he said in that regard; \$50,000 was voted for it last year. But British Columbia, with a larger catch and more fishermen, got \$5,000.

Mr. MICHAUD: And they did not use it all.

Mr. NEILL: If they did not use it all, they asked for more this year. It all leads to the conviction—and I am not speaking on my own account only—that we are neglected. It is not only the fisheries, but also the loggers and the grain men; I saw a big report the other day of the grain men complaining, but that has been in part altered. Begin a little further back; right down through the pages of history you get this story. Take the vote for \$160,000—I will not bring that up just now because the weather is hot and it always makes our maritime friends so exceedingly hot under the collar that I am afraid they will get apoplexy. But history shows that the fishermen of the Pacific coast have been robbed of their share of that \$160,000, so much so that we have had men like Hon. Mr. Rhodes trying to defend it, but he had to admit that the act ought to be altered to agree with his conception. He said it was intended to mean something else. But the law says this is for the fishermen of Canada, not the maritimes alone.

Then take the lobster industry; they had an order in council passed about May 1. The lobster fishery in the maritimes occupies about three months in the year, and they thought they would not catch more than 70,000 cases—why, one cannery in British Columbia would put up that much. And they thought the price was going to be low and that something should be done, that the dominion government through the Minister of Fisheries should intervene in the marketing of canned lobster by appointing a controller and giving him authority to buy not more than 55,000 cases at \$18 a case. That comes reasonably close to \$1,000,000, and they gave him authority to sell it as and when he could. There was also an advertising campaign carried on. But that was not enough; later they introduced another amendment to the order in council.

In the first order there was a provision that in order to get this number of cases bought from him the lobsterman had to certify that he had paid the fisherman a reasonable price per pound, I think 5½ cents or something like that. But that did not suit the operators, so they had it changed to provide that the lobsterman had to take his oath or swear in an affidavit that he had paid this agreed price to the fisherman, but only on that portion of the pack in connection with which he got paid by the government. Well, if it was right and proper that he should pay 5½ cents per pound on part of the pack, surely it was a good idea that he should pay it on the whole pack. This was aid for the maritimes alone.

That is just a casual instance. I have already dealt with this \$800,000 that was so urgently needed, but of which only half was spent. Perhaps after the next census we will have a larger and more united representation from British Columbia; at all events I hope so. And if we have a majority I hope we will treat the maritimes more fairly than we have been treated in the past. I know it is not popular to speak at any length at this stage of the session, but is twenty minutes too long to take to discuss the merits of one of the largest industries not of British Columbia only but of Canada, and I think the second largest in British Columbia, involving revenue to the country of millions of dollars, revenue to the government of hundreds of thousands of dollars and the employment of many thousands of men? If the matter comes up late in the session that is not my fault. I always know when the house is going to adjourn because the fisheries estimates are always brought down the day before adjournment. Is that because the department is so small that they have very little regard for it, or is it that they do not want to meet criticism?

We have an additional handicap this year because of the war. This session the government has been too ready to hint that this, that and the other thing should be done because of the war. They do not use the word disloyalty, but if any attempt is made to oppose or debate a bill or estimate they say we are hindering the work of the war. Sometimes that is utterly unfounded. The other day we were scolded for holding up a matter for a day, but it turned out that the bill had to go to the senate, which did not meet until eight o'clock that night. The senate got the bill at eight fifteen, so that we really did not hold up the work of the war for very long. Attached to no party, as I am, I have sat on the side-lines this session and watched the various manoeuvres. I want to say that the various of all groups, par-

ticularly the leader of the Conservative opposition, have been cooperating with the government to the very greatest extent. We have also passed a great many things by unanimous consent, more than I ever saw before, and many of these matters easily could have been held up.

There may be odd cases in which the necessities of war require apparent discrimination or injustice as against an individual, a group or even a province, but such occasions are very rare indeed. There are few cases in which the prompt and vigorous prosecution of the war cannot go hand in hand with justice and equity in what may be called internal matters, provincial or even local in their character. A demand for justice in this matter is no sign whatever of disloyalty, and I resent even the indirect implication that if anything is done to oppose any measures the war effort will suffer. We have heard that; but this session we have adjourned more Friday nights than ever before, and have sat only one Wednesday night, so there does not seem to have been such a great rush after all.

This session we have seen a large number of workers in two of the greatest industries in British Columbia discriminated against. The fishermen of that province will say, and truly—that is the bitter part of it—"We have seen millions spent in the maritimes to help the very needy, poverty stricken people there, but we cannot get a nickel for British Columbia. We cannot get even the conservation work required to protect our industry, which is imperilled because of the way they have carried out these economy measures, by doing the cutting not in connection with the officials but in connection with the amount available for this work." The loggers will say, as they are saying already, "Yes, they gave unemployment insurance to the Japanese in the saw mills, but they have not given it to us. I suppose between them these two industries employ fifty or sixty thousand workers. Is that going to help our war work? Is that going to make us a united people, all anxious to do our share?"

I do hope the government will adopt a different policy in regard to British Columbia. We are far from being disloyal; never mind what they say about being "pink." The other day the records showed that British Columbia had bought more war savings certificates per capita than any other province of Canada, and twice as many as Nova Scotia, so that after all we are not so very disloyal. Let the government show us that we are not the forgotten dog. The common expression is "the forgotten man," but I think I have used a better word. Show us that we are not the

forgotten dog of the federation, and together with the rest of the country we will bear whatever sacrifice which may be necessary in order to win this fight for democracy.

There is one other point I should like to mention. This matter was referred to the other night by the hon. member for New Westminster (Mr. Reid) and every fisherman member from the maritimes has been aghast when I have told him about it. Until a few years ago in British Columbia you could give a man a licence to catch sock-eye salmon which, after he caught it, he was compelled by law to sell to one man for 55 cents and prohibited from selling to another for 75 cents. It seems incredible now, when I look back on it, but that was the law for many years. The 75 cent man was in Seattle; the 55 cent man was in Vancouver, and the fishermen were compelled to sell their fish within the province at the price fixed by the local cannery. That situation continued for many years. Finally when the hon. member for Yale was minister of fisheries he gave us a fair deal. The matter was brought up in the fisheries committee, and when they realized that they had an open hand and could do as they wished, that situation was changed. It had been the political pull of certain parties in the west that had maintained that situation for so long. That was years ago. None of the terrible things happened that were predicted; as a matter of fact the cannerymen themselves now import fish from the United States when it suits them and pays them to do so, just as they do it the other way when it suits them to do so. But if the fisherman wanted to ship his fish to the United States, where he would get 75 cents for them instead of 55 cents, he was not allowed to do so. To-day the law is that a man can sell his fish in the best markets.

That applied only to sockeye. Last fall, for reasons I need not go into, the price for chum salmon, a late, cheap variety, went up. A better price could be obtained in Seattle than in Vancouver; but the cannerymen, unknown to the fishermen or the members representing the various districts, had an embargo on chum salmon put through by the department. They wrapped it up nicely with some talk of loyalty, because the men concerned were mostly Japanese, and everybody knows I have not much use for the Japanese; but there is such a thing as fair play and honesty. The cannerymen did not want to pay a little higher price in Canada. I did not hear of it until the thing had been done. The fishermen's unions were not consulted or even advised. Surely the members representing those districts concerned could have been

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given a chance to express themselves. Some of the members of the fishermen's union approached the cannerymen and asked what they were doing, but they were told that it was none of their business, that it was a private matter between the cannerymen and the government, which was almost true. That was not done because of the war but because they did not want to pay a higher price.

The other night the hon. member for New Westminster asked the minister if there had been any application from the canners to renew this embargo on sockeye. He appeared to think he had some reason to believe, as I have some reason to believe, that the cannerymen are going to make such an application, if it has not been made already, because there is now a demand for sockeye on the American side. There is no question of loyalty involved here. The British government does not want sockeye salmon because it is too costly, and the canners of British Columbia do not want to put it up because the market is doubtful. I do not blame them. They will pay only a very low price, because they have to take the risk. But there is a demand and a good price in Seattle. Why should the fishermen not sell in that market? It is not a case of keeping them from British empire consumption at all. They are not wanted in Great Britain, for the reasons I have stated.

The minister said that representations had been made to him by the same people that United States buyers were coming into the Fraser river. He also said that it was the intention of the department to maintain its independence as regards cannerymen, as it had with regard to fishermen. It would do me—and I think some other hon. members, and certainly the fishermen's union—a lot of good if he would make that more definite, and if he would say he would not for this season, at any rate, put an embargo on sockeye salmon. If he is asked to put it on the other four kinds I would ask that at least he first consult the fishermen, and the members of parliament representing fishing districts, who know something about the matter.

Of course I am not authorized to speak for other members of parliament in the matter, nor am I authorized particularly to speak for the fishermen. But I do know what their position is. I am convinced that they would very much like to hear such an announcement from the minister, simply that in view of the circumstances, and as it has no connection with supplying the British empire, he will not yield to pressure that may be brought upon him to place an embargo on sockeye salmon this year. We would like

him to say that if he is asked to put it on other fish, as he was last year, at least we might be consulted. I am not asking more than that. But we do urge that we ought to be allowed to express the wishes of the people who elect us before he takes any action in the matter.

Mr. THORSON: For a moment I should like to turn the attention of the committee from salt water fish to fresh water fish. I have the honour to represent a constituency in which there are two large lakes, namely lake Winnipeg and lake Manitoba. Lake Winnipeg is one of the largest lakes in the world. I believe I represent more fresh water fishermen than any other member in the house. We have not heard from the fresh water fishermen of Canada to any extent. But there is one problem which I would like to place before the committee, and to which I would like the minister to give his serious consideration.

The fishermen and fish producers of lake Winnipeg and lake Manitoba would like to have a dominion government system of inspection and grading of the fresh water fish exported to the United States. The greater portion of the output from our fresh water lakes goes to cities in the United States, and it is the desire of the organized fishermen and fish producers of our two large lakes that there should be established a dominion system of inspection and grading of the fresh water fish which go by way of export to the United States. It is their desire that that be done in order to ensure a high quality of fish for the export trade.

I hope that during the recess the minister will give his most serious consideration to the suggestion of establishing a dominion system of inspecting and grading fresh and frozen fresh water fish sent to the market in the United States.

Mr. ROSS (St. Paul's): I do not know much about deep sea fishing, but I do know something about eating fish. The people in the constituency from which I come are interested in procuring sea fish. We cannot understand why a fisherman on the coast should receive only three-quarters of a cent per pound, or possibly one and one-quarter or one and one-half cents—I do not know what they get to-day—and we should have to pay an amount so much greater than that. I am referring to prices of cleaned fish. For instance a pound of cod or haddock would cost anywhere from 15 to 25 cents in Toronto. We see large sums of money being spent on the administration of the Department of Fisheries. We know, too, that none of that money is spent in Ontario, or for the benefit of fishermen in that province. Therefore we

conclude that it is spent for the benefit of the fishermen in the maritimes. We like to see those fishermen receive help, because we realize we are helped in other ways. On the other hand we would like to receive something for the money the government is spending.

There is no doubt that we would benefit greatly if we in Ontario could get more sea fish. For purposes of health, and for the benefit of those who may be subject to gout, more sea fish ought to be available. The difficulty is not that we have been unable to make our people fish conscious, nor is it a question of publicity. It is rather a question of price. For the life of me I cannot see why we should have to pay twenty cents a pound for fish when the fishermen receive only two cents. Surely there must be something wrong.

Mr. ISNOR: Is the hon. member talking about processed fillets or fresh fish?

Mr. ROSS (St. Paul's): I am talking about fish—just plain, ordinary fish. I am referring to the kind of fish one buys in the grocery store. The grocery man cuts off a piece, and that is all the processing there is to it, so far as I can see.

As I said before, I know nothing about sea fish. I know that one can go out and catch a fish, bring it in, clean it, cut it up and put it into a pan. That is all the processing I know anything about. Of course we may find fish in some stores which have gone through a fancy process; but that is not what I am talking about. The people want sea fish—and they do not want fancy sea fish.

Mr. FULFORD: What about lake Ontario fish?

Mr. ROSS (St. Paul's): I am coming to that. In lake Ontario we have the finest fish in the world, and we have no trouble in disposing of them. But the people in Ontario want sea fish too. And of course they would like the people in the maritimes to eat some of our fish. I understand that the fisherman receives 14 or 15 cents a pound for lobsters.

Mr. MICHAUD: Not always that much. He may receive from 5½ to 10 cents, for canning purposes.

Mr. ROSS (St. Paul's): And what do we pay for lobster? We pay a dollar a pound, or somewhere in that vicinity. Can we not get lobster cheaper than that? What is the reason for the spread between two cents and twenty cents on a pound of halibut or haddock? The people of Ontario do not receive any assistance from the dominion government so far as fisheries are concerned,

and we would like to be told why the fishermen do not receive a better price for their fish.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ROY (Translation): Mr. Chairman, before offering to the Minister of Fisheries (Mr. Michaud) my share of suggestions and remarks, I would like to thank him most sincerely for the sympathetic consideration which he promised, last week, that he would give to the problems of our fishermen in the Magdalen islands. I trust that he will soon be able to grant them some measure of assistance.

The people of these islands are at present reduced to extreme poverty, which is even beginning to assume famine-like proportions. For some weeks now, according to the letters and wires I have received, a great number of destitute fishermen, who have families to support, have been unable to obtain flour from the merchants. There is apparently none in stock. Money is very scarce, since there is no demand for their fish. Due to adverse weather conditions and to the lateness of spring this year, there are as yet no vegetables available, and the outlook even for the fall crop is not promising.

I fear that the present appropriations destined to aid the fishermen of Gaspé and the Magdalen islands, to wit the item of \$160,000 entitled: "Fishing bounty," and that of \$400,000 entitled: "To provide for assisting the Salt Fish Branch of the Fishing Industry," will prove insufficient to relieve their distress. The same conditions may operate in other provinces where there is a fishing industry which, although less extensive than in Quebec, may nevertheless absorb a considerable part of these appropriations.

There are several factors which have brought about this situation. Our islands are small and densely populated. As everyone knows, their agricultural yield is quite negligible and insufficient, even for local consumption. The fishing industry is the only one established there. There is not even any fuel wood. Consequently, if the fisherman catches no fish or cannot sell his product, everyone must go hungry. There is no alternative means of livelihood. Following our loss of the Italian market, conditions have become very difficult in the island and Gaspé. The two governments, federal and provincial, have had to assist our people since 1930. Yet, we could sell our fish, at reduced prices, in the West Indies and South

[Mr. Douglas G. Ross.]

America. Upon the outbreak of war, however, we lost these last remaining outlets, and we can no longer sell our fish.

Packers in the Magdalen islands are now offered, on the Halifax market, \$3.50 for a barrel of grade 2 mackerel which formerly brought from \$10 to \$12. The greater part of our production is of this grade, which comprises all medium sized fish, and only the larger ones are graded as No. 1 and sold for \$3.75 a barrel. However, the expense of packing a barrel of mackerel is \$4.00; this takes in the cost of salt, barrel, handling and shipping to Halifax. Thus there is a deficit even before marketing, which means that the fishermen will receive nothing at all. Nor is it any longer feasible to try to sell fresh fish on the local market. From a geographical standpoint, Magdalen islands lie too far from the mainland and there is no vessel that could carry the fish on ice with a speed permitting to put it on sale on the local market. The province of Quebec is not as well prepared as other provinces to meet such an emergency.

We all know that since 1922, as a result of legal proceedings taken by the provincial authorities against the federal government, the supreme court transferred to the province of Quebec the natural resources represented by the fisheries. Until the last few years, the federal government have contributed very little, if at all, to the development of fisheries in Quebec. And the provincial government did not start until 1932 or 1933 to organize our fisheries, especially those of Gaspé and of the north shore of the St. Lawrence river. Such action began to be effective only in 1935. The Gaspé fishermen are perhaps not in such a serious situation as those in the islands, although their distress is quite acute on account of the very low prices that prevail. Conditions in Gaspé are such that fresh fish can be sold on the local market. But in this particular also we are not as well organized as other provinces, for while Quebec fishermen were left to their own devices, those from other provinces and their organizations were securing financial and technical help from the federal government as regards preparation and preservation of fish for the market, so that they have been able to outstrip us.

Although the fisheries were handed over to the province of Quebec, this government has the right, and indeed the duty, of helping our fishermen. In the west, agriculture is a natural resource controlled by the provincial governments, but nevertheless, we are extending them different forms of help. Everyone admits the great disproportion between the advantages secured by the eastern and the

western provinces respectively in the apportionment of public funds. The reasons for that are well known. The outstanding influence exerted for some years by western politicians in government circles and the brilliant accomplishments of members from the west in the house of commons are, I believe, the reasons why they have secured so much help for the west. I do not begrudge them those results. Members from eastern constituencies and especially from Quebec should have done like the members from the west. That is what I now want to do. I hope everyone will approve and uphold the requests I am now submitting to the Minister of Fisheries.

They are as follows: In order to relieve the abnormal situation and the distress existing there, I would suggest that the Department of Munitions and Supply purchase a few thousand barrels of mackerel from the fishermen of the Magdalen islands for the use of the army. It is a most nutritious food, in addition to being firm and tasty. It is cheap and could be consumed in large quantities in our training camps. This is a way to help our poverty-stricken fishermen at very little expense to the treasury.

The government could also guarantee a minimum price for fish, based on the prices paid in recent years. They could either guarantee a minimum price of purchase the fish outright, as they did in the case of western wheat, pending the opening of markets. I am appealing on behalf of people who contribute to the dominion treasury in the same way as the residents of the other provinces, who are making their share of the sacrifices required by our war effort through the heavy taxation laid upon them, through national registration, through conscription of men, and so forth—people who having the same rights should certainly be entitled to the same privileges.

As some hon. members have so wisely suggested this morning, we should assist our cooperative societies with a view to enabling them to escape from the exploitation of middlemen. An hon. member for Toronto raised some merriment this morning when he said that there was a considerable margin between the price of 1½, 2, 3 and 4 cents a pound received by the fishermen, according to the variety of fish, and the retail price of 15, 20, 25 and, for some varieties, 40 and 50 cents paid by the consumer.

I contend that the middlemen and the transportation companies are making much more money out of our fisheries than the fishermen themselves who are and have always been poor. By assisting our cooperative societies, we would make it possible for the

fisherman to obtain the maximum of return for his labour.

The government should also encourage the development of the by-products of fish.

The present appropriations, I repeat, are insufficient to provide a remedy for the distress which I have pointed out, and they appear to be the only ones available for the purpose. I am astonished to see the vote for the salt fish board reduced from \$800,000 to \$400,000 when conditions are getting worse and worse in that industry. The policy followed in this instance is a most unwise one. I believe everyone would endorse my suggestion that these appropriations be increased with a view to relieving the present distress of our fishermen.

Mr. POIRIER (Translation): Mr. Chairman, with regard to fisheries, I should like to tell the house how much I appreciate the splendid work of the minister in charge of that department. In the first place, I wish to point out the training of adult fishermen undertaken by the Department of Fisheries. Economists are unanimous in saying that plans undertaken in the economic or social field cannot be successfully carried out unless they are based upon an efficient and proper unit. Now, in the particular case of fishermen, such a unit has to be formed by means of advanced training.

As regards fisheries in particular, no development plan can be permanently successful if it does not provide for competent and efficient fishermen. The necessary impetus must come from within, it must be derived from the enlightened will of the fisherman himself. Without such a starting point, all outside assistance, such as cooperation from the church, government help, scientific data, et cetera, can only supply temporary solutions, if it does not indeed remain wholly fruitless.

And it should be emphasized that efficiency and competence are not necessary only to those fishermen who wish to direct their activity toward the economic field, with a view to the establishment of a cooperative system.

The owners of large fish processing plants also benefit from the training of good fishermen, who supply them with raw materials. The quantity and especially the quality of the fish supplied must also be considered. And in the case of a product that becomes perishable as soon as it is taken from the water, the importance of this matter should not be underestimated.

In the case of fishermen who wish to secure economic independence in their occupation, adult training is essential if success is to be

achieved. Fishermen are not in a position to take over at a moment's notice the management of their own affairs.

Since fishermen have neither the money nor the time to go back to school, it behooves the government to make adult training available to them. The government have two ways of discharging that duty: if they have their own teaching staff, they can undertake the work themselves. That is a rather unpractical method. The best one is that whereby the government discharge their duty by providing the necessary funds while entrusting the task to an independent institution accustomed to that kind of work.

It was for that purpose that, last year and again this year the government have voted \$50,000 for adult training among the fishermen of the whole country. They have entrusted that work to proper institutions and, especially in eastern Canada, to the social and economic department of the high school of fisheries at Sainte-Anne, and to the department of public relations of the university of Antigonish.

During the war, a continuation of this work is required in order that fishermen may be induced to discharge their duty fully and to do what their country expects from them in the matter of production. There is no more efficient or less expensive form of propaganda.

We must provide for the problems of the after-war period while the hostilities are still going on, and this is a field where adult training is especially required. We all know the slump that was experienced by fisheries after the war of 1914-18. If we are to measure the magnitude of the next slump by the ferocious character of the present war, we may expect a dreadful crisis. That is where the competence and efficiency of fishermen will take a vital economic importance, in avoiding social upheavals or at least lessening the country's burden.

Statistics show that there were in Canada, in 1938, 56,969 deep-sea fishermen, distributed as follows: Prince Edward Island, 3,309; Nova Scotia, 18,548; New Brunswick, 13,713; Quebec, 11,150; British Columbia and Yukon, 10,349.

Mr. Chairman, as it is my privilege to have the floor while the right honourable the minister of Justice (Mr. Lapointe) is taking his seat. I am pleased to tender him our respects and our compliments.

To grant \$50,000 a year for adult education would represent an appropriation of only 88 cents for each fisherman. Is anyone able to suggest a less costly and more effective form of assistance?

Mr. Chairman, although I have no desire unduly to waste this house's time, I would nevertheless like to point out that this item

[Mr. Roy.]

of \$50,000 appropriated for the education of adult fishermen is without a doubt the wisest expenditure undertaken by the Department of Fisheries; the results obtained at the St. Anne school, thanks to a grant of \$8,000, are magnificent, and entirely meet the wishes of those who have been endeavouring for many years to better the lot of our Gaspé fishermen. This educational work has developed the personal initiative of these people, who have already organized, under the leadership of the school's director, Father F. X. Jean, and of his confidential assistant, Professor Boudreau, 200 study circles comprising 1,500 members. These members after studying various matters related to fisheries, have organized eight unions grouped in a federation known as the "Pêcheurs unis de Québec." The federation controlled, this year, more than six million pounds of fish.

And that, Mr. Chairman, is what we have long desired; that the Gaspé fishermen should, following in the steps of their Cape Breton colleagues, assume the management of their own business for their own profit. The individual fisherman is powerless to better his lot, but, grouped in trade unions, our people will achieve each year a greater measure of prosperity. They will receive education in their special field, learn, without added cost to the consumer, better methods of preserving their fish and of preparing it for the market, as well as the most favourable conditions under which it can be shipped and marketed.

This entire cooperative achievement is due, Mr. Chairman, to the adult education programme carried out to date; and it is in view of the success obtained that I would request the Minister of Fisheries (Mr. Michaud) to increase next year to \$15,000 the amount of \$8,000 granted to the Sainte-Anne-de-la-Pocatière school.

Mr. Chairman, I would like to say a word concerning the equipment allowances granted to fishermen during the last few years by the Department of Fisheries. These direct grants have proven most valuable to our poor fishermen: ranging from \$10 to \$25, they have brought each man an additional income of \$100 or \$150. The minister will acknowledge that, on the very day following my election, I requested him by wire to maintain these grants; since then, I have submitted to him several petitions from my constituents asking the maintenance of these very valuable grants. Unfortunately, it has been decided to abolish these allowances due to the enormous expenditures brought on by the war. I have no protest to make on this

score, Mr. Chairman, but I trust that this grant will be renewed as soon as the war is ended.

In view of the fact, Mr. Chairman, that there are a great number of industries related to the fishing trade which could be profitably established in my constituency, and that we do not possess the capital required to this end, I would like to make, if I may be permitted to do so, an appeal to capitalists in other parts of Canada and even outside this country. There are at present in Spain and Portugal a great number of industrialists and business men whom the war has exiled from their respective countries, whether France, Belgium, Holland or Poland. I hereby invite them to establish such industries in Bonaventure county, where they will receive a hearty welcome from our people, a people of mixed origin who have found the secret of living together in the most perfect harmony, who are industrious, easily satisfied, and need only steady employment to live contentedly.

It might be possible, for example, to convert into fish flour the enormous amount of waste which is at present a total loss. Then there are the sand banks, replete with clams, which stretch almost without interruption from Nouvelle to Bonaventure, a distance of fifty miles. These clams are the finest in the world. If we had the necessary capital, we could establish a clam cannery which would be profitable both for the owners and the shore fishermen.

Lastly, Mr. Chairman, we could if we had the necessary capital establish one or two mackerel canneries. Mackerel, as the hon. member for Gaspé has just indicated, is an excellent fish which is found in abundance in the waters of the bay of Chaleurs. Many other industries could be established in connection with the products of our fisheries, farms and forests. Fresh farm produce could be placed on the markets of Canada and the United States when other sections of the continent cannot supply it. Our forests, properly developed, could produce indefinitely large quantities of lumber as well as of spool-wood, furniture-wood and box-wood.

I therefore make a sincere appeal to sound capital within and without Canada to open new industries in Bonaventure county, and also in Gaspé county, if my hon. friend the member for Gaspé does not mind my saying so. Such capital would meet with a most cordial reception from a people most eager to cooperate.

One word more. In the province of Quebec, as hon. members are aware, the administration of fisheries has been transferred by agreement from the federal to the provincial authorities. I do not quarrel with this, except to point out

that since this transfer was made Quebec does not receive its fair share of grants to fishermen. I therefore ask the Minister of Fisheries and the government to give the matter their serious consideration with a view to making to Quebec grants proportionately similar to those which the other provinces are receiving. Contributing our share of the taxation from which the expenditure on fisheries is provided, we are logically entitled to our share of the benefits. So long as I remain a member of this house I shall not cease to make this plea.

Thank you, Mr. Chairman, for your kind indulgence.

Mr. MICHAUD (Translation): I wish to say a few words of appreciation for the flattering remarks which the hon. member for Bonaventure (Mr. Poirier) has made about me in connection with the treatment meted out to Bonaventure fishermen during the last few years. I also wish to correct a mistake that the hon. member for Gaspé (Mr. Roy) who spoke before the hon. member for Bonaventure, has made with reference to the help given to Gaspé and Magdalen islands fishermen for the last few years. You are no doubt aware, Mr. Chairman, of the relations existing between the federal government and the provincial authorities as regards the Quebec fisheries. As a result of a judgment of the Privy Council and a subsequent agreement between the Quebec government and the central, or federal, government, the administration of Quebec fisheries, with the exception of Magdalen islands, is under the exclusive jurisdiction of provincial authorities. As regards Magdalen islands, the federal government never relinquished their jurisdiction and they have always exerted it. However, the hon. member for Gaspé has made a serious mistake in saying that help for fishermen from Magdalen islands or for those from the province of Quebec had begun in 1930. Before 1935, and that is the year in which grants to fishermen were initiated, nothing had been paid to the Quebec or Magdalen islands fishermen, either as direct help or relief, or in the form of money contributions, with the exception of the funds voted and spent for purely administrative purposes.

In 1935, when the present government took over the affairs of this country, we found the situation, as regards fisheries in eastern Canada, and especially in Gaspé and the Magdalen islands, most deplorable. We endeavoured immediately to remedy this need, and it is thus that during the first year of our administration, in 1935-36, we provided a grant of \$25,000 which the provincial government agreed to distribute among the fisher-

men for relief purposes; of this amount only \$14,895 was actually disbursed. In 1936-37, we paid out to the fishermen of the Magdalen islands \$14,895; in 1937-38, we decided to continue these relief grants and voted an amount of \$50,070 which was distributed among the fishermen. In 1938-39, this item of expenditure amounted to \$24,984.62. In 1939-40, we granted the amount of \$24,863.39 and, in addition, we paid out to these people, with respect to salt fish, grants amounting to \$27,317.76. This government has therefore spent to date, in the form of assistance to the fishermen of the Magdalen islands, the cash sum of \$142,130.77, something no other government had done before. Moreover, we undertook to help them organize their cooperative associations, as the hon. member for Bonaventure said a few moments ago, and we loaned them the services of fisheries inspectors from Nova Scotia to guide the efforts of salt fish producers in the Magdalen islands toward improving the quality of their products. In addition to this, we paid the expenses of an organizer who spent all of last year educating them in the field of cooperative enterprise. While it is true that the situation is a bit more difficult this year, this is due to an overabundance of fish products rather than to a decrease in the size of the catches. We paid out in direct grants, last winter and this spring, to the 8,000 people who inhabit the Magdalen islands, an amount exceeding \$50,000. Moreover, the fish caught by these men in May and June is estimated at \$72,605, and, as the hon. member said a few minutes ago, although the situation is most distressing, it is not due to smaller catches but rather to a superabundance of fish.

While in the spring of 1939 these fishermen salted only 810 barrels of mackerel, they salted 23,010 barrels in the spring of this year. In accordance with laws of economics, this increased production lowered the price. A further reason why the mackerel fishermen of the Magdalen islands received a slightly lower price this year was that the heavy spring catch forced them to work fast, with some prejudicial effect on the quality. Another factor to be considered is that the salt-fish-consuming countries have an oversupply of that product offered to them by the fishermen of other parts of Canada and of Newfoundland.

We are asking parliament to vote \$400,000 this year to assist the producers of salt fish. We are reminded that this is 50 per cent less than last year. That is true, but last year only half the amount voted was spent. This year, therefore, while we are at war and economy is preached on all sides,

[Mr. Michaud.]

we are asking for an amount approximately equal to that which was spent last year for the same purpose.

The situation of the Magdalen islands' fishermen is receiving our daily attention. We expect to be able to produce a palliative or a remedy shortly. May I inform the committee that since the month of May the fishermen of the Magdalen islands have enjoyed a lobster catch which should bring them some income. So far, they have canned more than 4,000 cases of lobsters of which they have sold 2,000 at a profitable price. They have also succeeded in selling a large quantity of live lobsters in different places on the mainland and in the United States.

Mr. Chairman, I believe this government have shown themselves generous towards the fishermen of the Magdalen islands and of the Gaspé peninsula, in spite of the fact that on the mainland of the province of Quebec, for administrative purposes, fisheries come under the exclusive jurisdiction of the provincial government.

Item agreed to.

84. Fisheries Research Board of Canada, \$243,700.

Mr. MacNICOL: Has the federal Department of Fisheries anything to do with fishing in lake Nipigon in northern Ontario?

Mr. MICHAUD: The federal Department of Fisheries makes the regulations pertaining to fisheries in all waters of Canada, but the administration on the inland lakes is under provincial jurisdiction.

Mr. MacNICOL: My question is based on a survey I made on lake Nipigon where I find that pulpwood being dumped into the lake from a reserve—I believe the whole territory about the lake is reserved—in any event the pulpwood is destroying fishing in lake Nipigon. Perhaps nothing can be done about it, but I thought I should bring it to the attention of the department.

Mr. MICHAUD: I shall be glad to bring it to the attention of the provincial authorities, in whose hands would lie the power to deal with conditions there.

Mr. ROSS (St. Paul's): The Department of Fisheries makes the regulations as to open seasons and so on?

Mr. MICHAUD: Yes, on the recommendation of the provincial authorities, for inland waters.

Mr. HANSELL: How much is appropriated for fish hatcheries in Banff national park?

Mr. MICHAUD: This department has no jurisdiction over national parks. That comes under the Department of Mines and Resources.

Item agreed to.

86. To provide for Canadian share of expenses of the international fisheries commission under treaty dated May 26th, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, \$40,000.

Mr. GREEN: Would the minister explain to what stage the work of this commission has developed? Perhaps he would explain also the reason for the small increase in the vote.

Mr. MICHAUD: The reason for the small increase in the vote is that early in the year when these estimates were prepared representations were made by the United States section of the commission that they had increased their appropriation in order to carry on more extensive work, therefore it was necessary to increase our part. I am happy to say, however, that since then I have received information that the United States members have changed their view and have not increased their appropriation; therefore we shall not expend any more than the United States section will.

As to the first part of the question, I think I can do no better than ask the hon. member for New Westminster (Mr. Reid) to give the answer, since he is an active member of the commission.

Mr. REID: At the present time the commission is not in a position to state its findings. It has been paying a great deal of attention to ascertaining the various species of fish comprised in the sockeye group. It has also done considerable tagging of fish. Last year some 10,000 sockeye salmon were tagged. Many of the fish had to be bought and great numbers were tagged. A reward of 50 cents each is given by the commission for the return of these tags. The returns in connection with these tags have amounted to something like 40 or 50 per cent, and much valuable information has been obtained. This year an effort has been made to study the situation at Hell's Gate, where the disaster occurred in 1913. It is the view of the commissioner in charge that great numbers of fish are prevented from passing over Hell's Gate at certain seasons of the year, due to low or high water, and engineers have been instructed to particularly study the situation at that point. Tagging operations are taking place in the open, in the gulf of Georgia and at various points on the Fraser river. Weirs have been constructed in various rivers to discover the number of

fish that go up. All in all it will take a good deal of time before the complete information is obtained, and the commission is not prepared to make a statement until it can vouch for the facts.

Mr. GREEN: When will the commission actually take charge of salmon fishing on the coast?

Mr. REID: In 1937 the treaty between the United States and Canada came into effect. In that treaty a proviso was inserted, at the instigation of United States interests, under which the commission would not have full jurisdiction until two cycles had been completed, a cycle amounting to four years. So that the commission will not have complete jurisdiction over the catch of fish until 1944 or the beginning of 1945.

Item agreed to.

87. To provide for the Canadian share of expenses of a board of inquiry for the great lakes fisheries appointed under an agreement by an exchange of notes on February 29th, 1940, between Canada and the United States, \$3,000.

Mr. MacNICOL: The minister might just explain the background of this vote.

Mr. MICHAUD: On February 29, 1940, by an exchange of notes signed by the secretary of state of the United States and the Canadian minister at Washington, it was agreed that a board of inquiry for the great lakes fisheries should be established. The problem of the conservation of the fisheries of the great lakes had long engaged the attention of the governments of Canada, the United States, the province of Ontario and the states bordering on the great lakes. The production of certain species of great lakes fish had reached very low levels. Representations were made by fishing interests both in Ontario and in the United States to their respective governments with the view of finding some means of conserving certain species which have good market values and which were fast disappearing. After several years of consultation between the various governments it was felt that the best way would be to appoint people who knew something about and were vitally interested in the matter to look into the question jointly and make suggestions as to the best possible means to cope with this situation. Last winter we were enabled to come to some agreement, and each country is providing \$3,000 for the present year to carry on this investigation. We have appointed to the board Doctor Huntsman, a member of the fisheries research board of Canada and Mr. D. J. Taylor, deputy minister of game and fisheries for Ontario. The United States have appointed two gentlemen, Mr. Gallagher

of Chicago, a director of the fisheries council of the United States, and Mr. John A. VanOosten of Ann Arbor, Michigan, who has been very much interested in the great lakes fisheries for several years past.

Mr. ADAMSON: Has a report been made?

Mr. MICHAUD: No, the investigations were just begun last winter.

Mr. ADAMSON: Could the minister say what types of great lakes fish are becoming scarce?

Mr. MICHAUD: Lake trout and whitefish.

Item agreed to.

88. To provide for transportation, dressing and dyeing, and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to the Pelagic sealing treaty, 1911, \$135,000.

Mr. HOMUTH: Is this work let by tender or how is it done?

Mr. MICHAUD: As the hon. gentleman probably knows, under the international treaty we get our share of the seal skins taken off the Pacific coast. I am told there are only two places in the world where the process of dyeing these skins is carried on, in St. Louis, Missouri, and in London. For some years past our skins were all shipped to the St. Louis dyeing house. A few years ago a change was made and they were switched to London, because there was a good market in Europe for these furs. Last year we found that the European market had disappeared, and we decided to market them in Canada for the first time. We imported two lots of furs, which were disposed of in the Canadian market at considerable profit; we had buyers from practically all over the continent of North America attending those sales, and we expect to dispose of the balance now on hand in the same way. Our policy for the future is indefinite, of course, because we do not know what conditions will be either in Europe or the United States.

Mr. NEILL: These seals are caught off the district I represent, and I am familiar with the circumstances. This is not an expense; it is a cross entry only. They pay out this money and get back more money when they sell the skins. They have done well by this switch from St. Louis to London. We make money in connection with these skins. At one time we allowed the United States to process these skins and we took the 15 per cent to which we were entitled. Now, however, we exercise our option and take our 15 per cent of the skins and process them ourselves; and we have made money doing so.

[Mr. Michaud.]

Mr. MacINNIS: What revenue accrues to the government under this item?

Mr. MICHAUD: We must base our estimate on the two sales that took place in Canada last year, because we hardly anticipate that it will be possible to have any sales in London during the next year or for some years to come. We still have quite a number of skins in London which we are bringing back to this country already processed. We have to pay the cost of processing, the duty and the transportation, and this amount of \$135,000 is our estimate of that cost. From the first sale last year of 3,124 skins, which were not of the very first class, we obtained \$43,676.35, an average of \$13.98 per skin. Of the second sale, of which the quality was better, there was a lesser quantity. The 2,197 skins brought \$44,924.25, an average of \$20.45 per skin.

Mr. HAZEN: How many seal skins are involved in this expenditure of \$135,000?

Mr. MICHAUD: We have an estimate of 12,000 for the coming year. I do not know whether it will be possible to market all of them. That will depend on the demand and the condition of the market. We do not intend to dump them on the market, because they are valuable. We are selling them to meet the market demand, and when there is a chance to make a profit.

Mr. ADAMSON: Can they be bought in Canada?

Mr. MICHAUD: Yes, the Canadian sales take place in Montreal. They are offered at public auction, and buyers from all parts of North America are notified in advance. I can assure the hon. member that the buyers do come to the sale. I happened to be present at one sale, and was very much impressed. There were buyers from Mexico to British Columbia, who had come to bid on our stock.

Mr. ADAMSON: I understand that they are fur seals, not hair seals.

Mr. MICHAUD: They are the fur seals from which the fine coats are made.

Mr. ADAMSON: The year before last I was in Vancouver, and there seemed to be a shortage of seal skins. Skins had to be imported to put on the bottom of skis used for purposes of climbing. I believe those would be skins of hair seals. They had to be imported from Norway.

Mr. MICHAUD: That would not be the same kind of seal.

Mr. NEILL: The fur seal is the valuable seal used to make ladies' coats. The hair seal is practically hide, covered by hair and has just about as much value as a cow hide.

Item agreed to.

Special.

90. To provide for the extension of educational work in cooperative producing and selling among fishermen, \$50,000.

Mr. MacINNIS: How was this money distributed last year as between the Atlantic and Pacific coasts?

Mr. MICHAUD: Last year there was an appropriation of \$50,000, divided as follows: \$5,000 to British Columbia university, British Columbia; \$8,000 to the school of fisheries of Quebec at Ste. Anne de la Pocatière, and \$37,000 to the extension department of the university of St. Francis Xavier, at Antigonish, Nova Scotia.

Item agreed to.

Special.

91. To provide for assisting the salt fish branch of the fishing industry, \$400,000.

Mr. HAZEN: Where does one find the details respecting the expenditure of the \$800,000 voted last year? I understand certain amounts were paid to lobster fishermen for loss of lobster traps, either last year, or this year before the elections.

Mr. MICHAUD: Details for the expenditure in the last fiscal year are not published, but I have them here. The sum of \$445,968.73 was distributed among 15,268 fishermen, as follows:

| Province | Number of fishermen | Amount distributed |
|-----------------------|---------------------|--------------------|
| Nova Scotia..... | 8,128 | \$275,032 98 |
| New Brunswick..... | 1,287 | 35,290 20 |
| Prince Edward Island. | 665 | 13,470 09 |
| Quebec | 5,193 | 122,175 46 |

Mr. HAZEN: None in British Columbia?

Mr. MICHAUD: No.

Mr. HAZEN: Why was the money paid?

Mr. MICHAUD: They were deficiency payments. The money was voted to help the fishermen who were processing their catches for the salt fish trade. The product of that branch of the industry is practically all for export. The markets to which these fish were exported were broken down, and the prices were low. In order that these people might be permitted to continue—because there is no other way for them to use their fish—the salt fish board took this action. These people live in remote places, and their fish cannot be sent to the fresh or frozen fish market.

These payments were by way of compensation allowances or deficiency payments, and the amounts paid were arrived at by taking the average at which the fish were sold in the foreign markets, and adjusting that amount with what was considered a fair living wage for the fishermen.

Mr. NEILL: Not to exceed 25 per cent.

Mr. MICHAUD: Yes, of the export value.

Mr. HAZEN: In what parts of New Brunswick do these fishermen live? Were there any on the bay of Fundy, or were they all on the north shore, or the Miramichi?

Mr. MICHAUD: These are the names of the counties, and the numbers of fishermen in each county in New Brunswick, who received deficiency payments:

| County | Number of fishermen | Amount received |
|------------------|---------------------|-----------------|
| Gloucester | 1,018 | \$26,080 48 |
| St. John..... | 14 | 345 09 |
| Albert | 1 | 19 92 |
| Kent | 2 | 49 69 |
| Charlotte | 252 | 8,795 02 |
| | 1,287 | \$35,290 20 |

Mr. HAZEN: Would the minister give the name of the fisherman in Albert county?

Mr. MICHAUD: I have not that information, but I will send it to my hon. friend.

Mr. JACKMAN: Under which of these items comes the appropriation for advertising for the Department of Fisheries?

Mr. MICHAUD: There is no appropriation for advertising this year.

Mr. JACKMAN: There was I believe an appropriation for advertising last year. Under what vote shall I find that?

Mr. MICHAUD: In last year's estimates and for the previous year there was an item, "to aid in expanding the sale of the products of Canadian fishermen in foreign and domestic markets."

Mr. NEILL: What was the amount last year?

Mr. MICHAUD: \$200,000.

Mr. HAZEN: The minister did not answer my question about lobster traps and compensation paid to the lobster fishermen.

Mr. MICHAUD: In the year 1939 the government of New Brunswick aided, by way of grant or subsidy, the lobster fishermen of Grand Manan district, in the county of Charlotte, who had lost their equipment in the severe storms of November and December, 1938. The provincial government appropriated

for this purpose part of a grant which had been made to the province to help needy fishermen, but there was no direct aid from the federal authorities.

Mr. HAZEN: Can the minister state what was the amount appropriated for the fishermen in 1939?

Mr. MICHAUD: It was \$11,352.09.

Mr. HAZEN: Was Grand Manan in the county of Charlotte the only part of the province which received that aid?

Mr. MICHAUD: That was the only district, according to the report we received from the provincial authorities.

Mr. ISNOR: In what month of 1939 was it paid out?

Mr. MICHAUD: I could not say, but it was during the fiscal year.

Mr. ISNOR: Very early in the fiscal year?

Mr. MICHAUD: Yes.

Mr. NEILL: The minister has told us that he has cut out an item for \$200,000 for advertising this year, which is regrettable but perhaps necessary. It just emphasizes the point I tried to make before luncheon, that we did not need this publicity agent, and now that we are cutting out this \$200,000 item for advertising we need him less than ever.

Mr. MICHAUD: That is a matter of opinion. For the last eleven years it has been felt in the department, both now and under one of my predecessors who sits on the front benches opposite, that this appropriation was needed, and we still think in the department that this official is needed.

Mr. NEILL: A director of publicity is needed and he is doing useful work, but the other man never was needed, is not needed now, and is needed less than ever now that this \$200,000 advertising appropriation has been cut out.

Mr. MICHAUD: That was not his job.

Mr. NEILL: Then what in heaven's name was his job?

Mr. MICHAUD: It was to assist the director of publicity, to help him prepare his work. There is more work than can be done by one man, and we have employed two for the last nine years.

Mr. NEILL: There is a good deal of work in connection with an expenditure of \$200,000 for advertising. The advertising has to be drawn up, arrangements made with advertising agents, and so forth. We have a really good man in Mr. Paisley, who is quite able to do

[Mr. Michaud.]

work of that kind. But now that you are cutting out the \$200,000 for advertising you certainly do not need to keep on his assistant.

Mr. MICHAUD: He has had an assistant for the last nine years, and we are continuing his assistant but at a reduced salary.

Mr. NEILL: It was a political job in the beginning and it is still a political job.

Mr. ROSS (St. Paul's): The item of \$200,000 for advertising has been cut out this year. I do not think the item ever was needed. I said in my remarks this morning that what was more necessary than to spend \$200,000 for advertising was to get the fish to the people more cheaply. There is no use in advertising if you cannot get the prices right. There is a big potential market all through Canada for salt water fish, and the minister and his department should go to the root of the matter instead of spending money on advertising. But that is the way this government always tries to do things—from the bottom up instead of from the top down.

Mr. MICHAUD: It is possible that my hon. friend is right, but there is a difference of opinion even among those who sit opposite, just as there is among those who support our policy. I would refer my hon. friend to the opinion of his former leader, who in 1936 in this house did not agree with what my hon. friend has just now said. By popularizing the consumption of salt water fish we are doing what we are constitutionally authorized to do, and the greater the consumption of fish the lower the price will be, under the ordinary laws of economics. I think we have succeeded in that respect. We have succeeded in increasing the demand for fish and the consumption of fish in the metropolitan area of Toronto more than in any other area in Canada, and if my hon. friend would take the trouble to visit one of the splendid modern fish distributing stores that now exist in the city of Toronto he would realize that the owners have not invested their capital in these elaborate plants just for the sake of spending their money but because it was an advantage to them, that their earnings increased with the greater consumption of fish, which justified them in the efforts they made in providing these distribution facilities for the people they served. They provide a large number of consumers with the best quality of salt water fish that can be procured.

As to price, my hon. friend knows that the federal government has no jurisdiction, except as a war measure, to step in and tell the fishermen or the dealers at what price the fish shall be sold. In bringing fresh and frozen fish from the Atlantic and Pacific coasts into the

centre of Canada we have achieved something that has not been achieved by any other country so far. When fish caught off Nova Scotia or the Grand Banks can be brought fresh or frozen to Toronto some 3,000 miles from the source of supply, my hon. friend will realize that there must be a margin of profit between the cost at the source of supply and the cost to the consumer. There are costs of distribution, of course. The housewife will call up the store for a pound or two pounds of fresh fish and have it delivered in time for dinner. When to the cost of distribution is added the intrinsic value of the product itself, I think my hon. friend will see that the cost to the consumer in Toronto is fair as compared with the price paid to the fishermen on the Atlantic coast.

Mr. JACKMAN: The departmental appropriation this year is \$1,260,000 less than last year. The appropriation for the fisheries department is only sixty-five per cent of what it was last year, and yet the total amount saved on departmental administration is only \$3,780. In other words, there is a substantial saving in the total appropriation, yet in the administrative section the saving is almost infinitesimal. Could not some other economy be effected there, particularly in view of the fact that, although the failure to appropriate so much money as last year may be regarded from one aspect as a war measure, it is a condition which is likely to obtain for a number of years?

Mr. MICHAUD: I think there is much force in the argument put forward by the hon. member. However, the administrative staff is almost exactly the same as it was five years ago, when we were spending about the amount which we are asking for this year. During the last five years the appropriations of the department have been increased and we have been fortunate in being able to carry on without adding to our staff. This year large reductions have been made: for example, \$400,000 in the appropriation for the salt fish board, \$200,000 in relation to the advertising branch, and a further economy in the administration of the protection service. The occasion for this reduction is that the Department of National Defence has taken over from our protection service all our large boats, which were very costly to operate, the wages of personnel alone amounting to a considerable sum. These three items mainly account for the reduction of the departmental vote this year. If it is possible to reduce the administrative costs, I can assure my hon. friend that it will be done. As a matter of fact, already we are short of six in the personnel of the office, and we expect to carry on with that reduced staff.

If in any other branch of the department we can economize I am sure we shall do so. The treasury branch keeps close watch on this and all other departments, and we cannot spend one cent without the approval of its officers.

Mr. GILLIS: I should like a little information with respect to deficiency payments. As pointed out by the hon. member for St. John-Albert, Nova Scotia fishermen just prior to the election received cheques, and according to the minister's information they were deficiency payments. Could he give the figures of payments to fishermen in Nova Scotia?

Mr. MICHAUD: In Nova Scotia \$275,032.98 were disbursed to 8,123 families.

Mr. GILLIS: How much of that went to Cape Breton county?

Mr. MICHAUD: We distributed \$6,628 to 307 families.

Mr. MARSHALL: It may seem ludicrous for a member who comes from the centre of the prairies to speak on the matter of fisheries; but, in view of the fact that western Canada is a huge potential market for fish, I think I have the right to say a few words about the marketing of fish.

The CHAIRMAN: There is nothing in the item now under examination which relates to the marketing of fish, so that any question concerning it would be out of order.

Mr. MARSHALL: Item 91 provides for "assisting the salt fish branch of the fishing industry." It seems to me that, in bringing certain suggestions to the minister to enable him to increase markets for fish, I am perfectly in order under this item. I refrained purposely from discussing the matter until we came to this item. Of course, if I am held not to be in order I shall bow to your ruling.

The CHAIRMAN: I will allow the hon. gentleman to proceed. I shall see later whether he remains within reasonable bounds,—which I do not doubt he will do.

Mr. MARSHALL: The point I want to bring to the attention of the minister is simply this. The hon. member for St. Paul's (Mr. Ross) says that the important factor is the price of the fish. May I say that there are thousands of people in western Canada who would be happy to purchase this fish if they had the purchasing power, but unfortunately there is not in many parts of the west the price of even a can of salmon. Has the minister explored or has he under consideration at the present time any method of

stimulating the sale of fish in western Canada other than through the media of advertising and lecture demonstration?

Mr. MICHAUD: No, there is no other plan under consideration.

Mr. MARSHALL: Well, now that our export markets are gone, the minister might explore other avenues than through advertising and lecture demonstrations. There are other means of developing the demand for fish in western Canada, which is a home market, and a very large one.

Item agreed to.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH
Health branch.

248. Treatment of sick mariners, \$178,970.

Mr. GREEN: Under present conditions, is this vote sufficiently large? With the war raging, will there not be more calls for assistance of this type?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): My advice is that the vote will be sufficient for the coming year.

Mr. GREEN: Some time ago there was a press dispatch reporting a celebration of some kind which the minister and his deputy had held for the press. At that meeting, a dinner or whatever it was, certain statements were made. The deputy minister was quoted as saying that the department had made arrangements for hospitalization in case of heavy civilian or military casualties in Canada during the war. Apparently he was stressing civilian casualties. What provision has been made along that line?

Mr. MACKENZIE (Vancouver Centre): Hospital accommodation is being enlarged throughout Canada, I believe in about six centres, in anticipation of possible requirements.

Mr. GREEN: Both military and civilian?

Mr. MACKENZIE (Vancouver Centre): Both military and civilian.

Mr. GREEN: What increase is there in the facilities? What number of beds?

Mr. MACKENZIE (Vancouver Centre): From 2,000 to 8,000 beds.

Mr. GREEN: Are these in the present military hospitals, or are new hospitals being built or in contemplation?

Mr. MACKENZIE (Vancouver Centre): Some are in military camps, and the rest [Mr. Marshall.]

would be extensions of present hospitals under the Department of Pensions and National Health.

Mr. GREEN: What does the minister mean by "military camps?" Does he mean ordinary camp hospitals or up-to-date hospitals being erected in these military camps?

Mr. MACKENZIE (Vancouver Centre): They are all well equipped and up to date.

Mr. GREEN: But are they modern hospitals or simply camp hospitals?

Mr. MACKENZIE (Vancouver Centre): Camp hospitals.

Mr. GREEN: So that in reality no new modern hospitals are being erected?

Mr. MACKENZIE (Vancouver Centre): No, except extensions of present hospitals in Westminster, Vancouver and other places.

Item agreed to.

Health branch.

249. Industrial hygiene, \$11,185.

Mr. MacNICOL: Has the minister considered wiping out this branch? There is just one chief with one stenographer and they cannot do anything anyway. The work is being taken care of by the provincial government; what can this government do?

Mr. MACKENZIE (Vancouver Centre): We cooperate with the provincial and municipal authorities and boards of health, and we cooperate with them also in connection with industrial plants so far as health is concerned.

Mr. MacNICOL: That is all taken care of by the government of Ontario.

Mr. MACKENZIE (Vancouver Centre): But we cooperate with them.

Mr. MacNICOL: I think this branch should be wiped out.

Mr. MACKENZIE (Vancouver Centre): Only two provinces have such branches.

Mr. GREEN: There is a chief of division whose salary is being increased from \$4,920 to \$5,220.

Mr. MACKENZIE (Vancouver Centre): That is statutory.

Mr. GREEN: What are his duties? His whole staff consists of one stenographer. What does he do?

Mr. MACKENZIE (Vancouver Centre): He does laboratory and engineering chem-

istry work in connection with the various plants, investigating industrial conditions. He renders a valuable service.

Mr. GREEN: Is he a doctor?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Does he go to different parts of Canada making investigations?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: I repeat, the minister should wipe out this branch. In Ontario such work is being done by the provincial health department so that this department has nothing to do with industrial conditions in Ontario. I speak from my own experience. The minister says that only two provinces have such branches. There may be perhaps some necessity for the work, but in any case I do not see how much can be done by one chief and one stenographer.

Mr. GILLIS: I do not fully understand the functions of the department but I believe it carries on investigations into diseases peculiar to certain industries.

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GILLIS: I am sorry I do not agree with the hon. member for Davenport. There is great work for this particular branch to do and I think it should be enlarged.

Mr. MacNICOL: The hon. member is speaking of Nova Scotia; I am speaking of Ontario.

Mr. GILLIS: I am speaking of Canada. One disease peculiar to a certain industry is silicosis. Those engaged in the mining industry suffer from this disease, and so far as Nova Scotia is concerned I can speak with authority. The provincial government carries on no research work in this disease and it has done nothing about the elimination of it. In Ontario, Saskatchewan, British Columbia, in fact in practically every province, there are miners who are susceptible to the disease and it is becoming widespread. The government of Nova Scotia brought silicosis under the compensation act, regarding it as an occupational disease, but they might as well have left it out for all the benefit it has been to the miners. In the first place the onus of proving that the applicant has the disease rests upon the applicant himself, and to prove it is a long and expensive process. Ninety-nine

per cent of the men subject to the disease cannot prove it for the simple reason—and I know this from experience—that there is only one test known to medical science in the differentiation of chest conditions, and that is to put men through the lipid treatment. I know many men in Nova Scotia who have had the disease for a considerable time. They have applied for compensation but they cannot establish their claim because they cannot prove it.

Instead of abolishing this branch, the department should reorganize and build it up. In the mining industry alone a large number of men are affected. The whole matter is supposed to be under provincial jurisdiction, but the provinces are not doing anything about it. It would be a step in the right direction if the department took over the work in connection with silicosis—and there are many other diseases that are peculiar to particular industries. In my opinion it is a national question that should be looked after by some national body assuming jurisdiction and responsibility for it. Research work is necessary in this field and the branch should be reorganized and its work extended.

Mr. ROSS (St. Paul's): I agree with the hon. member to this extent, that I am in favour of this department being carried on and developed. Ontario has done a considerable amount of work in relation to these industrial diseases. A great deal of information is gathered together from time to time and I am sure that Ontario would be glad to have all that information handed on to the provincial authorities in Nova Scotia. Possibly we are better able to stand it. At any rate, this department should be built up and the information obtained handed on to Nova Scotia. They should have the benefit of all the work that has been done in Ontario. In Ontario there are large educational centres like the university of Toronto, Western and Queen's. A great deal of the work is being done by these universities and the information so obtained could easily be disseminated through this department. I am in favour of the vote as it is, and if the minister wants more money I am ready to support it.

Mr. MARSHALL: How much was actually spent out of the vote of \$11,400 last year? In the previous year only \$7,000 was spent.

Mr. MACKENZIE (Vancouver Centre): The amount spent was \$10,407.03.

Mr. MARSHALL: Is it all spent in salaries and nothing on investigations?

Mr. MACKENZIE (Vancouver Centre): These are the figures: Salaries, \$6,890; equipment, \$1,558; telephones, \$53; sundries, \$494; travelling expenses, et cetera, \$1,409.

Mr. GREEN: Is any work done by this department on silicosis?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GILLIS: There is one thing that could be done. We are badly in need of information with reference to silicosis and I think it would be a good thing for the federal department to pass on the information to us as suggested by the hon. member for St. Paul's.

Mr. MACKENZIE (Vancouver Centre): We shall be glad to consider the suggestion.

Item agreed to.

Health branch.

250. Medical investigations, \$36,520.

Mr. REID: How many applications have been made by enlisted men since September last? What number of applications have come from Canada and Great Britain respectively?

Mr. MACKENZIE (Vancouver Centre): I have not the separate figures for Great Britain and Canada, but 5,000 applications for investigations have been made.

Mr. HAZEN: What medical investigations are carried on under this item?

Mr. MACKENZIE (Vancouver Centre): Mostly regarding illness in the civil service.

Mr. MacINNIS: I presume under this item new methods of treating diseases are investigated?

Mr. MACKENZIE (Vancouver Centre): Yes, the second branch of the department is concerned with investigation and study along any line that seems desirable.

Mr. MacINNIS: Could the minister give a brief synopsis of the work under the industrial investigations during the last year?

Mr. MACKENZIE (Vancouver Centre): The best reply I can make is to refer the hon. member to the report on the study of illness in the civil service of Canada, which is a published document. I shall be glad to send a copy to my hon. friend.

Mr. MacINNIS: It was drawn to my attention recently that there is an institution in Ottawa, which I believe has branches in other cities, which has developed what it contends is a satisfactory treatment for respiratory diseases. Probably I had better

[Mr. Marshall.]

not mention its name. Has the department investigated the claims of that institution, and has the minister any statement to make?

Mr. MACKENZIE (Vancouver Centre): The situation is that the gentlemen in question have been trying to interview me for the last ten days. I am going to see them when the session is finished. There is a certain medical resistance to their claims; as a layman I hesitate to judge and will have to be guided by expert advice, but they claim substantial and meritorious results.

Mr. GREEN: The minister mentioned a survey of the health of the civil service made by this branch. There are apparently five medical officers in the branch. What other work do they do?

Mr. MACKENZIE (Vancouver Centre): Every civil servant who is ill for more than three days has to report, bring a certificate and be examined by this branch.

Mr. GREEN: Are these five doctors just for caring for the civil service? Is that all the work they do?

Mr. MACKENZIE (Vancouver Centre): With regard to two of them, yes.

Mr. McCANN: Have any problems of medical investigation been undertaken other than the incidence of disease in the civil service, and with what results? An expenditure of \$36,000 for investigation as to the incidence of disease in one class in the country appears large. It is probably a duplication of work which has been done by other medical organizations. If the work is in the nature of research likely to prove of some benefit to the people of the country or employees of the dominion government it is money well spent, but I think we might have a little further knowledge as to the type of medical investigation and the results to date. If these results have been satisfactory, that work should be continued, but if the work is nothing more than perfunctory, the money could be spent to better advantage. I am not critical; all I want is a little detail regarding this branch.

Mr. MACKENZIE (Vancouver Centre): As my hon. friend knows, several researches have been carried out by this commission. One was in regard to the treatment of syphilis. Also in 1936 a comprehensive survey was made in regard to deaths among war pensioners, classifying in age groups the effect of certain diseases on those who came back from the great war. That is also published and available to hon. members.

Item agreed to.

Health branch.

251. Venereal diseases, \$50,000.

Mr. McCANN: Is the policy of the department with reference to the treatment of specific diseases in line with what was appropriated last year?

Mr. MACKENZIE (Vancouver Centre): Exactly the same.

Mr. HAZEN: Is this money spent on individual treatments or appropriated to different diseases?

Mr. MACKENZIE (Vancouver Centre): It is for the purchase of arsenicals to be distributed among provinces.

Mr. HAZEN: How much is appropriated to each province?

| | |
|-----------------------------------|--------|
| Mr. MACKENZIE (Vancouver Centre): | |
| Prince Edward Island..... | \$ 278 |
| Nova Scotia | 1,886 |
| New Brunswick | 2,337 |
| Quebec | 16,533 |
| Ontario | 16,193 |
| Manitoba | 2,695 |
| Saskatchewan | 2,991 |
| Alberta | 3,952 |
| British Columbia | 3,131 |

Mr. GREEN: Was all the \$50,000 used last year?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. SHAW: Whether we like to admit it or not, I believe it is a recognized fact that war aggravates the venereal disease situation. Has the minister any recent statistics to show what effect the first eleven months of war have had on this situation in Canada, as compared with last year?

Mr. MACKENZIE (Vancouver Centre): I have not any figures as far as the present forces are concerned, but generally speaking tremendous progress is being made in connection with this problem.

Item agreed to.

Miscellaneous grants.

255. Health League of Canada, \$5,000.

Mr. GREEN: Why was this item cut?

Mr. MACKENZIE (Vancouver Centre): It is part of the general economy. There were four or five of these grants that had to be cut, and two or three abolished altogether. This used to be \$5,000; last year it was raised to \$10,000 and this year it is cut to \$5,000 again.

Mr. GREEN: Which grants were cut out altogether?

Mr. MACKENZIE (Vancouver Centre): Those to the Dental Hygiene Council and the Canadian Council of Nutrition.

Mr. McCANN: In the miscellaneous grants to voluntary institutions it is rather to be regretted that the appropriation for the Health League of Canada is the only one for which the grant is less than a year ago. I think that calls for some explanation. The Health League of Canada is a national voluntary organization set up for the purpose of educating the Canadian people along lines of public health, both personal and community health, and with regard to the prevention of disease. This organization bases its activities on the belief that a lack of health consciousness hinders development in almost every field of public health. While this lack of health consciousness is serious enough in times of peace, it becomes dangerous in times of war. This is particularly true in connection with problems of venereal disease and malnutrition.

I am glad that the department has seen fit to continue the grant of \$50,000 to the different public health organizations of the country with regard to venereal disease. Anyone who knows anything about public health history in Canada knows that the incidence of specific diseases during and following the last war rose at an alarming rate. In peace time it is not as great. We may reasonably expect that the incidence of these specific diseases will increase now that we are at war again. Probably there should be a greater appropriation at this time than during the peace years. The Health League of Canada has done a great work in bringing this matter to the attention of the public and making the people of Canada what we might call health conscious.

It will be noted that in the appropriations this year the publicity department of the health branch has been done away with. How then are the people to obtain public health education except through the medium of voluntary organizations? Conscious of these facts the Health League of Canada has plans on foot to extend its operations. This year its budget amounts to \$113,000, and let it be known and remembered that this money comes from citizens and organizations interested in public health matters. The insurance companies, the various provinces of Canada, public spirited citizens—particularly those of the city of Toronto—within the last few months have made generous contributions to this organization. This league is extending its activities and has opened a branch in the province of Quebec. The needs of that province are well known. The personnel of the league in Quebec includes men outstanding in

the professional and business life of that province. They realize that the incidence of diphtheria in Quebec is greater than in any other province. They know that through public health education and public health work the city of Hamilton, for instance, has not had a single case of diphtheria in the past seven years; the city of Ottawa has had very few cases, and the city of Toronto has been almost entirely free of this disease. I do not wish to make any comment which would be derogatory to the health authorities of Quebec, but because of the lack of health education among the people of that province the incidence of diphtheria is very great. With that fact in view, the league is extending its activities to that province, for which purpose they are allotting from their budget some fifteen or twenty thousand dollars.

This year, instead of a grant of \$10,000, this league is receiving only \$5,000 from this government, the agency which should be most interested in public health activities and which, having done away with its own publicity branch, should take advantage of the publicity functions of the health league. The only tangible way we can give expression to our support of public health activities is by making our contribution even greater than it has been in the past. This government has the facilities for carrying on that publicity by means of the press, the radio, the pulpit and the screen. All these methods may be used to bring these problems to the attention of the people, and in time of war public health education is even more necessary than in times of peace. Yet now with a war on, when we should be anxious to conserve the health of our people; when those engaged in war activities or in industries having to do with those activities are under greater strain and working harder than ever; when perhaps their supplies of food are not as varied or as adequate as they may be in peace time; when there is danger of malnutrition and all that goes with it, we foolishly cut down our contributions to those agencies which are trying to help the government by keeping our people in better physical condition. This league carries on a regular propaganda of education. It has official contact with all the provinces. It has a nation-wide membership and executive.

Let me remind hon. members that medicine is the only profession which is international in all its activities. Even with a war on, we can take advantage of any medical advances made by our enemies just as we may take advantage of any findings made by our allies; and what holds good in a national sense holds good also in a federal and interprovincial

[Mr. McCann.]

sense. So I would say to the government that they might well take into serious consideration an increase in the appropriation to be granted the Health League of Canada. I know that cannot be done under this item, but they should realize that public health is a war activity having to do with the physical condition of the people as a whole, including our soldiers. That being so, additional aid might be granted to this league from the war appropriation of \$700,000,000.

Mr. MacNICOL: Did I understand the minister to say that one reason for the reduction in this item was the elimination of the grant to the dental hygiene services?

Mr. MACKENZIE (Vancouver Centre): No. Several departments had to be cut down as a result of the attempt to carry out general measures of economy, and this was one of the departments that did not get a grant equal to that of last year. It did get a grant equal to that of the year before last. In regard to the remarks of the hon. member for Renfrew South, I may say that the department has applied for an additional grant for the Health League of Canada, but as yet a final decision has not been given.

Mr. MacNICOL: Under what item was a contribution made to the dental hygiene services of Canada previously?

Mr. MACKENZIE (Vancouver Centre): It was a separate item last year.

Mr. MacNICOL: Under this vote?

Mr. MACKENZIE (Vancouver Centre): No, a separate vote for \$2,500.

Mr. MacNICOL: And there is no item this year at all?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. STIRLING: It was among this group?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacNICOL: I am sorry to see that vote dropped.

Mr. MACKENZIE (Vancouver Centre): So am I.

Mr. MacNICOL: I am firmly convinced that to-day dentistry is doing a marvellous work which has resulted in many wonderful cures; but since that item is not here, I suppose my remarks are out of order. I hope the minister will consider putting it back next year.

Mr. MACKENZIE (Vancouver Centre): I certainly shall.

Mrs. NIELSEN: Could the minister give us any guarantee that we shall have that appropriation made this year? I think he said he had applied for it.

Mr. MACKENZIE (Vancouver Centre): Yes. The department has applied for a grant from the war appropriation, but as yet we have not received the final decision of the treasury board in the matter.

Mrs. NIELSEN: I should like to point out that if it were possible not only to bring up the grant to the amount given last year but to increase it, we would be doing a great service at this time. I understand that this health league has been doing a wonderful work with regard to the nutrition of our people. They have been holding meetings in various parts of the country, at which meetings they have been instructing housewives as to the best way to spend their money with regard to nutritional values. I cannot help feeling that at a time like this, disease is more or less a fifth column activity which will sap the strength and morale of our people. I would plead with the minister to endeavour to have this grant made even larger than last year; I think that would be one of the best things we could do for our nation in time of war.

Mr. ROSS (St. Paul's): May I add my voice to what has been said by the hon. member for Renfrew South (Mr. McCann). For some years I have had something to do with the Health League of Canada. It seems to me that if an organization of that kind does a good job and has been successful for a few years, it should not have its grant cut to the extent of \$5,000. We have before us supplementary estimates to a total of \$3,197,488, and I submit that another \$5,000 could have been added without, in the total, making much difference.

It is all very well to say that the health league receive voluntary contributions. They do in fact receive not only voluntary contributions of money but also contributions of work. We must realize that we must have organizations of this kind to do this type of work. People cannot be expected to give their services voluntarily all the time. There must be money to be paid to the staff. It seems to me a blot on the Dominion of Canada that we should have supplementary estimates to a total of more than \$3,000,000, and permit the Health League of Canada to be deprived of \$5,000, especially at a time like this. In these days they ought to have \$10,000 more. In my opinion the government ought to know more of what is done by this organization. They have coordinated the work in the different provinces, and when we

realize that the provinces are working with the Health League of Canada, we must admit that this \$5,000 should not have been cut off.

Mr. CASTLEDEN: May I speak for the group to which I belong, and thereby make unanimous the plea for an increase in this item? We are sorry indeed to note the reduction, and hope that an increase may be brought in so that the branch of the health league in western Canada may be reopened.

I would urge that the minister do something toward the formation of a health committee of the House of Commons which would sit at the next session.

Mr. MACKENZIE (Vancouver Centre): I shall be pleased to take that into consideration between now and the next session.

Mr. SHAW: May I register my definite protest against this proposed reduction? After all, we must realize that poverty and sickness are the agents and allies of nazism and fascism. I do not see why we should not be combatting those allies just as vigorously as we are combatting the members of the political groups I have mentioned. Once again I register my protest against this reduction, as well as against other reductions in the estimates of the health branch.

Mr. GREEN: Would the minister give particulars of grants which have been cut out?

The CHAIRMAN: That question has been answered.

Mr. GREEN: The minister did not give them all.

Mr. MACKENZIE (Vancouver Centre): Dental hygiene, \$2,500; council of nutrition a further amount, and \$5,000 for the health league.

Mr. MARSHALL: Has the minister accounted for the amount of \$21,500 which comes under the heading of appropriations not required for 1940-41?

Mr. MACKENZIE (Vancouver Centre): There was the sum of \$5,000 last year for the International Hospital Association meeting at Toronto, which does not appear this year.

Mr. GREEN: Was that for one year only?

Mr. MACKENZIE (Vancouver Centre): It was a special grant.

Item agreed to.

Miscellaneous grants.

259. Montreal Association for the Blind, \$4,050.

Mr. ROSS (St. Paul's): What is this organization? Is it connected with the Canadian National Institute for the Blind?

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Mr. MACKENZIE (Vancouver Centre): It is an independent organization.

Mr. ROSS (St. Paul's): Does this expenditure not overlap that for the Canadian National Institute for the Blind?

Mr. MACKENZIE (Vancouver Centre): This is a French-speaking organization which has been in existence for some years.

Mr. ROSS (St. Paul's): I do not object to it. Item agreed to.

Miscellaneous grants.

262. St. John Ambulance Association, \$4,050.

Mr. GREEN: Has there not been an extension in the work of this organization as a result of the war?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Should not the grant be increased? It seems to me it does an important work in war time.

Mr. MACKENZIE (Vancouver Centre): This organization does receive a certain amount from the moneys allocated to air raid precautions work. It is doing an excellent work for the government in this connection.

Mr. GREEN: Is the organization connected with air raid precautions activities throughout the dominion?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Have arrangements been made yet with Ontario for air raid precautions activities in that province?

Mr. MACKENZIE (Vancouver Centre): No.

Item agreed to.

Miscellaneous grants.

263. Canadian Red Cross Society, \$10,000.

Mr. BLACKMORE: I understand there is a Canadian council for crippled children, consisting of the Canadian Red Cross Society, the Ontario Society for Crippled Children and the Quebec Society for Crippled Children. Has that organization been brought to the attention of the minister?

Mr. MACKENZIE (Vancouver Centre): I am informed there has been no application for a grant for that organization.

Mr. BLACKMORE: I am wondering if the minister has contemplated making a grant of his own initiative. I understand that this is a year of rigid retrenchment, but at the same time I realize that the minister very likely has

[Mr. Douglas G. Ross.]

thought of the great possibility of improving Canadian manhood and womanhood by looking after the luckless little children who from time to time become crippled. Has the minister formulated any plan since he became minister of the department?

Mr. MACKENZIE (Vancouver Centre): I should be very glad to bear the suggestion in mind.

Mr. ROSS (St. Paul's): Has there been a request from the Canadian Red Cross Society for an increase in the grant this year?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. McCANN: Is it the intention of the government to give an increased grant to the Canadian Red Cross Society out of the war appropriation? Surely we should have some leadership from the government. At this particular time the Red Cross Society in Canada is doing perhaps the greatest work of any organization in the dominion. They are taking pennies from the school children. They are receiving voluntary contributions. We know that many private individuals have given sums of more than \$10,000 to the society. In this time of war, when the organization needs the assistance, cooperation and help of the government we should give more than the donation made in peace time. While the Red Cross may not have made an appeal to the government, yet I suggest by way of generosity and magnanimity the government should show its appreciation of the Red Cross Society in Canada by giving more help at this time.

Mr. ROSS (St. Paul's): May I add my voice to that of the hon. member for Renfrew South. I know the Canadian Red Cross Society would be loath to come to the government asking for more money, but I believe the government would be setting a fine example if it would increase even by a small amount—we would say a token amount—the amount given to the Red Cross.

Mr. BLACKMORE: I am told that in Canada there are about 24,000 cripples. I understand the provinces have not undertaken the work of tabulating cripples in any systematic manner. I am informed something is done about it in several provinces, but that even in those provinces the work is not thoroughly, comprehensively or effectively done. It seems to me that something should be done by the dominion, at the very least to coordinate and systematize the work of the provinces and grant some money to aid those now engaged in this work. It seems strange that simply because a child happens to be stricken with infantile paralysis or some other malady that

leaves him incapable of filling his part in life, he has to become the victim of every wind of chance. We must be behind the times in the world's history if we allow such a state of affairs to exist in a country like Canada. I think that next year the minister would be well advised to bring down an estimate of \$15,000 or thereabouts, and I shall support him in doing so, to help the self-sacrificing, earnest and energetic people who have constituted themselves into a committee throughout this dominion to help these crippled children and give them a chance in the world.

Item agreed to.

Pensions and other benefits.

264. Pensions payable to men on active service, Northwest rebellion, 1885, and general pensions, \$18,000.

Mr. MacNICOL: May I ask how many veterans who took part in the rebellion of 1885, some fifty-five years ago, are still drawing this pension?

Mr. MACKENZIE (Vancouver Centre): There are seven.

Mr. MacNICOL: How much is the pension?

Mr. GREEN: The item reads, "Pensions payable to men on active service, Northwest rebellion, 1885, and general pensions". What is meant by "general pensions"?

Mr. MACKENZIE (Vancouver Centre): Pensions to those who incurred or suffer from disability on service prior to the great war. The actual payment is made by the Department of Pensions and National Health.

Mr. GREEN: Does it mean men in the permanent force who suffered disability?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Are they not covered by the vote under the Militia Pensions Act?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: How much of the vote of \$18,000 is paid to veterans of the Northwest rebellion?

Mr. MACKENZIE (Vancouver Centre): There are thirty-nine pensioners altogether, seven of whom are pensioned by virtue of service in the Northwest rebellion. The other twenty-nine are in the class I have just mentioned. I have not particulars of the amounts paid out.

Mr. GREEN: The minister cannot say how much is paid to each group?

Mr. MACKENZIE (Vancouver Centre): I am sorry I have not that information.

Mr. CASTLEDEN: There is in Toronto a group of veterans of the Boer war numbering perhaps fifteen to twenty, and according to the information given me their pensions are quite inadequate. One man seventy years of age claims to have had letters from members of parliament and cabinet ministers offering to support an increased pension to these men.

Mr. MACKENZIE (Vancouver Centre): Unfortunately that does not come under my department.

Mr. GREEN: Does Canada pay any pensions for service in the Boer war? Are they not all paid by the British government?

Mr. MACKENZIE (Vancouver Centre): Yes, they are.

Mr. ROSS (St. Paul's): I thought the Boer war veterans were included under the act last year.

Mr. MACKENZIE (Vancouver Centre): That was for war veterans' allowance.

Mr. ROSS (St. Paul's): Referring for a moment to the next item, the Militia Pensions Act, 1901, I think there was a revision of that act in 1914. There are not very many of these pensioners. I have spoken on their behalf two or three times before in the house. There are just a few of them left now; they are eking out a very poor existence because their cases arose before the revision of the act took place, and they are not receiving revised pensions. Would it not be possible to do something for them? I brought the same question up last year late in the session, but nothing was done. This matter would come under the Department of National Defence, would it not?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. ROSS (St. Paul's): I wonder if something could not be done for these men.

Mr. MACKENZIE (Vancouver Centre): I shall be very glad to discuss it with my colleague the Minister of National Defence. My department, of course, is concerned with the general administration of such pensions after they are awarded.

Mr. CASTLEDEN: Would it be possible to deal by order in council with the men of whom I spoke a few moments ago? They are all over sixty-five years of age.

Mr. MACKENZIE (Vancouver Centre): If my hon. friend will give me a memorandum

covering all these cases, I shall be glad to take it up with the national defence department.

Item agreed to.

Pensions and National Health.

221. Departmental administration, \$119,590.

Mr. MacNICOL: I believe I am in order, Mr. Chairman, in taking a moment or two to ask a question with reference to the submission that has been made to the minister on more than one occasion, I believe, by the Canadian Soldiers Non-Pensioned Widows' Association. Particulars of the cases of some eighty-four members of this association have been submitted to me by the Toronto branch of the association, and particulars have been forwarded to me by Mrs. Helen McHugh, president of the Toronto branch of the association. I shall give only one or two instances, because I do not want to hold up the item, and then I shall hand to the minister the particulars of these eighty-four cases.

I cite one as typical of the whole eighty-four, Mrs. Teresa Shanks. I will read what she says at the bottom of her submission, because it is an example of the whole eighty-four, and I trust that the minister during the recess will look into this matter. Mrs. Teresa Shanks says:

My husband enlisted with the 20th Battalion March 1, 1915 and was discharged medically unfit May 15, 1916. He again offered his services, giving up a good position and was accepted for the forestry corps April 27, 1917. He was discharged July 15, 1919 and suffered with chronic bronchitis and asthma until he died at the age of 42 years. He could only work at intervals and I worked for years to keep things going.

This is a soldier's widow, and the other eighty-three soldiers' widows whose submissions I have here are all on the same level. Their husbands received a pension while living, but apparently not of sufficient amount to entitle each widow to a pension after her husband died. I appeal to the minister to look into these cases during the recess and see if something cannot be done for these poor, deserving widows. In addition to these cases from Ontario, I have a submission from the Canadian Soldiers Non-Pensioned Widows' Association of Quebec, and I presume the minister has received submissions from branches in every province. I promised to bring this matter to the attention of the minister and now I have done so.

Mr. BLACKMORE: Let me associate myself with the hon. member for Davenport in his plea for the war widows.

Mr. ROSS (St. Paul's): Several years ago I spoke in the house on behalf of these war widows, and gradually we have been getting

[Mr. Ian Mackenzie.]

a little more justice for them. Last year the amount of the pension was lowered to 50 per cent. These widows are getting older all the time and are having more difficulty in getting along. I know the minister has been very busy, but I think it might be a good idea if he would consider lowering it to 30 per cent next year. The total amount involved would not make very much difference to the Dominion of Canada.

Mr. MACKENZIE (Vancouver Centre): Just one word, Mr. Chairman. This matter has been brought to my attention by various delegations on several occasions in the last six months. There is no question that on broad humanitarian grounds all the applications contain a great degree of merit, but there is a serious difficulty, namely, that the principle of the Pension Act as it is to-day is not the principle of a service pension; it is to award a pension for disability incurred on or attributable to service, or in the case of dependents, where the husband died as a result of injuries incurred while on service. As the hon. member for St. Paul's mentioned a few minutes ago, last year we brought the percentage down to 50 per cent, thereby adding considerably to the pensions list of the dominion. It requires great consideration whether it would be advisable to reduce the percentage any further, because to do so might endanger some principles of the present Pension Act. I assure my hon. friend that the matter has been carefully considered in all its angles.

Mr. GREEN: Would the minister explain the statutory ground for payment of pensions to men of the Canadian active service force?

Mr. MACKENZIE (Vancouver Centre): My hon. friend is referring to the fact that the order in council which was passed early in September, just after the outbreak of war, applied the Pension Act, as we have it now, to members of the Canadian active service force. That order in council was modified on May 21, 1940, by another order in council which entitled members of the Canadian active service force who were enlisting after that date to pensions only in case of a disability actually incurred on service. That is to say, a man might be in Canada on service and incur disability outside of his duties. The principle is more or less that of the workmen's compensation act. If a man incurs disability outside of service duties, he is not entitled to recover, but if he suffers a disability while actually serving, he receives a pension therefor.

Mr. GREEN: The minister's answer shows that the men in the Canadian active service force serving in the present war must rely for their right of pension—

Mr. MACKENZIE (Vancouver Centre): Pardon me; that applies to service in Canada only.

Mr. GREEN: They must rely for their pension on an order in council bringing into effect in their cases the present Pension Act. I suggest to the minister, with all the force I can, that the Pension Act should be amended and brought up to date, so that these new soldiers of ours will not have to depend on an order in council. They have the right to have their status set out either in the present Pension Act or in a new act.

Mr. MACKENZIE (Vancouver Centre): May I interrupt my hon. friend for a second? Such a bill was actually prepared, and I intended to introduce it at this session, but we thought, after consideration, we should wait two or three months to get more experience with regard to casualties in the present war. The bill will be introduced during the next session.

Mr. MacNICOL: But you are taking care of the present casualties?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: It is the intention of the government to bring in a new pension bill at the next session?

Mr. MACKENZIE (Vancouver Centre): The bill is drafted now.

Mr. GREEN: I suggest that the department give serious consideration to this question of the rights of the widows, and also to two or three anomalies in the act about which complaints have been made over the last four or five years.

For example, as the minister knows, under section 67 of the present act no pension is payable in respect of a pensioner's child born after May 1, 1933. Presumably that provision was put in the act during the depression, as an economy measure. To my mind it is utterly unfair to the pensioner. There is no reason why he should be denied an allowance for a child born after that date, just as he receives one for a child born before that date. To a certain degree these younger children are being penalized.

Another defect of that same section, 67, is that it does not allow any payment in respect of a wife married after May 1, 1933. That condition should be remedied in a new act.

Further, there have been many complaints with regard to nervous and mental cases. As the minister knows, they are handicapped by section 11, subsection 1, paragraph (b). As I understand the present position, it is that the nerve specialists, psychiatrists, or what-

ever fancy name they are known by, have ruled that if a veteran goes out of his mind now, it must be because he was born to do so, and that his experience in the war had nothing to do with the matter. Nobody except, perhaps, these few specialists can see any sense in that ruling, and we have asked time and again that this particular section be amended by adding a clause at the end of paragraph (b) to exempt such cases from the section. I would ask the minister to bear that in mind when the Pension Act is being revised.

It might also help if the proposed act could be submitted to a committee of the returned soldier members of the house, at the next session.

Mr. MACKENZIE (Vancouver Centre): It is the intention to do so.

Mr. MacNICOL: I congratulate the department upon the speed with which they are taking care of the allowing of pensions to families of those who have already been killed in the present war. I know of a case in my own riding where the widow received a pension in an incredibly short time after having read in the paper that her husband had been killed. Within a day or two she received the first cheque in respect of her pension allowance.

Mr. GREEN: At the beginning of the war it was announced that no allowance would be paid for more than two children of a person enlisting. Would the minister tell us whether that provision still stands, and whether the same applies in the case of a pension; that is, if a man in the active service force is killed, will an allowance be paid for only two children, although he may have four or five?

Mr. MACKENZIE (Vancouver Centre): The first part of my hon. friend's question refers not to our department but to that of national defence. As far as pensions are concerned, there will be no limitation with regard to dependents.

Mr. GREEN: I may not be strictly in order in asking the first question, but could the minister tell us whether at this time the allowance is paid in respect of two children only, because if that is the case, I think it is a crime.

Mr. MACKENZIE (Vancouver Centre): I do not believe the regulation has been modified, but I cannot speak with certainty.

Mr. GREEN: Will the minister take that up with the government?

Mr. MACKENZIE (Vancouver Centre): Yes.

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Mr. GREEN: It is absolutely unfair, with recruiting increasing at such a rate, that men who at the time of enlistment have more than two children should be debarred from an allowance for more than two.

Mr. ROSS (St. Paul's): I heard what the hon. member for Davenport said as to the speed with which widows are getting their pensions. That is most satisfactory, but I cannot say the same with respect to the speed with which some of the mothers have been receiving their allowances. Possibly there are difficulties in the way.

Mr. MACKENZIE (Vancouver Centre): That has nothing to do with this department.

Mr. GILLIS: I have had considerable experience with the Department of Pensions and National Health, and I find the staff most efficient. But there is a point regarding the war veterans' allowance which, I believe, might be cleared up without additional cost to the government. When a man reaches the age of sixty—

The CHAIRMAN: May I point out that further down on the same page is an item, "war veterans' allowances," and the hon. member's remarks would be more appropriate when that is reached. I have given a great deal of latitude, and I should not like to cut out the remarks which the hon. member desires to make, but unless we draw the line somewhere there will be duplication of arguments when we come to item 226.

Mr. MACKENZIE (Vancouver Centre): I have no objection to my hon. friend putting his question at this time. He may not be present later on when the item of war veterans' allowances is up, and if he will ask his question now I shall endeavour to answer it.

Mr. GILLIS: When a veteran reaches the age of sixty, according to the regulations he can apply for and receive \$40 a month or \$480 a year, and in addition to this he is allowed to earn up to \$20 a month. Altogether it works out at \$15 a week. In view of the increase in the cost of living, and in order that a man may live the self-respecting life which most ex-service men desire, something more than \$60 a month is needed. I suggest that a ruling be brought down that the recipient be allowed to earn the equivalent of the allowance, namely \$480, making a total of \$960 a year. The department would not be put to any additional cost, and this would give the man the privilege of earning a sum equal to the allowance.

[Mr. Ian Mackenzie.]

Mr. MACKENZIE (Vancouver Centre): I shall be glad to bring the matter to the notice of the chairman of the war veterans' board who is a very competent officer.

Mr. NEILL: I do not know whether this is the right item, but can the minister say why a soldier's dependent who happens to be his mother is given \$20 when his wife gets \$35.

Mr. MACKENZIE (Vancouver Centre): That comes under the Department of National Defence.

Mr. McCANN: I see there are appropriations for an architect, an office engineer and a draftsman. What are their duties in connection with public health?

Mr. MACKENZIE (Vancouver Centre): They are necessary for the maintenance of hospitals and institutions under the department.

Mr. McCANN: Is not that contrary to government policy? According to government policy such work is usually done by the Department of Public Works. That is true of all other branches.

Mr. MACKENZIE (Vancouver Centre): It is done in consultation with the Department of Public Works.

Mr. McCANN: Why cannot their officials be used?

Mr. MACKENZIE (Vancouver Centre): It has been found very effective to have our own architect do this work. Mr. George is a competent officer and has done efficient work.

Mr. McCANN: It looks like a duplication of services that should be done away with.

Mr. GREEN: What provision is made for pensions due to service in the present war?

Mr. MACKENZIE (Vancouver Centre): That comes under the war appropriations. I have not the exact estimate before me, but I shall be glad to get it during the recess.

Mr. NICHOLSON: I have had correspondence with a constituent who saw service in the forestry battalion in the last war. He is now sixty-four years of age. There is no provision for any pension for him. Is it possible to have him granted a pension on compassionate grounds?

Mr. MACKENZIE (Vancouver Centre): That would depend on the interpretation of section 21, which is the only provision that covers compassionate grounds or meritorious services. It is sometimes difficult to get a

pension granted where service did not occur in an actual theatre of war, but I shall be glad to look into the matter.

Item agreed to.

Pensions branch.

222. Pensions branch administration, \$887,602.

Mr. GREEN: What is the number of applications for pension during the last fiscal year compared with the numbers in the preceding two or three years?

Mr. MACKENZIE (Vancouver Centre): The amount asked for from war appropriations is \$500,000 for pensions.

Mr. GREEN: How much has been used already for pensions in the present war?

Mr. MACKENZIE (Vancouver Centre): I will get that at eight o'clock.

Mr. ROSS (St. Paul's): I wish to say a word of appreciation with reference to the officers of the department with whom I have come in contact. They are efficient and obliging and are doing a great job.

Item agreed to.

Pensions branch.

223. Administration expenses, \$459,630.

Mr. GREEN: The statement made by the hon. member for St. Paul's applies here also. The chairman of the commission and the staff are doing excellent work.

Item agreed to.

Pensions branch.

Direct payments to veterans and dependents.
225. European war pensions, \$40,650,000.

Mr. ROSS (St. Paul's): Does the item for pensions advocates come under this?

Mr. MACKENZIE (Vancouver Centre): That comes under item 231, veterans' bureau.

Mr. GILLIS: I do not want to take up the time of the committee and the purpose of the question I am about to ask is to avoid that. The appropriation asked for this year is based upon the fixed obligations of the department?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GILLIS: It is not intended to amend the act?

Mr. MACKENZIE (Vancouver Centre): Except in so far as is necessary by reason of the application of the Canadian Pension Act to those now serving in the Canadian forces.

Mr. GILLIS: The question I have to ask deals exclusively with veterans of the last war, and I will not take up the time of the committee just now, but I should like to know whether, if I send the minister a list of proposed amendments I have here, they will be taken into consideration.

Mr. MACKENZIE (Vancouver Centre): When the committee is set up next session I shall be glad to see that all suggestions from any hon. member are carefully considered.

Mr. GREEN: This item is for over \$40,000,000 and it should not be rushed through. How many applications were made for pension in the last fiscal year?

Mr. MACKENZIE (Vancouver Centre): Before answering that, may I say that in regard to the present war, the amount paid up to June 30, 1940, was \$10,692.

Mr. GREEN: How many men?

Mr. MACKENZIE (Vancouver Centre): There are forty-two disability cases, forty-five widows, and two mothers.

Mr. MacNICOL: I endorse what has been said by other hon. members and extend my warmest appreciation to the staff of the pensions branch of the department. What I have to say, therefore, is not by way of criticism. I wish to appeal for a little further consideration for war veterans who were prisoners in Germany during the last war. I have in mind one man named George Stevens, No. 57727, who was in Germany for two and a half years. When we read of German treatment of war prisoners to-day we are not surprised that many soldiers who were prisoners of war in Germany in the last war are in the condition they are in now. I believe the department has gone the limit in trying to take care of the cases that come before them, but there are some which, I understand, have not received the consideration which the soldiers concerned expected, merely because the state of mind and body of these men cannot be properly diagnosed. With regard to this soldier George Stevens, I want to bring his name specially to the minister's attention, in order to see if anything can be done by way of compensation—I put it in that way. It is no fault of the department. I thank the department. It has been lenient and generous in considering this case and in its offer. However, the offer is not satisfactory and I would ask that something be done. This is what Doctor Prendergast said concerning George Stevens in a letter dated September 26, 1938:

I have examined him and have gone through his file. In 1929 the urine examined by Doctor Norwich showed albumen pus cells and cysts.

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There seems to be no question that he suffered during his time as prisoner of war very considerable hardship and exposure over a period of 2½ years.

That is the point I wish the minister to take into consideration. I should be glad if he would give this case his personal attention and regard it from a compassionate point of view.

Mr. MACKENZIE (Vancouver Centre): I shall be glad to do so. As far as prisoners of war are concerned, 81 per cent of ex-prisoners of war who have applied, have entitlement to pension. As a matter of fact, more consideration has been given to those cases than is usual; their statements have been accepted without documentary confirmation. I shall be glad to see that this case comes to the attention of the pension commission.

Mr. HANSON (Skeena): How many pensioners are drawing pensions?

Mr. MACKENZIE (Vancouver Centre): In answer to the question of the hon. member for Vancouver South (Mr. Green) as to the number of applicants for pension in the last year, there were in the year from April 1, 1939, to March 31, 1940, first hearings 3,771; second hearings 1,773.

Mr. GREEN: There must be something wrong with those figures because last year we were told that the number of applicants in the fiscal year 1938-39 was 10,109.

Mr. MACKENZIE (Vancouver Centre): Between 1936 and 1939 the total was: first hearings 13,071, and for last year 3,771, making, 1936, a total since, of 16,842.

Then second hearings, 1936 to 1939, numbered 4,426; and last year 1,773, making a total of 6,199.

Mr. GREEN: But last year the then minister gave the number of applicants for pension in 1937-38 as 10,450. For 1938-39 he gave the number as 10,109. What is the corresponding figure for the year 1939-40?

Mr. MACKENZIE (Vancouver Centre): The figures I have given are the exact figures for those who came up between April 1, 1939, and March 31, 1940: for first hearing, 3,771, and for second hearing, 1,773, or a total of 5,544.

Mr. GREEN: What were the first hearings the previous year?

Mr. MACKENZIE (Vancouver Centre): I have only the combined total for the three years: 13,071 for first hearing and 4,426 for second hearing.

Mr. McCANN: I have been told of a number of men who have been pensioners of [Mr. MacNicol.]

the last war but, who upon enlistment now, are graded as grade A. In that event do they continue to draw a pension?

Mr. MACKENZIE (Vancouver Centre): I am informed that they draw their pension.

Mr. McCANN: That seems an anomaly. It is bad enough for a man who is grade A to have been drawing pension. Let me say that nobody wishes to see any returned man of the last war who is entitled to pension deprived of it. But if, upon enlistment now, with much better methods of determining his physical condition, he is found to be grade A, that he should continue to draw a pension is not only an anomaly, but an injustice to the taxpayers of this country. What is the number of men who enlisted who were former pensioners and continue to be pensioners and who are of grade A now?

Mr. MACKENZIE (Vancouver Centre): I shall be glad to get that information from the Department of National Defence.

In answer to the question of the hon. member for Skeena (Mr. Hanson), there are 80,133 pensioners and 18,177 dependents, widows and orphan children. There is a total of disability pensioners, dependent pensioners and their relatives, of 223,885.

Mr. GREEN: What are the figures for first and second hearings and the quorums for the last fiscal year?

Mr. MACKENZIE (Vancouver Centre):

| | |
|---|-------|
| First hearings— | |
| Granted | 1,366 |
| Not granted | 2,405 |
| | 3,771 |
| Second hearings— | |
| Granted | 114 |
| Not granted | 1,659 |
| | 1,773 |
| Quorum decisions after second hearings— | |
| Granted | 132 |
| Not granted | 361 |
| | 493 |

That is the total for all kinds of hearings.

Mr. ROSS (St. Paul's): Has the minister any information as to the number of pensions granted on compassionate grounds? I understand that came in only under the last act.

Mr. MACKENZIE (Vancouver Centre): Under section 21, I presume my hon. friend means. I will get that information later.

Mr. GREEN: Regarding pensions to widows, the suggestion was made to me by one association during the present session that section 32, subsection 2, should be

amended to provide that if a pensioner at any time received a 50 per cent pension, his widow should be entitled to pension automatically on his death. In other words, it meant extending slightly the rule made last year. I think there is a good deal of merit in the suggestion. For example, there are cases where a man might be getting 60 per cent pension for disability, and then it would be ruled an aggravation of a pre-war disability and the assessment cut to 40 per cent. There are border-line cases of that kind. I suggest that the minister consider extending the section to provide for such cases.

Mr. MACKENZIE (Vancouver Centre): That suggestion could well be reviewed by the committee of the house when it is set up.

Mr. GREEN: Also we should review the fixing of a dead-line. Last session, despite our vigorous protests, the government fixed January 1, 1942, as the date after which no soldier can apply for pension without special permission.

Mr. MACKENZIE (Vancouver Centre): The same answer will apply.

Answering the question of the hon. member for St. Paul's (Mr. Ross) as to number of pensions awarded under the compassionate section, I am informed there are 353.

Mr. HANSELL: In connection with the families of pensioners, do I understand that some assistance is given to a pensioner if he has children going to school?

Mr. MACKENZIE (Vancouver Centre): Yes, children up to the age of sixteen years.

Mr. HANSELL: Is it definite that no assistance is given for children above that age?

Mr. MACKENZIE (Vancouver Centre): No, it is not definite at all; it is frequently done if a recommendation is made. Generally speaking, I think it comes from the school-teacher, or someone like that, who recommends an extension of the allowance.

Mr. HANSELL: There is sometimes an allowance?

Mr. MACKENZIE (Vancouver Centre): Yes. Literally speaking, I think there would be thousands of cases of extensions beyond the age of sixteen.

Mr. HANSELL: What procedure must be followed in order to get an extension?

Mr. MACKENZIE (Vancouver Centre): The application should be made to the chairman of the pension commission, supported by a letter of endorsement if possible from the

school-teacher, who will testify to the applicant's ability to carry on and that the studies would be beneficial. Generally speaking, that is what is done.

Item agreed to.

Pensions branch.

Direct payments to veterans and dependents. 226. War veterans' allowances, \$8,000,000.

Mr. GREEN: What are the figures in connection with war veterans' allowances?

Mr. MACKENZIE (Vancouver Centre): Those in force at March 31, 1939, numbered 20,010; awards during the fiscal year ended March 31, 1940, numbered 4,179, and there were 157 reinstatements, making a total of 24,346. Cancellations due to death, et cetera, from April 1, 1939, to March 31, 1940, numbered 1,135, giving the actual number in force as of March 31 of this year, 23,211.

Mr. GREEN: Is the cost keeping within the estimate made by the war veterans' allowance board some years ago?

Mr. MACKENZIE (Vancouver Centre): Yes. Naturally the estimate had to be changed when the act was amended. As my hon. friend will see, the estimate is going up considerably this year, and will continue to go up for a number of years.

Mr. GREEN: Have any steps been taken to extend the war veterans' allowance to soldiers of the Canadian active service force?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: Why has that not been done?

Mr. MACKENZIE (Vancouver Centre): So far at least, it has been considered legislation for the soldiers of the great war. In fact, the suggestion of my hon. friend has never been considered as a matter of policy up to the present time.

Mr. GREEN: Will the War Veterans' Allowance Act be reviewed at the next session, as well as the Pension Act?

Mr. MACKENZIE (Vancouver Centre): It certainly will be open to review in regard to any of its provisions.

Mr. GREEN: Would the minister see that the War Veterans' Allowance Act is referred to a special committee, along with the Pension Act?

Mr. MACKENZIE (Vancouver Centre): Certainly.

Mr. ROSS (St. Paul's): Did the figures given by the minister show an increase or a decrease as compared with the previous year?

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Mr. MACKENZIE (Vancouver Centre): An increase.

Mr. ROSS (St. Paul's): Why was that?

Mr. MACKENZIE (Vancouver Centre): Because of the amendments that were made to the statute.

Mr. ROSS (St. Paul's): And there is no comparison with the year before?

Mr. MACKENZIE (Vancouver Centre): At March 31, 1939, the figure was 20,280. This year it is 23,548, an increase of some 3,000. The figures in dollars were \$6,530,000 in 1938-39 and \$7,627,000 in 1939-40. It will go up even further this year.

Mr. McNIVEN: On January 1 the department introduced what I believe is known as class 18, under which veterans of the last war who were unable to pay for such services were entitled to medical, hospital and dental attention. In my limited experience I know of nothing that has been done by the department in recent years that has been more effective or provided greater relief than this step. I should like to ask the minister if he has under consideration, or if he will give consideration to, enlarging class 18 to include the purchase of spectacles for these men, all of whom are over fifty years of age. Time and again I have heard eye specialists advise that any man or woman over forty-five years of age should have glasses as a protection to the eyesight. This would be a decided protection to these men; it would be of great assistance to them, and would aid in avoiding greater expense in the years to come.

Mr. MACKENZIE (Vancouver Centre): That comes under the provision for treatment and care of patients, but I shall be very glad to see that the suggestion of my hon. friend is referred to the medical officers of the department.

Item agreed to.

Pensions branch.

Direct payments to veterans and dependents.
227. Unemployment assistance, \$2,000,000.

Mr. GREEN: What is the number of men drawing unemployment assistance now? I understand this is assistance given to small pensioners?

Mr. MACKENZIE (Vancouver Centre): Yes. It has gone down quite substantially in recent months. The recipients in 1938-39 numbered 10,732. That number went down to 8,920 in 1939-40, and in June of this year it was down to 4,317.

[Mr. Douglas G. Ross.]

Mr. GREEN: How is that decrease accounted for? Are these men getting employment?

Mr. MACKENZIE (Vancouver Centre): I presume that would be the explanation, and also an increasing number are going on the war veterans' allowance, as a result of various methods of qualification.

Mr. GREEN: That is, as they get older they qualify for the allowance?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: As the minister knows, for the last three or four years the main problem has been who was responsible for the fit front-line veteran who, although able to work, could not get a job. Up to the present time the federal government have refused to accept direct responsibility for these men although the Rattray commission recommended that this government should assume that responsibility. Do the government still take that stand, or have their hearts softened in the last year? After all, it would mean a great deal if the government would adopt a more lenient attitude toward these men. For one thing I think it would help a great deal in recruiting for the present war. Nobody wants to enlist, feeling that if he comes back and is not able to get work at all, although willing to work, the dominion government which took him into the army will accept no responsibility for him. I suggest to the minister that this is of vital importance this year, even more so than last year, and I should like to know the attitude of the government at the present time.

Mr. MACKENZIE (Vancouver Centre): The government is still of the opinion that was announced by my predecessor in regard to the provisional economic allowance. I further took up this question quite aggressively as soon as I took charge of the department; but with the extension of the benefits of the War Veterans' Allowance Act; with the employment of employable unemployed ex-service men, if I may so call them, on various works and in the veterans' home guards at vulnerable points; with the solicitations we have sent contractors to employ these men as far as possible—with these various methods I believe we can absorb at least the great bulk of those who are unemployed and ready to work.

Mr. GREEN: That means the number to be helped now would be very small?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: That is all the more reason for the government to do something about the matter. I would refer the minister to a statement of his own, which should be the very best authority in the land—

Mr. MACKENZIE (Vancouver Centre): Hear, hear.

Mr. GREEN: This statement was made quite a long time before the election, too. I quote from the Vancouver press of July 17, 1939. The minister was speaking to the Army and Navy Veterans of British Columbia at a dinner in the Eden cafe; that may have accounted for the words he is reported to have said:

"The most difficult problem of all," he said, alluding to prematurely aged veterans, "is the plight of the physical fit who cannot be absorbed by industry."

He recommended extension of the provisions of the economic war veterans' allowance so that both fit and unfit could be taken care of by the state.

Mr. MACKENZIE (Vancouver Centre): I do not remember that.

Mr. GREEN: There is the minister's own recommendation, made just a little over a year ago. Is he prepared to put that recommendation into effect, now that he is in a position actually to do so?

Mr. MACKENZIE (Vancouver Centre): I have already stated the policy of the government in regard to this question. I do not recall the quotation referred to by my hon. friend. I am not denying it, but I do not recall it.

Mr. GREEN: Is the minister still of the same opinion?

Mr. MACKENZIE (Vancouver Centre): I am of the opinion that the principle of a provisional economic allowance is not sound. I am of the further opinion, definitely, that the government should give every possible preference to ex-service men, so far as employment is concerned, and I am prepared to do everything I can in that direction.

Mr. GREEN: The minister recommended extending the war veterans' allowance. I think he should give serious consideration to his own suggestion.

Mr. MACKENZIE (Vancouver Centre): That has been done. As a matter of fact, I referred that problem to the chairman of the board as soon as I took office in the department.

Mr. GREEN: What board.

Mr. MACKENZIE (Vancouver Centre): The war veterans' allowance board. It was

pointed out, however, that there were some inherent dangers, and I have great reliance upon the chairman's judgment.

Mr. GREEN: The minister has had long experience in soldier affairs, and he should have known the inherent dangers—and probably did—when he made this statement.

Mr. MacNICOL: The hon. member has said it was made during the election campaign.

Mr. GREEN: No, it was a long time before the election. The minister has said that the government is seeing to it that the soldier gets a preference in connection with work. I have had complaints from Vancouver within the last two or three weeks to the effect that in connection with the work on the new hospital being built in that city those who are not ex-soldiers and, in some instances, aliens are doing the work. It seems to me that when the government is making an extension to a hospital which will care for our soldiers, it should insert in the contract a provision that the men employed must be ex-service men, 100 per cent. Is there any reason why that cannot be done?

Mr. MACKENZIE (Vancouver Centre): I had not heard of that until this moment.

Mr. GREEN: Is there any reason why the government should not insist that the hospital be built by returned men?

Mr. MACKENZIE (Vancouver Centre): I think, as a matter of fact, that is one of the clauses in the contract.

Mr. GREEN: That all employees shall be returned men?

Mr. MACKENZIE (Vancouver Centre): As far as possible.

Mr. GREEN: What does that mean? Has any percentage been laid down?

Mr. MACKENZIE (Vancouver Centre): There are some trades in which qualified ex-service men cannot be found; but those are rare cases.

Mr. GREEN: Is any percentage stipulated?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: Just the words "as far as possible" which, in many instances, do not mean much.

Item agreed to.

Pensions branch.

Direct payments to veterans and dependents, 228. Hospital and other allowances, \$775,000.

Mr. ROSS (St. Paul's): Now that we have cooperation between the opposition and

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government sides of the house, for purposes of carrying out the war effort, may I point out that I have received many bitter complaints to the effect that one must be of the Liberal persuasion before he can obtain a job. I do not know how true that is, but it is important that that sort of thing should not exist. I hope the minister will see to it that a good Tory may have as good a chance to get work as would a good Liberal. Some of these stories may have very little foundation, and I hesitate to say much about them. However, that suggestion has been made not only in connection with male employees but in connection with female employees as well.

Mr. MACKENZIE (Vancouver Centre): Has the hon. member any information which would lead him to believe that that has happened in this department?

Mr. ROSS (St. Paul's): I will give the information to the minister privately.

Mr. MACKENZIE (Vancouver Centre): Thank you.

Mr. McCANN: I should like to speak about the matter of hospitalization of pensioners in hospitals in different communities. The practice has been adopted whereby pensioners who have to undergo treatment in the area adjacent to Toronto must be sent to the government hospital on Christie street. I have no quarrel with that policy; perhaps it is a proper one. But under the different conditions which obtain throughout the country I suggest to the minister that there are many local hospitals which could be used to advantage, rather than sending patients into certain designated hospitals in the larger urban centres.

For instance, pensioners who need hospital treatment in the Ottawa valley, except in cases of emergency, have to be sent to the Ottawa Civic hospital or the Ottawa General hospital. If that is not done, the bills for hospitalization and attendance are not paid. The reason is easily understandable, although the injustice still obtains. The reason is that there is a full-time staff of doctors to render attendance in the two Ottawa hospitals. My submission is that there are in the smaller sections of Canada hospitals in operation in which are to be found all the facilities necessary to treat these men. The medical men in those smaller communities should be given some consideration. After all, the line of treatment is very much standardized. There are doctors and the necessary institutions in towns of 8,000 and 10,000 people. For instance, in the towns of Pembroke, Perth and Renfrew there are first-class hospitals, with all

[Mr. Douglas G. Ross.]

modern facilities necessary for good work. The men in those hospitals are as competent as the men practising medicine or surgery in Ottawa. When pensioners or war veterans have to be treated or hospitalized, they must be sent to Ottawa; otherwise the bills for surgical attendance or other medical services are not approved. In my opinion this matter could be easily remedied, and if a change were made it would only be a matter of equity and justice, so far as the institutions in the smaller towns are concerned. Further, it would be only fair to those men in the medical profession who are practising in those smaller communities.

Mr. MACKENZIE (Vancouver Centre): I shall see that the recommendation of the hon. member is discussed with the officers of the department.

Mr. ROSS (St. Paul's): Some of these men who have been giving good service for many years have been receiving the same salary, despite the fact that their work has greatly increased. I believe representations have been made to the department by some of them. These are excellent men, and I believe something should be done to remedy this condition.

Mr. MACKENZIE (Vancouver Centre): That question is under consideration at the present time.

Mr. ROSS (St. Paul's): I believe they are entitled to at least a couple of weeks' holidays in the summer time, but when they proceeded to take a vacation they had to get others to fill their places.

Mr. MACKENZIE (Vancouver Centre): I am informed that the civil service regulations will not permit holidays to part-time employees.

Mr. SHAW: Does the government own the Belcher hospital in Calgary, or is the building rented? If so, what is the rental?

Mr. MACKENZIE (Vancouver Centre): It is rented, but I do not know the amount.

Mr. SHAW: Would the minister inform me?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. MacKENZIE (Lambton-Kent): How many military hospitals are there in Canada available to veterans for treatment?

Mr. MACKENZIE (Vancouver Centre): There are eight departmental hospitals, and we have contracts with 300 hospitals across Canada.

Mr. GREEN: Why is the vote cut?

Mr. MACKENZIE (Vancouver Centre): The officers of the department have stated that the amount would not be required.

Mr. GREEN: Why is there such a reduction? Are fewer people drawing allowances, or has there been a change in the rates?

Mr. MACKENZIE (Vancouver Centre): No change in the rates. The smaller amount is accounted for by a decrease in the requirements for treatments.

Mr. GREEN: How much does the government expect to spend in the current year on hospital allowances for men in the new army?

Mr. MACKENZIE (Vancouver Centre): That figure will have to be obtained from the Department of National Defence. I shall try to have the information by eight o'clock.

Mr. SHAW: If the item carries at this time, am I prohibited from asking further questions?

Mr. MACKENZIE (Vancouver Centre): No.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Pensions branch.

Direct payments to veterans and dependents, 229. Probational training allowances, \$40,000.

Mr. GREEN: Will the minister explain this item and tell us why it has been cut almost in half?

Mr. MACKENZIE (Vancouver Centre): The expenditure last year was \$29,585. My hon. friend will recall that this has been done pursuant to one of the recommendations of the veterans' assistance commission. The order in council was drawn up in 1937. It is largely an experimental project and has taken care of certain numbers in sheltered employment, special provision being made for training the men.

Mr. ROSS (St. Paul's): Is this occupational therapy and so forth for disabled men?

Mr. MACKENZIE (Vancouver Centre): Not necessarily. It is for anyone who saw service in an actual theatre of war.

Mr. SHAW: Is the minister able now to answer my question on item 238?

Mr. MACKENZIE (Vancouver Centre): Yes. The rental payable for the Colonel Belcher hospital is \$17,820. The present lease expires on April 1, 1941. It is a five-year lease.

Mr. SHAW: Is the government giving consideration to renewing the lease or to building a government-owned institution?

Mr. MACKENZIE (Vancouver Centre): Representations have been made for the building of a new hospital in Calgary, but no decision has been arrived at by the department.

Mr. SHAW: In view of the many complaints which have come to me during the past few months, and the complaints which I have heard over a number of years, I would urge the minister to bring every ounce of energy to bear to persuade the government to build an institution to replace the one now being used, which I believe is unsatisfactory as it stands.

Mr. MACKENZIE (Vancouver Centre): If I may answer now a question asked by the hon. member for Vancouver South (Mr. Green) before the recess. I have here the Canadian pension commission's decisions on applications for disability pensions from April 1, 1939, to March 31, 1940. The number granted was 3,433; not granted, 6,017; total, 9,450. The figures I gave before were divided into first and second hearings and quorum decisions. The figures, I think, are in the form in which my hon. friend wanted them to correspond with the figures of a year ago in the annual report.

Mr. GREEN: The total was 9,450?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: That compares with 10,109 the previous year and 10,450 the year before. So the numbers are dropping each year.

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. GREEN: Under this vote for probational training allowances, how many men took advantage of probational training in the fiscal year 1939-40?

Mr. MACKENZIE (Vancouver Centre): Perhaps I had better give the figures from the date of inception: May, 1937, commencements, 1,177; discontinued, 198; employed as trained, 796; employed otherwise, 20; completed as tourist guides, 56; not retained by employers, 82; on the strength on March, 1940, 25.

Mr. GREEN: The numbers have come down and the plan is pretty well run out?

Mr. MACKENZIE (Vancouver Centre): Yes.

Pensions board.

Service to veterans and dependents.
230. Care of patients, \$2,853,931.

Mr. GREEN: This is the vote covering hospitals, is it not?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Have the provisions of P.C. 91 regulating admission to hospitals been extended to soldiers of the present war?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Under what conditions?

Mr. MACKENZIE (Vancouver Centre): Under exactly the same conditions as for ex-service men of the great war. The order in council is P.C. 3005.

Mr. GREEN: Last year we had considerable discussion as to whether a Canadian who had served in the imperial forces could or could not take advantage of the new provisions for treatment known as class 18. Have they now that right? Last year they did not have it.

Mr. MACKENZIE (Vancouver Centre): Pre-war residents of Canada who are in receipt of payment of pension are entitled to treatment for non-pensionable disabilities under certain conditions, but the whole question of Canadians who are serving with the imperials in the present war is now receiving consideration. We appointed a departmental committee some time ago to go into the whole question. It would come up in the first place in connection with our air force serving overseas. It might also come up in connection with those who volunteered and were resident in Canada before the present war. The whole question will be reviewed, and very likely amendments to the Pension Act will be necessary, but a final determination has not been arrived at.

Mr. GREEN: In other words, the intention is that Canadians who serve in the imperial forces, with the air, army or navy, will be treated the same as if they had been in the Canadian forces.

Mr. MACKENZIE (Vancouver Centre): The question has not been finally determined. It is being actively considered and I trust that a decision will be reached in the very near future. The whole question has been considered by a committee which has reported to the government, but the government has not finally determined the matter.

Mr. GREEN: There was a great deal of unfairness following the last war in the way these men were treated.

(Mr. Ian Mackenzie.)

Mr. MACKENZIE (Vancouver Centre): I quite agree.

Mr. GREEN: These cases of Canadians who had served in the imperial forces not being able to get free treatment in hospitals, although they had lived in Canada before enlistment in the imperial forces, was one instance in which in my opinion there was injustice done, and we had hoped that since the last session that might have been remedied by extending P.C. 91 to cover these cases. Has it been done?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: Is there any reason why it should not be done now?

Mr. MACKENZIE (Vancouver Centre): It has not come to my attention yet, but I promise to look into the matter.

Mr. NICHOLSON: There is a reduction of over \$500,000 in this item.

Mr. MACKENZIE (Vancouver Centre): There is actually an increase, because there is a revenue of \$800,000 which accrues to this branch as a result of charging the war appropriation \$3.25 per diem for patients of the Canadian active service force who are in our hospitals.

Mr. NICHOLSON: But the reduction as compared with a year ago is over \$500,000.

Mr. MACKENZIE (Vancouver Centre): The several items which have been increased are as follows: Salaries, \$259,388; telephone, \$1,000; equipment, \$28,000; land and buildings, \$15,000; materials and supplies, \$34,340; making a total of \$387,728. There is a deduction of \$800,000, being estimated to revenue accruing to the department through charging the war appropriation a per diem allowance for Canadian active service force patients in departmental hospitals.

Mr. NICHOLSON: That hardly explains the point I have in mind. I do not think the minister dealt with the reduction of \$503,000 odd as compared with the expenditure a year ago.

Mr. MACKENZIE (Vancouver Centre): There is a revenue, which is not in the present vote but which we shall get from the war appropriation, of \$800,000 through the Canadian active service force.

Mr. McCANN: That would indicate that there is actually an increase of \$300,000 in the particular item for care of patients.

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. McCANN: Are any economies being put into effect from year to year, and, if so, what are they? Are a fewer or a greater number of patients likely to be treated this year? I have another question. The per capita per diem costs in civilian hospitals are pretty well known, and I would ask how costs in governmental hospitals compare with costs in civilian hospitals.

Mr. MACKENZIE (Vancouver Centre): A comparison is somewhat difficult, because the department would not take into consideration capital investment, depreciation and various other factors, as would be done in any private hospital.

With reference to the work, of course it is bound to increase. There is an average hospital population from the Canadian active service force of, roughly speaking, a thousand, so the work has, naturally, greatly increased.

Mr. McCANN: But leaving that out, how does it compare with other years?

Mr. MACKENZIE (Vancouver Centre): It is less.

Mr. McCANN: How much less?

Mr. MACKENZIE (Vancouver Centre): It will be difficult to estimate that with any exactness, but the work is less, apart from the new work which has been added as a result of class 18 treatment and the treatment of the Canadian active service force personnel.

Mr. McCANN: We do know this, that from year to year the number of pensioners is decreasing. What is the trend with reference to the physical disabilities that pensioners have, whether they are decreasing from year to year as time goes on and these pensioners become older? Is there an increase incident to disease, or is the figure decreasing, or is it stationary?

Mr. MACKENZIE (Vancouver Centre): There is no increase in regard to pensioner cases, but there has been a very large increase in the number of treatments of class 18 cases, which are more or less a recent innovation, of a year's duration.

Mr. ROSS (St. Paul's): I spoke a little while ago, before the six o'clock recess, with respect to the medical officers in attendance at some of the hospitals, and their holidays. I thought they were entitled to some holidays. I was told that they were part-time men. It seems odd to me, if that is so, that when they are away they have to supply someone to take their places. How can they, under those circumstances, be on a part-time basis? In reality, these men—I mean some of these permanent consultants—are at the beck and

call of these hospitals all the time. I thought I should bring to the attention of the minister the fact that, although they may be classified as part-time men, that is not, in reality their correct designation. I know from one man in particular that practically all his working hours are taken up with this work.

Mr. MACKENZIE (Vancouver Centre): They have the right to practise, if they so desire. In further reply to my hon. friend, hospital admissions in 1915-16—going back to the very start—were 22,000; last year, 1938-39, 10,348; in 1939-40, 25,061. My hon. friend will see what a tremendous increase in hospital admissions has occurred, as a result of present conditions, during the last year.

Mr. McCANN: I would point out to the minister that that is what one might reasonably expect. From 1915 there was a drop.

Mr. MACKENZIE (Vancouver Centre): The number fell to 7,000.

Mr. McCANN: It was practically cut in two, and had it not been for the fact that governmental hospitals are treating men of the Canadian active service force, no doubt the natural decrease would have continued, with corresponding reductions in the expenditures with reference to these hospitals.

Mr. GREEN: Apparently this treatment of class 18 applicants can be given only where the department has a contract with the hospital and where there is a medical officer who is paid a salary by the department.

Mr. MACKENZIE (Vancouver Centre): That is right.

Mr. GREEN: Was there any increase last year in the number of hospitals with which the government has a contract, or in the number of doctors who are on salary from the department? This is important, because in the smaller centres many men are unable to get this treatment.

Mr. MACKENZIE (Vancouver Centre): Yes; there has been a slight increase, not a substantial one. We try to meet, as far as we can, requests from remote localities where treatment facilities are difficult to obtain.

Mr. GREEN: With how many additional hospitals has the government entered into a contract, and how many more doctors are there available for consultation?

Mr. MACKENZIE (Vancouver Centre): Probably about seven hospitals. Altogether there are thirty-three places where treatment under this clause can be given. I believe that represents an increase of seven over last year.

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Mr. GREEN: Only thirty-three in the whole of Canada?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: Does the department pay the expense of a man getting to a hospital, or does he have to find the money himself?

Mr. MACKENZIE (Vancouver Centre): Where he is indigent, we provide free treatment and pay his way home.

Item agreed to.

Pensions branch.

Services to veterans and dependents.

232. Sheltered employment, \$71,905.

Mr. ROSS (St. Paul's): What does this item cover?

Mr. MACKENZIE (Vancouver Centre): It is to cover equipment and other expenses in providing employment for returned soldiers in vetcraft shops.

Mr. MacNICOL: Does it include the blind?

Mr. MACKENZIE (Vancouver Centre): It includes cost of transportation of blind and other totally disabled pensioners requiring the services of an escort, and also payments to the Canadian National Institute for the Blind for services rendered to the blind veterans.

Mr. MacNICOL: There is a considerable revenue, is there not?

Mr. MACKENZIE (Vancouver Centre): The figures are:

| | |
|-------------------|-----------|
| Expenditure | \$230,079 |
| Revenue | 226,836 |
| Net loss | \$ 3,243 |

Mr. GREEN: Has there been any increase in the number of men employed under the schemes; and will the minister explain where the schemes are?

Mr. MACKENZIE (Vancouver Centre): At Toronto, Montreal and the Victoria Red Cross workshop.

Mr. ROSS (St. Paul's): How many men are employed? The minister did not give that.

Mr. MACKENZIE (Vancouver Centre): Average number in 1939: Toronto, 47; Montreal, 46; Victoria, 23.

Mr. ROSS (St. Paul's): Representatives of several of these organizations call round to see people and claim to be under government supervision and that sort of thing. Is any brand put on the classes of stuff they make,

[Mr. Ian Mackenzie.]

or is there any way whereby the ordinary public may know which are O.K. and which are not?

Mr. MACKENZIE (Vancouver Centre): The trade-mark is registered, and that is about the only protection there is so far as I know.

Item agreed to.

Pensions branch.

Services to veterans and dependents.

233. Employers' liability compensation, \$50,000.

Mr. MacNICOL: In reference to this item, I assume it is the one under which manufacturers or employers are compensated for taking on their staffs men who are slightly unfit physically.

Mr. MACKENZIE (Vancouver Centre): That is correct.

Mr. MacNICOL: About how many men are now employed by industry or employers under the scope of this item?

Mr. MACKENZIE (Vancouver Centre): We have only the records of the claims, which in 1939-40 numbered 502. As regards this vote, it is impossible to estimate ahead the exact amount of liability, and sometimes it is necessary, if the expenditure exceeds the vote appropriated by parliament, to have a governor general's warrant.

Mr. MacNICOL: In my opinion it is for a very good purpose. I believe that, because of this increase of \$10,000, more and more of these men will be employed.

Item agreed to.

Pensions branch.

Services to veterans and dependents.

234. For the continuation or carrying out of projects or schemes commenced or recommended by the veterans' assistance commission and to authorize the employment or continuation in employment by the governor in council of such extra temporary officers, clerks and employees as may be necessary to carry out the purposes of the Veterans' Assistance Commission Act, \$70,000.

Mr. GREEN: This vote covers the main plan by which the government hoped to find work for the unemployed front-line man who is fit. In the last year the estimate for actual projects on which money was to be spent was \$85,000, and this year it is cut to \$15,000, the rest of this vote of \$55,000 being for overhead. That does not seem at all reasonable. What projects have the government under operation at the present time, and are any new projects in contemplation?

Mr. MACKENZIE (Vancouver Centre): On that question this vote really divides itself

into two parts. First, it deals with the staffs and honorary committees and secretaries in the various centres of Canada, those concerned with the problem of finding employment for ex-soldiers. That is their main duty. Second, it deals with projects begun in various centres, some of which have been closed, having been found to be uneconomic. We endeavour to keep the local staffs, what my hon. friend calls the overhead, so as to direct their activities almost exclusively to the question of finding employment and to correlate them with other agencies working on behalf of ex-service men. With regard to the vote itself, for the Canadian corps of commissionaires the sum of \$5,000 is provided.

Mr. GREEN: For the coming year?

Mr. MACKENZIE (Vancouver Centre): Yes. That is the reduced amount. For the Montreal honorary committee the amount is \$6,000; the amputation placement service, \$2,500; the work in Toronto, \$1,500. That makes \$15,000. In many places, such as Vancouver, there are funds in the possession of the committee which were allocated to certain projects that have not yet been embarked upon, and this money may be taken from one project to another so as to enable the work to be carried on in other directions during the coming year. Some of the centres that are not getting grants this year are still in possession of funds unexpended from last year.

Mr. GREEN: There are only four or five projects that are being carried on at the present time?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: The position really is that there is a sort of soldiers' employment agency operating in fifteen or sixteen centres?

Mr. MACKENZIE (Vancouver Centre): It will amount to exactly that at the end of the year.

Mr. GREEN: Have any new projects been started during the year?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. ISNOR: Does the minister mean that other employment offices, such as the veterans' assistance committee, will be closed?

Mr. MACKENZIE (Vancouver Centre): No. Those offices in some instances will be able to carry on in the present year, but their activities will be limited to finding employment for ex-service men and will not be directed to some of the projects which in the past have not proved successful.

Mr. POULIOT: May I ask the minister whether he personally decided to reduce this item by more than one-half or was it on the advice of the consultative board on political economies, of which Mr. Towers, and Mr. Clark of the Department of Finance, are members?

Mr. MACKENZIE (Vancouver Centre): It was the result of personal investigation in conjunction with the officers of my department who have given a great deal of consideration to the whole scheme for several months, and it was entirely with my own approval. It did not come from any other department.

Mr. POULIOT: I thank the minister, but I did not mention any department but referred to a board, of which Mr. Clark and Mr. Towers are members. They constitute the consultative committee which is supposed to give direction to various departments on every important matter. I do not say this by way of censure of the minister, but I should like to know whether that board has done anything.

Mr. MACKENZIE (Vancouver Centre): So far as I know, that board had nothing whatever to do with these reductions.

Mr. POULIOT: Then the board should be abolished, because the other day I asked a colleague of the hon. gentleman whether the board had given advice in regard to another matter and his answer was, no. What is the use of having boards if they are not consulted? I do not blame the minister for not consulting them, but these people constitute a board and are supposed to give a lead to the government, and the lead is all wrong. I congratulate the minister upon not having submitted that item to the board, but I regret the decrease just the same. All the returned men should be given some work. It is easy at times to employ them as guards on bridges, and in that event the department would not have anything to pay because it would be paid by the railways. I bring that to the minister's attention and I hope he will look into it.

Mr. GREEN: Under the Unemployment Insurance Act the government are setting up national employment agencies. Would it not be of more value to the returned men if the veterans' assistance offices were in some way or another tied in with these employment agencies? If some provision could be made along that line, the veterans would have far more chance of getting work. At present the veterans' assistance committees are pretty well running by themselves and there should be some tie-up with the new scheme. What have the government in mind?

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Mr. MACKENZIE (Vancouver Centre): The government has taken action. A committee has been studying that point for the last three or four weeks, and it is intended that there shall be complete cooperation between these various agencies. In the past there has been no marked cooperation among the various agencies working in this direction; sometimes there has been conflict or lack of cooperation. It is intended to work out a definite scheme of cooperation, and that scheme is being studied by one of the various subcommittees which are dealing with demobilization, reestablishment and so forth.

Mr. GREEN: How many veterans' assistance committees are there in operation in Canada?

Mr. MACKENZIE (Vancouver Centre): There are committees in Halifax, Montreal, Toronto, Hamilton, London, Windsor, Winnipeg, Regina, Calgary, Edmonton and Vancouver.

Mr. FRASER (Peterborough West): Men along the Trent canal say that the veterans in that locality used to be put to work cutting weeds, but lately they have put other men on and the veterans are out of work.

Mr. MACKENZIE (Vancouver Centre): Who is doing that?

Mr. FRASER (Peterborough West): That would be under the Trent canal branch.

The CHAIRMAN: That does not come under this item.

Mr. MACKENZIE (Vancouver Centre): Was it done by the veterans' assistance honorary committees?

Mr. FRASER (Peterborough West): I do not know.

Mr. MACKENZIE (Vancouver Centre): If my hon. friend will write to me, I shall be glad to make inquiries.

Mr. MARSHALL: The minister said that some of these projects had turned out to be unsatisfactory. What and where are they?

Mr. MACKENZIE (Vancouver Centre): They are varied, comprising about twenty or thirty. I will mention some: Canadian corps of commissionaires; Workshops Limited, Montreal; a small holdings scheme near Toronto, under the direction of the Toronto Veterans' Workshops Incorporated; Poppy fund of Toronto, Incorporated; Amputation placement service; a publicity campaign, Toronto, under the direction of the Toronto honorary committee; a small holdings scheme near

[Mr. Green.]

Windsor, under the direction of the Windsor Veterans' Enterprises, Incorporated; Financial assistance to promote employment in St. Thomas, Ontario; a small holdings scheme near Winnipeg, under the direction of the Veterans' Land Settlement Company, Winnipeg, Manitoba; Veterans' Workshops, Limited, Regina, Saskatchewan; War veterans' industry committee, Moose Jaw, Saskatchewan; Veterans' auto parking and protection corps, Vancouver, British Columbia; Veterans' night patrol service, Vancouver, British Columbia; Veterans' parking space and auto service, Vancouver, British Columbia; First aid grant, Vancouver, British Columbia; Veterans' guest guide service, Vancouver, British Columbia; Financial assistance, Canadian Red Cross, Vancouver, British Columbia; publicity campaign, Vancouver, British Columbia; probational training and repayment fund to provide tools, equipment and transportation to veterans on repayment. The whole scheme was designed to meet an acute economic condition resulting from the depression, and at the beginning I think it did meet the requirements of the situation, but as a continuing project I am afraid it will have to be closed up.

Mr. GREEN: Were all the minister mentioned closed up?

Mr. MACKENZIE (Vancouver Centre): No, not all.

Item agreed to.

Pensions branch.

Services to veterans and dependents.

235. Grant to last post fund, \$85,000.

Mr. MacINNIS: What control or supervision has the department over this fund?

Mr. MACKENZIE (Vancouver Centre): The last post fund operates under dominion charter for the purpose of preventing burial in a pauper's grave of any Canadian ex-service man who dies in indigent circumstances in Canada or elsewhere, or burial in a pauper's grave in Canada of any imperial ex-service man. There is a grant of \$85,000 this year, but the fund is also financed and supported by local and voluntary contributions.

Mr. MacINNIS: The reason why I asked the question is that a complaint was made to me last spring over the telephone that in providing monuments for ex-service men only one or two monument companies supplied the stones. I do not know what could be done about the matter, but I think it is a bad

policy that this should be confined to a close corporation of favoured companies. It is creating a great deal of discontent.

Mr. MACKENZIE (Vancouver Centre): I agree with my hon. friend if the facts are as he states. But this department does not control such matters; that is in the various local centres.

Mr. SHAW: Is there no check on the fund at all?

Mr. MACKENZIE (Vancouver Centre): We receive an audited statement once a year, and we have a member of the departmental staff on the committee.

Mr. SHAW: Is it examined by the auditor general?

Mr. MACKENZIE (Vancouver Centre): Yes.

Pensions branch.

Services to veterans and dependents.
236. Grant to Canadian Legion, \$9,000.

Mr. SHAW: Is this a straight grant without attachments?

Mr. MACKENZIE (Vancouver Centre): They have to spend twice this amount on administration in carrying out the objects of the Canadian Legion before they are entitled to receive this grant.

Mr. MacINNIS: I wish to express my appreciation for assistance received from the Canadian Legion here and in Vancouver, in taking up matters on behalf of returned men.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Marketing service.

30. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed \$30,000, \$100,000.

Mr. NICHOLSON: The last item in the minister's report, page 138 deals with the supervision of race-track betting. How does that come under agriculture?

Hon. J. G. GARDINER (Minister of Agriculture): I do not know why it is unless the idea was to promote the raising of horses of the type that used to draw buggies.

Mr. MARSHALL: On June 6, I outlined a plan concerning the disposition of surpluses, particularly agricultural surpluses. I should like to enlarge a little on that plan, because I believe it offers, in some degree, a solution of the problem of the distribution of certain surpluses in Canada. I believe the plan could

be applied to almost any commodity, such as fish or apples, potatoes or any other product. On June 6, I spoke briefly. This plan was inaugurated by the Department of Agriculture in the United States about fifteen months ago. It has the approval of Secretary Wallace. It was launched by the Department of Agriculture as part of an attack on the paradox of poverty in the midst of plenty. It is a cooperative effort; farmers, retailers, businessmen and welfare officials cooperate to make it successful. They work on the principle that it is better to distribute surplus commodities among people who are underfed. It is true that the plan does not solve all the farmers' problems, but during the past fourteen or fifteen months it has increased the consumption of these products by needy families by at least fifty per cent. This increased consumption is largely in the field of dairy and agricultural products, such as fruits, vegetables, meats and poultry. Up to May 1, 1940, the department had been able to distribute surplus products to the extent of about \$10,400,000 worth. The increase in the consumption of butter alone amounted to about \$2,000,000; eggs, to about \$1,900,000; flour, cornmeal and rice, to about \$1,700,000; vegetables, to about \$700,000, fresh and dried fruits, to about \$1,700,000, and pork products, to about \$2,500,000.

At the present time some 1,300,000 people are participating in this scheme and deriving benefit from it. My understanding, from the last bulletin issued by the Department of Agriculture, is that one thousand other communities have asked that this plan be put in operation in them. When it is fully working they expect to be able to get rid of surpluses to the extent of from \$700 to \$900 millions a month. This will directly benefit about four million consumers. In the case of butter we are told that it should increase the consumption by about 56,000,000 pounds; eggs, by 59,000,000 dozen, and pork products, by 180,000,000 pounds, so that it would help the farmers to the extent of about \$25,000,000 a year. It would also help the smaller farmers, that is market gardeners, to the extent of about \$40,000,000 a year. I believe that such a plan is worthy of consideration by the government at this time.

I have no doubt that the minister is well aware of the plan, but I bring it to the attention of hon. members in order that they may study it for themselves and see what merit it has. It is known as the food stamp plan and was inaugurated in March of 1939. I should like to quote from this bulletin issued by the

United States department of agriculture because it outlines the scheme better than I could in my own words:

The mechanism for utilizing the normal channels of trade in bringing about the increased consumption of surplus food involves the use of food stamps.

In order to get a broad experience record in this new approach, various methods of operation were tried. Basically, however, they all adhered to the same general pattern.

Because the best available figures indicate that persons getting public assistance spend an average of about \$1 a week per person for food, safeguards are provided in the plan to ensure the continued expenditure of that amount by those eligible persons who participate. Any food, therefore, that is made available to the relief families in addition to what they are already able to get represents a net increase in their consumption. The safeguards are in the form of twenty-five cent orange-coloured stamps. Relief families participating in the plan may, on an entirely voluntary basis, purchase orange-coloured stamps at the rate of \$1 a week for each member of the family as a minimum, or at the rate of \$1.50 a week for each member of the family as a maximum. For each dollar's worth of orange-coloured stamps purchased, fifty cents worth of blue surplus stamps, each worth twenty-five cents, are given free to the family.

Both types of stamps can be used for food in any grocery store in the area in which the plan is operating.

Mr. HANSON (Skeena): What is the hon. gentleman reading from?

Mr. MARSHALL: I have already stated what I am reading from; if the hon. gentleman had listened, he could have heard. As a matter of fact, on two occasions I gave the source of this quotation. It is one of the bulletins issued by the department of agriculture of the United States.

The CHAIRMAN: I must state that we do not hear the hon. gentleman very clearly at this end of the chamber.

Mr. MARSHALL: I am doing the best I can, but there is some noise in the chamber. As a general rule I can be heard at quite a distance.

The orange-coloured stamps can be used for any food usually purchased in grocery stores and also for such items as soap and starch, but cannot be used for tobacco or alcoholic beverages. The blue surplus food stamps can be used only for those food products declared by the secretary of agriculture to be in surplus and which are listed on the surplus commodity bulletin currently in effect.

I believe this plan has a great deal of merit to it. I think a year or so ago, when we had a surplus of butter, the minister used the plan to a small degree, and I am quite satisfied that he found it to work satisfactorily. I am sure the minister has looked into the plan, and perhaps he might state whether it could

[Mr. Marshall.]

be put into operation here. I think I know where the difficulty would lie. I realize, of course, that an expenditure of money is involved and that the minister would have to go to the Minister of Finance for funds with which to finance the project. But I contend that it is the minister's job to get rid of surpluses. He should bring this plan before the cabinet, and if he thinks it worthy of being tried he should not look at the financial consideration. I should like to hear if the minister is prepared to comment upon this plan to-night.

Mr. GARDINER: As has been stated by the hon. member, a year or so ago we did apply the principle he has outlined in connection with a butter surplus which existed in Canada. That plan involved the expenditure of about a million dollars in distributing butter among persons who otherwise would not have been able to purchase it. In connection with that plan we selected two groups of people. The first group consisted of those who were on relief and who, under the relief schedules, were obtaining about half the amount of butter consumed by persons who have money with which to purchase it. We doubled the consumption of the first group by making donations of butter to them sufficient to bring their consumption up to the average. The second group consisted of those who were not on relief but who were getting along with either no butter or very little butter as a result of their effort to stay off relief. We also assisted them, through the Red Cross and other similar organizations by supplying them with butter up to the amount of the average consumption.

I think the results were quite favourable. Not only did we make it possible to have a considerable part of the surplus consumed, but whether or not the plan was responsible, for the first time in quite a number of years butter maintained its price level right through the summer months. That level was very low, around twenty-one or twenty-two cents a pound at Montreal. Nevertheless, it had been at that level, as I remember it, from August or September of the year before, and continued on that level right through the winter. Usually, if the price has been at a certain level during the winter months, it takes a drop of from three to five cents a pound in the months of May, June and July. During that summer, however, butter remained at the same level. Then came the war condition in the fall, which of course caused an increase in price of about six or seven cents a pound, and for a considerable time butter remained at about that level. We have also applied the

principle, in a little different manner, in connection with the distribution of apples and of cheese, fish and other food products among those in the drought areas who were unable to purchase them.

We did not use stamps in connection with any of these plans, as they did in the United States. In connection with the butter we did use certificates, but in giving away the other food products we simply delivered them to persons who, we knew, were receiving assistance or who would be denied an opportunity to consume those products because of conditions existing in those particular areas. In connection with cheese and fish in particular, in addition to applying the principle involved in this scheme in the United States we also attempted to use it more or less as a means of advertising good food products coming from one section of Canada into other sections in which the consumption was not up to the average. By delivering a good product we thought we would promote the consumption of that product in that section. However, conditions have been such since we made the distribution as to make it impossible for us to determine just how successful the advertising part of the scheme was, because persons in those sections of Canada have not been in a position to purchase freely since that time.

All I would wish to say with regard to the scheme is that in the United States it has been applied in rather a large way and, I think, has been very successful, particularly in areas where there are large urban centres to be supplied. Probably there would be a little more difficulty in applying such a plan to Canada, where our urban centres are much fewer in number.

Mr. HOMUTH: How much butter was imported during that period?

Mr. DUPUIS: Ah!

Mr. HOMUTH: Never mind the "ah." We want to know.

Mr. GARDINER: There would be very little. There was probably a small amount, which would come in across the line from the United States, when there were towns on our side of the line contributory to areas on the other side. But importations during that period were very small.

Mr. EDWARDS: Why is the grant being reduced from \$150,000 to \$50,000 this year, and under what headings do those reductions occur? I am referring to the item on page 77 of the estimates for marketing projects, including advertising.

Mr. GARDINER: Advertising is a departmental activity which can be carried on to almost any amount we might care to expend. There might be a limit to the extent to which it could be carried on effectively, but there is very little limit to the amount of money one could spend in the advertising of food products. This year we were asked to cut our expenditures considerably, on account of the fact that we are engaged in war. This is one of the places where we could make a cut. There is no other reason for the limiting of the expenditure than that we wanted to lessen expenditures.

Mr. EDWARDS: Apropos of advertising curtailment, it seems to me that is false economy. For the first time in many years with regard to the products of primary industries, the government is faced with what might be called risks of ownership. Applying sound business principles to that situation, I think if we cast our eyes around, and see what prudent business firms and institutions are doing under such circumstances, we would find that instead of restricting and circumscribing their advertising appropriations, successful business firms, whether they be purveyors of chewing gum or automobiles, have increased their appropriations for advertising. The day has gone by when it is good enough simply to offer goods to the public. Goods have not only to be offered, but to be sold; you have to create a buyers' demand. The grocery store no longer sells your wife or my wife Kraft cheese, Maxwell House coffee, Buick automobiles or Ford automobiles. The owners of those products create in our wives' minds a buying desire for those particular commodities. How is that done? It is done by advertising, by pictures, by announcements, by competitions, by demonstrations and free samples, and even by plays over the radio, dramatizing and emphasizing the varied uses and superior qualities of what they have to sell.

This year the Dominion of Canada is faced, in so far as her natural products are concerned, with a greater problem than any she has been confronted with at any other time in her history. We are now right up against the risk of ownership, of enormous quantities of these products. I am sure every thoughtful Canadian who has any interest in our primary industries is asking himself, as I have asked myself, "what shall we do with these surplus products which are perforce on our doorsteps, in our barns, in our warehouses?" I believe that a good business man confronted with the same situation would call in the best advertising experts he could find, no matter what the cost. And instead of contracting his

expenditures for advertising, he would vote greater sums so as to create a greater desire, consumer demand or appetite, if you will, for the products he has to sell.

In the prairies we know well what the result of the department's progressive stand was in regard to the merchandising of apples last fall. In comparison with the value of the fruit sold, and the splendid consumer reaction created, by the advertising, I am sure the money spent at that time was well spent. Certainly it would be too bad if that appropriation were to be cut out this year. I say that because my observation tells me that Sunkist oranges do not advertise one year and stop advertising the next. Nor does Wrigley's spearmint gum follow that procedure. They advertise year in and year out.

Mr. HOMUTH: And in increasing amounts.

Mr. EDWARDS: The same observation applies to all those business firms and corporations manufacturing worth-while products. They are constantly creating consumer demand for those products. Instead of contracting our appropriations for advertising and merchandising the products of our greatest primary industry, agriculture, we should be increasing, and ever increasing our appropriations for that purpose. To me the problem of disposing of that surplus is one which must be faced by the government. Particularly is that true in regard to wheat. I do not believe that the bread-eating people of the world have ever yet been told the story or given a practical demonstration of the superior value of Canadian wheat. I suggest that the real reason for that is that there has never been an individual, firm or a corporation which has ever had the risk of ownership. Those individuals or corporations have been able to sell their wheat to some indefinable person, and that person has sold the option, thereby getting rid of the responsibility or the liability of actually selling the product itself.

We have a real liability in our granaries and storage warehouses. In those warehouses are the natural products of our fields, forests and mines. I am particularly concerned with agricultural products, and I submit that it would be short-sighted and unwise on our part to contract or to restrict our advertising appropriations at a time like this. Instead of the grant being reduced, I suggest that it ought to be doubled. Any sound business firm or individual, confronted with the same problem which now confronts us, in so far as our agricultural products are concerned, would call in the most competent, expert advertising advice available, and would increase the appropriations for advertising.

[Mr. Edwards.]

That is the policy, as I understand it, of outstandingly successful industrialists and manufacturers on the north American continent.

Mr. GARDINER: As I said the other night, wheat is not handled by the Department of Agriculture. That may seem strange, but it is true.

Mr. HOMUTH: It is a silly anomaly, anyway.

Mr. GARDINER: It has always been handled by the Department of Trade and Commerce—and in fact it is scarcely proper to say that it is handled directly by that department. At the present time it is handled by what is known as the wheat board. Since 1936 the wheat board has had in England a man whose job it has been to try to dispose of Canadian wheat. He has had certain amounts of money provided by the wheat board with which to advertise and otherwise to try to sell Canadian wheat. Therefore any advertising that is done in connection with wheat, or in connection with the promotion of the sale of wheat is not done under this vote. It is done through the wheat board, and through a vote of money provided by the wheat board, as part of the operating expenses of that organization.

With regard to the sale of farm products within Canada, our position has not been the same since the war started as it was before the war. The amount of money available for advertising purposes before the war was double the amount provided this year. Speaking from memory, I would say that in some years within the last three or four the amount has been even higher than that.

Last year we provided for the sale of Canadian apples by processing some of them, and by assisting the dealers to sell apples in different parts of Canada in greater volume than they had been sold in previous years. But we did not take out of this vote money with which to promote the sale of apples. Since the war, for that kind of promotion we have had money available under the War Measures Act, and any sums we required for the sale of apples were secured not from this vote but from the vote under the War Measures Act, and moneys are still available to us out of that vote for the sale of surplus products which are in the position that apples were in last year and are in again this year. I would say that the same thing might apply to other farm products if conditions created by the war are such as to warrant our using moneys from these funds. This vote is to take care of the ordinary run of advertising, and it is just possible that the expenditure

might be less this year because of the fact that we have money available from other sources to handle products in which we might accumulate a surplus because of the war.

Mr. HANSELL: We have been talking a little about advertising, and I am lucky enough to have on my desk a fine display of the advertising of Canadian beef, "by the Department of Agriculture, the Hon. James G. Gardiner, minister." I am in agreement with the remarks of the hon. member for Calgary West (Mr. Edwards), who has spoken of the necessity of advertising our products. I believe it is a good thing to advertise them to the best possible advantage, and I want to compliment the minister on this picture. I have just had my dinner, but I feel hungry when I contemplate this fine roast beef garnished with carrots and greens, under the caption "Tender, juicy, good for you". But when I turn over the page I find that this advertisement appeared in *Maclean's* magazine. *Maclean's* is a Canadian magazine. Perhaps I need to learn a few things about the export and import of beef, but I am wondering whether such an advertisement would not produce more results if it appeared in some foreign magazine. It appears to me that the people of Canada for the most part eat Canadian beef anyway, and if we could have some advertising done in other countries I think it would be much better. I am going to ask the minister just how much advertising might have been done in other countries.

A year or a little more ago we received samples of the advertising displays for Canadian bread, and if I remember correctly, these displays appeared in the British papers. I was interested in them and thought I had some criticism to make at that time. I did think it must have cost a great deal of money to put these big display advertisements in the British papers. I am not begrudging the expenditure of money for advertising because it is generally accepted that it pays to advertise, but I am wondering how much we have advertised in the interests of our export market. Will the minister tell us something about that?

Mr. GARDINER: Again, Mr. Chairman, while we have been advertising in the export market, this was done by the Department of Trade and Commerce. Speaking from memory, I believe that last year their vote was around \$300,000; and the year before, about the same amount. I notice in the pictures that I have seen on the screen recently demonstrating Britain's war effort, that the buses passing up and down the streets of England carry advertisements of Canadian cheese, Canadian butter and other Canadian

products, but Canadian cheese particularly. That is a condition which has developed during recent years. Before that, there was the "Canada Calling" programme of advertising, which was started a few years ago and continued until the war broke out. I do not think as much money is being spent on advertising in England at the present time, largely because all food now imported into Britain is under the control of the food ministry, which takes in and distributes whatever food is required. Therefore there is not the same reason for advertising now as there was before the war started. In other countries there has not been so much done in the way of advertising, but a considerable effort has been made by our trade commissioners and in other ways to encourage the use of Canadian farm products in these other countries.

Mr. NICHOLSON: A few years ago Danish exporters spent a good deal of money on advertising in the British market their bacon, butter and other products. Since that market is now lost to them, are we making any effort to supply Britain with the commodities that were sold there before the war by Danish farmers?

Mr. GARDINER: We are following the same policy that we followed prior to the war of trying to popularize our products in Great Britain by keeping on the British market at all times products of high grade, but as I said a moment ago, there is not the same prospect now of inducing the British to handle greater quantities of our products. The only approach we can make is through trade agreements with the British government whereby they take certain volumes of our cheese, bacon and other products for distribution amongst the people of Great Britain. We are following that up by keeping up constant contacts with the British food ministry by cable and otherwise to induce the use of more and more Canadian products as supplies from other countries are cut off.

Mr. CASTLEDEN: If I might deal with advertising that is a little closer to home I would call the attention of the committee to what is apparently an abuse in connection with the administration of the bonus under the Prairie Farm Assistance Act.

Mr. GARDINER: That would come under the next item.

Mr. JAQUES: Would the minister give me a little advice?

Mr. HOMUTH: He would be glad to.

Mr. JAQUES: I am urged by the Minister of Finance to spend less and consume less

in order to buy war bonds. The Minister of Agriculture urges me to spend more so that I shall consume more. Which am I to do?

Mr. GARDINER: I would judge that my hon. friend comes from not very far away from Scotland, just to the south of Scotland. He will recall that the advertisement put out by my colleague to which he refers, and which I see every time I go out of the building says, "Save". That is not to say you are to stop consuming. We do a great many things with money besides buying food. What we are being advised by the finance department to do is to save money in order that we might be able to help with the war, not to stop eating so that we might be able to help with the war.

Mr. DOUGLAS (Weyburn): To come back to this question of distributing the butter, does the department contemplate any similar programme with reference to the distribution of apples, of which there is a surplus this year, to the one under which butter was distributed last year?

Mr. GARDINER: All I can say with regard to that is that the apple growers have been here, I believe, since July 29 waiting for me to get these estimates through so that I can meet them and we can discuss what we are going to do about apples. Last year we carried through a plan with regard to apples, not upon exactly the same basis as the arrangement for distributing butter, but it did cost the treasury some money. We are not sure how much it will cost, but somewhere around \$2,000,000 was expended last year to carry on activities in connection with apples. Whether it will cost as much in the coming year, no one can tell at present. Some plan will be worked out to dispose of Canadian apples. There is a poorer crop to-day in some parts of Canada than there was last year. That may assist to some extent to lessen the problem of disposing of apples in some sections of Canada.

Mr. DOUGLAS (Weyburn): I imagine that, with the present restriction on importations of citrus fruits, there is a tremendous potential market on the prairies for apples this year. This will create a market among people who are not in a position to buy citrus fruits. It occurs to me that if there are difficulties in the way of shipping apples in the raw state, some method may be found of transporting them either in a processed state or in the form of juice. People are being educated to drink apple juice and are discovering what an excellent breakfast substitute it is for orange juice. The difficulty

[Mr. Jaques.]

at present, so far as western Canada is concerned, is the expense. I had a good illustration of that just recently. Since we came to Ottawa, my youngster developed quite a taste for apple juice, but on going back west my wife found that a tin of apple juice, which cost 8½ cents in Ottawa, was selling at 22 cents out there. If these people can be enabled to use apple juice as a substitute for orange juice, they will provide an important market for the apple and its products.

Mr. GARDINER: Most apples used on the prairies come, as the hon. member for Weyburn knows, from British Columbia. Those who are interested in selling British Columbia apples are in Ottawa at the present time, and are working with the officials of the department with one purpose in mind. Their desire and that of the departmental officials is to get the price down as much as possible, by negotiation with all parties to the transaction, to the farmer on the prairie. I think it will be realized that price this year will have a great deal to do with the volume of apples which will be consumed on the prairies. The discussion we have had in recent days is directed to that consideration. The effort is being made to reduce the price to as low a point as it can be got consistent with giving a return to the producer.

In so far as the juice is concerned, I believe I am within the mark when I say that Canadians last year probably drank one hundred times more apple juice than in any other year, at any rate in recent times. I have not the figures of the days when we used to drink hard cider.

Mr. HOMUTH: Those days are gone.

Mr. GARDINER: At the beginning of the year the process of producing apple juice was in a more or less experimental stage. I believe that prices on the prairie to-day are lower than they were when hon. members left their homes to come east. I understand also that the price of apple juice in the east is lower than it was at the beginning of this session. My officials inform me that practically all of the apple juice which has been produced this past year has been consumed, and they are waiting for the new crop so as to catch up with the demand. Therefore the job which has been put over this past year by producers of apple juice, by those who have been advertising it, and others, seems to have been fairly effective. I hope it will continue in that direction.

Mr. ROSS (St. Paul's): May I ask about the freight rate on apple juice to the west? Also, what is the extent of reduction in

importations to Canada from the United States this year of agricultural and vegetable products?

Mr. GARDINER: Perhaps my hon. friend will wait a moment for the answer because the official here has not the information.

The CHAIRMAN: I desire to draw the attention of hon. members to the fact that these questions have been discussed under item 28, fruit, vegetable and maple products, and that we are repeating the discussion which took place the other evening.

Mr. HOMUTH: But this relates to the marketing of agricultural products, does it not?

The CHAIRMAN: No, the marketing of fruit, vegetable and maple products. Hon. members will remember that under item 28 there was quite an extensive discussion of this subject.

Mr. ROSS (St. Paul's): I do not want to overstep the rules. But one thing we are greatly interested in is the conservation of foreign exchange, and that is why I asked the question.

The CHAIRMAN: If the question is directed to all agriculturéal products I think it would be in order, but not if it is directed to apples or other fruit.

Mr. ROSS (St. Paul's): My question was as to the reduction in the value of importations of agricultural and vegetable products to Canada from the United States this year as compared with last year.

Mr. GARDINER: The value of the fruits and vegetables so coming into Canada is, I believe, about \$20,000,000.

Mr. ROSS (St. Paul's): The reason why I asked about the freight rate is that it seems to me—and I would offer it as a constructive suggestion—that in order to keep our money in the country we should try to make the freight rates as cheap as we possibly can for such products as will supplant United States products in Canada, and so obtain as big a market as possible for our domestic products.

Mr. JQUES: I have seen a statement that in Manitoba it takes four bushels of wheat to buy one box of Okanagan apples, and that in the Okanagan it takes four boxes of apples to buy one bushel of wheat. If that is true—and I believe it is—there seems to be room for improvement in the marketing of these two products.

Item agreed to.

Special.

31. Prairie Farm Rehabilitation Act and water storage, \$2,500,000.

Mr. DOUGLAS (Weyburn): What amount of money is outstanding under this item? The minister probably knows what I have reference to. I have been finding people all over my constituency who put in dug-outs last year and who have not got their money yet. No doubt other western members have had a similar experience. I know these people have been bombarding us, and I know we have been bombarding the minister or someone in the department with many cases of people who put in these dug-outs or some small irrigation project which had been authorized, and had them passed for payment last fall, but have not got their money yet. It is really a serious problem with some of these people. I know one man who put in ten dug-outs for himself and for a number of his neighbours by arrangement with them. He did it with a caterpillar tractor and had to go into debt with the oil company to get the fuel. The oil company, of course, have been riding him ever since; he rides us, and we ride the minister, and I do not know whom the minister rides, but certainly the money has not been forthcoming. How many of these accounts are still outstanding? Last year there was three and a quarter millions. What amount authorized is still owing?

Mr. GARDINER: The overamount last year was partly explained by the hon. member himself. The Prairie Farm Rehabilitation Act was passed in 1935 and during that year there were thousands of applications for dug-outs—I have forgotten the number. People applied for dug-outs and projects of one kind or another, but very few of them were dug during that year. In that year an arrangement was made that the farmer had to dig his own dug-out in order to get payment. The next year there was quite a large number of applications, and during a part of that season as well it was necessary for the individual farmer to dig his own dug-out in order to get payment. But in Manitoba, in the early part of the season, a plan was devised under which the municipalities gave some assistance. They obtained equipment and helped the farmers in that area to organize and dig dug-outs. The money which was to have gone to the farmer directly went in some instances to the municipal council and in others to the person who did the work for the farmer. That plan was followed and developed throughout the years. During the time of poor crops and very little feed there was not the tendency on

the part of farmers to go and dig as many as we hoped they would when we started the plan.

We followed, in the earlier months of the second plan, this method: We said to the farmers, "You dig the top five or six feet, and then a drag-line will come and dig the bottom six or seven feet which it is difficult to take out with horses not properly fed during the time that feed is scarce". That continued on through the drought years. Last year we had an accumulation of these applications made for dug-outs over the years, and that plan had become more and more developed. Last year groups of farmers got together in tens and scores, sometimes as many as a hundred, and saw to it that a drag-line was kept going by cooperation with the municipality or in some other way in order to go about and dig these dug-outs. You can dig a dug-out under that system every twenty-four hours by running the drag-line night and day and running horses to take from the top during the daylight, thus putting in about one dug-out every twenty-four hours. A number of machines going about doing that work accomplished a great deal last year. About \$550,000 will be paid out of the moneys voted this year for the extra number of dug-outs dug last year.

Mr. DOUGLAS (Weyburn): That will clean up all these accounts?

Mr. GARDINER: Yes, all accounts with regard to dug-outs. There are some held over in connection with larger water projects, that is, dams, and the small irrigation projects.

Mr. DOUGLAS (Weyburn): How much of the total of \$2,500,000 is to pay accounts now outstanding and how much of it is for new work?

Mr. GARDINER: About \$800,000.

Mr. CASTLEDEN: The minister says that there is no new work for this year. People in the northeastern part of the province have not been able to get any dug-outs this year.

Mr. GARDINER: There were dug-outs that were started last year, having been authorized, and some dams authorized last year. They are being completed this year and these expenditures are being made all the way through, but we are unable to accept new ones this year in view of the fact that some are still being carried over.

Mr. NICHOLSON: In view of the large carryover of wheat, is it wise to cut the grant of this department? Members from Ontario have suggested that the people of western Canada should go in more extensively for

[Mr. Gardiner.]

mixed farming. A great many have been doing so, but there is a problem with regard to water. Many people in my constituency are anxious to take up mixed farming, but so far they have not had any assurance of assistance in connection with dug-outs. The minister said that with the use of the diesel caterpillars they were able to construct dug-outs in thirty-six hours last fall. If assistance could be made available, it would be a great inducement to the farmers to go in for mixed farming.

Mr. EDWARDS: Is anything included for storage facilities in the Milk river district in southern Alberta?

Mr. GARDINER: No, there is nothing for those particular projects. They would take up more money than there is in the entire vote this year.

Mr. QUELCH: With regard to the survey work carried out last year on the Red Deer river for the purpose of finding a site for the proposed dam in connection with the water project there, can the minister give us any information at this time?

Mr. GARDINER: There are no new developments since I explained the situation a year ago. We made some tests but found the cost would be very high. It would take more money to make a reasonable start than we have in the entire vote this year.

Mr. DOUGLAS (Weyburn): Can we have an assurance that those accounts which have been outstanding since last fall will be paid shortly? Will the cheques be sent out shortly?

Mr. GARDINER: As soon as I get the vote through the house and have it assented to, I shall start to make payments.

Mr. DOUGLAS (Weyburn): Can the minister give a break-down of the money authorized last year for payment as between individual farmers and construction companies? In some instances construction companies carried on projects. Can the minister give the different amounts?

Mr. GARDINER: As far as we are concerned, all our payments are to individual farmers. The farmer may assign money due him to someone whom he hired to do the job for him, either through negotiation with the municipality or otherwise, but our payments are made to the farmer. There may be an assignment from the farmer to someone else.

Mr. DOUGLAS (Weyburn): I had in mind large projects such as the Rough Bark creek project and others of that sort. That was

handled by a construction company. I am speaking not of dams but of some of the larger irrigation projects.

Mr. GARDINER: The amount of money spent on individual projects, small projects, last year was \$448,000 in round figures.

Mr. DOUGLAS (Weyburn): And the larger ones, handled by construction companies?

Mr. GARDINER: Larger ones, \$428,000; water storage, \$597,000; surveys, \$68,000, and water development administration, \$41,000; or a total, including the small projects, of \$1,584,000.

Mr. DOUGLAS (Weyburn): Last year I drew the attention of the minister to the tremendous amounts shown in the auditor general's report for travelling expenses. I felt certain that there must be some mistake, that these travelling expenses could not be for individuals. I notice the same thing this year on page A68 of the auditor general's report, such as E. K. Phillips, \$6,634.92; E. J. Stephen, \$6,171.55; J. I. Strong, \$7,428.05; J. E. Switzer, \$6,052.86.

Mr. GARDINER: Discussion which took place in the house last year brought out the point that these were the full expenses for each man's party; that is, they have a party that they operate, I think in one instance it turned out that there were thirteen persons whose expenses were chalked up against the chief of that party. We had that changed, but it will not show until the returns for next year.

Mr. DOUGLAS (Weyburn): These are really survey parties?

Mr. GARDINER: Yes.

Mr. NICHOLSON: I understand there has been a reduction in the amount per cubic yard paid for the construction of these dug-outs. Why was the reduction made?

Mr. GARDINER: When we started this plan a few years ago we started at three cents a yard. That was one of the reasons why we did not get results in the early stages. We raised that to 4½ cents in the second year and got fairly good results at that rate. Later we raised it to six cents, I think, during the season when the crops were particularly poor, that is 1937. We continued at six cents until last year, and as a result of our experience last year we decided to go back to the 4½ cent rate; we thought we had the inducement probably higher than it should have been. We also found that by putting in certain

types of equipment, we were paying too large a percentage of the cost of digging the dug-outs.

Mr. NICHOLSON: Have the municipalities that bought this up-to-date equipment found they could operate profitably on the 4½ cent basis?

Mr. GARDINER: It was never intended that anyone should be able to operate profitably in this. We had hoped that we were paying about half the cost, and when we pay 4½ cents we think we are paying at least half the cost.

Mr. DONNELLY: Has any work been done this year on the Vanguard project?

Mr. GARDINER: I doubt if there will be any more done than has been done. There has been some investigation and engineering work, but I doubt if there will be any construction work this year.

Mr. HANSELL: In regard to the proposed scheme in the vicinity of Carmangay, Alberta, I understand that they approached the government some time ago; that engineers have been on the scene; that an organization has been brought into existence and that considerable negotiations have been going on with the department. Has any progress been made, and what may we expect with regard to this scheme?

Mr. GARDINER: I do not recognize this scheme from the description. I presume it is the Milk river scheme?

Mr. HANSELL: No; it is a local scheme in which municipalities in that particular district are interested. I think they take the water either from the Little Bow or the Old Man river; I am not certain.

Mr. GARDINER: Unless it is the plan where they bring the water from the Bow river for 110 miles to the Canada Land and Irrigation project and distribute it from there, I am not familiar with the project.

Mr. HANSELL: It may be that; I cannot tell where they expect to get the water, but I know there has been a scheme under way for some time. I have been to one or two meetings and I know government officials have been in attendance at these meetings.

Mr. BLACKMORE: I notice there is a \$750,000 reduction in this vote. Why is that?

The CHAIRMAN: The question was put before and explanation given.

Mr. BLACKMORE: The explanation seems to me altogether inadequate. I do not think the small amount of explanation we have had

justifies a reduction of \$750,000 in one of the most important projects in the interests of Canada's welfare. Could we not have some further explanation?

Mr. GARDINER: As I said at the beginning of the discussion of the estimates this evening and on each previous occasion that we have been discussing them, there was a desire this year to cut our general estimates down as low as possible while at the same time continuing the most necessary activities. In the first year of its operation, 1935, there was an amount of \$750,000 in this vote. During that year there was expended \$342,424. In the financial year 1936-37 the vote was \$750,000 and expenditure \$629,798. In 1937-38 the vote was \$2,000,000, and expenditure, \$1,852,999. In 1938-39 the vote was \$3,500,000, and expenditure, \$3,339,046. In 1939-40 the vote was \$3,250,000, and expenditure, \$3,317,573. There would have to be added to that the amount which will have to be taken out of this year's vote to pay accounts which were authorized and completed last year. This year the expenditure has been reduced to \$2,500,000, which is a reduction of \$750,000 from last year. Of that, \$250,000 at least was an amount which was set aside last year to complete two large water storage projects which had been under consideration from the previous year, so that our reduction this year on what might be called prairie farm rehabilitation farm work generally is considerably less than \$750,000, but the total amount voted this year is \$2,500,000 as compared with \$3,250,000 last year.

Mr. DOUGLAS (Weyburn): Then actually on new work taken on, there will be spent \$1,700,000, since \$800,000 of this money has been spent already?

Mr. GARDINER: Yes, about \$1,700,000.

Mr. QUELCH: Will there be any reduction in the distribution of grass seed in the drought areas?

Mr. GARDINER: There will be some reduction in the amount that will go out, but we are keeping it up to the highest possible degree having regard to the money available.

Mr. QUELCH: Will all applications be filled?

Mr. GARDINER: I doubt very much if they will all be filled, although at the moment we are not in a position to say. I do not think all the applications are in.

Mr. QUELCH: I think it would be a great pity if any applications were turned down, because it so happens that at the present

time we are having more rain than we have had in the past. Now is the time to plant grass seed. If we should wait to plant it until another dry spell comes along, we know there will be a heavy loss. It seems to me every effort should be made to fill all the applications at this time.

Mr. BLACKMORE: It seems to me that there should have been an increased allotment for this activity, notwithstanding the fact that we are at war. There is no use in assuming that we are going to be at war forever; we should not let down in connection with these important activities. I have an idea that the money which has been allotted in the past has been very well spent. Has there been any question whether this money was wisely spent? Have we had full dollar value for every dollar spent? If so, were we wise in what we set out to do, and is the problem as great as formerly? I do not see why we should be cutting down in these expenditures when at the same time the United States is carrying on work in connection with arresting and distributing water which is costing the people of that country in the neighbourhood of \$6 per capita. Canada has not come anywhere near that yet, although her need must be just as great.

I am not satisfied with the reduction; I think there should have been an increase. I feel this way about it. All the votes for this work have not been spent up to the present time; quite a bit of the money has been turned back to the consolidated revenue fund, I presume because the minister did not have the organization with which to spend the money. Evidently last year that organization came into full operation and began to do the sort of work he set out to do. Now, just when he has all his equipment ready, the expenditure is to be cut by three-quarters of a million dollars, which seems to me very unsound economy on the part of Canada. I do not feel that this represents wisdom at all.

Mr. GARDINER: I can give no other explanation of the fact that expenditures were not made in the earlier years than the explanation given by the hon. member for Lethbridge. This work was experimental in its nature as far as this country was concerned, although a great deal of it had been done across the line. It did take time to build up an organization to spend the money as we thought it should be spent. During the first few years we were not able to spend it all. Last year, as has been already indicated, the organization—provided partly by us and partly by the municipalities—reached the point where it was able to do very much more work than we had anticipated would be done,

[Mr. Blackmore.]

with the result that some of the work done last year has to be paid for this year. I do not know that this is altogether bad, because at least wherever there was water the farmers have had the use of it this year, and if the dug-outs had not been constructed last year they would not have had the use of it.

Before sitting down, may I say that in the interval my officials have located the details concerning the Carmangay project, and I might give them now in reply to the question asked by the hon. member for Macleod. In our records it is known as the Castle river storage. This project consists of a proposed storage reservoir on the Castle river in township 6, range 2, west 5th, for the purpose of providing additional storage facilities for irrigation districts, taking water from the Old Man river. Storage such as this would be of benefit to the Lethbridge Northern, would permit of its extension into the Rocky Coulee—Barrons-Carmangay district, and would provide sufficient water for the proposed Macleod irrigation district. Test borings were completed on the proposed dam-site, which indicate the foundation conditions to be satisfactory, and plans and cost estimates are now in process of preparation.

Mr. BLACKMORE: In order that members of the committee might have some idea of the extent of the activities carried on under the Prairie Farm Rehabilitation Act, I should like to ask two or three questions. Would the minister make a statement as to how many dug-outs have been constructed under the Prairie Farm Rehabilitation Act, both since its inception and during the year 1939?

Mr. GARDINER: The figures are as follows:

| | |
|--------------------|-------|
| Manitoba | 4,676 |
| Saskatchewan | 4,767 |
| Alberta | 502 |
| | 9,945 |

That is the number constructed since the inception of this measure. During 1939 there were 4,586 dug-outs constructed, or almost half the total since the inception. These were distributed as follows:

| | |
|--------------------|-------|
| Manitoba | 2,045 |
| Saskatchewan | 2,303 |
| Alberta | 238 |
| | 4,586 |

Mr. DOUGLAS (Weyburn): Is that the number approved for payment?

Mr. GARDINER: That is the number that were constructed and approved for payment.

Mr. BLACKMORE: How many dams have been constructed under this measure in the same two periods?

Mr. GARDINER: The figures are as follows:

| | |
|--------------------|-------|
| Manitoba | 238 |
| Saskatchewan | 2,467 |
| Alberta | 749 |
| | 3,454 |

During 1939 we constructed 1,031 dams, as follows:

| | |
|--------------------|-------|
| Manitoba | 52 |
| Saskatchewan | 796 |
| Alberta | 183 |
| | 1,031 |

Mr. BLACKMORE: How many irrigation schemes were carried out?

Mr. GARDINER: In Manitoba there were eleven schemes—one small project and ten individual projects. In Saskatchewan there were five neighbourhood projects, two community and municipal projects, and 564 individual projects, or a total of 571. In Alberta there were one neighbourhood project, twelve community and municipal projects, and 238 individual projects, or a total of 251. Those are the smaller projects. Then there are three types of large irrigation schemes. This list is quite considerable; I do not know whether the hon. member would like to have it all read.

Mr. BLACKMORE: I am asking these questions because I do not believe the ordinary member of this house understands how important the work is that has been or is being done. I am not sure that it is realized throughout Canada how great is the need for this kind of work. If we realize how great was the need and the value, and how much has been done; if we appreciated the fact that the minister is just getting his machinery into operation, then we might realize what a short-sighted policy it apparently is to dismantle that machinery just at this time. If the minister does not feel that it would take up too much time, I believe a recital of these facts would be quite impressive, especially to the people in the east. The Prairie Farm Rehabilitation Act vitally affects such constituencies as mine.

For example, in connection with the irrigation projects in my constituency it is estimated that \$400,000 in value was lost last year because the people were not able to get enough water at the right time. I contend that from the point of view of the economy of Canada we simply cannot afford to run the risk of such a loss as that. And that loss of \$400,000 would have become a loss of probably a million and a half dollars, had it not been for the fact that the United States had stored

water, and was good enough to give us 160 second feet of water for a number of weeks, during the critical period. We could have stored that water ourselves. As I understand it, the Prairie Farm Rehabilitation Act was designed to enable us to construct storage dams for water.

The minister has shown vision and great energy in building up the machine with which these storage dams could be constructed. Therefore I protest vigorously when any step is taken to impair the work he has been doing. That introduction having been given,

I believe the committee will excuse the minister if he takes time to give an extensive explanation of the work under the Prairie Farm Rehabilitation Act.

Mr. GARDINER: The record is fairly long, and I am not sure that hon. members would gain a clear impression if I were to read it through. Therefore, if there is no objection, I shall place it on the record.

The CHAIRMAN: Very well; unanimous consent.

Mr. GARDINER: It is as follows:

Large Irrigation Schemes

There are three types of expenditure on large irrigation projects under the P.F.R.A.—

- (1) Where assistance is given to an irrigation project already in operation.
- (2) Where storage facilities, and in some instances dykes or ditches, are created enabling farmers to irrigate their own land.
- (3) Where P.F.R.A. constructs both reservoir and irrigation works and controls the irrigable lands.

(1) Where Assistance is given to an Irrigation Project Already in Operation.

| Name of project | Location | Storage capacity (ac. ft.) | Irrigable area (acres) | Purpose |
|--|-----------------------------------|----------------------------|------------------------|--|
| Manitoba—Nil. | | | | |
| Saskatchewan—Nil. | | | | |
| Alberta | | | | |
| Wildhorse Storage Project | 23-2-3-4 | 4,500 | 3,600 | Provides additional storage for 3,600 acres of existing irrigation. |
| Mountain view irrigation project | 2-28-4 | .... | .... | Grant to repair existing canals and laterals completed in 1936. |
| Canada Land & Irrigation Co. | Canada Land & Irrigation Project. | .... | .... | Project consists of repairs to existing structures completed in 1936. |
| Sutherland dam..... | Eastern Irrigation district. | .... | 8,000 | Completed in 1936 at a cost of \$21,777.87 by Eastern Irrigation. Grant of \$15,000 made by P.F.R.A. |
| Cowoki dam..... | do | 4,000 | 2,280 | Completed in 1936 at cost of \$30,000 by Eastern Irrigation district. Grant of \$7,500 made by P.F.R.A. |
| Rolling Hills project.. | 14 & 15-12 13 & 14-3 | .... | 25,000 | P.F.R.A. grant of \$50,000 to Eastern Irrigation district to repair existing structures and provide new structures for 25,000 acres additional. Completed 1938. |
| Leavitt irrigation district | 2-28-4 | 7,050 | 7,000 | Irrigation project begun in 1938, Driggs lake reservoir dam, completed 1939, 2 miles of main canal, laterals and distributory system to be constructed by farmers. |
| Magrath irrigation district | 5-23-4 | .... | 4,955 | Repairs to main canal completed 1939. |
| (2) Where storage facilities, and in some instances dykes or ditches, are created enabling farmers to irrigate their own land. | | | | |
| Manitoba—Nil. | | | | |
| Saskatchewan | | | | |
| Dunn & Watt..... | 11-1-8-3 | .... | 305 | Constructed in 1937. Provides irrigation along McEachern creek. |
| Dead lake..... | 8-14-11-2 | 2,600 | 3,900 | Rockfill crib on Souris river and diversion canal to Dead lake. Completed 1937. |
| [Mr. Blackmore.] | | | | |

Large Irrigation Schemes—*Concluded*(2) Where storage facilities, and in some instances dykes or ditches, are created enabling farmers to irrigate their own land—*Concluded*

| Name of project | Location | Storage capacity (ac. ft.) | Irrigable area (acres) | Purpose |
|---|-----------------|----------------------------|------------------------|--|
| Saskatchewan—<i>Concluded</i> | | | | |
| Roughbark creek..... | 29-6-13-2 | 1,500 | 3,900 | Reservoir completed 1937. Provides partial storage for Souris-Estevan project. Maintenance required in 1938 and 1939. |
| Souris-Estevan | 8-14-11-2 | 2,600 | 3,900 | Provides for flood irrigation of hay lands in Souris valley. Completed 1939. |
| Moose Mountain lake.. | 9-11-8-2 | 8,000 | 6,000 | Earthfill dam. Provides storage for Kisbey flats project. |
| Kisbey flats flood irrigation | 8-5-2 | 5,000 | 2,300 | Flood irrigation on Moose Mountain creek near Kisbey, 100 per cent completed. |
| Big Arm storage..... | 30-25-25-2 | 5,200 | 5,000 to 8,000 | Provides storage for irrigation by pumping to adjacent lands. Completed 1938. Repairs to spillway 1939—\$314.10. |
| Moose Jaw creek flood irrigation | 4-10-18-2 | 2,180 | 2,250 | Completed 1938. Provides flood irrigation by retarding spring run-off. |
| Last Mountain Lake... | Valeport | ..... | 1,000 | Project consists of a dyke and control structures in Qu'Appelle valley near Valeport. The work was completed during the 1939 field season. |
| Alberta | | | | |
| Bartman Dam-East Berry creek | 24-11-4 | 3,000 | 1,000 | Earthfill dam commenced in 1937, and completed in 1938. |
| Bullshead creek storage | 28-8-4-4 | 1,130 | 800 | Storage reservoir for small irrigation projects near Medicine Hat. Earthfill dam completed 1939. Final payment not yet made. |
| (3) Where P.F.R.A. constructs both reservoir and irrigation works and controls the irrigable lands. | | | | |
| Manitoba—Nil. | | | | |
| Saskatchewan | | | | |
| Cypress lake | 6-24, 26 & 27 | 80,000 | 20,000 | Provides additional storage for projects along Frenchman river and Battle creek. Project completed 1939. |
| Val Marie irrigation project | 15 & 22-4, 14-3 | 6,000 | 4,000 | Irrigation project on Frenchman river. Completed 1936. |
| West Val Marie—dam and spillway | 12-5-15-3 | 2,000 | 3,416 | Irrigation project on Frenchman river. Completed during 1939 season. |
| West Val Marie—irrigation project | 12-5-15-3 | | | Irrigation—contract let during 1939 season—50 per cent completed. |
| Eastend irrigation project | 25-6-22-3 | 1,300 | 2,500 | Irrigation project on the Frenchman river. Completed 1936. |
| Eastend extension | 6-21-3 & 5-20-3 | 70,000 | 2,896 | Extension of irrigation facilities of Eastend irrigation district. Completed 1939. |
| Downie lake storage project | 9-28-3 | 10,000 | 5,100 | Provides storage for irrigation adjacent to Maple Creek. Completed 1938. |
| Maple Creek irrigation system | 11-26-3 | 10,000 | 3,000 | Project consists of diversion weir at Gap creek headgates, main canals, laterals, etc.; 50 per cent completed. |
| Alberta—Nil. | | | | |

Mr. NICHOLSON: From what the minister has said I have gained the impression that it has not been possible to construct many dug-outs this year. I understand the administrative staff has been retained. Will it be possible to have surveys made in some municipalities, so that work will proceed next year?

Mr. GARDINER: Yes, the survey work is being continued. The engineering staff is working on projects which may be carried out next year, if the money is voted for that purpose. That work is going on as usual.

Mr. DOUGLAS (Weyburn): Apropos of what the hon. member for Lethbridge has said, it would be well to remember that last year we voted \$3,250,000, and that \$800,000 more was spent under the Prairie Farm Rehabilitation Act. This would indicate that work to the value of \$4,050,000 was done. The amount for the new year is only \$1,700,000. Therefore it would appear that they will be able to do less than half of the work done last year. Certainly that would be a considerable curtailment of the work done by this branch.

Mr. GARDINER: There was some carry-over last year from the previous year. I am not in a position to say how much, but there was some.

Mr. BLACKMORE: How many community pastures have been constructed? Remember, we are dealing with the land where the buffalo roamed.

Some hon. MEMBERS: Hear, hear.

Mr. BLACKMORE: Yes, that is so; we are dealing with the land where the buffalo roamed, one of the most romantic areas on the American continent. We are dealing with an area which should be a magnificent asset to Canada, an area which, unless wisely managed, will become a tragic liability to this country. Indeed, it threatened not many years ago to become such a liability. No member of the committee wishes to see that land deteriorate into a colossal liability because of the failure to expend a few million dollars.

I should like to hear of the experiences which the minister has had in connection with community pastures. That area about which I have spoken is rich in soil and splendid in climate. It has produced abundantly, but was not so long ago almost a great dust bowl. The minister has succeeded in recovering a good deal of the land, and in starting to make it rich, as it once was. Would he give hon. members some idea of what he has done?

[Mr. Gardiner.]

Mr. ADAMSON: What about the deer and the antelope?

Mr. GARDINER: In the Saskatchewan area thirty-nine pastures have been completed. They total 756,380 acres, at a total cost of \$819,129.17. In Manitoba there is one pasture completed, comprising 62,720 acres, at a cost of \$57,763.24. There are ten others under construction, with an acreage of 288,140 acres, and at a total estimated cost of \$157,295.81. This makes a total of more than 1,000,000 acres put under pasture.

These are sub-marginal lands in those two provinces, which, during recent years, have been found to be invaluable as wheat-producing lands. In some instances they have been pastured down to a point where they are of little value for the pasturing of cattle. That was the condition until three years ago, when we started to take those lands out of cultivation, and to fence them, for two purposes—the first being to provide reserve pasture. We have one pasture in southern Saskatchewan which, I think, speaking from memory, is about 110,000 acres in extent. For the last two years that pasture has not been used. This year hay is being put upon it for the people in southwestern Saskatchewan whose crops have been eaten by grasshoppers. Instead of shipping in hay over long distances we shall be supplying the hay in the neighbourhood of where it is required. The second purpose is to allow cattle and horses to run on that land during winter months, when feed is short. The purpose of fencing the pasturage was not that of keeping stock in during the summer months, but to prevent stock from getting into it in those months, and retaining the grass therein so that it could grow back to the natural buffalo grass which grew on those plains when they were first inhabited by the white man. We have found from experience that they grow back to grass very quickly, and particularly in a season when there is comparatively high rainfall.

A further purpose is that of providing community pasture in areas where farmers are farming round about. It is the intention that they may make use of those lands on which to run their live stock in the summer months. The live stock are fed in the winter on whatever feed is grown on the land round about in the summer. We have been successful in making it possible for quite a considerable number of people to farm to advantage in areas where during recent years they have been on relief during a considerable part of the time.

Mr. BLACKMORE: I am well pleased with the report made by the minister thus far. Ever since I have been in the house I have

supported increased allotments of money to the Prairie Farm Rehabilitation Act. In my judgment the introduction of that measure was probably the greatest thing which the Right Hon. R. B. Bennett and his administration did. It is a great tribute to the wisdom, judgment and public spiritedness of the present Minister of Agriculture that he has seen fit to go forward with the scheme. It is a great tribute to his party that it saw fit to support him in his efforts to develop the prairie farm rehabilitation scheme. We have frequently seen it happen that when one party comes into office it proceeds to wreck what has been done by the previous party. The present administration, however, was wise enough to go forward with this great project.

To get some idea of how great this area is that is being dealt with under the Prairie Farm Rehabilitation Act, one needs only to remember that 420 municipalities are involved. It takes in practically the whole of the Palliser triangle. That area starts just south of Morden, Manitoba. From that point it extends northwest to Lloydminster, on the border between Alberta and Saskatchewan. The line runs southwest from there to Cochrane, just west of Calgary, and then southerly to a point where the Alberta, British Columbia and United States borders meet.

Within those lines lies a veritable new empire. I have said that it consists of 420 municipalities, fifty-three of which are in Manitoba, 253 in Saskatchewan, and 114 in Alberta. There are 60,000,000 acres of land involved. It must surely be recognized that we can afford to spend a little time talking about this great land where the buffalo roamed. I hope hon. members will not feel that I am unjustifiably delaying the committee when at this time I ask a few questions. I do not think very much time has been spent up to the present in parliament on this great asset. In addition to pasturage, I would ask the minister to give the committee an idea of what work he is doing with respect to live stock. I understand that he has taken into consideration the development of a live stock policy in connection with the Prairie Farm Rehabilitation Act. Probably the committee is already impressed with the magnitude and variety of the work which the minister has but briefly outlined thus far, just nibbled around the outside, so to speak.

Mr. ADAMSON: Is my hon. friend speaking of the Palliser triangle?

Mr. BLACKMORE: It is not the Palliser triangle but it comes very close to being that. It is that area which Palliser foresaw

and reported would not be suitable for settlement, and to a very great extent his forecast has been proved accurate. By the application of the Prairie Farm Rehabilitation Act and the principles which the minister has been introducing we are going to be able to rescue from ruin that great area and make it into a fruitful field instead of a barren desert.

Mr. ADAMSON: Will it be put back into grazing land?

Mr. BLACKMORE: A good deal of it, yes, as the minister has so well indicated, so that instead of its being a shifting sea of waves of sand and becoming mainly uninhabitable, it will be turned from a semi-desert into a great and fruitful inland empire where many, many happy millions of people can live to produce and consume. That, I think, is the vision which the minister has, and I have been greatly pleased with the degree to which he has been able to work out his vision. I would ask him now what his ideas are with regard to live stock.

Mr. GARDINER: In the area where pastures have been constructed we have placed ninety-eight breeding sires, fifty-eight of them Herefords, twenty-five Short-horns and five Angus. Ten of these have been disposed of, and there are now eighty-eight in these pastures. The objective is to raise the standard of cattle in these pasture areas. Practically all the farmers in these areas have their breeding stock in these pastures, and we have enlarged upon our policy of supplying pure-bred sires by placing pure-bred sires in these pastures. There are managers in charge of the pastures. The farmers pay the operating costs of the pastures, and the manager who is placed there at their request takes charge of the stock during the summer months.

Mr. QUELCH: Are they all paying their way?

Mr. GARDINER: Yes; there has been a slight profit on the whole this last year. There may be one or two which are not quite paying their way but the others are more than doing so. There has been a profit on the whole operation during the past season.

Mr. QUELCH: Reference has been made to community pastures in Saskatchewan and Manitoba. Are we to understand that no new pastures have been constructed in Alberta because the federal and provincial governments have not been able to come to an understanding as to where the administration shall reside?

Mr. GARDINER: There have been no pastures set up in Alberta partly because we

have not been able to reach an agreement with the government of Alberta. I do not know whether that is because they feel that the policy under which they are operating is more suitable to the area or whether there may be some other reason, but up to the moment we have not reached an agreement as to the operation of pastures in Alberta. We did have a draft agreement drawn two years ago, I think, and it was sent back to the Alberta government for signature. It has not been accepted by Alberta, but it was the basis of the agreement we made with Manitoba, and we are constructing pastures in Manitoba on the basis of that agreement.

Mr. QUELCH: Is it not a fact that in June of 1936 or 1937 an agreement was arrived at between the representatives of the government of Alberta and the federal government, and signed at Regina, under which the administration was to have been left in the hands of the province? Later on in the year a similar agreement was made between Saskatchewan and the federal government. Then, apparently, Saskatchewan came to the conclusion that it was not competent to deal with the situation and the provincial government asked the federal government to take over the whole administration. The federal government then apparently decided to go back on the agreement which they had with Alberta and told the government of Alberta that they would have to agree to a similar agreement to the one made with Saskatchewan. I ask the minister, had not an agreement previously been arrived at between Alberta and the federal government under which the administration would have been left in the hands of the provincial government?

We can understand why Alberta was not ready to turn over the administration to the federal government. The situation in Alberta was altogether different from that in Saskatchewan because in Alberta there are special areas where a great deal of work had already been done and a great deal of experience gained, and they felt that in turning the administration over to the federal government they would be turning it over to an administration which had had no experience in handling that job whereas Alberta had been doing it for a number of years. Saskatchewan had had no experience in dealing with the problem. Therefore there was a certain amount of justification for the government of Alberta taking the attitude which they did.

I think—I am not saying this in any objectionable way—that the Minister of Agriculture had been led to believe that after the next provincial election there would be a change of government in Alberta, and perhaps

[Mr. Gardiner.]

he was waiting for it to take place. They had their provincial election and the minister knows that we have the same government in the province. Therefore negotiations will still have to be carried on between the same provincial government and the federal government. Are any such negotiations taking place or is the thing just drifting along?

Personally I believe in community pastures. I think a great deal of good can be done in that way. Alberta is handicapped for funds and cannot go ahead with these projects as Saskatchewan and Manitoba can. Everything should be done to open up the question again and make it possible for community pastures to be established in Alberta.

As the minister knows, the constituency of Acadia is an arid district with a great deal of land that will never be suitable for certain farming operations. Either that land will have to be irrigated or community pastures will have to be built, thereby making it possible for farmers to carry stock. The other alternative would be to go back to large scale grazing, ranching as we knew it in the olden days. We cannot carry on as we are doing at the present time. We are just marking time. We must have either large scale pasturage or irrigation or go back to ranching. Can the minister say whether any attempt is being made to open up this question again or is the thing just drifting? What is holding it up? I should like to know.

Mr. GARDINER: If I were to tell the whole story it would be rather a long one, but I think I can shorten it up by saying that there was no agreement made in the spring of 1936. There was a proposal made, I myself made it, to the committee meeting in the spring of 1936, in the month of May I think, and the suggestion was that a considerable part of the activity be carried on under the direction of the provinces. I was present at the meeting and made that proposal to the committee, and the proposal was agreed to by the committee at that time. We tried to operate under it during the greater part of that summer, but if we had not changed it towards the end of the season there would have been very little money spent during that particular season.

As was indicated in the figures I read a few moments ago, as it turned out only a proportion of the money voted that year was expended even after we changed the policy. I believe it was in the month of August that we called a second meeting of the committee and the second proposal was made. Again, the proposal was made to the committee by myself as Minister of Agriculture, in view of the fact that the money had been voted by

the federal parliament and was to be expended by the federal government, and the suggestion was that we were quite prepared to take charge of the operations and go ahead in order to get this money expended in the way we thought it ought to be. The province of Alberta accepted the position in relation to some of the water expenditures and the re-grassing proposals. The province of Manitoba also accepted the position immediately in connection with water expenditures and re-grassing. The province of Saskatchewan accepted all three proposals, that is in connection with water, pastures, and re-grassing.

We carried on under that arrangement during that season. Towards the middle of the next season our friends in Alberta made certain proposals to have expenditures made by the province, and, as a result of the discussions, sent the minister in charge to confer with us about possible expenditures in that province. As I said a moment ago, we came to an agreement with the minister; the arrangement was fully agreed to as between the minister and myself here, but he said he would have to take it back to Alberta and have it discussed there. We have had nothing further from the province of Alberta in relation to that proposal.

Mr. QUELCH: What was that proposal?

Mr. GARDINER: I should say in the beginning that they did not desire us to go into the special areas with a pasture scheme, but in the areas south of the pasture areas they might be prepared, it was suggested, to accept a rental proposal instead of turning over to the federal government the lands on which these projects were to be constructed. An agreement was drawn up, I believe upon the basis of a twenty-one year lease on the lands to be given to the government here, and then we would fence those lands and proceed with the pasture programme on the same basis, otherwise, as we had proceeded in Saskatchewan.

Mr. QUELCH: That would be in the constituency of Medicine Hat?

Mr. GARDINER: That would be from the south end of the special areas right down to the United States boundary line and west to the mountains.

That has not been taken up further. There have been no more discussions with regard to it. In relation to the remarks that were made by my hon. friend with regard to an election, all this was, I believe, a year and a half before the election. During all that time the proposal has been open to the present government of Alberta. I am afraid that the contentions of my hon. friend with regard to

the results in Alberta are not the conclusions which some of my political opponents hold with regard to my attitude in Alberta.

Mr. ADAMSON: Has the establishment of these pastures been effective in stopping soil drifting?

Mr. GARDINER: Of course there is no soil drifting in the pastures themselves—those that have been regrassed, in any event. On some of them it has been just a matter of encouraging the grass to grow which was there naturally; that is, if it had never been broken up.

The soil drifting experiments have been carried on upon light lands which were under cultivation for a considerable number of years, and the plan being followed there is re-grassing or the sowing of rye grass or rye on those lands which are sandy, thus holding them down as against wind erosion. Of course, as long as we can produce a growth of rye on them, they do not drift. When they start to drift they destroy the lands round them for a considerable area on either side of the sandy areas.

Mr. ADAMSON: Is that method effective in stopping sand erosion and drifting over a great part of the area?

Mr. GARDINER: Those areas on which we have conducted these experiments are lands which have been abandoned because of the fact that the top soil had drifted pretty well off it. Those lands have really been taken out of cultivation and some of them fenced by us in order to prevent live stock from going in and eating the growth off that land.

That is only a limited way of controlling soil drifting in certain areas. Strip farming has been encouraged in some districts; that is, farming an area a few rods wide this year, and leaving in summer-fallow the part in between; the next year, putting crop on the summer-fallowed strip and leaving in summer-fallow the strip which was cropped the previous year. By this means the sweep of the wind does not get at the strip, particularly if it is run north and south so that the prevailing winds do not blow the length of the strip, but rather crosswise. We have been encouraging that sort of farming and it has been helpful in stopping soil drifting.

Mr. ADAMSON: The minister thinks that by carrying out this system soil drifting will be effectively stopped? Have these experiments been completely successful? I am asking this because I motored over that country during a sand-storm. While I come from the east, I was very much depressed by the sand erosion, not having seen before its

effects in that country, and I wondered if it could be stopped, and if these experiments have been successful.

Mr. GARDINER: I think there is only one thing that will successfully stop drifting, and that is plenty of rain over that large area. But different methods have been followed which tend to prevent drifting. For example, the growth of Russian thistle in that country has assisted in stopping soil drifting in very dry years. It is a dry season plant, and grows fairly thickly even in periods of drought. The growth of Russian thistle on lands which will not bear a crop in the comparatively dry years is in itself an assistance to stopping soil drifting. I believe that the plant was first brought in as a weed from Russia by someone in Montana. It has now covered almost the whole prairie area of the west, merely by rolling along and scattering its seeds. It does not grow to any extent in wet seasons, but in dry years it covers the whole country, sometimes by an act of nature, sometimes through the act of man. But this tends to prevent soil drifting.

Mr. BLACKMORE: Mr. Chairman—

Mr. POULIOT: Just before the hon. member for Lethbridge speaks, I want to express the delight of everybody that the lion of Lethbridge has turned into a lamb. When I came in the house he was making a fierce speech; but he gradually mellowed; finally his remarks were most insinuating, and I am sure he was satisfied with the answer he got from the minister.

May I ask the minister if the reduction of three-quarters of a million dollars was recommended by the board of national economy, of political economy, of which Mr. Graham Towers, governor of the Bank of Canada, Mr. Clark, of the Department of Finance, and Mr. Barton, deputy minister of agriculture, were members?

Mr. GARDINER: No. The recommendation was made finally by myself after considerable discussion. There was no discussion with the economic committee with regard to it. The discussions took place entirely in the treasury board, in council and elsewhere.

Mr. POULIOT: I have great pleasure in congratulating the minister. I have already congratulated one of his colleagues upon not paying any attention to that board, and I am very glad that the minister has not done so. I am asking each one of his colleagues if any of them ever asked the advice of that board, and, if not, why such board was constituted.

I regret the reduction. I do not believe that too much can be done for the farmers.

[Mr. Adamson.]

They must be assisted, and the farmers of Quebec should receive the same as those of the prairies. If they had half as much as is given the farmers of the prairies they would be satisfied. I regret that hon. members representing the prairie provinces do not express their appreciation of the government for making an exception of the people there and treating their constituents so lavishly.

Mr. BLACKMORE: If the hon. member for Témiscouata had been in the house he would have known that I commended the minister for the work he has been doing. Indeed, I have done so on several occasions. Let me tell him that I have never asked that any privilege be given the farmers of western Canada which is not given the farmers of the east. All the people of Canada are entitled to a square deal and only a square deal and they are entitled to a completely square deal. I would suggest that it would be a good thing for the minister to keep on in an effort to establish community pastures in Alberta. Alberta will come to an understanding with him because Alberta used to be a land of great ranches. It would be valuable to have these community pastures established. I suggested the other day that it would be a good thing to find out where the grazing regions are so as to enable people raising stock to use them. The minister is on the right track when he speaks of establishing community pastures. I understand he makes grazing surveys.

Mr. GARDINER: Yes.

Mr. BLACKMORE: What is being done in that direction?

Mr. GARDINER: The surveys made in connection with grazing activities have been carried on over a period of time. The total area surveyed to March 31, 1940, was 2,243,788 acres. The number of areas surveyed was forty. These surveys have been adopted for the purpose of determining to what extent the carrying capacity of the areas could be increased by regrassing, water development and control of grazing. Members from the east will probably be a little surprised when I say that in the prairie section we have been in the habit of figuring that it would take thirty acres of natural grass land in certain areas to keep one head of stock. In an area where they are accustomed to graze one to the acre, or sometimes two or three, the number of acres I have mentioned seems comparatively large, but it was in areas like that that ranching was carried on in the early days. Studies are being made of the extent to which grazing can be increased by the

regrassing of land and sowing grass of different kinds from those that were originally on the land.

Mr. BLACKMORE: I am thoroughly displeased that there has been this reduction. We should have an addition of \$750,000 instead of a reduction, because this area is too large to be trifled with. There are 900,000 people in the area; it cannot be neglected, because virtually all of these people are in a rather precarious position from year to year. Sometimes there is a good year and many times a bad year, and if there is a series of bad years people might be ruined. If, therefore, we can do anything to help their lot we should do it. My annoyance arises from the fact that the minister's efforts have been curtailed just when he got his machinery set up. He says he recommended the reduction but I have an idea that he was teased into it. I do not think he did it voluntarily. Can the minister give us an idea of the success that has been achieved in reclaiming soil drifting areas? I understand he has been adopting measures such as planting trees, and so on, special kinds of tillage and matters of that sort. Is there anything in addition to what the minister has already told us that he would consider of value?

Mr. GARDINER: In reply to one of the members representing Toronto I referred to reclamation projects. There are sixteen and the total area is 11,410 acres. The soil management is making special studies under drifting conditions, and these are being carried on by five experimental farms covering 8,000 acres, fifty-two district experimental stations and sixteen reclamation projects, or a total of 11,410 acres. We have a soil research laboratory at Swift Current which performs essential analytical work as regards soil fertility, soil drifting control, and soil mixture conservation. We have district experimental sub-stations of which there are fifty-two. Fifty-two were in operation in 1939, and they have been instrumental in securing the widespread adoption of suitable cropping and cultural practices for the control of soil drifting.

We have a soil classification. In areas covered by soil surveys in the prairies, through cooperation between the provinces and the dominion, such surveys were conducted in Manitoba over 10,900,000 acres; in Saskatchewan, 66,570,000 acres, and in Alberta, 23,786,000 acres, making a total of 101,000,000 acres. In northern Alberta land classification surveys have been conducted by the province covering 24,000,000 acres. The regrassing has

been instrumental in treating 95,210 acres of land subject to drifting, and tree planting operations have been carried on also, 10,000,000 free trees having been supplied. Of this number, approximately 4,500,000 have been used for experiments and demonstration and the remainder have been distributed among the farmers. There are 204 agricultural improvement associations with experimental farms in Brandon, Indian Head, Swift Current, Scott and Lethbridge, which serve as supervisory organizations to conduct these activities in connection with the Prairie Farm Assistance Act. From 1935 to 1939 inclusive, 569,000 pounds of forage crop seeds, mostly crested wheat grass, were distributed in 32,900 parcels of about ten pounds each to members of agricultural improvement associations throughout the three prairie provinces, the purpose being to promote regrassing.

Mr. QUELCH: How successful has it been?

Mr. GARDINER: It has been very successful.

Mr. ADAMSON: I do not wish to be put in the category of those who tease the minister, but I would ask this question: As the pasturage increases in this area and as ranching increases, is the population likely to decrease? In other words, if it becomes or is restored to being a cattle country, is it likely that it will not support the same population as at the present time?

Mr. GARDINER: If it were returned to grazing country, it would not support anything like the population that is there at present. As hon. members well know, a pastoral area always maintains a much smaller population than a mixed farming area. The plan we have in mind is not one of returning the country to a grazing area, but one under which the lighter lands will be used for grazing and the heavier lands for mixed farming. The heavier lands will be used in the summer to produce the feed for live stock during the winter, just as in eastern Canada. The stock will be run on the lighter lands during the summer.

Mr. HANSELL: I also wish to voice my sentiments with regard to the reduction in this item. The item should have been increased rather than decreased. The minister is perhaps a brave man in assuming responsibility for its reduction. The explanation he gave us to-night, that in the past we have not used the entire appropriation, is not because there has been no need of rehabilitation, not because the department has had no applications; for I know of several applications that have gone in, I know several projects that

have been surveyed and a large amount of work and expense put into them, and which eventually were not carried out. Therefore the reason why appropriations have not been used in the past is not lack of necessity.

The discussion to-night has been informative, and we appreciate the attention the committee is giving to this matter, because hon. members should recognize the tremendous importance of rehabilitation of this vast area which the hon. member for Lethbridge has described. The government of Canada, whether Liberal or Conservative or Social Credit does not make any difference, is more or less responsible for rehabilitation of these dried-out areas. I say that because people were encouraged in the early days to go into these sections. People, some of them with a lot of money, went in there and invested their money there. They built fine homes. I have travelled through some of those parts; part of the dried-out area is in my constituency. Very often one passes an exceptionally fine house, apparently well built; but the windows are all out now; the chimney is broken down; the barns are filled with sand and sagging over, and the people have gone. Railroads went into this country and people were encouraged to go there and invest their money. They went there expecting to make a home, not merely to make a stake and get away. Some of these people are still there, still trying to exist.

We pay a good deal of money to railway companies and shipping companies by way of assistance and subsidies because those concerns are necessary to Canada's economy. Therefore it is not out of the way that we should expect that a greater amount of money be appropriated for this rehabilitation work. Not only did people go in there and invest their money, but many of them, I think I can say practically all, are to-day head over heels in debt. That is not altogether because we have had dry seasons; many factors enter into the condition. In the past, financial institutions and mortgage companies have had their fair share of any wealth that has come out of those lands. Many of the people are still there, still struggling, and, therefore, if we view this whole question from the point of view of fairness and justice, I believe the full appropriation should be used and indeed it should be increased over the years until that vast area is made what it ought to be.

Mr. BLACKMORE: As a hint of the soundness of what the hon. member for Macleod has just said, I would call two or three matters to the attention of the committee. This area we are talking about is the land where No. 1 hard wheat and No. 1

[Mr. Hansell.]

northern are particularly raised. It is probably as fine land as there is on earth for that purpose. Most of the great empires of the past have been built in areas that were semi-arid. Take, for example, Mesopotamia, Egypt, Persia; the soil in such regions is rich because its virtue has not been leached out. Thus, when water is applied, it becomes extremely productive. Our own drought area is susceptible of just such development. As an example of its richness, take crop district No. 3 in Saskatchewan between the Soo line and Shaunavon, a triangle in the centre of southern Saskatchewan. In 1914 that area produced an average of less than two bushels to the acre, but in 1915 it produced thirty-one bushels to the acre, indicating the possibilities of this country if given a chance. The area as a whole has a remarkable climate. It is warm enough, cold enough and equable enough to raise successfully most grains, meats, wools, furs; to produce eggs and dairy products, and, above all, to nurture a virile, efficient, high-souled people of many millions. There is a fair rainfall, although comparatively low. It has moderately long cool nights which, they tell me, are just what is required to produce that high protein content wheat which is so desirable. The soil is amply productive and has shown a fine record of production. In 1920 it yielded field crops worth \$397,777,968 and a total production of \$479,118,359. Five years later, in 1925, the value of field crops was \$497,125,398 and the total production, \$570,929,749. In 1930, when troubles began to come its way, the respective figures were \$158,376,333 and \$226,032,797. In 1935 field crops amounted to \$152,260,360 and total production, \$211,200,548. This gives sufficient indication of the great possibilities of that area. Much of the low value noticeable in 1930 and 1935 was due to low prices, but a good deal was due also to low production owing to drought conditions and other mishaps to the crops. This district has a great productive capacity, but that capacity can be greatly improved.

I believe it would be of interest to the committee to know that it is estimated that in the mountain streams of the west, which flow into the area known as the Palliser triangle, there are 11,000,000 acre feet of water. In the prairie streams there are another 3,000,000 acre feet, and in other miscellaneous sources an additional 2,000,000 acre feet, making a total of 16,000,000 acre feet of water capable of being rescued, at least in some measure, and used for the improvement of conditions in that area. The amount of that water which can be made available for storage or irrigation is 5,964,130 acre feet. The amount of storage we now have either in

operation or under construction is only 860,210 acre feet. I do not know if anything could be more emphatic than those figures. Let me repeat them. The amount of water available for storage or irrigation is estimated to be 5,964,130 acre feet. Of that amount we are now able to store, or will be able to store, only 860,210 acre feet. This indicates what a tremendous percentage of our water resources we are allowing to go to waste. Certainly that is not good national house-keeping in the light of what is being done in the United States. Our irrigable lands total 3,434,320 acres. The amount of land under existing canals is only 824,790 acres, again indicating how we have neglected the great possibilities of our drought areas. Land now actually receiving water totals only 450,000 acres. These figures are taken from works by Mr. Benjamin Russell, who is responsible for engineering under the Prairie Farm Rehabilitation Act in the Regina district.

Although this country has fallen upon evil days, yet there is hope. There have been bad times before, for example in 1890 and from 1917 to 1921, but the area has shown great recuperative power. As I pointed out the other night, money advanced for seed, to the extent of \$4,385,000, before 1928, has been practically all paid off, indicating the great recuperative power of this land. I believe it is in the interests of our Canadian economy as a whole to restore it to a condition in which it can produce as evidently it was designed to be able to produce. This again is evidence that we should not be now curtailing expenditures under the Prairie Farm Rehabilitation Act.

May I once again commend the minister for the work he has done. I am afraid I have delayed the committee to-night, and probably I have annoyed the minister by having him recite so many of these facts. But I hope we have succeeded in showing the committee and the country that he has spent this money wisely and that he has had fine vision and great energy in working toward the development of the drought area by means of the Prairie Farm Rehabilitation Act. Certainly I do not believe the minister ought to consent to having this appropriation cut down. I believe it should be increased, not only to the extent of the \$750,000 cut off this year but to the extent of an additional \$750,000 which should be added next year. There will be those who will ask, "Well, what are we going to do in order to get the money?" I am not going to discuss that matter. In my judgment the whole question is whether we have in this country the material necessary to effect the required construction. Have we the material with which to build the dams and

canals? If we have, why not do it? Have we the man-power; have we the machinery? Unquestionably we have. Have we the food, clothing and shelter with which to support the people engaged in this work? I do not think there can be any question whether we have all that. If we have; if it is physically possible for us to do whatever we wish with respect to the rehabilitation of the great drought area, why is it not done? I say it is the business of this parliament and of this government to see that what is physically possible is rendered financially possible, and that the rehabilitation of that great area is proceeded with.

I wish now to say a word or two about my particular area. In the Lethbridge federal riding we are fortunate in having three rivers which provide an ample supply of water and which lend themselves to storage. For something in the neighbourhood of twenty years they have been contemplating a great series of storage reservoirs. The extent of those reservoirs has been pretty well worked out, together with their location, the amount of water that can be stored, and the area of land that can be brought under irrigation. This matter of storing the water is particularly interesting at the present time. In my constituency there are two rivers, the St. Mary river and the Milk river, which flow into Canada from the United States. In the case of the Milk river it then flows back into the United States.

There is rather an interesting story in that connection, although I hesitate to delay the committee further by telling it. Back about 1880 or 1890 the United States began to consider using those waters. Then Canada developed an interest in using them on the Canadian side, and since that time there has been a sort of friendly rivalry between the two countries as to which would be able to use those waters first. Agreements were reached between the two countries in 1909, 1915 and later, to the effect that the waters would be divided equally between them. Up to the present time the United States have been very fair; they have not taken advantage of Canada, but now a big dam, called the Fresno dam, has been constructed on the Milk river at Havre, Montana, which will be large enough to store not only the United States share of the run-off waters of the Milk river, but also the Canadian share. A good many people in my constituency are greatly worried for fear the United States proposes to store all of the water, then develop projects which will use that water, and so greatly build up the industry and population of that district. Then they might possibly move for a reallocation of the waters, which would result in our

country losing a considerable portion of its share. If any such thing should occur, I do not believe this administration would ever live it down; I believe future generations would look back upon us with a great deal of reproach.

I think a great deal of consideration should be given this matter. We have means of storing water on the Canadian side; it is possible to build a great dam at Spring Coulee, on the St. Mary river. The possibility of that dam has been well investigated. It would contain somewhere in the neighbourhood of 270,000,000 acre feet. If that dam were constructed to store that water, then we could easily say that we on the Canadian side were doing our share to take care of the water that is ours. There is an understanding among nations, handed down over a great many years, that the first nation to give water beneficial use has a prior claim to that water. If the United States establishes a right to that water by beneficial use before Canada establishes claim to its share by the same method, there is danger that the agreement may be reopened and a great deal of water lost to this country. We cannot afford to lose any of that water. We have not any more water in western Canada than we need. As I said a short time ago, there are only 16,000,000 acre feet of water possibly available, and of that amount only about 5,500,000 acre feet can be stored. In the Lethbridge federal constituency practically all that water which flows in the three rivers, namely the St. Mary, the Belly and the Waterton, can be stored. If we do not store that water we are neglecting a great resource in western Canada, not only for this but for future generations.

I commend the project to the minister and ask him to discuss it earnestly with members of the cabinet, to ascertain whether or not it could be found advisable even in a time of war to take measures to protect Canada's interest in this important resource of run-off water, and the natural flow of water we may possibly lose. I suggest we should commence to build the Lethbridge-southeastern water conservation project without further delay. I suggest that to that end Canada at once begin work on the St. Mary river dam.

Item agreed to.

Mr. CRERAR: I rise, Mr. Chairman, not to take part in the discussion on this item, but to make a suggestion to hon. members that we might continue until twelve o'clock. The Minister of Agriculture, as the committee knows, is in charge of another department. He finds many demands upon his time, and if possible would like to have these items

[Mr. Blackmore.]

passed through committee to-night. Therefore, if there is no objection, I would move that the committee rise, report progress and ask leave to sit again this day. Then I would put the motion we have put on previous evenings, namely, that the house do not adjourn at eleven o'clock. In any event we would not go beyond twelve o'clock.

Progress reported.

BUSINESS OF THE HOUSE

SUSPENSION OF THE ELEVEN O'CLOCK RULE

Hon. T. A. CRERAR (Minister of Mines and Resources) moved:

That the house do not adjourn at eleven o'clock.

Hon. GROTE STIRLING (Yale): I think those with whom I am associated are ready to agree to this proposition. I believe it will be agreed that this is the hottest day we have had in the house, and if the minister would go one step farther and promise that in this hour we shall make some real progress we would support the motion with happiness. It would be agreed that we would not sit beyond twelve o'clock.

Mr. T. C. DOUGLAS (Weyburn): If we are to continue to sit for another hour, we must remember that while most of us have been sitting, a number of the staff are standing. Some of those men look almost exhausted. I would suggest that we dispense with the services of the staff from now on, if we are going to sit.

Motion agreed to.

SUPPLY

The house in committee on supply, Mr. Vien in the chair.

DEPARTMENT OF AGRICULTURE

Special.

32. Prairie Farm Assistance Act, \$250,000.

Mr. CASTLEDEN: There is a point to which I should like to draw the attention of the hon. member for Témiscouata (Mr. Pouliot) before he leaves the chamber. I refer to his statement made this evening. I would draw his attention to a statement as reported at page 2425 of *Hansard* of August 3.

The CHAIRMAN: The hon. member cannot discuss in committee what has taken place at this session before the house.

Mr. CASTLEDEN: Thank you, Mr. Chairman.

May I at this time draw the attention of the Minister of Agriculture to an apparent abuse under the administration of the bonus

scheme carried on under the Prairie Farm Assistance Act? Two farmers in the minister's constituency have written informing me that their township was one concerning which there was continuous discussion as to whether or not it would come under the bonus scheme. Several inspections were made. Finally they were told it would go through, only to be told later that it would not. My information is that they were shown a telegram dated March 25—rather a significant date—saying that advice had been received from Ottawa to the effect that the bonus would be allowed. This is the telegram from Regina, addressed to Hector Mackay at Melville, Saskatchewan, and signed by A. R. Mackie:

Just advised from Ottawa township 23 range 5 awarded bonus one dollar acre. Cheques will be forwarded earliest possible moment.

Those farmers have not yet received the bonus. The information I have obtained from the Department of Agriculture is that this township was approved; that later the comptroller of the treasury was not satisfied that the act provided for certain allowances for dockage, and that, as a result, the bonus was stopped. Why was word sent out that these cheques would be issued before the treasury board had finally passed them? On what date did the department at Ottawa notify Mr. Mackie in Regina as to the awarding of the bonus for township 23, range 5, west of the second meridian?

Hon. J. G. GARDINER (Minister of Agriculture): The information which the hon. member for Yorkton has given the committee is, I believe, approximately correct. That is, I understand information was sent to that particular area, along with some others. I believe one area was mentioned the other night where a letter went out on March 26. Of course letters were going out every day, and wires were sent every day from December until the end of March in connection with different townships in that area.

As a matter of fact, I know a wire went out on March 25 suggesting that payment would be made in that particular township. Later on, as has been stated, returns in connection with that township were checked by the auditors, and they questioned the possibility of making payments. The results of their check showed that the yield in that township was 12.04 bushels to the acre. That was just $\frac{4}{100}$ ths of a bushel over twelve. A re-check was made on the district, and I am informed that payments have not yet been made in the township. I do not think it is absolutely certain whether they will or will not be made. The check has gone so far as to indicate that with the average dockage

allowed by the elevators in connection with the grain in that particular area there is a possibility that they are slightly under twelve, instead of being slightly over. If they are under, they will be paid, when the final check is made. If it is found that they are over twelve bushels to the acre, they will not be paid. I would hope a decision would be made within the next few days or a week.

Mr. CASTLEDEN: It is regrettable that they should be informed that cheques would be forwarded, and then told later on that they would not be.

Mr. GARDINER: I believe all the letters which went out to these townships at the time it was thought the matter had been finally determined were sent out indicating that payment would be made. In this instance payments have not yet been made.

Mr. DOUGLAS (Weyburn): Why was word sent to Hector Mackay?

Mr. GARDINER: He is the solicitor for that municipality, and is a lawyer in the town of Melville.

Mr. MARSHALL: It was my intention to go fully into the matter of the administration of the act, but owing to the lateness of the session, I shall confine my remarks to a couple of short questions. First, what records in connection with the Prairie Farm Assistance Act are kept in Ottawa? The reason why I ask that question is this: I wrote the minister a considerable time ago; as a matter of fact, I wrote three times to the department, and I received an answer only two or three days ago. I wrote again with respect to township 40, range 14, but I have not yet received a reply. I am wondering just what records are kept at Ottawa and whether it would not be more advantageous to write and take up these problems with Regina.

Mr. GARDINER: In most instances it would be more advantageous and an answer would be received more quickly by writing to Regina. There are some townships which get into the position such as my hon. friend has described, and where to receive a final reply it would be necessary to take the matter up with Ottawa. But almost final information could be got at Regina at almost any time with regard to any township.

Mr. MARSHALL: We who live in Alberta find it difficult to take matters up with Regina. Often there are questions we should like to discuss personally with Mr. Mackie in Regina but it is out of the question to travel that far. Would the minister consider setting up in

Alberta in one of our cities, say Calgary or Edmonton, an office for handling this work in Alberta?

Mr. GARDINER: The best we could do, if we are to keep the costs within reason, would be to establish a district office which could not do anything more than the man does who is now in charge of that district, and who happens to be resident, I think, at Lethbridge, with probably a stenographer to answer correspondence. He in turn would have to write to Regina to get finality because all the records are kept there and the final recommendations are made from Regina. Those recommendations are considered in Ottawa and finally passed upon.

Mr. MARSHALL: I really believe it would be an economy to establish an office in Alberta, with a very small staff. Then with Mr. Mackie going back and forth between Regina and the office in Alberta, the work could be handled satisfactorily.

I was also going to suggest to the minister, although this has to do with the administration of the act, that he use the secretaries of the municipalities a little more than is contemplated at the present time. These secretaries are going to be called upon to do the preliminary work in connection with the administration of the act, and upon them will rest the responsibility of suggesting to the municipal council whether townships be recommended for the bonus. All that information will be centralized in the various municipal offices and I believe that a considerable amount of money could be saved if the minister would use the services of the municipal secretaries to a greater degree or else relieve them entirely of responsibility. They gather from year to year a tremendous amount of information which would be of special value to the board in its operations.

Mr. HANSELL: I must admit I am still in the dark as to how the act functions with regard to the eligibility of a township to receive the bonus. The minister spoke on that for a moment or two the other day, but I really have not grasped it yet. It is the only question I have to ask him, and I should appreciate it if he would take one minute to tell us exactly what the procedure is in arriving at a decision whether or not certain townships are eligible. I have this difficulty as member for my constituency, that a delegation of farmers will come along and say to me, "Mr. Hansell, we have not got our bonus yet." I will ask them what they have done so far and they will say perhaps, "We have signed all the affidavits, and made our calculations, and we think we are [Mr. Marshall.]

eligible." I do not know what to reply to them; in some instances if eventually turns out that they are not eligible, just what is the procedure from beginning to end?

Mr. GARDINER: The act as amended this year states that the municipality must make application direct to the federal government if they consider any of their townships eligible for payment of the bonus under the act, under either section 3 or section 4. If it is the desire of the province that we should consider any of the townships in the province under section 4—that is the crop failure clause—we should have an application from the province indicating that in Alberta there are over ninety townships with less than five bushels to the acre; in Saskatchewan it is over 171 townships; and in Manitoba, over fifty-four. We already have a statement from Saskatchewan claiming there are more than 171 townships in the province with less than five bushels to the acre. We have no claim from either of the other provinces up to date. When a province makes that claim under section 4 we have our inspectors go out and check the list of townships which have been indicated to us as having under five bushels to the acre, and if we find them to be under five bushels to the acre, we then declare the area a crop failure area, if there are more than ninety in Alberta, more than 171 in Saskatchewan, or more than fifty-four in Manitoba.

Then we proceed to examine into other townships in respect of which we have had claims from either the municipality or the province that they consider the yield to be under five bushels to the acre. If we find them to be under five bushels, we pay under section 4.

If it is suggested to us by the municipalities that the crop yield is under twelve bushels to the acre, under section 3 we allocate in their proper categories these townships so indicated to us by the municipality as being under twelve bushels to the acre; if the average price of wheat be lower than 80 cents a bushel from August 1 until November 1, then in November we make a decision whether we will declare this an emergency year, and if it is declared an emergency year we pay according to the different schedules of section 3—\$2 in the case of four bushels down; \$1.50 in the case of eight bushels down to four bushels; and \$1 in the case of twelve bushels down to eight bushels. That, roughly, is the procedure.

Mr. CASTLEDEN: What is the breakdown of this \$250,000?

Mr. GARDINER: The expenditure last year was a little in excess of that; but on the basis of what we expect, the expenditures this year are as follows: field staff, \$64,500; office staff, \$48,000; travelling and field expenses, \$88,500; telephones, telegrams and postage, \$25,000; rent, \$2,000; supplies and materials, \$2,000; freight and express, \$1,000; printing and stationery, \$13,000; miscellaneous, \$6,000.

Mr. MARSHALL: Have any instructions gone to the various municipalities in these provinces with regard to the regulations under the new measure?

Mr. GARDINER: The regulations as they were last year will be known to the municipal bodies, but will have to be amended to conform to the amendments which were made to the legislation a few days ago, and these will be sent out immediately they are agreed to by council.

Mr. MARSHALL: As I understand it, the municipal councils are now responsible for reporting to Regina the various townships in their areas which will come under this act.

Mr. GARDINER: Yes, but they do not require to have the regulations in order to make that representation. The representation is merely that the crop is under twelve bushels to the acre, with an indication of what they believe it to be in those townships.

Mr. MARSHALL: But the responsibility last year was upon the provincial government, and it now rests, under the new measure, upon the municipal authorities, does it not?

Mr. GARDINER: Yes, and this year we are making the date much later. We have not determined it exactly. Last year it was August 15. This year it will be moved to a later date, and the municipalities will be instructed.

Item agreed to.

Special.

33. Science service building—to close out contracts, \$44,437.

Mr. HAZEN: In connection with this item, where are these buildings located, what are the names of the contractors to whom the payments will be made, and what amount was received by each contractor?

Mr. GARDINER: The first one is: animal house at Hull, \$500; then, animal house, Lethbridge, \$5,937.

Mr. HAZEN: And the name of the contractor?

Mr. GARDINER: Botanical laboratory, Ottawa, \$25,000; entomological laboratory, Winnipeg, \$6,000; entomological laboratory, Fredericton, \$7,000.

Mr. HAZEN: I asked for the names of the contractors.

Mr. GARDINER: I have not here the names of the different contractors. But these are merely the amounts to close out the contracts. The contracts are under way, and we do not intend to complete the buildings this year because of the cut in expenses.

Item agreed to.

Special.

34. To provide for assistance to encourage the improvement of cheese and cheese factories, \$1,000,000.

Mr. SOPER: It is with hesitation that I take a minute or two to-night, but I cannot let this opportunity pass without saying something regarding this item.

I do not want to criticize the Minister of Agriculture; rather I would compliment him on doing more than I think has ever before been done for the dairy industry in eastern Canada in the matter of the cheese act and the bonus on cheese, whereby he has given us one cent on 93, and two cents on 94. This proceeding has raised considerably the grade of our cheese, and I am sure that it will help us to hold the market for cheese after this war is over.

As regards the factory improvement act, I believe it is one of the best things which has ever been done. We are getting rid in this country of many of our smaller and poorer cheese factories and are having one factory where we had about four before.

I would ask the minister to go just a little further and do something to educate the farmer regarding the grade of his milk. I do not ask the minister to expend any more money. I think the work can be done through the agricultural representatives of the department.

If that were attended to, I think we should have a nearly perfect set-up in the cheese industry in eastern Canada.

There are several other matters I should like to mention, but I know the minister is anxious to get along with his estimates. I would merely remind him that the dairy farmers are the hardest worked farmers in Canada. They work 365 days in the year. If some other of our farmers worked that hard, they would not always be asking for help.

Mr. FULFORD: I merely want to endorse what the hon. member for Lanark has said. I happen to have the honour of representing

one of the premier dairy counties of Canada. When the new cheese bonus went into effect last year it was stated that it would not mean more than \$2,500 to my county, but if I remember correctly, as a result of this splendid legislation over \$32,000 was left with the farmers of the county of Leeds.

I wish to commend the minister for increasing the grant by \$250,000. I know it is money well spent, and surely it is little enough in the way of a bonus to these farmers who are the most honest, most industrious and least complaining citizens of Canada—I refer to the farmers of eastern Canada and especially to those of eastern Ontario.

May I conclude with the suggestion that, in giving out the bonus, a small part of it should be left with the cheese-maker who has succeeded through hard work in producing cheese of premium quality. To-day the cheese of eastern Canada is second to none in the world.

Mr. HAZEN: Of the \$750,000 which was expended last year to provide for assistance to encourage the improvement of cheese and cheese factories, how much was spent in New Brunswick and to whom was the money paid?

Mr. GARDINER: I have not the names of the factories here, but the amount spent in New Brunswick was \$634.90. The average amount paid per factory was \$52.91. There would be approximately twelve factories.

Item agreed to.

Special.

35. To provide assistance for the replacement of maple production equipment, \$300,000.

Mr. HAZEN: What amount for the replacement of maple production equipment was spent in New Brunswick, and to whom was it paid?

Mr. GARDINER: This is a special arrangement with the province of Quebec only. It is a three-way arrangement. There was some difficulty experienced—no doubt the same was experienced in New Brunswick—in connection with equipment. The United States are importing a considerable amount of maple sugar and maple syrup from the province of Quebec, and they objected to the lead content of the sugar and syrup. Finally it was found out that this lead content was due to the fact that the sugar and syrup were made in equipment which had some sort of lead covering to prevent the rusting of the buckets, vats and other equipment. In order to have that equipment changed, an arrangement was entered into under which the Quebec government pay one-third of the cost and the federal government and the farmer each absorb

[Mr. Fulford.]

another one-third. It is estimated that at this rate it will take about ten years to replace all the equipment they have in the province of Quebec and this is our share of the expenditure for one year.

Item agreed to.

Special.

36. To provide assistance to the provinces for the reestablishment of settlers, \$200,000.

Mr. NICHOLSON: I should like to take a few minutes in connection with this item. I do not wish to worry hon. members at this late hour on this very hot night, but the item is being reduced from \$400,000 to \$200,000. My desk-mate has taken me to task for having painted such a gloomy picture of Saskatchewan, since he has seen this beautiful illustrated booklet, "Saskatchewan, Holiday Land". I am proud of my province. It is beautiful, and we are grateful to the people of all parts of Canada for the generous assistance they have given us during these difficult times. While we have been talking a good deal, I do not think we have concluded for a moment that the agricultural problem prevails only in western Canada.

I was talking to a real estate agent in Ontario a short time ago. He had a list of 299 farms that were being offered for sale, and he said that in some instances the prices asked for the farms would not replace the buildings on those farms. I know that members from all parts of Canada have real problems, and I appreciate the sympathetic consideration which has been given to those of us who have brought forward problems from Saskatchewan.

The discussion this evening has brought to our attention the stark reality in connection with the drought in that province. According to the information contained in Professor Britnell's "Wheat Economy", there has been a migration of 45,000 people to northern Saskatchewan in consequence of the drought and they are being resettled on the northern lands as a part of the national resettlement scheme. Economies are being made this year, but I submit that a reduction from \$400,000 to \$200,000 should not result in a reduction in the food allowances given these people. With a possibility of a large surplus of most farm products, I can understand the wisdom of cutting down on capital expenditures which would result in increasing the production of commodities of which we already have a surplus. But I wish the minister would assure us that this reduction of \$200,000 in the estimate will not result in a corresponding reduction in the allowances given the northern settlers. Can we have an assurance in that regard?

Mr. GARDINER: None of the food allowance is paid out of this vote. If it is paid in that section of Saskatchewan it is paid under the labour vote, which provides a certain percentage of the payment on food allowances for work done to establish these people by helping them in breaking some of their land, giving them work in those particular areas. That part of the assistance is given through this vote. Fifty per cent of the amount is paid out of this vote and 50 per cent by the provinces, the two making up the total expended for the purpose of assisting these people to establish themselves. They may use what they earn to purchase some of the food, and they may use some of the live stock they are provided with to help to obtain food for themselves, but direct grants for food are not obtained under this vote.

Mr. NICHOLSON: As I recollect, when we were discussing the northern settlers in connection with the labour estimates the Minister of Agriculture reminded me that I was out of order at that time on the ground that northern settlers reestablishment did not come under the Labour department.

Mr. GARDINER: All of the activities in connection with resettlement of the people come under this department. Constant reference was made at that time to the resettlement plan. That is provided for under this vote, but any assistance given by way of what is generally called relief—food relief and clothing relief—is given under the other vote.

Mr. NICHOLSON: The same inspector who supervises activities in connection with the breaking and clearing of land approves the food allowances. I understand that the same sort of requisitions are given.

Mr. GARDINER: The inspectors do both jobs. Instead of our appointing men to go over the same ground, we ask the provincial inspector to do our work. The province pays half and we pay half, and the same inspector inspects the whole thing.

Mr. NICHOLSON: Is it not a fact that the requisitions for food are provided out of the funds set aside for the northern settlers reestablishment branch?

Mr. GARDINER: No. I understand that none of that money comes out of this vote; it comes out of the vote of the Department of Labour, although it is handled by the same branch of the provincial government.

Mr. MARSHALL: I regret exceedingly that this vote has been so much reduced. I have come in contact personally with this work as carried on from year to year during the last few years and I know what a great benefit

it has been. I regret, therefore, that it has been cut in half. I should like to see it restored. How many families were rehabilitated under this scheme last year, and how much was spent out of the vote for the purpose?

Mr. GARDINER: It has always been intended that over a period of time this vote should gradually disappear. It started in 1932 and amounted to \$600,000 at one time. It was then under the Department of Labour and was subsequently transferred to the Department of Agriculture, in 1936 or 1937, and has been operated under this department since that time. The understanding reached with the different provinces, from New Brunswick in the east to British Columbia, was that over a period of time the vote would disappear. This year we are paying to Alberta \$25,000, the sum they asked for, and to the others, with the exception of Saskatchewan, we are paying approximately what was requested. Saskatchewan asked for something more than we are giving them. As for the number of families assisted, these are the figures. Alberta: In breaking land for needy settlers, 123 families, the amount expended being \$5,375.75; number of acres, 1,186; clearing land for needy settlers, eight families, \$280, 70 acres cleared. Household articles—nothing spent last year. Building materials, twenty-two families assisted, \$640.57. Work, stock, et cetera, two families assisted, \$312.50. Contracts for bridge and culvert materials, twenty-three families assisted. That is, they were taking out materials for bridges and culverts. The amount was \$2,397.59. Moving settlers to desirable land, two families, the amount being \$148.60. This makes a total of \$8,877.81 spent in Alberta last year.

Mr. HAZEN: What provinces received money from the \$400,000 expended last year to provide assistance for the reestablishment of settlers, and how much each?

Mr. GARDINER:

| | |
|------------------------|-----------|
| New Brunswick | \$ 30,000 |
| Saskatchewan | 250,000 |
| Alberta | 75,000 |
| British Columbia | 15,000 |

And there was an amount of \$30,000 unallocated that was not used.

Item agreed to.

Mr. RYAN: Is it intended to close the estimates right now? I should like to have permission to say a few words.

The CHAIRMAN: The item is now passed and closed. There is nothing before the committee. Does the hon. member wish to speak on this item?

Mr. RYAN: Not exactly on this item, but I cannot say what I want to say except under this heading.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. RYAN: Since this house opened on May 16 I have sat very patiently listening to the many speeches made. I wish to congratulate hon. members from western Canada upon the manner in which they uphold the interests of that part of the country. At times it has appeared to me as if some hon. members thought the whole of Canada is at the western extremity of the great lakes and no other part is of any importance. I do not say that in the way of criticism; I want to give credit to those hon. members for blowing the horn of the west. But I should like hon. members to understand that the province of Quebec is an important agricultural province. I am sorry that it was necessary for the government this year to decrease the amount spent by the Department of Agriculture. I do not know whether that decrease affects my province or not, but I know that my province could stand certain subsidies from the government to enable it to develop agriculture.

I have for some years tried to interest this government as well as the provincial government in the establishment of the beet sugar industry in the province of Quebec. Two years ago, after a great deal of work not only by myself but by representatives of western Canada, Ontario and Quebec, the then Minister of Finance submitted the whole matter of the sugar industry to the tariff board. I understand that the tariff board was to bring in its report this year, giving the whole history of the sugar industry, and I am disappointed that that was not done. We must realize that the refining of cane sugar is not an industry, but beet sugar production is an industry. The beet sugar manufacturer takes the beets from the farmer, cuts them up, extracts the sugar and refines it. The cane sugar refiner just takes the raw sugar from other countries and refines it.

In the Montreal *Star* of to-day I find that in 1939—I assume it is the calendar year—the production in the sugar refining industry increased considerably; the production of cane sugar increased 86,000,000 pounds to a total of 987,266,491 pounds, while the beet sugar production increased by 26,306,496 pounds to a total of 169,320,343. Granulated sugar comprised about 85 per cent of the total production. Hon. members will note that the beet sugar increase was about equivalent to the production of one beet sugar mill of 1,200 tons' capacity per day for 100 days, but there was cane sugar refined to an amount

[The Chairman.]

that would require three beet sugar factories to produce. I am not criticizing the bringing in of this cane sugar because it is absolutely necessary at the present time to bring it in, but I am in favour of greater development of the beet sugar industry, especially in my province. There are beet sugar factories in Alberta, in Ontario and one in course of construction in Manitoba, and Quebec should be started on the way.

Hon. members may say, why not do it? For the simple reason that there has never been sufficient money in the production of beet sugar to interest outside capital to come in. I would have a difficult time in Montreal getting capital to develop beet sugar production with the two cane sugar refineries there.

There are two ways whereby this government could help to develop the industry. One is by putting a processing tax on all cane sugar refined. That would interest capital in the production of beet sugar in this country. If the government did not want to do that, the other way would be to lend sufficient money at a low rate of interest to build beet sugar factories in locations where they would be a success. I believe the day will come when that will have to be done. It is ridiculous that the output of cane sugar should be permitted to increase. Only about 15 per cent of the sugar requirements of Canada are produced from beet sugar.

There is a great deal I should like to say regarding the development of the beet sugar industry, but it is not my intention to take up the time of this committee at this session because I prefer to see that report of the tariff board submitted to the house, because it will probably contain the same material that I wish to present. I am sure that report is going to be very interesting and that if the house gets that report, something will be done to increase the development of the beet sugar industry in Canada.

I listened to the hon. member for Lethbridge, the hon. member for Medicine Hat and the hon. member for Provencher regarding the development of the beet sugar industry, and I can corroborate every word said by the hon. member for Lethbridge and the hon. member for Medicine Hat, and they did not say half as much as they might have said, but they indicated the importance of this industry. I contend that this country can get out of the hole only by the industrial development of agriculture. I know of several industries that could be established in my province if the capital could be obtained, industries that would use only agricultural raw materials. This is a matter of great importance to the development of

Canada. I shall not take any more time to-night, but I want to be on record concerning this matter. I regret very much that the report of the tariff board was not submitted to the house this session. I hope next session that report will be brought before the house.

I do not want in any way to obstruct the business of the house, but I considered it absolutely necessary to mention this matter. The minister explained the reason why action was not taken; I am sure he regrets as much as I do that the estimates had to be cut down, but this has been found necessary because of the war. Personally I would not consider it necessary. I believe we could spend all the money we must in order to win this war, but I do not think we should reduce expenditures for the development of Canada. However, I do not desire to criticize, and nothing I have said to-night is offered as criticism. I only hope that in the near future something may be done for the industrial development of agriculture.

Progress reported.

On motion of Mr. Crerar the house adjourned at 11.45 p.m.

Tuesday, August 6, 1940

The house met at eleven o'clock.

VIMY MEMORIAL

COMMUNICATION FROM HIGH COMMISSIONER WITH RESPECT TO REPORTED DAMAGE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Hon. members will be pleased to know that I have received from our high commissioner in the United Kingdom a telegram saying that the air ministry states that an air photograph of Vimy memorial recently taken does not show any damage.

OIL CONTROL

EFFECT OF RECENT DECISION UPON SUPPLY OF CRUDE OIL TO COOPERATIVE REFINERY, LIMITED

On the orders of the day:

Mr. A. M. NICHOLSON (Mackenzie): I wish to direct a question to the Minister of Munitions and Supply (Mr. Howe). On July 22 the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question regarding the crude oil supply as it affected the Consumers' Cooperative Refineries, Regina, Saskatchewan. I have a copy of the Saskatchewan *Cooperative Consumer* in which it is reported that no attempt has been made

by the federal oil controller to apportion the available supplies of crude in an equitable manner. I wonder whether the minister could make any further statement beyond what he made on July 22 with regard to this very important matter.

Hon. C. D. HOWE (Minister of Munitions and Supply): I have no further information on the subject, but I will make additional inquiries.

UNEMPLOYED MINERS

SITUATION IN CUMBERLAND COUNTY, NOVA SCOTIA—CANADIAN NATIONAL RAILWAY ORDERS

On the orders of the day:

Hon. P. J. A. CARDIN (Minister of Public Works and Transport): A few days ago the hon. member for Cape Breton South (Mr. Gillis) drew attention to the conditions of the miners in the river Herbert and Joggins districts of Cumberland county, Nova Scotia. I promised him that I would refer the matter to the Canadian National Railways, and am this morning in a position to answer the question through information which has been given to me. It is stated in the report which I have received that for the seven months ended July 31, 1940, orders have been placed for 34,478 tons of coal, while during the same period of 1939 the amount was 16,512 tons, showing an increase of over one hundred per cent in the orders given in the Maccan district. During the month of July the total was 5,560 tons, compared with 1,700 tons taken in July of last year.

I may add that, as a result of an agreement reached during July between the Canadian National Railway officials and operators of coal mines in the Maccan district, an increase of 25 cents per ton has been granted. Canadian National Railways officials are watching closely the situation with a view to helping as much as possible the miners of that district.

PRISONERS OF WAR

COMPLAINT OF UNDUE INDULGENCE TO GERMANS INTERNED IN CANADA

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I have received a letter in which the complaint is made that the German war prisoners interned in this country are receiving favoured treatment. I will later send to the minister a copy, but I wonder if he is in a position to-day to make any statement in that regard.

Hon. P. F. CASGRAIN (Secretary of State): If the hon. member will submit the letter to me I will look into it.

SUPPLY

The house in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

41. Departmental administration, \$181,760.

Mr. STIRLING: I wonder if the Prime Minister would see fit to make a short statement in regard to our relations with representatives of the occupied countries—Norway, Denmark, Holland, Belgium and France—and give some idea to the public as to how representations are exchanged between these representatives and in what language they talk.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend is aware, the representatives whom Canada has had in certain of the occupied countries—Belgium, Holland and France in particular—are at the moment for the most part in London, where they are associated with other diplomatic representatives who are in that capital. They are in a position to be in contact immediately with these representatives, and with the dominions and the foreign offices, and through Canada's high commissioner, to obtain such information as they deem it desirable that our government should have from various sources there. They are also in a position to communicate such information as the Canadian government deems it advisable to have dispatched to our representatives concerning matters affecting these particular countries or to others who are making inquiries. I do not know that I can express more specifically the present relationship. It is the only one that seems possible at the present time.

Mr. GREEN: In connection with applications for passports, I suggest that the Department of External Affairs might consider allowing other officials or persons to take the declaration required upon an application. At the present time, for example, a justice of the peace cannot take the declaration nor can a member of parliament, and perhaps it would save a good deal of trouble if that privilege were extended to other classes.

Mr. MACKENZIE KING: I cannot say more than that the suggestion seems to be a reasonable one and that I shall be glad to see if something of the kind cannot be arranged.

Mr. GREEN: Arising out of the passport question, may I point out that many people from western Canada are obliged to get passports in order to drive back through the United States, and that has brought to the fore the question of the completion of the trans-Canada highway. While it may not be

[Mr. Casgrain.]

strictly in order on this item, I would ask the Prime Minister to let us have some statement with reference to the highway at the moment. A month or two ago the gap in British Columbia known as Big Bend gap was completed and there now remains a distance of only from 135 to 150 miles in northern Ontario which has not been completed. According to press dispatches, about a month ago the deputy minister of highways in Ontario said that there was no chance now of that gap being completed until after the war. He said it would cost between \$5,000,000 and \$6,000,000 and that there was alien labour available to assist in the work, but he thought it would be impossible to go ahead at the moment. The completion of the highway would be of inestimable value in many ways. It would be a great tourist attraction, it would enable our people to drive from one coast to the other, it would provide employment for young men who are not fit to go into the army and there is this alien labour available, and it might also be of vital importance to the defence of the country.

In view of the fact that there is such a short gap remaining to be completed I would urge upon the Prime Minister that steps be taken at once to complete the highway. I am confident it would be a good thing for Canada.

Mr. MACKENZIE KING: I cannot recollect a month when the subject has not come before council in one way or another. The question has been largely one of relative expense and what it was wisest to do at the particular moment. On some occasions it has been suggested that internees should be used for the purpose; sometimes the suggestion has been that the unemployed be assigned to this particular work. Each time the matter has been considered there has been a special reason for refraining from either acting at the moment or taking some particular action, but I can assure my hon. friend that the desire of the government is to have the highway completed and the matter will continue to receive consideration as opportunities arise to have the work on it progress.

Mr. ADAMSON: Could prisoners of war be used on such work?

Mr. MACKENZIE KING: That question is being considered. I understand it is more or less necessary to keep in mind what is being done in other countries with prisoners of war of British origin. Matters of that sort enter into the consideration of what we should do here.

Mr. GREEN: The same considerations would not apply with respect to aliens interned in Canada. They could be used, could they not?

Mr. MACKENZIE KING: I should not like to say offhand that they could or could not. That question is being explored, but what action will be taken I cannot say at the moment. However, if it is possible to give employment to those who are unemployed, whether internees or others, the desire is to have them employed in work of the kind.

Mr. JOHNSTON (Bow River): That is an important issue at this time. There is no use our calmly saying there is no danger of either the Canadian National or the Canadian Pacific being blown up. It would be an easy act of sabotage on the part of communists or fifth columnists to blow up either of these railways or possibly both, and if that were done it would be an utter impossibility for us to connect eastern with western Canada. The work would be delayed for some time until the roads were repaired. On the other hand, if we had a completed highway it would be almost impossible for any fifth column activity to separate east and west. Moreover, we should save quite a few dollars if we had that road completed, because almost every member of parliament this session must go through the United States, if he is driving home, in order to get home, whereas it would be much more convenient to remain in Canada on the way home. It would save a great deal of expense, and one would not have so far to go. As it is, one has to go 3,000 miles to get to Alberta. Again, it would be a saving in foreign exchange, to say nothing of the urgent necessity of having the road completed.

Mr. HAZEN: May I address a question to the Prime Minister? Shortly after Great Britain was reluctantly obliged to take over the French fleet the French government severed connections with the British government and the French ambassador handed in his letters at the Court of St. James. Shortly before this unfortunate event a new representative to the French government was sent to Ottawa. If I am in order I should like to ask what is the present relation between the Canadian government and the representative of the French government in Ottawa.

Mr. MACKENZIE KING: May I say as hon. members are well aware, that in the relations between countries to-day there are many situations that are extremely difficult, some of which are quite serious and others of which are most critical. Speaking broadly, the attitude of the Canadian government

towards all these situations has been to endeavour so to shape its course as to help relieve the tension where it is possible to do so, and to avoid adding any fuel to the flames where that aim also can be attained.

With respect to the relations of the United Kingdom and France at the present time I need not say that to a certain extent they are obscure. There has been a certain severance of relations, but not a complete severance. I understand the consuls general of France are all at the present discharging their duties normally in the United Kingdom as they have hitherto done. As far as Canada is concerned our position has been to permit the minister who has come to Canada from France to remain. He understands that the situation is a delicate one and that he is here with a view of assisting our government to meet questions as they arise rather than to do anything directly or indirectly which would serve to embarrass the government. The position as far as our relationship with France is concerned is well known and understood in the United Kingdom. I believe we are helping to meet the desire of the United Kingdom government in not severing diplomatic relations to the extent of asking the present minister to retire. I believe a similar attitude is being taken on the part of South Africa towards its representative from France. Certainly as between this country and the French people there has always been the closest and friendliest kind of relationship. France has been the ally of the United Kingdom more than once and we certainly hope that the day will come when relations will be restored to the old normal happy state that has existed in past years. In the interval if there is anything we can do to further that end, and avoid, as I have said, any new issue arising, I think it should be done. And it is on that basis that the relationship is being maintained as it is at the present time.

Mr. HAZEN: What I had in mind was this. The French government to-day is apparently under the domination of the German government, and there must be communications passing from the French representative here to the French government in France, which communications must be available to the German government. Is there any control over the communications that pass from the French representative in this country to the French government? Is the French representative free to send any communication he likes, which would be available to the German government?

Mr. MACKENZIE KING: If there were the slightest reason to believe that the present French representative was able to obtain any information that is not common information,

that might be of the least help to the German government, I imagine he would not himself wish to stay for an hour, and certainly this government would not permit him to stay. But I have every reason to believe that M. Ristelhueber, the present minister, is a very honourable man and certainly in his relation to the administration with respect to the different and difficult questions which have come up he has given us every reason to believe that his sole desire is similar to our own, namely, in the existing very painful situation to do all he can to help relieve difficulties rather than add to them.

Mr. **POULIOT**: Referring to section 56 of the British North America Act, would the Prime Minister be kind enough to tell the committee whether authentic copies of acts of parliament are forwarded to the office of the governor general by the Department of External Affairs or by the clerk of the privy council.

Mr. **MACKENZIE KING**: That is a question which I cannot answer offhand.

Mr. **POULIOT**: Then in case of doubt I hope the Prime Minister would not object to a few remarks about the status of Canada, that does not enjoy now what the Oxford dictionary calls the treatment of Tiberius. Some years ago Sir Wilfrid Laurier said that Canada was a nation in the British empire, but he did not imply by that that Canada was a free nation or a sovereign nation. I find it very dangerous to say that Canada is a nation, implying by that that Canada is a free nation or a sovereign nation; for of course we are not. There are very few hon. members in this house who entertain the view that Canada is a colony. There is the hon. member for Broadview (Mr. Church) and the hon. member for Yukon (Mr. Black)—a former Speaker of the House—and the member for Témiscouata (Mr. Pouliot). The reason we think Canada is a colony is that even for a small affair such as the right to pass an act like the unemployment insurance act we have to snap our fingers at Westminster, asking the right to do that. I find it a great humiliation, not because I am anti-British but because I am pro-Canadian.

Of course there are children of minor age, under twenty-one years, who need a guardian. And there are others who are of mature age and can act for themselves. Canada cannot dispose of its own legislation at times without asking Westminster's permission. In my humble opinion the first thing to do regarding international affairs would be to ask Westminster to withdraw from the constitution the disallowance clauses of the British North America Act. I draw the attention of my

[Mr. Mackenzie King.]

chief and of the committee to the absurd situation in which this parliament is placed when certified copies of the acts passed by this parliament, meaning the House of Commons and the Senate, and assented to by His Excellency the Governor General, who is the representative of His Majesty the King of Canada, are forwarded, in accordance with section 56, to one of his majesty's principal secretaries of state. I will read the section:

56. Where the governor general assents to a bill in the Queen's name, he shall by the first convenient opportunity send an authentic copy of the Act to one of her majesty's principal secretaries of state, and if the Queen in council within two years after receipt thereof by the Secretary of State thinks fit to disallow the act, since disallowance (with a certificate of the secretary of the day on which the act was received by him) being signified by the governor general, by speech or message to each of the houses of the parliament or by proclamation, shall annul the act from and after the day of such signification.

Section 57 is to the same effect. The absurd situation is this: In May of last year his majesty came to Canada and gave his personal assent to certain bills. Of course we presumed that this was final, that the bills assented to by the king of Canada would not be sent by the governor general's secretary to the secretary for the dominions in London, and that the king of England would not have two years in which to disallow the legislation to which he had given his own assent as king of Canada. That is a most amazing situation. We may be told, of course, that these sections are spent, that they are not in force at the present time. But if certified copies of our acts are sent to the secretary for the dominions, now that Canada is enjoying the so-called benefits of the statute of Westminster, just the same as they were when Canada was recognized as a colony at the time the British North America Act was passed, what has been our progress?

One may say, of course, that there is no question of disallowance in connection with any act of this parliament. That is only a presumption, because no one can say that on some future occasion Westminster may not do what this government has properly done in the case of Alberta. There was no disallowance of provincial legislation for a great many years, but lately when a provincial premier passed some legislation which evidently was unconstitutional, it was disallowed. I do not blame the government for doing that; it was the right thing to do, but who knows what may be done in the future so far as our acts are concerned?

The only way we can have patriotic citizens in Canada is to teach them what our nation really is and tell them exactly what our con-

stitution means. We want our constitution to be respected; I am all for that, but that constitution must make Canadians proud of their country and proud of their citizenship. We must be just as proud as the old Romans, who said, *Civis Romanus sum*—"I am a Roman citizen". We should be proud to be Canadian citizens. When a young boy is taught in school that he has the privilege of being a Canadian he must say the same thing, "I am proud to be a young Canadian", and that pride will last until the end of his days.

I should like to mention one thing that does not satisfy my mind. When Sir John Macdonald spent some summers at St. Patrick, in my constituency, he wrote a letter to one of his friends saying it was his intention that Canada should be called a kingdom. That was objected to by Lord Derby, and he made a few amusing remarks about that gentleman. Sir John Macdonald was one of the fathers of confederation, a great man, one of the builders of this country, and also a good Britisher. He thought Canada should be called a kingdom, but his lordship was afraid of what might be the effect in the United States, and he said no. On May 19 of last year something was said in this parliament which appears at page 4323 of *Hansard*:

May the blessing of divine providence rest upon your labours and upon my realm of Canada.

Those were the words of his majesty, spoken in this city, but surely his majesty is a king without a kingdom as far as Canada is concerned, because Canada is only a dominion. That may sound strange, but I try to proceed with logic. We have the king of Canada; we were told that according to the statute of Westminster the governor general no longer represented the British government but represented only his majesty, and that in fact he was a viceroy. That is all right, and later we had a high commissioner from England representing the British government. There was a division of responsibility; but what surprised me was that though many prominent people in Canada stated that the appointment of the governor general was made on the recommendation of the Canadian government, the present governor general, who was selected by this government after the statute of Westminster was passed, is the same gentleman who was selected by Great Britain before that statute was passed. I find that strange. I say this without meaning the least offence at all. I have great respect and admiration for the gentleman who now occupies that high post with great dignity. These, however, are some of the things that I cannot easily understand.

We have representatives abroad; for instance, we have legations. I was in Washington early in May and called at the Canadian legation, where I was told that the minister was suffering from jaundice, probably because he had been too close to the Japanese or the Chinese embassy. I spoke to the chargé d'affaires over the telephone for about half an hour, during which I asked him many questions. United States is probably one of the last countries in the world where international law is respected. I studied international law in my youth; it is one of the most interesting branches of the legal profession. During that long conversation I asked the chargé d'affaires if he had had any training in international law, and to my great surprise he said no. I was really rather scandalized.

For a number of years we have had a Canadian legation in Japan. I presume it is very important that the Canadian ministers and members of the staff should be well posted on Japanese questions. I wonder whether any minister or any Canadian member of the staff, down to the last messenger, has been able to speak the Japanese language. To understand the situation in Japan, to learn anything about the matters that were of importance to us, they have had to rely upon the paid help of Japanese-born people, who could commit any barbarisms or make any errors in translation that might suit their own patriotic purposes. I do not see how we could maintain a legation in Japan without having there Canadian citizens who could fluently speak, read and write the Japanese language.

Of course the impression is conveyed throughout the world that Canada is a nation. Some diplomats, who are very courteous, accept the statement that Canada ranks as a free nation, though we are not such a nation in fact for the reason I have mentioned and others to which I shall come in a moment. I wonder what change the statute of Westminster may have made in our external relations, either with Great Britain or with any other country. Section 7 of that statute reads:

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

This means that the statute of Westminster does not repeal that part of the British North America Act concerning disallowance of our legislation.

Besides disallowance other matters have been mentioned, as indicated in *Hansard* of September 9, 1939, by my very good and respected friend the right hon. the Minister of Justice (Mr. Lapointe). Having stated that

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we cannot amend the constitution of Canada in any way without applying to the parliament at Westminster, he said:

It is our own will—I am not saying mine, but the will of the majority—that it should be so, and it is still so. How can we say that we have no bond with the parliament which gives us our power to legislate as it exists to-day?

The minister said it was not his own view; it was the view of the majority. I point out to him it was never submitted to the majority—never. It was never submitted to the Canadian people. I am sure if this matter were submitted to the Canadian people the answer would be this: We desire to have the right to amend our own constitution.

Then the right hon. gentleman mentioned appeals to the privy council, and said:

. . . the lawyers of the province of Quebec were trusting more in the lords of the privy council for their judicial decisions than in the majority of the Supreme Court of Canada, coming from the other provinces.

That is right. And he added:

Well, if some of our leading men who entertain these views now are for the neutrality of Canada, they still desire that judicial decisions affecting Canada shall be given by the judges in England.

Properly so. The minister was right about that. The reason is obvious, namely, that the judges of the privy council have a much more complete training than have the Canadian judges.

The CHAIRMAN: From the beginning of this session I have allowed the discussion of matters not arising from the items under consideration. Sometimes, with the consent of the minister concerned, the practice has developed of discussing, under the item of departmental administration, questions affecting departmental policies. That is not in conformity with standing order 58 (2). That subsection provides that in discussing an item only matters relating to it may properly be discussed.

In the present instance, details of departmental administration appear at page 80 of the estimates. Hon. members will find nothing there which would justify, at this time, a discussion of the expediency of amending the British North America Act or of abolishing the right of appeal to the judicial committee of the privy council. That discussion is as foreign to the business before the committee as the discussion respecting the international highway, which arose a few minutes ago. One breach of the rules always entails several others following in its wake. Without unanimous consent, suspending subsection 2 of standing order 58, it is my duty as chair-

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man to draw attention to standing order 58, and to apply it.

A discussion respecting section 56 of the British North America Act might be appropriate under the item concerning the governor general, his excellency having the duty of referring to his majesty bills he has sanctioned. But it is not admissible under the present item. It is difficult for the chairman to be fair to all hon. members and to draw the line in debate unless there is strict adherence to the rules of the house.

Mr. MACKENZIE KING: Mr. Chairman, may I say with respect to what you have just said that so far as I personally am concerned I have no desire in any way to circumscribe the latitude of the discussion, beyond this, that I believe there are times and seasons for all things. I believe it is the desire of all hon. members to have parliament adjourn as soon as possible, and I believe, too, that there are occasions more appropriate than the present to discuss important constitutional questions such as these having to do with the present status of Canada and the power of disallowance.

These matters are very important. In fact their importance is so great that I believe this would not be the best moment at which to provoke a debate on either subject. The answer to the hon. member for Témiscouata (Mr. Pouliot) with respect to the power of disallowance is that it was unanimously agreed at conferences in 1929 and 1930 that the present constitutional position is that the power of disallowance of dominion statutes could not be exercised without the consent of the dominion. The United Kingdom's power of disallowance is thus recognized, I may say to him, as being constitutionally dead, if not yet legally buried.

As to Canada's power to amend her own constitution, I suggest no better example could be given than that which has taken place in this very session, whereby the United Kingdom government upon presentation of an address from both houses of this parliament with respect to the amending of the constitution in one particular, did so within a limit, taken altogether, of something considerably less than an hour's time. I am referring to the discussion which took place in both houses of parliament in the United Kingdom on the amendment with respect to unemployment insurance.

If we continue to amend our constitution by way of presentation of an address to the United Kingdom parliament it is because it suits our convenience so to do, or helps to meet feelings, for the present at any rate, which some entertain, with respect to the wisdom of preserving that method of procedure.

It is not, however, at all an evidence of subordination.

If to-morrow this parliament were by an address to ask the British parliament to enact an amendment which would permit us to amend our own constitution, that amendment would, I believe, be passed by the United Kingdom parliament just as speedily as the one which was passed at this session with respect to amending our constitution in the important particular I have mentioned.

Mr. HOMUTH: Would the Prime Minister make a statement respecting passport offices? Are all the offices which were opened still functioning, or have some been closed?

Mr. MACKENZIE KING: I made a short statement yesterday respecting the position in regard to passport offices. I believe it is a fact that all passports for which applications had been made had been issued at the close of last week. I believe, too, that from day to day the passport offices are now keeping abreast of the applications which come in. There may be individual instances here and there in respect of which some particulars have been lacking where it has been necessary to obtain further information before a passport could be granted. I am advised, however, that matters are now being kept up to date. All offices which thus far have been opened are still open.

Mr. HOMUTH: Our constituents send applications to us while the house is in session. In view of our proximity to the department we are able to obtain prompt service. When we go home, however, there may be some question as to what would be the most convenient method of procedure. Undoubtedly the people in the constituencies will continue to make applications through local members. The question arises as to whether it would be better to send those applications to Ottawa or to the nearest passport office.

Mr. MACKENZIE KING: There is no reason why from now on any constituent should trouble his representative with matters of the kind, because these matters will receive prompt attention if they are directed immediately to the passport office at Ottawa, or, if more convenient, to the nearest branch office.

Mr. HANSELL: If my memory serves me correctly, I believe in the past we have had considerable discussion when the estimates for the Department of External Affairs have been before the committee. At times this discussion on foreign policy has lasted a day or even more. I recognize that at a time when the nations of the world are at war one must be extremely careful of what one says on these estimates. I think when these par-

ticular estimates are before us a member of parliament becomes more aware of his responsibilities. At times we are apt to think that those responsibilities end with representing our particular constituencies. Five years ago I received, perhaps through the courtesy of Doctor Beauchesne, a copy of Beauchesne's Parliamentary Rules and Forms. Naturally I read the entire book, and on page 6 I found something very interesting. Paragraph 21 gave me some perception of the responsibilities of a member, and I should like to read this to the committee. It reads:

Every member as soon as he is chosen becomes a representative of the whole body of the Commons, without any distinction of the place from whence he is sent to parliament. That every member is equally—

The CHAIRMAN: Will the hon. gentleman give me the connection or the relationship between what he is stating and the item under discussion?

Mr. HANSELL: If you will let me read it, Mr. Chairman, I think you will see the connection.

The CHAIRMAN: The rules of the house are binding on every hon. member. I must have the relationship of the point the hon. gentleman desires to make with the item before the committee. It would be a most tedious procedure to read the rules of the house in debate.

Mr. HANSELL: I am not reading all the rules of the house.

Mr. CHAIRMAN: Will the hon. gentleman please state his point?

Mr. HANSELL: My point is that a member of parliament represents the whole commonwealth of the British empire.

An hon. MEMBER: We know that.

The CHAIRMAN: What is the relevancy of that to the item before the committee?

Mr. HANSELL: It is simply that on external affairs estimates it might be thought desirable to discuss matters relevant to the British empire. I was simply pointing out that to-day the British empire—

The CHAIRMAN: There are so many questions involved in the term "British empire." The discussion must be limited to the item before the committee.

Mr. HANSELL: If you will allow me to proceed, Mr. Chairman, and then if you find I am going off the course—

The CHAIRMAN: To my mind the hon. member is already out of order.

Mr. HANSELL: I might say that—

Supply—External Affairs

The CHAIRMAN: I want to be fair to the hon. gentleman. In order, however, properly to discharge my duties and to save the time of all hon. members—I am quite sure the hon. member is as much concerned about expediting the business of the committee as I am—I must insist that the hon. member show the relevancy of the point he desires to make to the item now before us.

Mr. HANSELL: I desire to bring to the attention of parliament what might turn out to be the reasons why the nations of the world are at war.

The CHAIRMAN: That does not arise out of the item now before the committee.

Mr. HANSELL: I feel rather keenly about this. There have been times when I could have discussed this matter, perhaps on the budget or on the speech from the throne, but the Prime Minister indicated that there was a time and a place—

The CHAIRMAN: Can the hon. gentleman be more specific? I shall allow a certain latitude. I shall try to see if his remarks can be linked up with this item.

Mr. HANSELL: It is not my desire to go over the history of the present war or to embarrass the government in any way. My desire is that we might learn war no more. There are certain things operative within the relationship between one nation and another which cause war. I am not going into a detailed discussion of those systems, but I do believe that we must of necessity discover the reason for these international complications and then endeavour to find a way out.

The CHAIRMAN: The hon. gentleman proposes to discuss the causes of international wars.

I must rule that out of order.

Mr. HANSELL: I shall not dwell on that part of my remarks. May I go a little further, and say that in days gone by the British empire has been highly favoured of providence.

The CHAIRMAN: I did not hear that.

Mr. HANSELL: Highly favoured of providence, highly favoured of God. But there is much that the British empire has to be ashamed of; there are many dark pages in our history. Generally speaking, however, I think our history shows that the hand of God has been with us. At this particular time we find ourselves in a most precarious position. I do not know what the future holds for us. I said the other day that the nations of the world seem to be lining up in different sections of political economy. We may find, perhaps in the not distant future,

[Mr. Hansell.]

that the Americas will be pretty well left to themselves. I do not know what the outcome of the war will be; nobody knows, but I believe of course that Great Britain will win. Whether at the close of the war we shall find ourselves in the same relationship with other nations as we have been in the past, I do not know. We may discover that we have a separate European economy. We may discover that we have a separate Asiatic economy. And we may discover that—

The CHAIRMAN: With all my good-will and my desire to help the hon. gentleman, I must tell him that his remarks are out of order at this moment. Shall the item carry?

Mr. HANSELL: Mr. Chairman, would you tell me under what item I might discuss the matter of which I am speaking?

The CHAIRMAN: Well, it is not the duty of the chairman to tell hon. gentlemen when they should rise to speak and what subject they should discuss. I must tell them when they are out of order; and the hon. gentleman is at present out of order.

Mr. HANSELL: Might I ask the Prime Minister a question? I could have discussed this matter some time ago, but the Prime Minister will recall that he suggested that we could discuss almost anything somewhere in the estimates. May I ask the Prime Minister where I can discuss this matter?

Mr. MACKENZIE KING: There have been several occasions. One, as the hon. member himself has remarked, was when we were dealing with the speech from the throne; also there have been opportunities when we were going into supply; and there were other opportunities. I think he is right in saying that some latitude has been and should be allowed on the estimates for external affairs. But this session has been very largely taken up with external affairs, and on many occasions when we have been discussing international affairs my hon. friend might have spoken. It seems to me that there is a very slim house to-day for the consideration of a subject so important as the cause of the war and the other questions he is raising. I think he might reasonably hold over the matter to a subsequent session, unless meanwhile there is a possibility of something being determined as a result of the discussion.

Mr. HANSELL: Perhaps I could reserve my remarks for some future occasion. But may I point out that, to save time and comply with the Prime Minister's request that we get on with our war effort, I did not speak on the speech from the throne. For the same reason I spoke for less than five minutes on the

budget. I hoped that I might speak along this line under the estimates of the Department of External Affairs.

Item agreed to.

42. Representation abroad, including salaries of high commissioners, ministers plenipotentiary, consuls, secretaries and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, \$626,575.

Mr. GREEN: Would the Prime Minister state in what countries we have representation at the present time?

Mr. MACKENZIE KING: Representatives have been appointed from Canada as ministers to the United States, to France, to Japan, and more recently, to Belgium and to Holland. My hon. friend is aware that we also have representatives appointed to different parts of the British empire; representatives as high commissioners to the United Kingdom, and to Australia, New Zealand, South Africa and Ireland. That is the present extent of Canada's representation abroad.

Mr. GREEN: I understand that there is no minister to Japan at this time and that the post has been vacant for some years. What is the intention of the government?

Mr. MACKENZIE KING: There has been a vacancy for, I think, about a year and a half. Mr. McGreer is acting as chargé d'affaires in Tokyo at the present time. The government has had in mind the appointing of a minister to Japan to succeed the former minister, but for one reason or another it has seemed during the past few months that it would be better to await a more opportune moment to make that particular appointment. The most I would say at the moment is that the matter is under consideration. We are getting very full information from Mr. McGreer. He is in touch with affairs in Japan and is also in touch with the British ambassador in Tokyo. Having regard to the situation existing in the orient, I believe we are receiving about as much information from Mr. McGreer, as chargé d'affaires, as it would be possible to obtain through a minister.

With reference to what the hon. member for Témiscouata mentioned a moment ago, as to having someone in our legation at Tokyo who has a knowledge of Japanese and who also is a Canadian, I may say that we have in the person of Mr. Norman one who is a graduate of Toronto university, who holds degrees in oriental languages from not only Toronto but also from Harvard and Columbia, is a scholar in Japanese, and quite competent both to converse in and to read that language as freely as he does English.

Mr. GREEN: Has consideration been given to setting up legations in any of the South American countries? The trend of world affairs seems to be making South America of more importance in the Canadian economy, and it might be worth while to consider having representation in Brazil and Argentina. I do not know whether it would be worth while, but has the government considered it?

Mr. MACKENZIE KING: Yes. The government has been considering the advisability of opening a legation in one or other of the South American republics. We have had communications from more than one republic expressing the desire to be represented in Canada. The matter will continue to receive consideration with a view of making at least one appointment in the not too distant future.

Mr. GREEN: Does the Prime Minister feel free to say in which countries we shall most likely be represented?

Mr. MACKENZIE KING: My hon. friend has mentioned two of the largest. I should think that either would be appropriate, but as to which would be best and what arrangement would be best will need to be further considered. For example, at the present time we have one minister who is accredited to both Holland and Belgium. It might be advisable to adopt a similar arrangement with reference to one or two of the South American countries.

Mr. POULIOT: Would the Prime Minister be good enough to say how long Mr. Norman has been in Tokyo?

Mr. MACKENZIE KING: He has been there since last December, I believe.

Mr. POULIOT: Before that there was nobody among the Canadian foreign staff who spoke Japanese?

Mr. MACKENZIE KING: I could not say that there was no one. I believe that some of the staff have had a very distinct understanding of Japanese, although I cannot say they spoke the language adequately.

Mr. POULIOT: I always like my chief when he is definite in his answers. Mr. Chairman, on September 11, 1939, the member for Témiscouata spoke as follows, as reported at page 114 of *Hansard*:

Furthermore, it is with Sir Thomas Inskip, who recently entered the House of Lords, that our high commissioner in London, Mr. Massey, had to communicate to get acquainted with the details of the negotiations taking place between the British government and the other powers. Mr. Massey has no direct contact with the French and German embassies in London, and any news he receives originates either from the Foreign Office or the members of the British cabinet.

Turning to page 117:

Mr. Pouliot: May I ask the Prime Minister if the high commissioner in London gets in touch with the British government or with the embassies of the various countries?

Mr. Mackenzie King: The high commissioner in London is in touch with members of the British government, particularly the secretary of state for the dominions. Through the latter source he frequently obtains information of an inside nature which he communicates immediately to the government here. He does not however come into official relations with ambassadors of other countries.

If we have ministers in other countries they should be on the same rank as ministers of any other country and get in touch with other embassies without having to follow the example of the little fellow who drives the buggy by holding a hand on the reins. There is one who drives the horse, and says "Get up", and holds the reins, and the little fellow says, "Get up" and "Whoa!" and then he thinks he is driving the horse. It seems to me that the status of our ministers abroad is similar to that. I do not see why they are dressed sartorially in beautiful uniforms when they have to get their information through Sir Thomas Inskip or his successor in office. It is the old story of the colonial office. That office is now divided into two sections dealing with the dominions and the colonies, but there is no difference. The only difference is in the name and staff. The Prime Minister should see to it that the status of our relations abroad is raised so that our ministers will not be considered by the powers there as country cousins. It is a great humiliation to me to hear that Mr. Massey has not the right to speak officially with any ambassador or minister of any other country except through the medium of the dominions office. I am sure my chief agrees with me in that regard and I hope the necessary changes will be brought about as soon as possible.

Mr. MACKENZIE KING: My hon. friend is confusing two positions. He speaks of legations and he speaks of the position of the high commissioner. As far as the legations are concerned, our ministers have all the privileges that any representative of a foreign country would have in another, holding a similar position. With respect to the position of high commissioner in the United Kingdom, he is not an ambassador or minister in the sense in which ministers in foreign countries are so designated and who represent the crown. He is a representative of the government of Canada and the government of Canada has more than one means of obtaining information and of communicating with different departments of the British government. It would only confuse matters to have the High

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Commissioner for Canada in the United Kingdom play at once the role of representative of the government of Canada and the role of representative of the king. That distinction should be kept in mind.

Mr. POULIOT: That is why it would have been appropriate last year for the government, instead of presenting their majesties with a gold flower bowl, to give a crown to the king of Canada.

Mr. ADAMSON: There is an increase of \$127,000. This is for representatives to Canberra, Wellington, Pretoria and Dublin. Are these new this year?

Mr. MACKENZIE KING: Yes.

Mr. ADAMSON: It is a new departure of the government to have high commissioners in other empire capitals?

Mr. MACKENZIE KING: Yes. At the special session of parliament after the beginning of the war I said I thought there would be distinct advantages in having Canadian representatives in other parts of the British empire and that we proposed to make appointments immediately to Australia, New Zealand, South Africa and Ireland. We already had our high commissioner in the United Kingdom, and these appointments have been made since the outbreak of war. This past year their salaries have been paid under the War Appropriation Act but for the present fiscal year they will be paid out of the vote which parliament is now asked to make.

Mr. ADAMSON: In view of the growing importance of India, would the Prime Minister consider sending one of the men from the occupied countries to India? I should like to have the names of the high commissioners in these empire countries. I feel strongly about the Indian situation, because India has rather looked to us. There is so much talk about dominion status and if we had a representative in India we might prove to be of great assistance to the British government in discussions of confederation, which we know so much about, and matters of that sort. We might definitely play a great part and be of great help by having a representative there.

Mr. MACKENZIE KING: I am wholly in sympathy with my hon. friend's remarks. Everything would depend upon the person who might be selected for such a post. It is possible that the ideal man will come along, and if we get the right person first there will not be much difficulty about arranging for the creation of the position. At any rate I am obliged to my hon. friend for bringing up the matter and I promise it will be given

careful consideration. As to the high commissioners appointed, Mr. C. T. Burchell of Halifax has been appointed to Australia; Doctor W. A. Riddell, who was at Washington at one time and had previously been at Geneva, has been appointed to New Zealand; Mr. Henry Laureys of Montreal has been appointed to South Africa and Mr. John Hall Kelly of Quebec has been appointed high commissioner to Ireland. Mr. Massey of course is high commissioner in the United Kingdom.

Item agreed to.

43. To provide for hospitality in connection with visitors from abroad, \$5,000.

Mr. ROSS (Moose Jaw): I understand that some time ago arrangements were made that no alien could cross the border with firearms. For many years past many American tourists have been coming to Canada during the shooting season and have been allowed to cross the border with shotguns, and in the big game season with rifles. Have the departments made arrangements under which aliens from the United States—not enemy aliens but aliens with proper credentials—may be allowed during the shooting season to bring their firearms into Canada?

Mr. MACKENZIE KING: The government has been fully alive to the importance of the tourist trade in Canada and particularly to that phase of it which is represented by the type of persons just mentioned, those coming to participate in the shooting of game. An order in council was passed a short time ago giving to the Royal Canadian Mounted Police authority to grant to persons coming to Canada from the south permits for the right to bring in firearms, provided the authorities were satisfied in all particulars as to the wisdom of granting such permits.

Mr. NICHOLSON: A number of big game hunters have been coming by plane in the last few years. What procedure will they follow?

Mr. MACKENZIE KING: I believe that where men arrive by plane they report to the nearest customs authority. That procedure will have to be followed.

Item agreed to.

44. Expenses in connection with the negotiation of treaties, \$10,000.

Mr. POULIOT: I wish to congratulate the government upon the treaties entered into with South American countries. It is high time that Canada looked to the future in regard to trade and took advantage of this war to secure as much as possible of the

German and Italian trade in Central and South America. I urge that not only upon the Prime Minister, who I know feels strongly in the matter, but especially I urge it upon the Minister of Trade and Commerce. I hope hon. members will give the strongest encouragement to the government for that purpose. We have lost and are losing markets in Europe, and we have great opportunities to the south of us; it is high time that we looked after them.

I remember very well that once there was a mission sent to South America and a leading Canadian on that mission was Sir George Perley. He came back and made a long speech about his trip, telling how wonderful was the brass band reception at Buenos Aires or Rio de Janeiro, and that was all. After that mission went there our trade with south American countries dropped by half. I ask the government to send the very best men to South America in order to capture the German, Italian and enemy trade and to obtain for Canada trade opportunities in South America that we have lost in Europe.

Mr. FULFORD: The pan-American union has just been in session and the vacant seat which has been kept so long for Canada still remains vacant. I know the argument is advanced that it would not be in the interest of Canada as a member of the British commonwealth of nations to be a member of the pan-American union. But at this time I can see no reason why Canada does not take its rightful place in the pan-American union; instead of being derogatory to our position in the British empire I am of the opinion that it would be a distinct advantage for all concerned.

Mr. POULIOT: I congratulate the hon. member for Leeds (Mr. Fulford) upon what he has just said. It may confirm my theory that Canada is not a nation and cannot enter into a war treaty with the United States. I should like that to be done. Of course President Roosevelt came here a couple of years ago and made wonderful speeches saying that if Canada was attacked the United States would come to our defence, but the word of the president is all we have. I hope he will be reelected; that is the wish of the great majority of the Canadian people, but we have not a formal treaty binding the United States to the defence of Canada, and such a treaty would be just as welcome in the United States as in Canada. We are neighbours. What is the best thing for a man? It is to be on good terms with his neighbour. We are of course on good terms with the United States, but there is nothing like a binding obligation on the United States to defend Canada and

binding Canada also to defend the United States. I am not in favour of sending men overseas and neglecting our own defence, but I would be in favour of defending the United States because they are part of our continent, just as the great majority of the people of the United States would be ready to defend us in case of attack. Therefore I support heartily what my distinguished colleague has said, and ask the Prime Minister if it is not possible to take steps to have a formal treaty entered into between the United States and Canada for mutual defence.

Mr. MACKENZIE KING: My hon. friend has asked me to answer two questions in replying to one. The subject brought up by the hon. member for Leeds (Mr. Fulford) was the advisability of Canada being represented at the present time as a member of the pan-American union. As my hon. friend knows the pan-American union is a union of republics; that is the ground on which they are associated at the present time. I just mention that in passing. But I go back to what I have said so often, that I think there are times and seasons for all things, and I cannot imagine that the present time, when Canada is at war with Germany, and the United States and the republics of South America are neutral nations, would be the most opportune time for Canada to seek admission to the pan-American union. I am afraid it would be embarrassing to Canada and equally embarrassing to the United States and the South American republics.

There is a further reason; we have not recently been invited to become a member. I have no doubt at all that if we indicated a desire to become a member at some appropriate time, the opportunity would be forthcoming; but certainly in this period of war I have no hesitation in saying that I believe it would be embarrassing to the United States and to the South American republics as well as to ourselves, and would create misunderstanding in other countries, were Canada to seek to become a member of the pan-American union. There are no doubt advantages in such membership, but those will be still open, I hope and believe, when this war is over.

What I think is even more important than representation in the pan-American union is the kind of representation of which my hon. friend opposite spoke a moment ago, namely a legation in some of the South American republics, also possibly consulates in some of those republics.

As to the question of treaties for mutual defence between the United States and Canada, that is a very large subject. At this time I

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will simply say that Canada is at war, and the United States is a neutral country. The United States, as we all know, has a presidential election pending. What is said here with respect to relations between a country at war and a neutral country may have one meaning to us and have a dozen different meanings to those who wish to give other meanings to particular acts in another country. For that reason I feel that it is not desirable that we in Canada should discuss publicly at this time the advisability of treaties of the kind mentioned, however strongly we may feel with respect to the wisdom of them.

While I am speaking on this may I direct the attention of the committee to the kind of embarrassment which arises when certain questions are asked and an attempt is made to answer them. Hon. members will recall that a day or two ago the hon. member for Rosetown-Biggan (Mr. Coldwell) asked me a question as to whether Canada had stopped arming Japan against Great Britain. Those were the exact words in which he put his question. I was rather surprised at the question at the time; I had to make some reply to it, and I replied that the government was doing all that it could to prevent the export to Japan of war materials considered essential, and, I might have added, their export to other countries. When I looked at the afternoon newspapers I saw the heading:

Denies Canada arming Japan against Britain. Premier declares government acting to curb arms export.

Then followed the statement on which the heading was based. What I wish to draw the attention of hon. members to is this. That particular statement has a significance here in Canada, but that statement is cabled to all parts of the world, and I have to ask myself what effect that question and answer is going to have in the United Kingdom in her present embarrassing relations with the orient. What effect is that question and the answer given going to have in Japan, where at the present time, as we all know, there are many persons who are supercritical in the matter of trade and political relations between different parts of the world and that particular country. But above all, I ask, what effect is that particular question and the answer going to have when cabled to Germany and it is broadcast throughout Germany that the Prime Minister of Canada has had to deny that Canada was arming Japan against Britain? We all know that the nazi aim is to create difficulties if possible between different parts of a great commonwealth of nations such as the British commonwealth, and to create dissension within particular

countries. I direct attention to the matter simply because it helps to explain to hon. members that, if I have been reticent about making replies to certain questions or giving certain information, I have had to consider at all times how that information would be construed, and the effect it might have when read in circumstances that are very critical, not only in our own country but in the United Kingdom, in Europe and in the orient.

Mr. ADAMSON: Any attempt to join the pan-American union now would be construed by our enemies as weakness on our part and disintegration of the British empire. Any alteration in our constitutional status at the present time would be so regarded by them.

Mr. MACKENZIE KING: I think it would be deliberately so construed.

Mr. ADAMSON: Yes, deliberately so.

Mr. GREEN: Could the Prime Minister explain the present position with regard to the proposed St. Lawrence waterway and also the Alaska highway?

Mr. MACKENZIE KING: The St. Lawrence waterway is a matter to which attention has been given by the governments of both the United States and Canada. Recently representatives of the United States met with representatives of our own government to discuss questions relating to this matter. I do not know that I can say anything more than that negotiations with respect to the treaty progressed to a certain extent as a result of those meetings. The matter is pending at the present time.

As to the Alaska highway, as my hon. friend knows, a commission has been appointed which is gathering data with respect to the most feasible routes, costs and the like. One report has been made by the chairman of that commission, and the government is now awaiting a further report. Until that report is received I am unable to say what action will be taken upon it.

Mr. GREEN: When is that report expected?

Mr. MACKENZIE KING: It may be some weeks or it may be some months. I am sorry I cannot say definitely.

Mr. GREEN: Further surveys are being made this summer, are they not?

Mr. MACKENZIE KING: Yes.

Item agreed to.

45. Expenses of Canadian delegates to the assembly, conferences and commissions of the league of nations, \$7,000.

Mr. POULIOT: I should like to say just a word about the imperial conferences.

The CHAIRMAN: This has to do with the league of nations, not imperial conferences.

Mr. POULIOT: I have just a word to say. Imperial conferences have been held at various times, and I congratulate my chief, the Prime Minister, on the stand he has taken at those conferences. Of course he has presented the views of a majority of the Canadian people who have supported him. But one should not exaggerate the effect of the resolutions or conclusions of an imperial conference, for the reason that our constitution is an imperial act of parliament and can be amended only by another act of parliament, as was done in connection with the unemployment insurance measure. Therefore the conclusions or reports or resolutions of an imperial conference are only pious wishes, which become realities only when accepted by the British government in the form of imperial legislation. I may say, "I wish we would have cool weather to-day." That does not mean that we will have cool weather and will have to wear overcoats when we leave this building. That is the sort of pious wish that is made at an imperial conference by people who mean very well and who present their point of view to the British government. However, it is left to that government to accept or lay aside the wishes of the delegates from the dominions and colonies. So that we must not attach too much importance to the work of any imperial conference unless legislation is passed at Westminster according to the wishes expressed at that conference.

This is what I wish to tell my right hon. leader. And we must not lose our sense of proportion in these matters; we must not feed ourselves with words. It is very nice to have a convention or congress of political leaders from all parts of the British empire; but the only thing that counts in a practical way is the legislation that is passed by the imperial parliament in accordance with their wishes. In my view the reports of the imperial conferences indicate that the representatives of the various parts of the empire have done their duty in submitting their policies to those gatherings, but they have not always been successful in having those policies adopted at Westminster.

Mr. HOMUTH: I wonder if the Prime Minister would give us a report on the league of nations and the extent to which it is functioning. I understand that some of its offices are being moved to the United States, including the labour office.

The CHAIRMAN: Item 48 has to do with the league of nations. This covers only the expenses of the delegates.

Mr. MACKENZIE KING: That matter can be taken up on this item. As I think my hon. friend is aware, the league's opportunities to function have been very greatly circumscribed, and its actual functioning has been reduced to extremely small proportions. The secretariat has been reduced from something like 700 to about 100 persons, if I am not mistaken. In discussing the league of nations many persons have in mind the international labour office, which is in some respects perhaps the most important part of the work carried on at Geneva. The international labour office also has been obliged to greatly reduce its staff, and as my hon. friend has indicated, I believe that some members of the league secretariat recently came to Princeton university to carry on their work. At the moment the league is functioning more to appearances than in reality. The secretary, Mr. Avenol, has resigned. I have in my hand the telegram Mr. Avenol sent with respect to his resignation. As the telegram gives some account of the position of the league it may help to answer my hon. friend's question if I read it. This message was received on July 25, and reads:

Since impossible hold meeting of council and assembly, I have honour make following communication individually to states members league nations.

This comes from the secretary-general of the league of nations, Mr. Avenol, and is addressed to the ministers of external affairs of the different countries represented in the league.

In 1932 council league nations, and in its turn assembly, unanimously elected me secretary-general. Unanimity of those who appointed me imposed on me duties which I have never despaired of fulfilling. Until September 1936 I believed that certain inevitable reforms would enable league nations, in order that its task might be successful, regroup forces which were moving away from it. Since that time amendment of covenant has formed part of agenda of league nations, but situation has constantly deteriorated. Nevertheless there still seemed to be some hope in attempting, with view to future, to establish on as wide basis of collaboration as possible, great economic, social and humanitarian work started and developed by league which was not necessarily bound up with organization contemplated in covenant of 1919.

On my proposal draft scheme for creation of central committee for economic and social questions was adopted. Its constitution at once simple and elastic was intended enable this body whilst leaving it large measure of initiative reestablish collaboration between states members and non-member states on questions of concern to all alike, and place this collaboration outside discussions of covenant of 1919. Important states, although not league members, had already

[Mr. Homuth.]

shown their interest, but when assembly ratified scheme in entirety war had broken out. Since then has been my painful duty reduce step by step expenses of league nations to constantly declining level suitable to its financial resources. When assembly laid down rules to be followed to this end I was given special powers to carry them out. It has been my constant care keep finances of league in such condition that risk complete interruption should never deprive states members of their freedom of decision.

As it has been impossible for a majority of its members to meet, I have not had benefit support of supervisory commission which would have been the more valuable to me as difficulties increased. Commission will be summoned meet August.

I have felt deeply departure many loyal fellow workers. I have made it a rule maintain, notably in technical sections, an experienced staff which can keep alive tradition of competence and devotion of secretariat. Since assembly, council and committees cannot meet at present time, constitutional powers of secretary-general are in fact in suspense. Duties which remain principally administration of small body of officials, and management of finances of league nations no longer justify maintenance of political high direction which is no longer consistent with realities of situation. Work of technical sections could well be continued for present in form of organization which would be better adapted to needs of hour whilst effecting substantial economies.

Therefore, while expressing my deep gratitude to all members league nations who have been good enough give me support of their goodwill and confidence, I ask them relieve me of task with which they have entrusted me. I propose notify date on which my resignation would take effect after coming meeting of supervisory commission. I am anxiously considering appropriate measures to insure that administration and work of secretariat shall continue. I shall make proposals on this subject in due course.

I believe it will be apparent from that communication that at least for the time being the league is in a sort of comatose condition. It may revive after the war is over, and I am sure there are many who will hope that there are still before it great opportunities for world service.

Mr. POULIOT: I should like to speak regarding travelling expenses of delegates to the league of nations. It seems to me the only persons we should send to the league would be those with a view to entering into trade negotiations with other countries. They ought to be prepared to meet and to discuss various commercial aspects.

From its beginning I cannot see any good the league of nations has done. At the present time representatives from various railway brotherhoods and other organizations try to get free trips to Geneva. When they arrive there the effect is just the same as if nobody had gone there. We know some of them have been to Geneva nearly every year. For instance, Tom Moore and others go to Geneva. They go there, they vote, they come back,

and they say that labour has been represented at Geneva. They have travelled expensively both ways. That's all. I do not see the good in it. If Mr. Moore is such a valuable person we should keep him in Canada, and not allow him to go outside the country at all. There is a real race among the officers in the railway brotherhoods when it comes to a decision as to which one will go to Geneva. "We must all go, together"—and then they go to Geneva and they come back. While there they stay at a fine place, and they tell us they were well received. Certainly they were greatly impressed—so much impressed, in fact, that they said nothing. Therefore I do not see why this item should stand—unless it be for commercial purposes.

Item agreed to.

47. Amount required to meet loss of exchange, \$115,000.

Mr. ADAMSON: Would the Prime Minister explain this loss?

Mr. MACKENZIE KING: This relates to payments which have to be made in foreign countries. For example, in connection with the league of nations payments are all on the gold basis. When we vote our appropriations in dollars, as we do, we have to make good the difference in exchange. The amount in the estimate is that which has been necessitated to meet the differences in exchange in connection with the league and representation generally in different countries, where exchange is a factor.

Mr. JACKMAN: This item of \$115,000 should be added to the next one of \$150,410?

Mr. MACKENZIE KING: About \$100,000 of it, yes.

Item agreed to.

Canada's contributions to maintenance of external organizations.

48. The expenses of the league of nations for 1940, including secretariat, international labour organization and permanent court of international justice, \$150,410.

Mr. POULIOT: I would remind the committee that earlier in the session I suggested that this item should be employed to buy radium to treat cancer. Would the Prime Minister agree to my suggestion?

Mr. MACKENZIE KING: The hon. member's suggestion would be more appropriate under the estimates for the Department of Pensions and National Health.

Mr. POULIOT: I made my representations then, too, may I tell my respected leader. But I got no answer. The Minister of

Pensions and National Health (Mr. Mackenzie) told me to wait until the estimates for the Department of External Affairs were before the committee. Now I see the two ministers are sitting very close together, and I would ask them to talk the matter over so that they might give me a definite answer.

Mr. MACKENZIE KING: I should be pleased to do that and to give my hon. friend an answer, perhaps at the next session.

Mr. POULIOT: Meantime the league of nations is dead. Mr. Chamberlain said it was dead. Mr. Baldwin said it was dead, and it has been dead for some time. I wonder if it would not be better to drop this item.

Mr. ADAMSON: I am pleased to see that we are still maintaining our connection with the league of nations. If the world is ever going to live in peace we must have some form of collective security. The league of nations failed and failed miserably because it did not have sufficient force, sufficient strength or sufficient arms. We can never go back to the pre-war system of economic self-sufficiency which caused the present war. I am pleased to see this item, and my only hope is that in future we will stand behind a form of collective security, and never again be placed in a position of backing down on oil sanctions against Italy, as we did in connection with the Abyssinian crisis. I hope the government's future policy with respect to collective security will be realistic.

Mr. EDWARDS: Is this sum of \$150,410 an assessment by the league? How is the amount arrived at? If it is true, as it would appear from what we have heard this morning, that the activities of the league are very much circumscribed, why are the large contributions maintained? Is Canada making a larger contribution in proportion to those made by other members of the league?

Mr. MACKENZIE KING: In large part the figure has been kept where it was previously for the sake of convenience. There is no doubt that the entire amount will not be used. In fact I imagine only a small part of it will be used this year. It is impossible to say just how much of it will be used, and on the whole it was thought advisable to renew the vote and to use such portions of it as might be necessary.

Item agreed to.

Canada's contributions to maintenance of external organizations.

51. Expenses of wheat advisory committee for 1940, Canada's assessment, \$1,955.

Mr. NICHOLSON: What is this vote used for?

Supply—External Affairs

Mr. MACKENZIE KING: I understand this organization meets in London. Originally it was formed to provide some method of controlling the world markets of wheat. I believe it now functions principally in connection with the gathering of statistics which will be of value to all countries facing wheat problems. It is an international committee. Of course its work at the present time is materially circumscribed, but it is thought advisable to keep up the contribution. It may turn out to be of great service, as matters develop.

Mr. EDWARDS: Is this the committee which has its headquarters in Italy?

Mr. MACKENZIE KING: No, that is a separate organization.

Mr. EDWARDS: That is a different committee?

Mr. MACKENZIE KING: This is a world committee, having its headquarters in London. The United States and the Argentine are represented.

Mr. HARRIS (Danforth): This committee meets with the committee at Rome.

Mr. MACKENZIE KING: It has met with them.

Item agreed to.

Privy council office.

273. Salaries and expenses of office, \$55,870.

Mr. POULIOT: Are certified copies of the acts of parliament sent by the privy council office to the Department of External Affairs?

Mr. MACKENZIE KING: I shall have to look into the matter. I shall find out and let my hon. friend know.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Mines and geology branch.

137. Mineral resources investigations, \$392,740.

Mr. NICHOLSON: Does the department derive any benefit as a result of expenditures under this vote?

Hon. T. A. CRERAR (Minister of Mines and Resources): There is a little income, but not a great deal. This item covers the work carried on by the laboratories of the department in Ottawa. This work consists of assaying and the development of processes of treating complex and difficult ores. This work is best illustrated by what was done in connection with pitchblende which was discovered some nine or ten years ago at Great Bear lake. A process had to be found to extract the radium from the ore. There were

[Mr. Nicholson.]

only two places in the world where this was being done, one on a small scale in Austria and the other in Belgium, where a corporation had worked out a process to extract radium from pitchblende ore secured in the Belgian Congo. The formulae were closely controlled and were not available to us, so it became necessary, if this deposit of ore was to be of use, to discover a method of treatment. That method was worked out in the mineral investigations branch in conjunction with certain assistance from the national research council. This investigation was successful and the industry developed. This vote is mainly to assist in the development of the mining industry in Canada. As I have stated in the past, many mining companies have testified to the assistance given by this branch in working out the best method of treating their ore. In short, what we do is to bring together a number of high class scientific men who have gained considerable experience in dealing with these problems.

Mr. NICHOLSON: I was not questioning the value of the work being done. I was just wondering if a charge should not be made to the mining companies for the valuable information supplied to them.

Mr. CRERAR: No charges have been made up to the present. If you like to put it that way, this is one form of government assistance to the mining industry across Canada. Only a few thousand dollars revenue is received yearly for this work.

Mr. NICHOLSON: Has the government considered making a charge?

Mr. CRERAR: Yes, but up to the present time it has not been thought wise to do so. It might discourage development in certain directions, and we want to give all the assistance we can to increasing our gold and metal production.

Mr. NICHOLSON: Is there any duplication of services by the provinces. I understand Ontario does some work along these lines.

Mr. CRERAR: No province gives a service similar to this.

Mr. ADAMSON: This is one of the most useful services being carried out by the department. Any mine in Canada can send a sample of its ore to this branch to have it tested and assayed. I understand the government will advise on the best method of milling and whether the straight cyanidation process or the flotation method of extraction should be used. This tremendously helps mines design their mills.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

DEPARTMENT OF MINES AND RESOURCES

Mines and geology branch.

137. Mineral resources investigations, \$392,740.

Mr. GREEN: What steps, if any, are being taken to aid in the locating of minerals which are needed in Canada's war effort? That question has come to my attention in connection with the shortage of tungsten. Apparently some attempt has been made in British Columbia to locate that mineral. There does not seem to be any proper plan for going after these minerals in a business-like way. It is not sufficient to leave the work to the prospector who is prospecting at random. Opinion in scientific circles seems to be that there should be some directed effort.

Mr. CRERAR: Every year geological field parties go out to add to our knowledge of the geology of the country and, in particular, the areas where minerals are located. Occasionally parties engaged in that work can get evidence of mineral showings, but it has not been the practice of the department to send out prospecting parties or to aid in financing them. What we do is to gather all the data which can be secured as to the geological formations in the various parts of the dominion, and work the knowledge up into reports and geological maps as a guide to prospectors.

My hon. friend asks what direct assistance the government is giving to add to the store of strategic metals important in war time. Up to the present no direct assistance has been given. I should think that if that were necessary or advisable it would be a matter for the metals controller appointed under the Department of Munitions and Supply. As regards the mineral referred to by my hon. friend, there are here and there evidences of tungsten, and I understand that in some localities in British Columbia small developments are under way.

I recall having heard only a month or so ago, with respect to the important mineral known as mercury, that development is taking place in a section of northern British Columbia.

Mr. GREEN: In the Peace River district?

Mr. CRERAR: No, around Fort St. James, in northern British Columbia. That became important because mercury is a necessary ingredient in the manufacture of explosive materials used in war, and hitherto the main supply has come from Spain, and small quantities from Italy. The possibility of the shutting off of both those sources of supply emphasized the importance of finding sources within the empire. Some assistance has been

given, more in the direction of assisting in transportation facilities to this mercury deposit, and to-day, substantial quantities are coming from that point. I do not think it is desirable that the department of its own volition should take up the work of prospecting. If such activities should become necessary as a war measure they will be, I assume, a matter for the metals controller.

Mr. GREEN: Could the minister tell us of what minerals we are short for war purposes?

Mr. CRERAR: At the moment I have not that information. I do not know that we are short of any of the strategic metals.

Mr. GREEN: Perhaps the metals controller would take this question under consideration. If we are short of any particular minerals it seems to me that the government should give the leadership through one or other of its departments in prospecting for those minerals.

Mr. CRERAR: I have no doubt that the subject is engaging the attention of the metals controller and that he is in touch with the British authorities to find out what their needs are.

Mr. ADAMSON: As I recall, it was to a reconnaissance trip of this kind taken by Doctor Camsell some years ago that we are indebted for the opening up of the Northwest Territories, particularly the Great Bear area. That would come under this item of surveys, mapping and so on, I think.

Mr. CRERAR: That is not under this item.

Item agreed to.

Mines and geology branch.

140. Geological surveys, \$254,842.

Mr. CRERAR: I think my hon. friend's question is relevant under this item.

Mr. JOHNSTON (Bow River): Is anything being done in the way of increasing the prospecting for oil, and geological tests for that purpose, especially in Alberta, through the Peace River country?

Mr. CRERAR: Yes. We have several additional parties in Alberta studying the geology and oil formations of that province.

Mr. JOHNSTON (Bow River): That is in addition to what the companies themselves are doing?

Mr. CRERAR: Oh, yes. We are giving special attention to it this year.

Item agreed to.

Mines and geology branch.

144. Dominion fuel board—administration and investigations, \$27,100.

Mr. MacNICOL: Does this item cover the fuel controller's department; is it now under the dominion fuel board?

Mr. CRERAR: No. This has nothing whatever to do with the dominion fuel controller.

Mr. HARRIS (Danforth): This item has to do with the finding of supplies of Canadian coal for Canadian industry and otherwise. I imagine that, with the advent of the war exchange act regulations and the ten per cent tax, a much larger quantity of Canadian coal is moving into consumption, particularly in Ontario.

The CHAIRMAN: That matter, I think, comes under item 145.

Mr. HARRIS (Danforth): Item 145 relates to the actual expenditure of money by subvention for this purpose, but item 144—the minister will correct me if I am wrong—has to do with the administration of the payments which are provided for in the next item. It is upon administration and investigation that I wish to make one or two observations.

When this department investigates the possibility of consuming Canadian coal in parts of Ontario where in days gone by they have burned in their stokers and boilers Virginia coal or coal that comes by way of Cleveland, it is found that Canadian coal does not work out very well in the equipment which at present burns river and creek coals from Virginia. I suggest that a more intensive investigation be carried on by these investigators and that they be given more assistance in their endeavour to advise as to what coals can be used in certain plants. This might assist materially the consumption of more Canadian coal. We have great difficulty in burning Canadian coal in consequence of the smoke nuisance by-laws which are in force in the different municipalities in Canada. The by-law makes it difficult for the consumer of coal to use the Canadian product and he finds that he has to go back to coals imported from the United States. The investigators could very often appeal to the municipalities to relax some of the regulations as they affect the burning of Canadian coal, particularly in the central part of Ontario.

Perhaps the minister would make a general statement with regard to this important phase of the activities of his department. This branch distributes the greatest amount of money and it deserves something more than a passing reference, particularly at this time when everything should be done to burn more

[Mr. Crerar.]

and more Canadian coal. At the same time, the minister might enlarge upon the question and give the policy of the dominion fuel board from the point of view of conserving United States exchange through the consumption of more Canadian coal and thus avoiding the necessity of paying so much of that exchange for coal imported from the United States. With regard to the great consuming centre of Ontario, western Ontario particularly, and the Toronto-Hamilton area, I make this observation. Not nearly intensive enough an investigation is going on at the present time in that large area, nor is there sufficient co-operation. Last night, I noticed, the steamship *Colfax* was unloading about 5,000 tons of Canadian coal. We have not nearly enough Canadian coal in the Toronto-Hamilton area. The public buildings are cooperating—and when I say public buildings I am thinking of the school board of Toronto, for example, the hydro administrative buildings and the municipal buildings in that area. They have readjusted their furnaces in such a way as to consume Canadian coal, but after all municipal organizations are very small consumers. They are doing it from the standpoint of Canadian patriotism and have made some adjustment in the combustion chambers to take care of this problem; but frankly, from my observation, very little is being done in the large consuming units.

When the minister is making his statement he might discuss a question which I may be permitted to mention at this stage, though it comes under the next item. I refer to the \$4,000,000 of subventions for the movement of coal from the maritime provinces to Ontario and other points. He might obtain from the proper officials and give to the committee information as to what proportion of the \$4,000,000 is being used in Ontario, what proportion is being used in Quebec, and how much if any goes beyond the great lakes as far as Manitoba. He will correct me if that does not come under the item to which I refer, the item that has to do with the expenditure of money voted by parliament to assist in freight costs in the hauling of Canadian coal.

Mr. CRERAR: This item that we are considering now, administration and investigations of the dominion fuel board, is of course related to the item that immediately follows, which is \$4,000,000 for payments in connection with movements of coal under conditions prescribed by the governor in council. Item 144 has really to do with administrative and investigational costs associated with the expenditure of the money under item 145. Item 144 deals with the administration of the dominion fuel board. Examination of the usability of

various coals is being constantly carried on in the fuel research laboratories of the bureau of mines to develop methods of using coal with the greatest possible economy.

The coal policy is one that has been discussed at various times in the past. A good many years ago the policy was definitely adopted of aiding by way of subventions the movement of Nova Scotia coal to the central Canadian areas. A few years later that was extended to the western provinces, particularly Alberta. The result is that subventions are paid on the movement of both Nova Scotia and Alberta coal, although the great bulk of the expenditure is in relation to the movement of Nova Scotia coal. The principle upon which the subvention was based was to put Canadian coal into competition with United States coal coming into the central parts of Canada. That applied not only to coal used for industrial and domestic purposes but also to the coal used in railway operations. It is all a question of how far it is desirable to extend the principle. Theoretically we could, by voting sums of money in parliament, bonus the movement of coal from Nova Scotia on the east or Alberta on the west to the point where it would entirely supplant the use of American coal. But it would be at a very heavy cost to the treasury of Canada. The importations of United States coal last year were about 12,000,000 tons. I have forgotten the total consumption for the moment. But if we increase our vote to exclude United States coal it would have to be a very heavy increase.

Mr. HARRIS (Danforth): I do not ask for that.

Mr. CRERAR: After all, a policy of this kind has to be worked out on a reasonable basis. The payment of the subventions voted last year and again this year will enable our Nova Scotia coal mines to operate perhaps not to maximum capacity, but to a considerable measure at any rate of their capacity. And the same is true of the Alberta mines. It is a nice matter of judgment how far we should go and where we should stop, but I think experience has indicated that on the whole the policy has been administered in a way that has contributed to the maintenance of these industries to some considerable degree at any rate both in Nova Scotia and Alberta.

Mr. HARRIS (Danforth): The coal subvention is paid for hauling the coal, from which industry gets the benefit. If the records the minister has before him are by cities or by provinces, would he put on the record what has been paid to the province of Quebec, the city of Quebec, and the city of Montreal in the way of subventions? As the minister in

his reply mentioned Ontario, perhaps he would also put on record the subventions paid to Ontario last year and this year, so that we may see whether there is any increase.

I would also remind the minister that many small mines in Nova Scotia are lying idle or not working to capacity. I should like to have a record of the subventions paid in Quebec city, Quebec province, the city of Toronto and Ontario.

Mr. CRERAR: I do not know that I have the information in that detail, but I can give some figures which may throw some light on the question: In 1939 assistance was given on 2,381,995 tons of Nova Scotia coal to the extent of \$2,910,243. The year before the corresponding figures were 1,377,000 tons and the assistance \$1,253,000 in round figures. I have corresponding figures back to 1928.

Regarding Alberta and Crowsnest coal, the total tonnage receiving assistance in 1939 was in round figures 436,000 tons and the assistance amounted to \$579,000. In 1938 the corresponding figures were 258,000 tons, and assistance \$257,000. It is interesting to note that in Saskatchewan assistance was given on the movement of 159,000 tons in 1939 to the amount of \$37,500.

Mr. HARRIS (Danforth): I am trying to get the policy.

Mr. CRERAR: I am sorry I have not the information by provinces. But I can tell my hon. friend that the subventions paid on coal moving into Ontario were much greater than on coal moving into Quebec, because the distance is greater.

Mr. HARRIS (Danforth): The matter of ton mile rates is what I am trying to get. Is the ton mile subvention the same to Toronto as to the city of Quebec? In the case of coal coming from Virginia fields the freight rates are worked out in accordance with the competition they have to meet; the coal costs whatever freight it will bear. It is the old rule; the freight is regulated by what the traffic will bear.

It occurs to me that we have been without a definite policy in this regard. The ton mile rate has no relationship to the value of the commodity at the point of consumption; in other words the cost at the point of consumption is not figured back against that of its competitor, United States bituminous coal, so that the final outcome would be to the benefit of Canadian coal. My view is that it should not be just a flat rate of a dollar a ton; there should be a very substantial differential, especially when the mileage is three or four times as great in respect

of coal consumed in Hamilton as compared with that consumed closer to the point of origin in Nova Scotia. What is the policy of the department?

Mr. CRERAR: Subventions are not paid on the movement of Nova Scotia coal by water up as far as Montreal. When you come to consider the city of Quebec, keeping in mind the principle of the subvention, that it is to enable Canadian coal to compete with United States coal, the cost of United States coal delivered in Quebec is very much greater than the cost of United States coal delivered in Montreal, and the cost of delivering Nova Scotia coal to Quebec is less than the cost of delivering the same coal to Montreal. Consequently the rate of subvention paid to Quebec, if subventions were paid there, would be very much less than to Montreal, because the need for it is less.

Mr. MacNICOL: And in the case of Toronto the need is greater.

Mr. CRERAR: In the case of Toronto it is greater.

Mr. HARRIS (Danforth): Not sufficient to make up the differential.

Mr. CRERAR: It is estimated very carefully by those in charge of the administration of the Dominion Fuel Act so that no more will be paid than is necessary to enable Canadian coal to take the place of United States coal. That is the general principle upon which the subventions are administered, and I do not know any sounder principle upon which they could be administered.

Mr. MacNICOL: Has the minister any idea of the number of men who have been given employment in the Nova Scotia coal mines as a result of these subventions?

Mr. CRERAR: In 1939 it was estimated that 4,403 men obtained employment in the coal mines of Nova Scotia as a result of the subventions paid.

Mr. POULIOT: It seems to me there are two branches that should work together, the dominion fuel board and the combines investigation branch of the Department of Labour. There was an investigation some time ago into the exorbitant profits made out of coal, but in Rivière du Loup we still pay \$17.50 a ton for anthracite. We did not get any help from this or any other board; and in addition to that price there is now a tax of ten per cent. The situation is not so bad here in Ottawa, because this city is closer to the American mines, and anthracite is a little

[Mr. J. H. Harris.]

cheaper here. People who burn ten, twelve or fifteen tons of coal during the winter, and must pay \$17.50 a ton for it, consider this price really exorbitant.

I wonder what is the remedy. I see there is to be an increase in these subventions this year, but it is not a question of money; it is a question of power to deal with the situation. We should have redress of some kind. What was the use of that costly inquiry by Mr. McGregor? I wonder if the Department of Labour has worked in cooperation with the Department of Mines and Resources in this regard. As a result of that investigation a huge report was prepared, but no one read it and as a matter of fact I think only one copy was made available to members of this house. The joke of it all was that the man who was responsible for all that exploitation of the Canadian people sold out his interests and is now free in the other place, considered by many to be a great citizen. This reminds me of the case of a lawyer who was disbarred; I am sure the Minister of Justice will remember him. He is dead now, so I need not mention his name, but he would force his clients to pay him twice if they could not produce receipts. He was stealing hundreds of dollars; yet because occasionally he gave \$5 to charity he was considered a good Samaritan and a public-spirited Canadian. That was the position of the controller of the coal business in this country. What he did was shameful, yet apparently there was no remedy. What is the use of having boards, boards, boards? It is of no use at all. Here we have the cult of the golden calf. When a man is rich he is supposed to be a great citizen, but often it happens that a man becomes rich by exploiting the Canadian people, as has been done in connection with coal.

I wonder if it is too late for us to have some sort of sanction. The way the Canadian people at large have been treated in regard to coal is a d— shame; I could use some very profane language when I think of it. I believe everyone agrees with me in this statement. We have cold winters here. We see some of these people go on tours around the world while the rest of us freeze here and have to pay tremendous prices for coal. I should like to have an investigation that would give results, not a pink investigation; and I would like those responsible for the suffering of our fellow citizens during the cold weather to be hanged naked in the fiercest cold of winter. That is the penalty I think they deserve. The minister has had long years of experience in this department; he has a wide knowledge of the coal situation, and I wonder if he cannot do something real

for the relief of the Canadian people particularly now when it is more difficult to get coal from the mines of Great Britain.

Mr. GILLIS: A moment ago the minister said that approximately 4,500 men had obtained employment by virtue of these subventions. I should like to know how that figure was arrived at and where this employment was created.

Mr. CRERAR: It was created in the Nova Scotia mines, though I cannot tell my hon. friend in what particular mines. I suppose the figure would be based on the number of tons moved as a result of the subventions which have been paid. I presume some formula would be applied based on the amount of coal that would be mined by an individual miner.

Mr. MacNICOL: Would it not also include the extra men required on the railways and boats?

Mr. CRERAR: No, this figure does not include those men; this is the direct employment at the mines. I am not in a position to say the number of days each miner would work, or anything like that; but in addition to the employment given in connection with the mining of the coal, bringing it to the point where it would be put in a railway car, there was additional employment given to men engaged on the railways and boats. That is wholly apart from the figure I mentioned a moment ago.

Mr. GILLIS: I do not want to say very much about this item, because any time you attempt to discuss the matter of subsidies, at any rate provincially, you are always reminded that they are just gifts from the government, not fixed by statute, and that any discussion of them may cause them to be withdrawn. I do not want to be placed in that position. When the minister gave the figure I thought there might be a possibility that the employment to which he referred had been created in connection with the movement of the coal, because I know positively, without having to guess about it at all, that no employment has been created for miners since the establishment of subsidies. As a matter of fact the reverse is true. On two occasions I have attempted to paint a picture of conditions in that industry during the past ten years. Coal mining in Nova Scotia is definitely on the way out. Since this session of parliament opened I have had telegrams, wires and letters stating that unemployment was widespread throughout the industry.

I have only a word more to say about subventions. I have been employed by the Dominion Steel and Coal Corporation, which controls coal mining in Nova Scotia, for a

period of thirty years, and I am very sceptical in regard to the question of subventions. I would advise the government to examine closely into the question whether or not that subvention has been used for the purposes for which it was intended. I have not seen any benefits accruing to the man who produces or digs the coal. That is all I have to say on that point.

I notice in the estimates that there is an increase of \$500,000 in respect to subventions. I believe that about a year ago, after hearing representations from Nova Scotia, the government did grant that additional \$500,000 over and above the appropriation of the year before. At the time that that grant was made the excise tax on the duty-paid value of United States coal was removed, was it not? As I understood the situation at that time Nova Scotia coal was granted an advantage to the extent of \$500,000, and the excise tax, as I have pointed out, on the duty-paid value was removed. The intention was to increase the quantity of Nova Scotia coal going into Ontario. Well, by giving the \$500,000 to the Nova Scotia industry and removing the excise tax the opportunity for the Ontario importer to take in United States coal was increased about three times over. And while it certainly was good politics, and worked both in Ontario and in Nova Scotia, I do not think any benefit accrued either to the miners in Nova Scotia or to the country as a whole. In the final analysis action of that kind is not smart. I would ask the minister to examine carefully this question of subventions. I do not know how they are paid or to whom they are paid, but I am sceptical as to whether the miners who dig the coal are receiving any advantage from it.

I believe the intention behind the subventions is that of improving the standard of living of people employed in and about the mines, and to give them more employment. The principle is a proper one, but I doubt whether it is being applied to the people who should be receiving the benefits. I repeat that the matter requires careful examination.

Mr. CRERAR: As a result of subventions paid in 1939 the total number of additional man-days-work in Nova Scotia was 1,016,209. The hon. member has raised the question whether the subventions policy has resulted in benefits to the miners. I am not in a position to make a statement so far as their wage scales are concerned; but I suggest it is obvious that as a result of the payments of subventions to aid in the movement of Nova Scotia coal to markets farther west, additional employment has been given. If no subventions had been paid, and had we

had no such policy there would have been that much less coal moved from Nova Scotia and that much less coal produced in that province. Consequently there would be that much more unemployment in the mining areas if the subventions had not been given.

The whole purpose behind the principle of subventions is to provide employment, so far as can be done reasonably. We could, of course, shut out the importation of United States coal. For instance, if we imposed a duty of \$10 a ton on all United States coal we would at once immensely widen the market for both Nova Scotia and Alberta coals. But it would mean that the consumers, both industrial and domestic, would pay a greatly increased price for their fuel. Consequently this policy was designed in the first instance to permit the use of Canadian coals in Canada, to widen the field of employment associated with the coal industry in Canada, and still permit the industrial and domestic users of coal to secure it at a reasonable price.

Mr. ROSS (St. Paul's): In Ontario domestic stokers are becoming more popular all the time. Their use is displacing the use of United States anthracite. We must remember that those stokers are used in both domestic and semi-domestic services. Apartment houses are using them. Can we use Canadian coal in that type of heating system?

Another question: What is the freight rate on Alberta coal from Alberta to Toronto, and what is the cost of that coal at the mine? Is the coal from Alberta comparable to the Virginia bituminous coal coming into Canada? Can it be used in the domestic stokers to which I have referred?

It will be recalled that originally these subventions were voted so that our coal might be placed on a competitive basis with coal coming from the United States. As has been pointed out by the hon. member for Danforth (Mr. Harris), the conservation of foreign exchange must be borne in mind. Everything should be done to make it possible to use our Canadian coal.

Mr. CRERAR: The answer to the first question is yes. As to the second question, the freight rate cost of moving Alberta coal to Toronto is \$8 per ton. Of that amount subventions will contribute \$2.50. As to the comparative values of Alberta coal and imported United States coal, I must say I am not in a position to make a statement. I do know that some Alberta coal has high value. No doubt the values of coals for industrial or domestic purposes vary with the

[Mr. Crerar.]

mines from which they are produced. I do not know whether there is any standard gauge by which that can be measured.

Mr. ROSS (St. Paul's): Taking the freight rate of \$8 and allowing the subvention of \$2.50 we have it down to \$5.50. That would be the freight rate at Toronto. What would be the cost of the coal at the mine in Alberta?

Mr. CRERAR: I do not think I have that information.

Mr. JOHNSTON (Bow River): It is about \$1.10, is it not?

Mr. CRERAR: I am informed that Alberta bituminous coal would bring about \$2.50 at the mine.

Mr. JOHNSTON (Bow River): No; at the coal mine it is being sold for \$2.50 a ton. But if it is bought in carload lots the price is much less than that.

Mr. CRERAR: Probably \$2.25 per ton.

Mr. JOHNSTON (Bow River): I should think it would be less than that.

Mr. ROSS (St. Paul's): Well, let us say that it would be \$2. We would then bring the price up to \$7.50 delivered at Toronto. That is not a bad price for that class of coal. Could not something be done to bring the cost down so that we should be able to use more of that coal? Should the freight rate be as high as that?

Mr. CRERAR: The matter of freight rates has been the subject of frequent discussions with the railway companies. Obviously the only way to get the Toronto cost down is to pay the producer less for his coal, reduce the freight rate to the railways, or increase the subvention. This whole question was reviewed by the economic committee which hon. members know has been set up in Ottawa to study the relationship of these things to our war effort. That committee had under consideration the question of foreign exchange and as a result we have included the amount mentioned here for the movement of coal this year. If we are to pay more subventions, we shall have to vote more money. If we raise the duty, it will increase the cost to the domestic and industrial user. Having regard to all the factors, the conclusion was reached that the wisest thing to do was to continue, broadly speaking, along the line that has been followed in the past.

Mr. JOHNSTON (Bow River): A few minutes ago the Minister of Mines and Resources referred to the importation of coal from the United States. I have before me a

return tabled on June 12 in answer to a question asked by the hon. member for Battle River (Mr. Fair). This return shows that in 1938 the Canadian coal production was valued at \$43,982,171, and the preliminary estimate of the 1939 production was \$48,258,199. I should like to compare this production with the value of the importations from the United States and from countries other than the United States. In 1929 the importations from the United States were valued at \$50,439,329 while the importations from countries other than the United States were valued at \$5,573,939. In 1938 the importations from the United States were valued at \$27,329,477 and from other countries, \$8,496,437. The figures for 1939 are \$33,284,251 for importations from the United States, and \$8,294,434 for importations from other countries. The importations by months are as follows:

| | From the United States | From other countries |
|-----------------|---------------------------|-------------------------|
| 1939— | | |
| September | \$6,644,720 | \$1,076,191 |
| October | 3,469,782 | 701,396 |
| November | 3,091,195 | 548,668 |
| December | 2,406,712 | 234,633 |
| 1940— | | |
| January | 2,895,051 | 87,563 |
| February | 2,197,463 | 138,174 |
| March | 2,136,850 | 57,797 |
| April | 2,134,974 | 57,490 |

That is a tremendous amount of money. Up to September, 1939, the value of the importations of coal from the United States was greater than that of the total production in Canada. That is almost unbelievable in these times. I could not help but recall the speeches which the governor of the Bank of Canada delivered in Montreal and Toronto on April 22 and April 26 respectively. He was pointing out the urgency of conserving exchange. I cannot think of a better way of conserving exchange than to use Canadian coal. It would not create a hardship for the United States; in fact it would be just the other way round, because we should be able to use the exchange we saved to buy war materials from that country.

The governor of the Bank of Canada pleaded with the Canadian people to conserve exchange in order that we might have Canadian dollars with which to buy ships, shells and other forms of munitions from the United States. The Canadian production of coal offers a source of supply of Canadian dollars which could be turned into munitions of war. Every month we could save from three to four million dollars, and up to September, 1939, we would have saved about 33½ million dollars.

The governor of the Bank of Canada went on to say that the real cost of this war must be carried on out of current production. If

we follow the argument of the governor of the Bank of Canada the Canadian market should be saved for Canadian coal. The Minister of Mines and Resources has said that this might raise the cost a little, but I think that would be offset by the added benefit to the Canadian people. We would save ten or eleven per cent on exchange right away, without considering the increased employment which would be given. We have about 750,000 unemployed employables in Canada, and if these people could be put to work to produce about 33½ million dollars worth of coal, think what a tremendous help it would be to this country! An additional 2,000,000 tons of coal would have to be produced, 1,000,000 tons of which could be allotted to Nova Scotia and the other 1,000,000 tons to Alberta and the Crowsnest mines. I venture to say that that one step would do away with our present unemployed of 750,000. Millions of additional ton miles would be moved on the railways, which would necessitate the employment of more trainmen. Certainly we would require more miners as well as truckmen to deliver this coal around. Taking it all in all, with the situation as it stands now in war time, I think this matter should be looked into immediately.

If in all practicable ways we follow the advice of the governor of the Bank of Canada, to conserve our Canadian dollars, funds will be available to buy from the United States the war supplies we so greatly need. The governor pointed out that the need of saving our dollars is imperative, because the treasuries of Britain and France—he spoke at that time of France because it was then one of the allies of Great Britain—were not bottomless; sooner or later the bottom of their treasuries would be reached, and he appealed to the people of Canada to save. If he meant what he said, if we must save every dollar we can, and if the cost of this war is to be met from current production, obviously one of the most necessary avenues is the saving of money on importations of coal. We should be killing two birds with one stone.

People all over the country are very much concerned about this matter. I have not had any communication from Nova Scotia, because that is not my riding, but I have received many letters from Alberta in which the writers have referred to this very matter. Whether their motives are patriotic or not, I am not going to discuss, but they say: "The government is pleading with us to buy war savings certificates, and we have not any money with which to buy them. If the government will give us the opportunity to go to work in these mines and produce coal for Canadians and save the exchange, we shall be only too

willing to buy war savings stamps." These men are sitting along the tracks; they are unemployed.

The other day I received a non-political letter from the city of Drumheller. It is signed by Mr. Harold A. Brown, the city clerk and treasurer, who says:

I am instructed by the city council to send you a copy of the resolution which received the endorsement of the council at the last meeting, as follows:

That whereas there is considerable unemployment and stagnation in the Drumheller valley, and, that the production of coal has reached its lowest tonnage over a large number of years.

Is it not amazing, Mr. Chairman, in this time of war, when we need to conserve our exchange, that according to the council of the city of Drumheller coal production is the lowest it has been in years? The resolution continues:

And whereas it is of national importance that the Dominion of Canada be placed on a one hundred per cent productive basis in regard of commodities to enable her to earn the maximum amount possible for the carrying-on of the war.

Therefore, be it resolved:

That at this meeting of the Liberals—

So that I am not arguing from the political point of view.

—of the Drumheller valley district we heartily recommend to the dominion government that they take steps to put through an order that will ensure the consumption of Canadian coal in the Dominion of Canada to the fullest extent of its capacity for production, and, we particularly recommend that the three prairie provinces i.e. Manitoba, Saskatchewan and Alberta be confined to the consumption of coal produced in the Dominion of Canada, except in such cases which shall be defined by the fuel controller.

That gives clear evidence of what these people desire, and as I have said, it is a non-political appeal. We do not intend to make it a political football; but the urgency is there.

I had a telegram from one other organization in Drumheller—I do not happen to have it here—who plead for the same thing. This great industry of Alberta and Nova Scotia is at an all-time low. The condition in Alberta is not the same as the minister described in relation to Nova Scotia. I do not think there should be any differentiation between the two producing areas, and I am not pleading especially for one more than for the other, because I recognize that mining, like agriculture, is one of our basic industries.

While speaking on this question I am reminded of an article which was written by Doctor W. L. Stewart, well-known commentator, and which has been reprinted from the June, 1940, issue of the *National Home Monthly*, having a circulation of over 250,000

[Mr. C. E. Johnston.]

copies. He is dealing with the subject of the importation of coal, and I will read part of the article:

What are we thinking of, if we continue this wastage at such a time as the present? It was bad enough in relatively quiet years to send so much money out of Canada, for a benefit in great measure illusory: it meant that we had to provide a livelihood in idleness for large bodies of miners who, but for our habit of thus buying abroad, would have been sustaining themselves by their own labour. But it is many times worse now, when there is so much that we cannot produce at home to meet our war needs, so much for which we are bound to draw upon United States manufacture, and for which we must pay in such American dollars as are obtainable only at high discount in exchange for our own. We cannot too soon bethink ourselves of how to maintain a tolerable balance of trade, and each practicable reduction of imports makes the task easier. Coal is our most obvious product on which to become, as the Germans in their four-year plan say, "self-sufficient."

To learn from a resourceful enemy is a valuable practice, especially during war.

I do not know whether the minister has considered this question as thoroughly as he might have done, but I am convinced that a tremendous saving of Canadian dollars may be made by putting our miners to work. I do not contend for the total exclusion of coal from the United States, because probably some anthracite from that country will be required for special processes in manufacture, but certainly all our bituminous coal could be supplied from Nova Scotia and Alberta. I endorse without hesitation what the minister said a while ago, that the coal from Alberta, particularly that of the Crowsnest pass, is of exceptionally high quality.

In my opinion the minister would be well-advised to put on an intensive campaign of advertising of Alberta coal. In some parts of the dominion there is a wrong conception of the quality of both Nova Scotia and Alberta coals. Possibly the large concerns in eastern Canada which deal in coal are inclined to misrepresent it. I know definitely that it has been misrepresented in this city. Not over a week ago I was talking to a man who owns an apartment house here, and, speaking of what he called Drumheller coal, he asked, "Do you fellows out in Alberta use that coal?" I said, "Why, yes, we use it all the time." "Well," he said, that is funny, because I got a load about six months ago, and before it was in my cellar two months it was all broken apart and was just dust." I said, "Certainly you did not have good Alberta coal." "Well," he said, "I bought it as good Drumheller coal." I know that he could not have had coal of good quality, because I put Drumheller coal in my basement, and after having had it there over a year I needed an axe to break it. So

there must be some adverse influence at work, undermining confidence in Nova Scotia and Alberta coal. I think the minister should do in his department something like the Minister of Agriculture has done in his, and put on a vigorous advertising campaign. There is no doubt that people can be educated to use a good Canadian product. I do not know that he would have to increase the subvention, but it might be well to advance it from \$2.50 to \$3, for even at that cost it would be well worth while to absorb our unemployed. But as I have said, I doubt if he would have to do that if the department employed a sound system of salesmanship to convince the public of the value of this Canadian product. It was stated by the Minister of Agriculture that a similar activity in his department had led to a great increase of consumption of beef and apple juice. The same could be done with Alberta and Nova Scotia coal. Through a proper campaign of advertising, and with further assistance in the way of increased subventions, we could do wonders in the coal business. We could put 750,000 men to work and allay a very unsettled economic mental condition, and at the same time we could build up a vast reserve of over \$2,500,000 every month in foreign exchange. If we are serious about this thing, the minister has a wonderful opportunity to make a great contribution to Canada's war effort.

Mr. POULIOT: The minister a moment ago mentioned the economic committee that dealt with the question. I presume it is the committee of which Mr. Graham Towers and Mr. Clark, of the Department of Finance, are members. Is that so?

Mr. CRERAR: Yes.

Mr. POULIOT: Well, they recommended some curtailments and I will surprise the minister by telling him how they understand the word economy. Both were appointees of the Bennett government and I have been waiting a long time to tell this little story. I wonder if the minister knows how many telephones there are in the Bank of Canada building? There are 750 telephones, and 450 girls have each a telephone. Mr. Towers advises Canadians to tighten their belts, but he is a civil servant getting \$30,000. "Practise economy," he says, "you Canadians. I receive a fat salary; I do not have to do that." I hope the minister will take with a grain of salt all the recommendations that come from these Bennett appointees, Mr. Towers and Mr. Clark. I will ask the Minister of Finance to make a little investigation. I have here a list of the telephones and I will send it to the minister.

Mr. ILSLEY: If the hon. gentleman will send it to me I will look at it. I am told that the list is a list not of telephones but of the number of persons who can be reached by telephone. The number of telephones is a small fraction of 750.

Mr. POULIOT: I thank the minister. What I say is not a censure of anyone in the committee but I will tell the government that there is extravagance. Why? Look at *Hansard* of February 8, 1937. It is impossible for members of parliament to get information in regard to the Bank of Canada. The minister will remember that when I asked whether Brooks, the doorman who accompanied Mr. Bennett around the world, was paid by the dominion while on that trip, I was told that I had no business to ask for that information. Mr. Dunning told me so, and even my revered chief, the Prime Minister, said it was none of my business. I hold here a letter from a man who has had a most nefarious influence in Canadian politics, Mr. Charles Dunning. The letter is dated March 1, 1937, addressed to myself and reads:

Replying to yours of February 25th, the government some time ago gave consideration to the position of the Bank of Canada in connection with matters such as that mentioned in your letter, and it was decided that the same procedure would be adopted as in the case of the Canadian National Railways. I cannot, therefore, supply you with the information requested.

There it is. We members of parliament are watchdogs of the treasury, just as the minister is, and we do not want a cent of money from the Canadian exchequer spent lavishly and without useful purpose. But members of parliament are prevented from getting proper information, as I have been myself repeatedly by Mr. Dunning. Of course, I admit with the minister that in some cases there is a duplication of names, but they are very few. What do members who are business men, professional men, think—

The ACTING CHAIRMAN (Mr. McCann): Order. The question the hon. gentleman is discussing has nothing to do with coal. This resolution relates to a grant for the Department of Mines and Resources.

Mr. POULIOT: I am discussing the dominion fuel board and the reduction in the estimate. However, I have said enough.

Mr. ILSLEY: With reference to the question of telephones, the hon. gentleman has sent me a memorandum with regard to the Bank of Canada's telephone directory, July 8, 1940, and I find that the situation is just as I stated. On the first page I find a local telephone, local 361, which appears nine times

beside the names of nine persons. The hon. gentleman has counted these names and has counted the same telephone a great many times. He has counted local 361 nine times on one page in order to reach his total of 750.

Mr. SOPER: The hon. member for Bow River has made certain statements that are misleading. In Ontario we are informed from Nova Scotia that no coal is available this year. It has all been taken for transports. No Nova Scotia coal is being offered in Ontario, and, on the other hand, what the hon. gentleman says with regard to Alberta coal is not correct. He says that we can buy it at \$1.75 a ton, but the price is nearly twice that when the coal is cleaned and sized and ready to be shipped to Ontario; and if we do not buy the best coal procurable there will not be less than three tons of slack to the car after we have finished a car of Alberta coal. I do not think the hon. member should make such statements; they are very misleading to the rest of the house.

Mr. ROSS (St. Paul's): The minister informed me that the freight rate on coal from Alberta was \$8—that is, 40 cents a hundred. A car of soap going from Toronto to Vancouver carries a freight rate of \$1. Soap has a higher freight rate than coal, and it goes through the mountains. At the same time Alberta coal comes to Toronto at the rate of 40 cents a hundred. I do not like to talk about Toronto but it is the centre. It seems to me that is a high rate in comparison with the rate on the soap going through to Vancouver. I understand that the reason for the rate on soap is that it competes with a water borne freight, but we have many freight rates that meet in competition with water borne freight. This is an important matter. As the minister said, until we get the price of coal down to a competitive basis by reducing the freight rate or the price at the mine we cannot do anything. I wonder if they know exactly how much it does cost to take a trainload of coal to Toronto. Are there any figures indicating the cost, or is it an arbitrary figure fixed by the railways on the assumption of what the traffic will stand? This is most important from the standpoint of conserving Canadian exchange. One United States dollar conserved is worth a great deal to the country. I urge the minister to do all in his power in this regard and I am sure the people themselves will cooperate when they know the urgency of the matter. But certainly a lead will have to be given by the government. Of course, I am discussing only Alberta coal because I do not know much

[Mr. Ilsley.]

about Nova Scotia coal. I know nothing about its qualities. I imagine what I have said about Alberta coal applies also to Nova Scotia, although Nova Scotia coal can be used in Montreal while it cannot be used to the same extent in Toronto.

Mr. GILLIS: How are the subsidies paid? If Dominion Steel and Coal Corporation send a million tons of coal into Ontario, they file a statement; does the department accept that statement and make the payment? I am also informed that coal mined and marketed in Nova Scotia, hauled about twenty miles, receives the same subventions as coal hauled to Ontario. Is that possible?

Mr. CRERAR: There is no subvention paid on coal used in Nova Scotia at all.

Mr. GILLIS: Is the minister sure?

Mr. CRERAR: Quite.

Mr. GILLIS: I am not so sure.

Mr. HANSELL: I might point out to the committee and to the people of Canada that the subvention known as the subvention for the movement of coal is not paid to the coal companies. The coal miners themselves do not benefit directly through the payment of the subvention. The subvention is on the movement of coal, and is paid to railway and transportation companies. The only way by which the coal mining industry, employers or employed, benefits is indirectly through the subvention enabling the industry to compete in markets where otherwise it could not, and so selling that much more coal. Of course I consider that quite a benefit.

One hon. member a little while ago mentioned advertising. Is the department advertising Canadian coal at all either in Canada or abroad?

Mr. CRERAR: No; the department has expended no money in advertising Canadian coal in Canada or abroad.

Mr. HANSELL: There has, however, been a little advertising done. Not long ago, in the March issue of the magazine called *Liberty* there was an article entitled "Canada's Unwanted Wealth." This exhaustive article pleaded for the utilization by Canadians of our Canadian coal. Then in the April issue of *Maclean's* magazine there was an editorial under the caption, "A National Policy for Coal in Wartime." In addition there was in the *National Home Monthly* an article entitled "Patriotism and Coal". These articles in these three magazines would go into probably three-quarter of a million homes.

That is not display advertising, of course, but simply articles written in the interest of Canadian coal.

Mr. CRERAR: May I ask who the authors of the articles were?

Mr. HANSELL: I cannot say who the author of the article in *Liberty* was. The article in *Maclean's* was an editorial, and the article in the *National Home Monthly* was by H. L. Stewart. I am only pointing that there are writers in Canada who realize that our coal deposits are a national asset, especially in time of war.

I observe that item 145 is increased by half a million dollars. Does that mean that the rate of subvention is increased, or does the increase come about through the expectation that more Canadian coal will be moved?

Mr. CRERAR: There is no increase in the rate of subvention, but the expectation is that a larger amount of coal will be used in Canada, and consequently there will be a larger movement.

In respect of advertising. I am advised that the department has not carried any advertising. The fuel research laboratories published pamphlets or leaflets giving the results of experimental work as to how Canadian coal could be most effectively used.

Mr. HANSELL: I referred last night to some excellent advertising by the Department of Agriculture. It seems to me that some advertising should be done along the same lines for Canadian coal: for example, a little domestic scene showing people enjoying their home fireside. Also one of the best forms of advertising at this time would be an appeal to the patriotism of the Canadian public in this time of war to buy Canadian coal, thus conserving our foreign exchange. That might be written up in Canadian periodicals and help materially.

Mr. WHITMAN: The government have a branch known as the fuel research laboratories. This branch has done some valuable work, but I believe it should be called upon at this time to assist in furthering the use of Nova Scotia and Alberta coal in Canada. Near Winnipeg a coke oven is being operated which is using 100 per cent Canadian coal. In Hamilton there is a coke oven which is not using any Nova Scotia coal at all. A coke oven in Montreal uses about 33 per cent Nova Scotia coal. Would it not be possible for our fuel research laboratories to apply themselves to the question of the use of Canadian coal entirely in those three coke ovens? The coke produced by those ovens is used largely as domestic fuel. If what I suggest were done, the hon. member for Témiscouata would not

then be compelled to buy United States or European anthracite; he could use Canadian coal that has been converted into coke, which is a splendid fuel for this country. It should be the business of the fuel research laboratories to help the government to further the use of Canadian coal, as it did in Winnipeg.

Would the government not be doing well to supply with Canadian coal even at a loss those three coke ovens that are producing domestic fuel? For the past ten or fifteen years we have been paying a deficit on the Canadian National Railways and getting nothing for it. Would it not be possible for the government to insist that Canadian coal be carried at a reduced rate from Alberta or from Nova Scotia, as the case may be, to those three large consuming centres? There will be a loss on that railway in any event, and this would assist the miners in both Alberta and Nova Scotia to make a living. I was surprised that the hon. member for Cape Breton South did not take exception this afternoon to the statement by the hon. member for Danforth that Canadian coals were not suitable for use with the present equipment installed in the city of Toronto. I was surprised that this statement was allowed to go unchallenged. We have coals second to none in the world; I am, of course, speaking of bituminous coals.

Mr. HARRIS (Danforth): I do not wish to interrupt the hon. gentleman, but I did not say that we could not use Canadian coal in the city of Toronto. I said that we were anxious to use it, but that the research branch here had not advised us in the matter of changing the furnaces and grate-bars to make them more suitable for the consumption of Canadian coal. I meant to say that the stokers are designed to use United States coal, and we have not been advised as to the changes necessary in order to consume Canadian coal.

Mr. WHITMAN: I thank the hon. gentleman for his explanation. I know from experience that Nova Scotia bituminous coal can be used in the underfeed stoker in apartment houses or industrial plants using bituminous coal, whether they be in Toronto or Montreal. Stokers of this type are used in connection with the elimination of smoke in residential areas.

I should like to see the miners of Nova Scotia put on a yearly basis of earnings, rather than on a tonnage or a daily basis. For a number of years we have heard about the hard times Nova Scotia has been experiencing. We have been told that they were paid so much a ton or so much a day, and

that seemed reasonable. But when we discovered the amount of money they earned in a year, it turned out to be very small, not enough to keep body and soul together.

In conclusion, I would ask once more that our fuel research branch do more work on this question of supplying our coke ovens with Canadian coal.

Mr. GILLIS: Has the minister any information with regard to the statement made by the hon. member for Lanark that no Nova Scotia coal would be available in Ontario this year?

Mr. CRERAR: I am informed that the statement is not correct, that Nova Scotia coal will come into Ontario this year.

Mr. GILLIS: A moment ago the hon. member for Lanark stated that notice had been received that no Nova Scotia coal would be available this year. I have a file on this matter, but I do not want to weary the minister or hold up his estimates, since I have made two statements already on the situation in Nova Scotia. But if there is such a demand for coal that Nova Scotia coal will not be available, surely that means that there is a market here for one or two million tons of coal previously supplied from the maritimes. Is there any intention on the part of the government to expand the coal industry of Nova Scotia? As I said before, it is on the way out. I think the solution of the problems of that province lies in the creation of new industries, and I hope that the Minister of Munitions and Supply, who is spending millions of dollars on new industries, will be able to divert some of that money to our part of the country. Subventions and charity hand-outs will not stabilize any industry. As long as it is the policy of the government to assist by way of subventions, then we are in favour of them and would like to see them extended, but I do not think that policy represents any permanent solution for the problems of the mining industry of the province.

Item agreed to.

Mines and geology branch.

145. Payments in connection with the movements of coal under conditions prescribed by the governor in council, \$4,000,000.

Mr. NEILL: There is no decrease in this vote?

Mr. CRERAR: No; there is an increase.

Item agreed to.

[Mr. Whitman.]

Lands, parks and forests branch.

146. Branch administration, \$20,920.

Mr. O'NEILL: I believe the remarks I wish to make are in order under this item. Recently there was completed in Alberta a road between two of the finest parks in North America, Jasper and Banff national parks. A great deal of money was spent in the development of this road, and also in the completion of the Big Bend highway, the last remaining link of the trans-Canada highway in western Canada. It was argued by many people in the west that these highways would be beneficial from the tourist point of view. Recently in a western newspaper I saw that during the first six days the Big Bend highway was open it was used by 2,000 cars; and I am in receipt of a letter, dated July 21, from the secretary of a board of trade in the interior of British Columbia, stating that tourist travel over that highway is now in excess of 400 cars a day.

I mention these matters because I wish to commend the minister who is in charge of this department. I know he is very much in favour of these tourist routes, and I believe his judgment in this regard has been borne out since the opening of these new roads. Enclosed in the letter from the secretary of the board of trade was a copy of a letter which was received from a gentleman in Tacoma, Washington, and from which I quote in part:

Last fall my wife and I and two other couples had the pleasure of spending part of our vacation in Canada—and stayed longer than we expected. The reason for doing so was that we found the people and the country everything you claim it to be—game was plentiful, but I want to assure you that we were not game hogs and we enjoyed your courtesies immensely. We came back with about one-half of the quota of birds. It was not the fault of the birds or the hunters, but we felt that if we shot too many they would become extinct in time.

Just on that point, Mr. Chairman, I regret to notice that under item 158 the grant to Jack Miner has been reduced by \$1,500. I regret that the government has found it necessary to reduce this vote, because from the tourist point of view, I believe we underestimate the value of our feathered friends.

Again quoting from the letter:

We also had the misfortune of having an auto accident, which was purely out of anyone's control, and found your mounted police to be real gentlemen and anxious to help in every possible manner, so that we could continue on our journey homeward safely.

I believe in Canada we take our mounted police force too much for granted, and we do not thoroughly appreciate them. The letter continues:

I had hoped I would be able to make the trip again this year, but our programme does not permit. Therefore, I am taking the liberty of mailing you the enclosed cheque for \$100, which is to go toward your war relief fund as my part in helping Canada and its citizens in this great task. This is part of the money which I would have spent on my vacation in Canada, and I hope it will be used for the best and most needed purpose.

There are many things I could say about your country and people. In closing I wish to state that I hope I will be able to visit Canada again in the future when time and business conditions permit.

A letter like that certainly bears out the judgment of the minister in connection with the spending of money on the Banff-Jasper road, and on the Big Bend highway.

For some little time I have been endeavouring to find out the policy of the government respecting interned men in Canada. If it should become the government's policy to make those men work, I would respectfully call the attention of the committee to the fact that at the present time there is no western outlet to Jasper park. The road is completed from Kamloops to Blue river, but the stretch to Jasper is not completed. If those interned men are to be made work, I suggest that those in British Columbia might assist in building that North Thompson road from Blue river to Jasper. There might be some justification for the government's doing this.

I understand, of course, that the building of roads in any province is a provincial matter. At the same time, however, I believe it is within the jurisdiction of the minister to build roads to or through national parks. That being so, in the event of the government deciding to use those men, they might be put to the building of that road. In my opinion it would be money well spent, and would give a western outlet to Jasper park. The people who now come in from the east or from the south up to Calgary, from there to Banff and then to Jasper have no western outlet. They have to go back over the road they have already travelled. This road would also provide a means of getting into Jasper park from the west.

Item agreed to.

Lands, parks and forests branch.

147. General administration, operation and maintenance of services, including Wood buffalo park, \$268,334.

Mr. JAQUES: Why were all the animals slaughtered in Wainwright park?

Mr. CRERAR: We would proceed more rapidly if the hon. member would ask his question under vote 156.

Item agreed to.

Lands, parks and forests branch.

151. General scientific, economic and administrative services, \$118,440.

Mr. MacNICOL: Is it under this item that certain areas are being replanted with trees?

Mr. CRERAR: Very little replanting or reforestation is being carried on by the department. The moneys in this vote are to take care of scientific studies of Canadian forests and as to the best conditions under which the growth of trees occurs. There are further studies respecting the uses to which wood can be put.

Mr. MacNICOL: Is any branch of the department looking after reforestation?

Mr. CRERAR: No; that work is not carried on directly by ourselves. A good deal of work of that kind is being carried on by the various provincial governments, who of course own the forests.

Item agreed to.

Lands, parks and forests branch.

155. Land registry—land registry, seed grain collections, administration of ordnance; admiralty and public lands, \$57,263.

Mr. MacNICOL: What does this cover?

Mr. CRERAR: The descriptive heading gives a general indication of the purpose of the vote. For instance, the Department of Mines and Resources has maintained a central office of records respecting lands owned or otherwise controlled by the dominion government. We have the administration of ordnance and admiralty lands which are not directly under the control of the Department of National Defence. There is also the administration of timber and grazing on soldier settlement charged lands and on military reserves. There is also the matter of seed grain collections, to which reference was made in the house the other day. A great many years ago advances were made for the purchase of seed grain and fodder in Saskatchewan and Alberta, and from time to time efforts have been made to collect these sums. In many instances the provinces were equally responsible with the federal government for the advances. Boards were set up to investigate these claims, and upon completion of the investigations the claims were either confirmed, written off or compromise settlements made with the debtors.

Item agreed to.

Lands, parks and forests branch.

National parks bureau—

156. National parks and historic sites services, \$1,144,215.

Mr. CRERAR: Perhaps I could answer now the question raised by the hon. member for Wetaskiwin. As I understand it, his question had reference to the abandonment of the Wainwright buffalo park.

Mr. JAQUES: More to the slaughter of the animals.

Mr. CRERAR: The number of animals in Wainwright buffalo park had increased considerably. This park covers an area of 197½ square miles, and there were in it two or three thousand buffalo as well as a considerable number of deer of various kinds. The net cost of the park since its establishment was in the neighbourhood of \$500,000, and the annual maintenance cost ran from \$45,000 to \$50,000. In order to keep down the animal population, several years ago slaughterings took place at which time it was discovered that some of the buffalo as well as some of the deer were infected with tuberculosis. The Wainwright buffalo park was established to conserve wild life, but after a time the urgency of that need decreased. Elk Island park is located some twenty-five or thirty miles out of Edmonton, and there are over a thousand healthy buffalo in that park where grazing conditions are much better than they were at Wainwright. There are also about seventy-five buffalo in Riding Mountain park in Manitoba, where grazing conditions are also good. More than ten years ago several thousand buffalo were moved to the Wood buffalo park in northern Alberta. It is not known how many buffalo are there at the present time, but we believe the number has been substantially increased. The original purpose for which Wainwright buffalo park was established, that is to preserve buffalo, is amply accomplished.

This park has now been taken over for the duration of the war by the Department of National Defence. Its size enables the manoeuvring and training of troops as well as the use of artillery. It is not easy to find a location on the prairies for artillery practice where shells may be thrown from five to seven miles. Then the park is fenced, which gives an additional protection in connection with the training of troops and the use of artillery. These briefly are the reasons why the animals were slaughtered last fall. We realized as much as possible on the meat and the hides of the animals after government inspection.

Mr. ROSS (St. Paul's): What is the cost of the upkeep of that park?

[Mr. Crerar.]

Mr. CRERAR: I said that the annual cost was from \$45,000 to \$50,000 a year.

Mr. BLACKMORE: There seems to be considerable misunderstanding in connection with the fishing licence fee in Waterton lakes park. What is the licence fee in Alberta, entitling a holder to fish anywhere in the province?

Mr. CRERAR: The suggestion was made several months ago that fishing licences should be required in the park. Naturally there was a good deal of criticism of and opposition to this suggestion. I am rather old-fashioned and I hold that there should be a charge for any service rendered. In all provinces a licence is necessary in order to fish in provincial waters, and some of the eastern provinces derive a substantial revenue from these licence fees. It was an anomaly in Alberta that a citizen who wanted to fish outside the park had first to secure a licence costing, I believe, \$2.25, but when he went into the park he felt he was entitled to fish without a licence. It was in order to equalize the privileges in the parks and outside them that the suggestion was made that a licence fee should be charged.

The situation now is this. A person coming into Jasper or Banff park pays an entrance fee of \$2. That fee entitles the person who pays it and the members of his family to fish, subject to the park regulations which, among other matters, govern the number of fish that may be taken. In Waterton lakes park, where, I am told, the fishing is not perhaps as good, the entrance fee is \$1, and it carries the same privilege. Residents living in the park are required to pay the same licence fee as the ordinary resident of Alberta pays to the provincial government for a licence to fish outside the park.

Mr. BLACKMORE: Suppose that a man in charge of a group of girl guides or boy scouts came into the park; would the payment by him of the fee for entering the park entitle the young people with him to fish?

Mr. CRERAR: I am informed that if they are under sixteen years of age they have the privilege of fishing. One of the requests which is being urged upon the department is that we do something more to stock the park streams and lakes with fish. It is obvious that if we permit free fishing in the parks, the fact that it is free attracts a larger number of fishermen and the supply of fish is depleted, so that you have this insistent pressure to do something to provide more fish. We aim to make the requirements as fair and reasonable as possible. For the privilege of playing on parks which have golf courses,

fees are collected, and I do not think that principle is an unreasonable one to put into effect in the administration of our parks.

Mr. BLACKMORE: Is there a fee for entrance to and fishing in Glacier national park?

Mr. CRERAR: Is the hon. member referring to the United States park? I cannot say whether fees are charged there or not.

Mr. BLACKMORE: My information is that no fee is charged for fishing in Glacier national park. A rather unique condition is set up by reason of the fact that Waterton lakes park and Glacier national park on the other side of the line immediately contiguous to it have been regarded as an international peace park, and therefore there is a sort of understanding on the part of people in the United States that, once having gained admission to Glacier national park, they are entitled similarly to admission into Waterton lakes park. The reason why I bring this matter to the minister's attention is that a good deal of displeasure is expressed by tourists in my constituency. A good many tourists come from the United States into my riding, because the road from Coutts, the chief mountain port of admission, runs through Cardston and other towns in my constituency, and we are in a good position to know what they think. Many of them regard it as a hardship that they have to pay a fee to enter Waterton lakes park. I am not committing myself as to whether they are right or wrong; I am merely conveying to the minister the picture as it appears to those who come to Cardston. A good many people in my constituency are of the opinion that, under conditions at present existing, it would be better if the fee for fishing in Waterton lakes park were abolished, at least so far as tourists from across the line are concerned.

Mr. CRERAR: In view of the observations of the hon. member I may briefly say that I have never yet seen anywhere people who would not prefer to have a government service for nothing to paying for it. Tourists who come to Waterton lakes park from the United States pay their entrance fee to the park the same as any Canadian citizen is required to do, and thereby are accorded the right to fish in the park under the conditions I mentioned a moment ago. I do not think there is any great hardship, and I should be astonished to learn that the fee militated against tourists coming in from the United States. In the eastern part of Canada many people come from the United States to fish in our streams and lakes; indeed, I was told

the other day that in many instances each salmon caught in New Brunswick rivers by a United States fisherman probably costs him one way and another about \$1,000.

Mr. BLACKMORE: There is one other matter that I should like to bring to the minister's attention. He mentioned a moment ago that there is pressure to increase the supply of fish in the parks. How much money has been spent on the Waterton lakes fish hatchery in each of the years from 1936 to 1939 inclusive?

Mr. CRERAR: I have not at hand the information asked for by the hon. member, but I will have my officials ascertain it and give it to him privately.

Mr. BLACKMORE: The fact that the minister mentioned a moment ago the idea that fishing in the Waterton lakes park is not as good as it is in the other parks is perhaps some indication that the work of the fish hatchery at Waterton lakes park and the distribution of fish have been neglected to some extent. There must be some cause intervening which is producing that situation. I remember how famous as a fishing resort Waterton lakes park was when I was a boy. Numbers of people used to go there just to fish. As is well known, the main income derived from the tourist trade is not what we get by way of fees from those who go into the parks, but what is derived from the money these people spend in the towns and cities along the way, and therefore, if the expenditure of additional money on the fish hatchery in the park would make the park more attractive to tourists and thereby bring them in more readily, it would seem a wise measure to spend enough money on the fish hatchery to ensure satisfactory fishing conditions at all times. I have the impression that for some reason or another the fish hatchery is not functioning as satisfactorily as it should be. Is that because of inadequate funds?

Mr. CRERAR: I am informed that the fish hatchery in Waterton lakes park has been operating successfully and that every year numbers of fry are placed in the waters within the park and occasionally supplied to areas of the province outside the park. It takes time fully to develop these projects. I can assure my hon. friend that he has not overstressed the importance of fishing in relation to our parks, and that the department is fully alive to that fact.

Mr. BLACKMORE: I had the impression that that was the case, and I thought that

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probably, if I expressed my opinion on the matter, it might not weaken the minister's hand in any way.

Lest some word I have said may be taken as a reflection on the man in charge of the fish hatchery, let me hasten to observe that at all times I have heard that the man in charge is efficient and very much interested in the development of fishing facilities in the park, but that perhaps he has not had at all times adequate financial support. If that should be found to be the case, may I urge that an unusual effort be made to provide him with the amount of money he considers necessary adequately to support the provision of sufficient fishing facilities within the park?

Item agreed to.

Lands, parks and forests branch.

158. Grant to John Thomas (Jack) Miner, \$2,500.

Mr. MacNICOL: The minister himself is familiar with the splendid work that has been and is being done by Jack Miner, and I am sure he regrets as much as I do the reduction in this vote from \$4,000 to \$2,500. On one occasion when I was at Jack Miner's during last spring there were, as estimated by those who are capable of making such estimates, some 30,000 geese on the place, and I learned then that this number had grown from perhaps half a dozen that were there two or three decades ago when Jack Miner first began his conservation work. I often think the Canadian government, while he is living, ought to propose some testimonial of appreciation of the wonderful work he has done. He uses four hundred acres of land and raises 14,000 bushels of corn which he feeds yearly to the geese. It is a great sight to see the geese in the spring and fall, and multitudes of people go there in their cars to see this natural spectacle.

Mr. CRERAR: I think there is a general recognition of the splendid work that Mr. Miner has done and I regret as much as anyone else that the vote has been reduced to \$2,500. Only the urgent need of conserving our financial resources wherever possible for the purposes of the war makes it necessary. In addition to this, he gets a salary of \$750 a year from the government for part-time service as game warden, so that will help a little.

Item agreed to.

[Mr. Blackmore.]

Lands, parks and forests branch.

National parks bureau—

191. National parks, \$171,125.

Mr. KUHLE: This is reduced by 80 per cent. That is a drastic cut in the appropriation for national parks. The government has been taking various means of conserving foreign exchange in Canada and this reduction seems to me to be penny-wise and pound-foolish, if the minister does wish to conserve foreign exchange. According to the "Canada Year Book", the money brought in by tourists from the United States is considerably in excess of the money which is received from the wheat crop. The money brought in by United States tourists in 1938 amounted to \$253,000,000, and the valuation of the entire wheat crop of Canada, not merely exports but the entire crop, was \$205,351,000. The government is overlooking a lucrative source of United States funds in cutting down the vote for national parks to this extent, because this is one of the easiest means of securing United States dollars. The government should do everything possible to improve our parks so as to attract tourists. Little advertising would then be needed. The best advertising is to put the parks in A-1 condition so as to make them extremely attractive. I am informed that the road from the town of Jasper to the west gate has been allowed to deteriorate to such an extent that many tourists turn back. Has that condition been reported to the minister? It is a regrettable state of affairs especially when there is such an opportunity of obtaining United States funds by attracting tourists.

The same criticism can be made of practically every department of government. The reason for the reduction in appropriations is that there may be more money for Canada's war effort. That is a poor policy. The Minister of Finance has said that whatever is physically possible in this country must become financially possible, but that is not the situation with regard to what I have mentioned. These roads are not being kept up, but this is not for any lack of road material or manpower but because of the financial policy of the government. It is high time that the government changed its financial policy so that all these requirements could be met. Every question dealt with in this house is sooner or later met with the same answer—we have not the money. It is childish in the extreme that in every instance we have to admit that we cannot do what is necessary because we have not the tickets. We have

the materials and the men to meet every situation, but we are unable to do anything because of lack of money.

Item agreed to.

Lands, parks and forest branch.

National parks bureau—

193. Forest conservation, \$40,000.

Mr. BLACKMORE: I do not come from a forest area but I have long been interested in forests. How many cords of wood were exported from Canada as cordwood in 1939?

Mr. CRERAR: I am sorry I have not that information. This vote this year is practically all for fire protection purposes in the parks. We never know how much money will be required for the purpose; it depends largely on seasonal conditions. Last year there was a substantial special vote which, in addition to aiding fire protection, was expended in silvicultural work, that is examination of growing conditions in the timber areas in the various parks and forest experimental areas.

Mr. JAQUES: This vote is practically wiped out. Does that mean that the forests are to be totally unprotected from fire?

Mr. MacNICOL: It means that we are in a war.

Mr. JAQUES: If what I say is correct, one could not have any greater proof that we must be clean mad, absolutely crazy. Not only are these forests worth the value of the timber but they have a value altogether apart from that. There is the permanent value from the point of view of tourists; there is even a climatic value; the very climate can be impaired by the loss of forests. Yet they are exposed to the risk of being utterly destroyed. I am not blaming the minister; I blame whoever imposes this absolutely insane financial system on this country, a system which has brought not only Canada but the empire to the very verge of destruction, the insanity of saying that we cannot do this and that because we have no money. It is a lie, and the empire is as a result exposed to the risk of destruction. I cannot find words strong enough to express my amazement that one of the greatest natural resources of Canada should be risked to suit the conventions of bankers, money-lenders and their stupid economists.

Mr. BLACKMORE: The reason why I asked the question concerning cordwood is that I am informed that great quantities of our forest resources were cut down last

year and virtually thrown away in the form of cordwood. Has the minister any information as to what is being done? I understand that this absurd situation occurred, that cordwood cut in Canada was sent to Germany at a very low price and by Germany made into woodpulp and sold to the United States at a lucrative price. The result was that forest resources in certain provinces were greatly depleted. Could the minister inform me as to the correctness of that information?

Mr. CRERAR: I cannot say how much cordwood was exported to Germany or any other country. Hon. members should keep this in mind, that the control of the forests of Canada in the area of the provinces is under provincial jurisdiction. This vote does not touch that at all; this vote covers fire protection in the park areas of Canada and forest experimental stations which are under federal jurisdiction. What any province may do with its forest resources is primarily a matter for the province to decide, since the province owns them. We cannot go to any province and say, you must handle your timber resources in this fashion or that. We would promptly be told to mind our own business.

Mr. BLACKMORE: I was not aware that this vote is purely for fire protection. It seems to me that there should be a note there to that effect, because it says, "forest conservation." I would suppose that referred to carelessness in logging, cutting Christmas trees and all that kind of thing. I do not wish to press the matter, because evidently the minister has not the information, but I think it would be wise for the dominion government to look towards the establishment of some kind of federal commission which would cooperate with the provinces and by which the provinces could be got together to consult regarding the conservation of our forest wealth. I am told that in this dominion there are many places where the wastage of forests is simply a shame and that this is going on at such a rate that future generations will find themselves almost in poverty with regard to forests in a country which was blessed as perhaps no other country in the world in that matter.

Since the minister has told us that this is purely for fire protection, would he inform the committee to what extent the dominion endeavours to supplement the efforts of the provinces in that matter? In my own province we have a serious situation because there are so many forests all through the Rocky mountains, and if a fire starts anywhere in British Columbia—this is no reflection on British

Columbia of course—and comes across into Alberta, it then becomes the responsibility of both provinces. I understand that Alberta simply is not financially able to take care of fire protection in those forests; they are too extensive; we have them all up through the mountains, the Peace river country and the park areas. Has the dominion laid down any policy under which it contributes, both regularly and in emergencies, to assist the provinces in efforts to fight fire? Sometimes the loss by fire in our section of the country has been such as to make angels weep, and we have been helpless to do anything about the matter.

Mr. CRERAR: The federal government does not assist, and as far as I am aware, never has in the past assisted, in the actual protection of provincial forests against fire, by any direct outlay of money. But for years the federal forest service, in association with the parks administration, has in certain forest experimental stations and in national parks carried on studies as to the best methods of protecting forests against fire, studies for instance as to the daily extent of fire hazards. As a result of those studies those in charge of forests or having forests, such as the lumber and the pulp and paper companies or the provincial governments, can estimate fairly accurately the increase in the fire hazard under certain weather conditions, and therefore are in a better position to be on guard against the outbreak of fires. The studies carried on in these forest experimental stations under federal direction have resulted in building up a body of knowledge that is being availed of to-day by lumber companies, pulp and paper companies and by provincial governments. That is a useful service and an important contribution to the preservation of our forests.

I quite agree with what my hon. friend said about the importance of conserving our forests. In fact I think a general indictment could be laid against the Canadian people for their carelessness in past years in connection with the handling or conserving of our timber wealth. It has been the history of every other country that sooner or later they have been driven to recognize that situation. To-day I think there is pretty generally widespread knowledge in Canada as to the need for sound conservation policies in connection with our forest resources. In many European countries, for instance, the timber crop is harvested just as a grain crop is harvested; that is, it is cut under scientific management.

Mr. BLACKMORE: Even Christmas trees.

[Mr. Blackmore.]

Mr. CRERAR: In that way the perpetuation of the asset is secured. All these aspects of our forest heritage in Canada are being studied to-day in increasing measure, and at this point I would say that the work done by those in charge of operations in these forest experimental stations, and in our parks, has been a most valuable contribution to that study. I think public opinion generally throughout the country is being aroused in connection with the planting of trees and protection against forest fires. As a matter of fact, 86 per cent of all the fires that occur in Canada are attributed to carelessness on the part of individuals, while only about 14 per cent are brought about by natural causes, such as lightning. Quite obviously there is great opportunity here to inculcate in the minds of both young and old the need for extreme care in guarding against fire losses. Someone drives along a road through some timber. He throws a cigarette out of the window of his car, and that may bring about the destruction of thousands of dollars worth of good Canadian timber. The only way by which this asset can be protected is by developing the public consciousness of the need for this protection, and I think substantial progress has been made in that direction, particularly in the last ten or fifteen years.

Mr. JAQUES: I should like to point out—

The CHAIRMAN: I would say immediately that discussion of this question, which is under provincial jurisdiction, is out of order under this item. I was very much prompted to tell the minister a moment ago that the discussion did not arise under the item being considered. The question of the conservation of our forests is under provincial control, and does not arise here.

Mr. JAQUES: I was not going to refer to provincial matters at all. The national parks extend from Jasper to Banff and include a great part of the western side of Alberta. In connection with not only our forests but everything else we have followed the principle that we should save money and waste wealth. If our educational authorities and even the churches would reverse that maxim and teach the people to spend money and save wealth, we would all be a great deal better off and at the same time a great deal saner.

Mr. BLACKMORE: I bow to your ruling, Mr. Chairman, that this matter comes under provincial jurisdiction, but there are people in Canada who are coming to consider it more and more a federal matter. An industry such as mining, for example, is a provincial matter, but at the same time the dominion is

taking a great interest in it. I derived considerable inspiration from a speech delivered by Hon. Frank Carrel, who, I believe, is a member of the Quebec legislature.

The CHAIRMAN: He died three days ago.

Mr. BLACKMORE: That is too bad, because he was greatly interested in our forests. I wonder, Mr. Chairman, if you would consider me out of order if I read just a short passage from this speech.

The CHAIRMAN: I think it would be out of order.

Item agreed to.

Indian affairs branch.

Medical—

177. Indian hospitals and general care of Indians, \$1,404,612.

Mr. MacNICOL: I merely rise to say that I had intended to say a good deal on these estimates, but because of the desire to finish the session I shall forego what I had to say until next session.

Item agreed to.

Welfare and training—

180. Indian education, \$531,565.

Mr. CASTLEDEN: Why has this grant for education been reduced to the extent of \$92,000? This seems to me an essential item in connection with the Indians.

Mr. CRERAR: I suppose it may be said that this is partly in the interests of economy, but it arises mainly from the fact that the Indian school year is reduced from ten to nine months. This means that the Indian youngsters coming into these residential schools will have three months' holidays instead of two months. As a matter of fact, in actual practice we found that it was difficult to get them in the schools. Children come into residential schools to stay there for seven or eight months of the year, and then go home. Their homes may be hundreds of miles away.

Mr. MacNICOL: Does item 180 cover the residential schools?

Mr. CRERAR: No. Possibly I should not have made reference to residential schools under this item, because it covers only day schools. Instead of operating day schools ten months of the year, we are operating them nine months.

Mr. CASTLEDEN: That is a dominion-wide policy, is it?

Mr. CRERAR: Yes.

Mr. JAUQUES: Does that account for the whole of the saving?

Mr. CRERAR: There will be a reduction in the number of new schools being built this year, as compared with last year. That accounts for part of the reduction.

Mr. MacNICOL: Have all the teachers in the reservation schools got certificates?

Mr. CRERAR: Practically all of them. The director informs me that there may be one or two who have special qualifications but who are not certificated. Practically all, however, are certificated teachers.

Mr. CASTLEDEN: At page 131 of the estimates we find reference to a part-time inspector; in which province is that?

Mr. CRERAR: In New Brunswick.

Item agreed to.

Immigration branch—

184. Administration of the Immigration Act and the Chinese Immigration Act, \$166,440.

Mr. MacINNIS: I understand the Chinese immigration to which this item refers is practically nil. I remember asking for some statistics in this connection a few years ago, and being told that about one Chinese enters Canada each year. Under those circumstances what is the reason for this vote? I am satisfied there must be some reason, because Chinese are not admitted to Canada at the present time.

Mr. CRERAR: This item covers the administrative service. It not only refers to the Chinese Immigration Act, but covers the administration of the whole department.

Mr. GREEN: Is there any change in the situation in connection with guest children coming from Great Britain?

Mr. CRERAR: The first movement—not a very large one, it is true, but I do not care to give the numbers—reached Canada last Friday. It is expected from time to time that additional numbers will be coming in.

Mr. GREEN: Are these the children who are coming out under agreement between the two governments?

Mr. CRERAR: Yes.

Mr. GREEN: In the special committee which discussed the defence of Canada regulations a question was raised with regard to the power of deporting enemy aliens who have been found to be working against the best interests of the country. Apparently those people cannot be deported, no matter what they may have done during the war, provided they have been in Canada for five years. That is, they cannot be deported, under the

Immigration Act, if they have acquired what is known as Canadian domicile. It will be understood that this is entirely different from Canadian citizenship. Have I correctly described the situation, and, if so, what steps does the government propose to take so that, at the proper time, it may be able to deal with those people?

Mr. CRERAR: If they have been admitted as immigrants and have been domiciled in Canada for five years, they are not subject to deportation. Under those circumstances they would have to be dealt with in another way. They have been dealt with by way of internment. But when it comes down to the question of deportation at this time to enemy alien countries—

Mr. GREEN: It is out of the question.

Mr. CRERAR: Of course, under war conditions it is impossible. There are leaving Canada no ships which will touch at German or Italian ports.

Mr. GREEN: I realize that. The point is that even if they could be sent back, under the Immigration Act as it now stands the government has not power to deport them.

Mr. CRERAR: Yes, if they have acquired Canadian domicile, or if they were regularly admitted, given immigration status, and remained in Canada for five years.

Mr. NEILL: In respect of Chinese, do they not need to be naturalized?

Mr. CRERAR: No.

Mr. GREEN: Even if a man is a violent nazi in Canada, if he has been here for five years he cannot be deported.

Mr. THORSON: Subject to section 43.

Mr. GREEN: Will the minister explain what the government proposes to do in that situation?

Mr. CRERAR: No special consideration has been given to that matter. I do not believe the cases are numerous.

Mr. GREEN: There are several hundred.

Mr. CRERAR: The arrangement is the same in the United States. If a Canadian leaves Canada to go to the United States, is admitted by their immigration authorities and has acquired citizenship in that country, he cannot be deported back to Canada. The same is true in Canadian law. If the alien is in Canada for less than five years, he can be deported. However, as I pointed out, the difficulty to-day is that of making deportation effective.

[Mr. Green.]

Mr. GREEN: Apparently in the last war the government took power to deport these people. Will the government not give consideration to the whole situation?

Some hon. MEMBERS: Carried.

Mr. GREEN: No; I want an answer.

Mr. CRERAR: The hon. member is correct. During the last war the five-year domicile provision was overcome in some fashion. I am quite willing to say that we will give consideration to the matter. I still point out, however, that the practical problem is that of making deportation effective.

Mr. GREEN: I realize it could not be done at the moment.

Mr. POULIOT: I said that last year.

Mr. JACKMAN: Would the minister care to give some details respecting the financial arrangements in connection with the cooperative plan of bringing out British children?

Mr. CRERAR: I have nothing which could usefully be added to the statement I made in the house some five or six weeks ago. If my hon. friend will consult that, he will have all the information I am able to give him at the moment.

Mr. GREEN: What was Japanese immigration in the last two fiscal years?

Mr. CRERAR: We are getting into a rather dangerous zone.

Mr. GREEN: It certainly is a dangerous zone for British Columbia.

Mr. CRERAR: The total number admitted for the year ended March 31, 1939, was forty-two, these being nearly all women and children. The number admitted for the year ended March 31, 1940, was thirty-six, also nearly all women and children.

Item agreed to.

Special—Mines and geology branch.

190. To assist in provision of transportation facilities into mining areas and to authorize, subject to the approval of the governor in council, continuation of employment up to June 30, 1940, of extra temporary officers, clerks and employees already appointed under the terms of any item in the special supplementary estimates of this department, except the item for fur conservation, \$58,000.

Mr. GREEN: There is a decrease of over \$1,000,000 in this vote which is to provide assistance in the building of roads into mining areas. Will the minister explain why this vote has been practically wiped out?

Mr. CRERAR: With the exception of two items, it is a revote to finish projects undertaken last year.

Mr. GREEN: Why is there not at least a portion of this work being carried on this year? At the moment, when we need gold so badly, it is of great importance to the country that our mines should be developed. It seems strange that the government should be wiping out this vote.

Mr. CRERAR: This vote first appeared in the estimates in 1936 and it has appeared each succeeding year. The only reason I can give is that the country is at war and that there is a need for conserving financial strength for war purposes.

Mr. GREEN: Gold is one of the things we need most.

Mr. CRERAR: My hon. friend and I are quite close on this matter, but it was the opinion of the government that this was one of the items which might be dropped during the war period. That decision may be wise or unwise, but it was felt warranted in view of the need of conserving our financial strength.

Mr. GREEN: How much money was spent last year?

Mr. CRERAR: With the exception of \$30,000, this is a revote. The \$30,000 is required for some projects in the northwest territories in a newly developed mining area, and for some in the Yukon, which is a federal responsibility.

Mr. GREEN: Do not the provincial governments put up a like amount?

Mr. CRERAR: No; the provincial governments put up one-third of the amount voted by the government. The expenditure on tourist roads was a fifty-fifty proposition.

Mr. GREEN: The development of mining roads has simply been dropped.

Mr. CRERAR: For the time being.

Mr. POULIOT: Will the Minister of Mines and Resources allow me to look at the correspondence between his department and Mr. Onesime Gagnon, minister of mines and fisheries in the previous Quebec government, in connection with the expenditure of moneys under this vote in the province of Quebec? My reason for asking this is that Mr. Gagnon took away all the correspondence from the Quebec files except one letter by the minister.

Mr. CRERAR: As far as I know there is no objection. This is public business.

Item agreed to.

DEPARTMENT OF JUSTICE

95. Departmental administration, \$152,505.

Mr. MACKENZIE KING: As I said before, there is always a good deal of difficulty in winding up the business of a session. One difficulty facing this parliament at this time is the fact that during the last couple of days the business of the other house has been completed and the members are rapidly departing for their homes. I hope sufficient of their number will remain to enable us to get our supply bill through the other house when it reaches there. To this end I feel we ought to decide that we will get through business in time to adjourn some time to-morrow morning. I was going to suggest that the house might be willing to sit on to-night until it had completed the estimates. I recall sessions of parliament some years ago when it was the rule, in winding up the business of a session, to sit through until the next day if the house was behind with its business. I know most hon. members are anxious to complete the work and I do not think an all-night sitting, should that be necessary, would deprive anyone of any of his privileges. If there are some subjects which hon. members would like to discuss particularly, they could be mentioned to the whips in order that they might be brought up in the early part of the evening. In that way they could be discussed without being hurried over unduly. Perhaps detailed discussion on some other matters might be deferred until we meet again.

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.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Hon. T. A. CRERAR (Minister of Mines and Resources) moved:

That the house do not adjourn at eleven o'clock.

Mr. CASTLEDEN: Will there be any limitation upon the suspension of the hour of adjournment?

Mr. CRERAR: No. We will exercise a reasonable discretion about that.

Motion agreed to.

SUPPLY

The house resumed in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF JUSTICE

95. Departmental administration, \$152,505.

Mr. GREEN: Last Thursday the special committee on the defence of Canada regulations brought in their final report, which, as the minister knows, contained quite a number of recommendations. There has been no opportunity to discuss in the house the recommendations of the special committee, and I would ask the minister to tell us what the government intend to do with regard to the different recommendations. I believe that such an announcement would be of great interest not only to parliament but also to the country. The committee worked very hard and went thoroughly into the whole question, and I believe the members would appreciate being given an idea as to what the government propose to do.

Right Hon. ERNEST LAPOINTE (Minister of Justice): As my hon. friend knows, I was away when this work was done. I have taken the opportunity to read the report of the special committee, and I congratulate its members upon the excellent work that was done there. It is the intention of the government, upon my recommendation, to have amendments brought in to the defence of Canada regulations embodying all, I believe, of their recommendations. I speak subject to correction, but it is my recollection that without exception, all of the recommendations have been accepted.

Mr. GREEN: In the work of the committee it became clear that the regulations have as a basis ministerial responsibility as distinguished from judicial responsibility. For example, the decision under regulation No. 21 as to who is to be detained rests with the Minister of Justice, and there can be a review of the situation by a committee which in practice is a high court judge, but he merely recommends to the Minister of Justice what further action should be taken, so that in the end decision on this review rests on ministerial responsibility. As the minister knows, that is a grave responsibility, involving in some instances the liberty of British subjects. I suggest to the minister that it might facilitate the administration of the regulations if the government were to appoint a solicitor general, working perhaps under the Minister of Justice, but who could make his main concern the administration of these regulations and similar measures. I do not believe it is humanly possible for the minister personally to review

[Mr. Crerar.]

all the cases in which a discretion is left with him. The result is that the decision must be made by a group of senior civil servants, all excellent men, but I do not think it is fair to them to place that responsibility upon their shoulders, and I suggest that people whose rights are being dealt with under the regulations should be assured of their individual cases being reviewed thoroughly by a minister.

I would not question for a minute the work which the Minister of Justice himself has done. Nobody in Canada could be more suitable to me personally to administer the regulations. It is simply that he has so much other work to do, work which may be deemed of even greater importance.

It might make for better feeling all round if some minister were appointed whose main work would be to administer these regulations. It would be an unpleasant job, because, after all, nobody wants to deprive another Canadian of his liberty.

I offer this suggestion to the government because I think it merits some consideration.

Mr. LAPOINTE (Quebec East): I thank my hon. friend for his kind words. I assure him that any suggestion he makes will be carefully considered.

It is a question whether another officer with a new title, instead of the present officers of the department, should go into these files as prepared by the police. It is a matter for consideration whether, as has happened in some other departments owing to the increase of work occasioned by the war, some outsider should be brought in temporarily as an assistant deputy minister, or whether the appointee should be a solicitor general. But whether it is a solicitor general or some other officer who examines the case, the Minister of Justice cannot escape the responsibility which is his under the law. That responsibility remains, whoever in the department helps him before he reaches the decision.

May I here pay a tribute to the officers of the Department of Justice. The department is not over-manned, far from it; it is one of the departments of the government in which, although the work has largely increased, there has been practically no increase in staff. Our officers are doing a tremendous amount of work, and they have been all the time loyal and faithful.

The suggestion of my hon. friend will be considered. I would be only too pleased if I could be relieved of a part of my work, although, as I say, the responsibility will always be mine.

Mr. MacINNIS: It is to be regretted that we have not had an opportunity to discuss the report of the special committee on defence

regulations. I am not, however, going to attempt to speak on it to-night, but there is a point which I would draw to the attention of the minister, because I believe it is exceedingly important.

Since the war began, a number of organizations have been declared illegal, and certain members of those organizations have been interned. But by and large the ordinary organizations by which the people of this country carry on their activities have not been interfered with and I do not expect that they will be. For instance, trade unions have not been interfered with. They are carrying on as usual, but certain officials of trade unions have been interned without the reasons therefor having been made public. I suggest to the minister that where it is found necessary to intern officials of organizations, the reason should be made public if at all possible. If the president or secretary of a trade union be interned, it should be stated that he was interned because of membership in an illegal organization, or for whatever reason made the internment necessary, so that there would be no suggestion of his being interned because he was an officer of a trade union, whether we like that particular union or not. The minister will see the logic of this. It would remove every opportunity to say that the government is attacking organized labour, with which I am satisfied the government does not intend to interfere. I leave that thought with the minister. He knows the persons I have in mind, and I have no doubt he knows the necessity that exists for removing every opportunity for creating suspicion and distrust. That, to me, is most important.

Mr. LAPOINTE (Quebec East): I will keep in mind the suggestion my hon. friend has made, but he knows that as far as I am concerned, members of trade unions will not be in any way interfered with.

Mr. MacINNIS: I agree with that.

Mr. LAPOINTE (Quebec East): I believe in trade unions.

Mr. CASTLEDEN: It is said that the price of freedom is eternal vigilance. I doubt very much whether the people of Canada realize this to the extent that they should. It has also been truly said that many of those things which we take for granted as part of our institutions under the British flag are accepted and not appreciated until possibly we lose them. I cannot urge too vigorously that the people of Canada be kept informed—and this is the keynote of what I have to say—and that everything possible be done to maintain the trust, the confidence of the people. We are passing through a dangerous time, and

any Canadian worthy of the name will support to the utmost the regulations that are aimed at protecting us through these trying times when sabotage and betrayal from within are so rampant. Reading through the regulations and studying them, one must feel that there are sections under which a wide interpretation may be read into regulations under which a person might be charged. This leads to serious curtailment of democratic rights. Curtailment of these rights in such matters as criticism of government action may go too far, and it is important that we should maintain, even at this time, the democratic right to exchange ideas.

The other question is that of law. It seems that due process of law has been too severely reduced in some instances. We in this group believe that liberty has a difficulty in living amid greed and avarice, and we see little chance of true democracy thriving in a country where there is great poverty and extreme wealth. I hope the minister will remember that the democratic rights of people under the British flag have been won through centuries of struggle, persecution and even bloodshed. I know the responsibility that rests upon the minister is great, and at no time has a man's integrity been needed so much by his country as at the present day. There is no failure which a man need fear so much as the failure to stand up for the things he believes to be right. After my short acquaintance with the minister I believe there is hope that he will stand up for what is right. The responsibility is so tremendous that I can but say that if he fails, the result will be nothing short of a catastrophe. I urge upon the department that they do their utmost to inform the public and to keep it informed as far as is humanly possible, so that the faith and trust of the Canadian people may be maintained. If that faith and trust should fail, I see dark days ahead.

Item agreed to.

96. Remission service, including remuneration to members of the Royal Canadian Mounted Police force (to be expended under order in council, and not to exceed \$1,600) for assistance to this service, and an amount of \$10,900 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, \$49,160.

Mr. GREEN: Has the minister completed his investigation into the case about which there was a furore earlier in the session, that of Joe Celona of Vancouver? That was a white-slave case in which the man was released when he had served approximately half his sentence, but in consequence of public

protests he was put back in the penitentiary. I understood at the time that the minister would have a thorough investigation made. Has that been done?

Mr. LAPOINTE (Quebec East): I said there would be an investigation. It was before the decision was reached and it did not take long to cancel the ticket-of-leave and put him back in gaol where he is and where he is going to stay. As my hon. friend says, public opinion asserted itself. The practice usually followed in cases where an application is made was followed in this instance, and the reports received indicated that the man had learned his lesson, had reformed and was going to lead a better life. In such cases we must of course rely on various authorities who give us information about the past and the present attitude of the prisoner and whether the ends of justice would be better served by releasing him. The conclusion was reached that this could be done in this case, but public opinion, as the hon. gentleman has rightly said, asserted itself and the department received many protests. After communicating with certain persons and bodies in British Columbia, I came to the conclusion at once that it was better to put the man back in gaol.

Of course, public opinion is an element when it comes to the exercise of clemency. It would not be where the question of the guilt or innocence of the man was involved. Public opinion has nothing to do with that. But when it comes to clemency, I will not say it is one of the most important factors, but it is a factor; and when public opinion asserts itself as it did in this instance I think it is better for the ends of justice that clemency should not be exercised. The remedy was there and could be applied, and it was applied without any hesitation. May I read a letter from the John Howard Society which is of interest. This society interests itself in cases of this kind in British Columbia and I place a good deal of trust and confidence in it. This letter was sent to the hon. member for Vancouver North, but the society sent me a copy:

Dear Mr. Sinclair,

This will acknowledge your letter of July 11 with reference to the Celona case. The John Howard Society representations were made both to the hon. the Minister of Justice and to the chief of the remission service.

I quite agree with you in your reference to the remissions branch in the matter, for as you say, they are guided largely by the recommendations of local authorities. It is to the credit of this department that they acted promptly when further information was forthcoming. In our communication we informed the minister that we had absolute confidence both in himself and in the remissions branch. In our relations

[Mr. Green.]

with the department throughout the years we have found Mr. Gallagher and his staff to be very cooperative, and I personally feel that this important branch of the service is being administered both fairly and efficiently, and beyond reproach.

Mr. GREEN: Did they recommend that Celona be released or be reincarcerated?

Mr. LAPOINTE (Quebec East): They intervened before the recommendation that the ticket-of-leave should be cancelled. As I say, I have confidence in the officers of this association, who have on many occasions proved themselves worthy of that confidence.

Mr. STIRLING: But the letter was after the reincarceration took place?

Mr. LAPOINTE (Quebec East): Yes.

Mr. GREEN: I doubt whether the minister is correct when he states that public opinion should enter into the question of whether or not ticket-of-leave should be granted. Public opinion is too uncertain—

Mr. STIRLING: Too fickle.

Mr. GREEN: —to influence such an important decision.

Mr. LAPOINTE (Quebec East): It is one factor.

Mr. GREEN: In this Celona case the public happened to find out what had been done, but there may have been dozens of similar cases of white slavers throughout Canada who have been released with no opportunity for public opinion to take a stand. I think the department would have been much better advised to consult the John Howard society before they released such a man rather than getting a letter after he had been released and a great outcry had resulted. Would it not be possible to consult the John Howard society in many of these cases?

Furthermore I understand that the remissions branch did not consult the police of the city of Vancouver at all, and also that out of the seven letters they got dealing with the case one was against release. I do not know whom that was from, and I suppose the minister would not care to disclose which official recommended against release, but it seems to me it is too much of a hit-or-miss way to deal with a white slaver. This man was notorious in Vancouver, one of the worst criminals we have had there since I have been in the city. He was sentenced to twenty-two years by the trial judge; the court of appeal cut it to eleven years, and then he comes out with a smirk on his face in five and a half years. I suggest that in white-slave cases this unwritten rule that prisoners should be released after serving half their

sentence should be disregarded. Men who commit that sort of crime should serve the full term; there should be no question of the government taking the stand that they are reformed; men of that type are not likely to reform in a penitentiary. For the protection of our womenfolk these men should be kept in the penitentiary as long as possible. I urge on the minister that he see to it that the remissions branch change the rule and keep men of that type in penitentiary for the full term of their sentence.

Is any step to be taken by the government by way of appointing a penitentiary commission? That was recommended in 1938, two years ago, and this government are supposed to be a government of speedy action, although I have never seen much trace of it myself, but they are supposed to be fast workers. This is not a very good example of speed. Why has that commission not been appointed long since?

Mr. LAPOINTE (Quebec East): As my hon. friend says, this was recommended two years ago, and two years ago a bill based on that recommendation and that report was introduced in parliament. The bill went through this house but met an unfortunate fate in the other place, so one year must be taken off the calculation of my hon. friend. Last year a bill was passed, and the commission would have been appointed last fall; I was doing my best to find the personnel best qualified for the work. It was the intention of all hon. members when that bill was considered in this house that the best available men should be chosen for that work. Frankly, I say that the war first interfered with the selection of the men, and then the general election came later—

Mr. GREEN: That should not have made any difference.

Mr. LAPOINTE (Quebec East): It did, because one or two of the men who were being considered thought they could serve their country in another capacity. However, as my hon. friend knows, we have been very busy during this session. I can assure him that the commission will be appointed as soon as possible, but I prefer even to take a little more time and have good men than have men who would be criticized at the next session of the house as not doing the work as it should be done. I shall do my best when this house is closed. The item in the estimates on penitentiaries includes the salaries to be paid to the commissioners, and all that is left is to have the law proclaimed and the commission appointed. I must say that I had

recommended the inclusion of a larger estimate, on account of certain reforms which ought to be made at the same time, but unfortunately the money requirements for the war have played havoc with my estimates as well as with those of other departments. But the commission will be appointed and will try to put into practice most of the recommendations of the report.

Mr. POULIOT: I congratulate the minister upon not having appointed that commission.

Mr. GREEN: This hon. gentleman was not one of the applicants, was he?

Mr. POULIOT: I congratulate the minister very warmly. I opposed the bill and I am glad that the commission is not appointed. The minister is saving trouble for himself and the department by not appointing the commission. I believe the minister is a good minister; I believe the gentleman in front of him is a good man, and I do not see the use of that commission. We have enough commissions. I hope the minister will comply with my request rather than with that of the hon. member for Vancouver South.

Item agreed to.

103. Payment of gratuities to the widows or to any dependent children of judges who die while in office, \$15,000.

Mr. MacINNIS: Could the minister tell the committee what payments were made under this vote in each of the last two years?

Mr. LAPOINTE (Quebec East): This provides for the payment of two months' salary to the widow of a deceased judge. This practice has been followed for many years, for as long as I can remember. This is the amount voted each year for this purpose. I do not know how much was paid last year. I suppose it is about the same every year, since providence usually acts in much the same way year by year.

Mr. MacINNIS: This is one of the items I do not like, because it comes under the head of what might be called class legislation. I see no reason why the widow of a judge should receive a gratuity from this government any more than the widow of a longshoreman, of a farmer or of a letter carrier. The judges receive fairly good salaries; and if a man being paid from \$7,000 to \$15,000 a year cannot make provision for his widow and family, how can we expect persons receiving less than one-tenth or one-twentieth of that amount to make such provision? When our old people reach the point where they must

apply for old age pensions they have to turn their lives, as it were, inside out, and expose to the public gaze all their affairs before they can get a solitary cent. I see no reason why one class in the community should have provision made for every exigency in life, while the great mass of the people, if they get anything at all, have it handed out to them in the most niggardly fashion. I object to this item in the strongest possible terms.

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

Pensions and other benefits.

358. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, \$11,749.16.

Mr. GREEN: We have been passing the items so quickly that possibly my question is not in order under this vote, but perhaps I may be allowed to state it now. It is in connection with general administration. In at least two provinces, Ontario and British Columbia, provincial home guard forces are being established. Could the minister explain to the committee just how he proposes to tie in the work of the mounted police in regard to fifth column activities with the work done by these home guard forces? It seems to me that unless there is the closest cooperation between the federal government, acting through the mounted police, and the provincial governments, acting through their provincial police, many difficult problems may arise. I think the real root of the trouble is that the mounted police have not sufficient forces in Ontario, Quebec, and British Columbia to look after fifth column activities, because in those provinces there are provincial police forces, while in the other provinces the mounted police do the work ordinarily done by the provincial police. It seems to me that there should be the very closest tie-up between the federal and provincial forces, otherwise there will be all kinds of trouble.

Mr. LAPOINTE (Quebec East): As my hon. friend knows, the provincial police have exactly the same rights and powers as the mounted police acting in the various provinces. I quite agree that there must be the most complete cooperation between the two forces, but it is important that the distinctive character of the Royal Canadian Mounted Police should be maintained and that the standard and quality of its work should not be impaired in any way. We are trying to increase the force as much as possible. The commissioner is recruiting the best men available, but at this time it is fairly difficult work, because those who might be the best men either have enlisted or are engaged in some

[Mr. MacInnis.]

other occupations. However, the work is being carried on and the increase is gradually being brought about.

With regard to the home guard, which was mentioned in the house this session as being organized, that does not come at all under the mounted police or under the control of the minister in charge of the mounted police. As my hon. friend indicates, however, there ought to be the greatest cooperation possible between all these forces.

Mr. ROSS (St. Paul's): Would it not be possible to have one head for all the police in Canada? With all the provincial and city police forces I think there should be one head to the whole show. Would it be possible to have something done along that line? The minister shakes his head. Of course I appreciate the difficulties that exist, but it seems to me most important that what I suggest should be done. We know there are bound to be certain differences of opinion as between the provinces and the dominion. It must be realized, however, that we could not operate our militia in Canada if we had a head in each province. We realize that in that regard there must be a head for the whole dominion.

I appreciate the difficulties encountered by the mounted police, and I realize how delicately they have to treat all these matters. In my opinion this is a matter to which the government should give careful consideration, so that there may be more coordination, as has been pointed out by the hon. member for Vancouver South.

May I say this with regard to home guards: These men are earnest in what they are doing, and there should be some control over them. In some places there is an effort to have them placed under the city police. Something must be done about that matter.

Mr. POULIOT: I have listened carefully to the suggestions made by the hon. member for St. Paul's (Mr. Ross). It must be realized, however, that Toronto, while it is a beautiful city, is a jealous one. I do not know what his worship the mayor and the aldermen of that city would say if the Minister of Justice were to take charge of the police force in Toronto. We must remember that municipalities are jealous of their privileges, and the hon. member must recognize that fact. I believe that the minister is wise in not taking the step suggested, and that he would be acting properly if he were not to interfere in municipal or provincial affairs. The minister, who is a diplomat, would not seek to encroach upon the privileges of the provinces or the municipalities.

Mr. ROSS (St. Paul's): The hon. member for Témiscouata will remember that I admitted there were certain difficulties in the way, but I must say that the hon. member seems always to put more difficulties in the way. I am trying to do something constructive when I ask the government of Canada to take action in connection with the policing of the country. We realize that we have the dominion police force, but there is no single authority which would head a police force in Canada, and it is necessary that that authority be established. I realize that there are jealousies, and I know the mounted police encounter difficulties in this connection. But there is no reason in the world why we cannot try to do something.

Mr. CHURCH: The war is putting such a heavy burden on the municipalities that the time is coming when the federal power will have to make contributions to them for police protection. Ever since confederation the enforcement of the federal statutes has been the responsibility of the provinces. That responsibility has been relegated by them to the municipalities.

I raised this matter during the last session. I do not wish to speak at length upon it now, at this late hour of the present session, because I should like to see the minister's estimates passed immediately, because I am so very glad to see him back in the chamber again. I intend to raise the matter at the next session, if I am still here. Too much responsibility is placed on the shoulders of the municipal taxpayers for many federal burdens. The dominion should make a proper contribution to the larger cities to maintain a police system sufficient to enforce federal statutes.

Mr. POULIOT: The hon. member for St. Paul's (Mr. Ross) made what he described as a constructive suggestion, when he said that the Royal Canadian Mounted Police should perform work which, in my opinion would make of them a sort of sky-scraper. He knows very well that a sky-scraper cannot be built too high. I point out to him that that is the danger of the suggestion he has made. Moreover, I have no lesson to receive from him, or from any other hon. member in the chamber, except, of course, from the chair.

Mr. GREEN: I suggest to the minister that the counteracting of fifth column activities should be exclusively in the hands of the mounted police. I point out, further, that it is quite obvious that they have not enough men to do that work in the three provinces of Ontario, Quebec and British Columbia. Would it not be possible for the dominion government to pay a certain subsidy or a certain fee to the governments of those three

provinces, so that a certain proportion of their provincial police forces might help out with the work against the activities of the fifth column. Those officers would be under the direction of the mounted police.

Mr. LAPOINTE (Quebec East): They are doing that, with their own money, at the present time.

Mr. GREEN: But not in the same way.

Mr. LAPOINTE (Quebec East): I do not know whether it would be fair to ask this parliament to supply funds for provincial policing activities. However, as I said, cooperation must be the best possible among the two or three powers involved.

There is no doubt that there would be much to commend the suggestion regarding central authority, so far as police activities are concerned. But one of the difficulties in our constitution, as has been pointed out by the hon. member for Témiscouata, is that the provinces are jealous of their powers and their autonomy. However, this is a matter which might be studied and considered by a federal-provincial conference, so that some understanding might be reached. The commissioner informs me that in Great Britain the central authority keeps a sort of inspection on various local police forces, and contributes a certain amount toward their work. I do not know whether that could be done in Canada, but certainly it cannot be done without the consent and the cooperation of the provinces, and possibly the large municipalities. It might be considered that they should come into the scheme.

Mr. GREEN: At the moment these home guard units in the provinces are not under dominion control of any kind, either by the mounted police or by the department of national defence; is that correct?

Mr. LAPOINTE (Quebec East): I thought the Department of National Defence had something to do with them; I know I have not.

Mr. ROSS (St. Paul's): I have mentioned before in the house the matter of the protection of the hydro-electric plants in Ontario. This is no longer a provincial matter. Rather, I suggest it is one of national importance, and there should be no question of controversy as between the provinces and the dominion as to who must pay for the protection of those plants. They are of national importance, and therefore I suggest it is the responsibility of the dominion government to provide proper protection. If guards were provided by the dominion government, much of the controversy between the provinces and the dominion would

be eliminated. I wonder if it is really appreciated how vitally important are the developments at Chippawa, Beauharnois and many other points throughout the country. From what I have seen I am convinced that they are not adequately protected, and I am asking the minister to do something about the matter.

Mr. CHURCH: So much federal work has been placed on the shoulders of city police forces that they have not the requisite number of men to carry out their own functions, namely, to protect life and property in the larger cities. In my opinion the dominion should enforce its own law, or as an alternative pay a subsidy to the larger cities for that enforcement.

Item agreed to.

POST OFFICE DEPARTMENT

265. Departmental administration, including amounts required to pay allowances to typists, grade one, employed cutting stencils, in accordance with regulations approved by order in council, \$438,000.

Mr. CHURCH: I should like to call the attention of the new Postmaster General (Mr. Mulock) to the rotunda of terminal "A" at Bay and Front streets in Toronto. Toronto is without an adequate post office, and yet it gives this government \$8,000,000 in revenue, the largest by millions of any other city. The building at the corner of Front and Bay streets should be fixed up, especially the rotunda. Our post office is a great public utility; yet this building in Toronto is not at all creditable to the government compared with other public utility buildings and their modern plants. This building, situated beside the union station, is closed at one o'clock on Saturday until Monday morning. When travellers and tourists go there to the post office to buy a postage stamp or get their mail, they find a card on the door after one o'clock on Saturday, telling them to ask directions from the nearest policeman to the post office on Adelaide street. The result is that a tourist has to try to find a strange place on a hot day. I have not seen this notice personally nor do I know about it myself, but I have received two or three letters about it and about the lack of service near the boats and the railway station at week-ends. We have a splendid staff of postal officials who work under poor conditions.

The Canadian postal system should be expanded along the lines of the British system, with additional new features and modern services. We should have a proper service in Toronto, and the cost of city delivery should be reduced to the drop rate of one cent. Surely the money taken from the wholesale

[Mr. Ross (St. Paul's).]

and retail houses and the labouring men of Toronto, nearly eight million dollars, should not be devoted to maintaining a system all over the country. The minister has only been in office for a few days, but, since he is from the Toronto district himself, I urge that he look into this situation.

Hon. W. P. MULOCK (Postmaster General): My hon. friend's first question deals with a matter which comes under the Department of Public Works. I shall be glad to give consideration to his second question.

Mr. HAZEN: What was the revenue of the Post Office Department last year?

Mr. MULOCK: The revenue for 1939-40 was \$44,208,369.48 gross.

Mr. HAZEN: Will the minister consider sending mail to soldiers overseas free of charge? It means a great deal to these men to be able to keep in close touch with their homes. I would extend this suggestion to include parcels as well as other mail. I know from experience how pleasant it is to receive mail and how it helps to strengthen one's morale, if I may put it in that way. I earnestly ask the minister to consider this suggestion.

Mr. CHURCH: When will the new building on Fleet street in Toronto be opened? I know that because this is a public building, it will be under the jurisdiction of the Department of Public Works, but I notice the minister of that department is here to-night and I urge both ministers not to let a day be lost in getting this building ready. When one goes into the union station at Toronto on a train, one sees trucks everywhere filled with mail. There is no place to put the mail and quite often it is spoiled during inclement weather. This is a public utility, and the public would not stand this kind of service from the Bell Telephone or a gas company or a transportation or power system. Toronto has been very long suffering, but I hope that this building will be completed with all speed, especially now that there is a war on.

Has the government also given any consideration to carrying soldiers' mail free? The government carries newspapers and that class of mail, some of them being objectionable United States newspapers, at a loss of from three to four million dollars.

Mr. MULOCK: At the present time soldiers' mail from overseas to Canada is free. I shall have to discuss the other matter raised by the hon. member for Broadview with my colleague, the Minister of Public Works, and I shall be glad to advise my hon. friend what progress is being made. I am glad to know

that he approves the decision of the department to construct a city delivery building at that point in Toronto.

Mr. GREEN: The minister did not answer the question asked by the hon. member for St. John-Albert (Mr. Hazen) with regard to overseas mail to soldiers.

Mr. MULLOCK: Letters, post-cards and newspapers for the Canadian troops in the United Kingdom are accepted at Canadian domestic rates. Parcels for Canadian troops in the United Kingdom benefit by a reduced rate of twelve cents a pound up to eleven pounds, and a concession as regards customs charges. No duty is charged on parcels sent to Canadian troops in the United Kingdom.

Mr. GREEN: No English duty?

Mr. MULLOCK: No English duty. Parcels for his majesty's ships and his majesty's Canadian ships abroad, as well as parcels for members of the officers' auxiliary services, such as the women's auxiliary territorial service and the women's auxiliary air force, if addressed to units serving in the United Kingdom, are entitled to the rate of twelve cents a pound. Letters, newspapers and parcels for the Canadian troops in the West Indies and Iceland pass at the regular postage rates for civil mail to those countries. Ordinary letters not exceeding two ounces in weight posted to Canada by Canadian troops at Canadian army field post offices in the United Kingdom are accepted free of postage. Of course, if posted at a civil post office, the regular British rates to Canada would apply.

Mr. HAZEN: What would it cost the department if letters were sent free from Canada to soldiers overseas? Also, what would it cost the department if parcels were sent to soldiers overseas without postage?

Mr. MULLOCK: I do not think the officials of the department are able to give that information offhand. It would be a very rough estimate. I would be glad to look into the matter and see if we can furnish the information. The result of such an arrangement would undoubtedly be a substantial increase in the number of parcels sent—which naturally from the soldiers' point of view is an excellent thing. But there would be difficulty with regard to procuring sufficient space on ships to take such parcels overseas.

Mr. POULIOT: It depends on how thoughtful their friends are.

Mr. MULLOCK: And of course the department would have to pay for ocean transportation.

Mr. ROSS (St. Paul's): That would not apply to letters. One would not meet the same difficulty in the free carriage of letters, as distinguished from parcels.

Mr. MULLOCK: Yes, we have to pay for space for letters, also.

Mr. ROSS (St. Paul's): But the number of additional letters which would go to soldiers overseas would not take up very much more space. It might incline people over here to write letters if it were not necessary to stamp them.

Mr. MULLOCK: As I informed the hon. member for St. John-Albert, we can take the suggestion under consideration.

Item agreed to.

269. Air and land mail services, \$10,863,876.

Mr. HARRIS (Danforth): On this particular item, the minister and the committee will note that there is the substantial increase of \$1,859,827, all of which, as will be gathered from the details of the services, has to do with the mail service by air, inasmuch as the budget for the year 1940-41 contains an appropriation of \$4,460,651, whereas last year the requirement was \$2,250,835.

On examination of this substantial vote, we find that Trans-Canada Air Lines are receiving the major portion of their revenue from the Post Office Department.

I believe all Canadians are proud of the wonderful work which Trans-Canada Air Lines are doing on behalf of the dominion in the matter of air services. In the past two or three years, during the initial stage, and coping with a very great problem, they have certainly put Canada on the map as far as air service is concerned, and it is a matter of congratulation that such marked success has been attained in connection with this combined air service.

The combination to which I refer is that of the passenger traffic—and it is this which grips the imagination of the public—with the mail service, the service which is given in the carriage of mail by air. For that service, \$2,250,000 was voted by this house last year, as well as the deficit which the air lines showed. We anticipate, if we are sensible about the matter, that on a new venture such as Trans-Canada Air Lines there will be deficits for a few years. But it is disquieting to find that the rate which is paid by the Post Office Department for the carriage of air mail is far in excess of anything which even the department itself would admit should obtain. In proof of that statement I quote the observation of the officer in charge of air mail services that he did not know whether

the rate should be 35 cents or 50 cents per flight mile, although at the same time he knew that the contract entered into between the Post Office Department and Trans-Canada Air Lines—I speak subject to correction—calls for a rate of 60 cents. On further cross-examination he told one of the members of the standing committee which investigated this matter that the guess of the hon. member might be as accurate as the guess of the post office official charged with the responsibility of carrying out the terms and conditions of the contract to which I have reference.

The point I want to make to the new Postmaster General is this. There is in the department for which he is responsible a certain contract, in force until December 31 of this year, between the department and Trans-Canada Air Lines to pay for the carriage of mails at the rate of 60 cents a mile. That contract, of course, he must honour. But I am informed that the average rate in the United States, where traffic is more dense, the mail more voluminous, and the mail carrying planes, perhaps, not quite so de luxe, is 19½ cents, say 20 cents for convenience in figuring. We are paying three times that rate. I am quite willing that a somewhat higher rate shall apply in the sparsely settled areas of Canada. But a charge three times as great, representing a figure which in the committee would not be recognized by the officials, is one which should be revised when the present contract expires. I ask the serious attention of the Postmaster General to this matter, for several reasons.

First, we know that 69.5 per cent of all the revenues of Trans-Canada Air Lines should not come out of the till of the Post Office Department. When Trans-Canada Air Lines makes its report at the end of the calendar year and in that report says that it has earned its depreciation charges, its interest, and is going to show a small profit, that may be a statement of fact taken from the record, but how was the money earned? It was earned because it made a favourable contract with another department of the government, namely the Post Office Department.

I have remarked in this chamber within the past fortnight that we have been unfortunate in not having had a Postmaster General to look solely after the interests of the department. The ministers who were temporarily in charge have been running other departments; they have been very busy, and they are only human. I am glad that we now have a Postmaster General to supervise and operate the department, and I ask him to see to it that no improvident contract such as the one I have mentioned shall be entered

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into by his department when the present contract expires. He has asked for an appropriation of \$4,460,651 for the air mail service, whereas the entire costs of operating that service last year were only \$2,250,835.

He knows, I know, and the Minister of Transport knows that there will be a great expansion in the schedules, more service across Canada. But let us be frank and fair with the Canadian people and tell them that Trans-Canada Air Lines, while giving a good service, does have a deficit. But I say to the government, "Do not dip into the sacred till of the Post Office Department and take out \$4,450,000 to subsidize Trans-Canada Air Lines." That is what is being done. The government must not do this and then, when the balance sheet comes out, report that there is an operating profit after depreciation and interest charges have been paid. The report states: The company's operating budget for 1940, based on the assumption that the second trans-Canada schedule will be operated in the spring and that its services will be extended to Windsor—and I congratulate the government in this connection; I noticed the schedule in the press to-day—and to New York and Buffalo during the summer, contemplates that there will be a profit for the year after depreciation and interest. Let us state the real facts. They should read something like this: The company's operating budget for 1940, based on the assumption that this parliament will vote \$4,450,000 out of the post office till, almost 10 per cent of the total \$40,000,000 which comes to the Postmaster General, contemplates that there will be a profit for the year after depreciation and interest.

I offer these observations for whatever benefit they may be to the minister. May I ask him one or two questions. Does the contract at 60 cents expire December 31, 1940? Second, what portion of this vote asked for now will be for the fiscal year ending March 31, 1941? Could the minister give us some idea of the expansion of air mail services and the revenue which he is receiving from the extra postage received, putting that into some readable equation alongside the vote now asked for?

Mr. MULLOCK: First of all in regard to the question of the extension of services, the particulars of increases in trans-Canada services, as compared with last year, are as follows:

Moncton-Montreal: The 1939-40 estimates contained provision for operation of this service for three months from January 1, 1940. The operation for the full fiscal year involves an increase of \$140,379.

Montreal-Ottawa-Toronto: This service was not provided for in the 1939-40 estimates and the amount required is \$219,429.

Montreal-Vancouver: The increase in frequency by one round trip daily including Sunday, and re-routing, involving additional mileage, accounts for an increase of \$1,249,796.

Toronto-Buffalo: The 1939-40 estimates provided for one round trip daily including Sunday for three months from January 1, 1940. Service of two round trips daily including Sunday, from October 1, 1940, will require an additional \$28,799.

Toronto-London-Windsor: Provision was made in the 1939-40 estimates for operation of this service for three months from January 1, 1940, on a basis of one round trip daily including Sunday. Provision for service on the basis of two round trips daily including Sunday from July 1, 1940, involves an increase of \$103,102.

Toronto-New York: No provision was made for this service in estimates for 1939-40, and the amount required to provide two round trips daily including Sunday from October 1, 1940, is \$174,720.

Vancouver-Seattle: Increased frequency from two to three round trips daily including Sunday requires an additional \$51,533.

In addition to that, there is the Edmonton-White Horse which shows an increase in the rate from 31·35 cents to 40 cents a mile. There is an increase in the summer frequency from weekly to semi-weekly, involving an increase of \$24,800.

Maritime service—Moncton-St. John; Moncton-Halifax; Moncton-Charlottetown. This requires \$63,678.

Montreal-New York: The amount provided in the estimates for 1939-40 was cut by \$17,368, which should be restored to cover the cost of this service. The amount is \$17,368.

North Shore of St. Lawrence: Extension of service from Harrington Harbour to Lourdes du Blanc Sablon involves an increase of \$2,500.

Regina-North Battleford: An increase in the rate from 42 cents to 45 cents a mile requires an additional \$8,000.

Sioux Lookout-Jackson Manion (formerly Narrow Lake) a rearrangement of the route and tri-weekly service has increased the cost by \$500.

Sioux Lookout-Red Lake: A rearrangement of the route in order to serve Uchi Lake and increased poundage involves an increase of \$2,500.

Vancouver-Fort St. John: Frequency increased from weekly to twice weekly during summer months and rate increased from 31·35 cents to 40 cents a mile, requires an additional sum of \$12,500.

Vancouver-Victoria: Established 1st March, 1939, unprovided for in 1939-40 appropriation, necessitates an item of \$19,345.

White Horse-Dawson: Increased poundage necessitates additional provision to the extent of \$5,000.

Winnipeg-Fargo: Increase in rate from 31 cents to 35 cents a mile involves an increase of \$3,665.

Winnipeg-Favourable Lake: Established 1st April, 1939. The amount required is \$4,000.

Winnipeg-Red Lake: Contract expired on the 29th February, 1940, and a temporary arrangement has been made. This, combined with an upward trend in the volume of mail carried, has increased the cost of the service by \$3,000.

Contracts for a number of services in central Canada expired on the 29th February, 1940, and are being carried on under temporary arrangements at contract prices pending a review of rates throughout the area by the board of transport.

Mr. HARRIS (Danforth): Can the minister give the contract prices?

Mr. MULOCK: For the series that expired on February 29, the amount of the increase is \$121,343.

Mr. HARRIS (Danforth): I asked the contract price. What is the rate per mile?

Mr. MULOCK: Those are on the so-called bush services. The rates vary according to the service. For that reason they were referred to the board of transport commissioners for an opinion as to the fairness of the present rates.

Mr. HARRIS (Danforth): Have any contracts been renewed since February?

Mr. MULOCK: No, they have not been renewed.

Mr. HARRIS (Danforth): What will the policy be with regard to contracts that will be entered into probably in September, October and November for the calendar year 1941? Will they also be referred to the board of transport commissioners?

Mr. MULOCK: I should like to be in this department as minister a little longer before expressing an opinion on that.

Mr. HARRIS (Danforth): I hope, when the minister comes to make these contracts, he will not only take the advice of the transport commission but also the advice of his own department, and be abundantly fair with the

Canadian people, because they do not contemplate a profit for the year after depreciation and interest, and when we have to pass this statement we go through our vocabulary trying to find words adequate to describe such an absurd suggestion as the one we read in the report. We dare not call it blatant nonsense because we have respect for the signature it carries, namely that of Mr. Hungerford, president of the road. At the same time it is not fair to ask for this very large sum of money, which is not in proportion to the service being given. One of the reasons for it is of course, that the planes which carry the mail also carry the passengers, and it probably takes a \$140,000 plane to carry the passengers, whereas the same amount of mail could be carried in a plane costing \$35,000 or \$40,000. That our mail is getting a de luxe ride in a \$140,000 plane is no reason for paying two or three times as high a rate. I hope the minister will take these observations into consideration and not expect us to accept a statement like this. In the early years of the establishment in Canada of this great trans-Canada air system we should not be fooled by a report that says it is earning interest and depreciation when we know the money is merely being taken out of one pocket and put into another. How much is being put into the pocket of the post office?

Mr. MULOCK: In reply to the hon. member's question as to volume, the figures on *Hansard* last year, to which he no doubt refers, were these. The week ended April 12, 1939, showed a poundage of 935 which in 1940 increased to 1,908. For the week ended April 19, 1939, the poundage was 954, and for the equivalent week this year it was 1,841. There are large increases all through. For instance, for July a year ago the total gross weight carried on all trips amounted to 49,580 pounds. This year the hon. member will be glad to know that it has increased to 78,679 pounds, and that last year the air mail postage amounted to \$2,815,018. Therefore the department is receiving an increased amount of revenue from the air mail service all the time. It is anticipated that the new extensions will provide a substantial revenue.

In regard to the rate, I am glad to know the hon. member is interested in that, because I have already brought that matter to the attention of my colleague the Minister of Transport. Present indications are that we shall be able to obtain a substantial reduction in the rate. I should not like at this time

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to make any statement as to the figure, but it is hoped that it will be 50 cents or less instead of the present 60 cents.

Mr. HARRIS (Danforth): The minister says that the revenue from air mail postage was \$2,815,018, but it must be remembered that a substantial part of that revenue is absorbed in gathering that mail, sorting it on land, subsequent transporting of it to the plane, then breaking it up into its different parcels at the points where it is diverted in one direction or another, further carriage of the same mail overland, and final distribution, so that the actual amount of service rendered by Trans-Canada Air Lines would not approach \$2,815,018.

Mr. HOWE: The only hon. gentleman round here who is under a misconception is, I think, the hon. member for Danforth. After listening to one of his speeches I wonder why we bring officers of Trans-Canada Air Lines from Montreal, keep them here for days and have them analyse the statements of the system, and why we bring post office officials here and have them show the position of the Post Office Department, only to hear in this committee a statement such as that made to-night, which is not in any way borne out by the facts.

Mr. HARRIS (Danforth): The minister might enlarge on it now he is speaking.

Mr. HOWE: Yes, I intend to. The facts are that we have been starting a new air service. We had no passenger business; we had no mail business; we had no express business; we had no services. We had to train pilots; we had to establish ground crews; we had to set up overhaul shops and to place the service in operation. We obtained the best information we could from people who are experts in operation of air transport, and we were advised by them that the cost of operation chargeable to the mail service, which could reasonably be expected in the first or second year of operation was 60 cents a mile. The hon. member says that the average rate in the United States is between 19 and 20 cents. I should be very much surprised if that is the case; my information is that it is about 33 cents, although I may be wrong in that, I have not seen the recent average. However, I can say that when the air services were established in the United States, the standard rate was \$2 a mile, and it was not until 1932, when the carriage of the mails was taken over by the army for a short and disastrous period, that the rate of \$2 a mile was subject to drastic revision. We did start out on

contract which called for an initial rate of 60 cents a mile. The contract provided that on the experience of a full year of operation the rate would be revised in the light of that experience. In other words, the cost of operation including interest on the investment and depreciation was to be set up as an operating cost, against which was to be credited the express and passenger revenue, and after those were deducted, the remainder was to be charged against the mail, and a new rate established based on that result.

We were not able to have a full year of operation in 1939 because the passenger service did not start until April of that year. As a result, parliament extended the initial period until 1941, maintaining the same rate of 60 cents. Now we have our full experience and are beginning to reap the benefits of second, third and fourth services over the same routes. Naturally the ground services cost but little more for four or five services daily than for one service, and many of the other costs are constant. The radio-telephone services; the passenger department and certain other fixed charges do not increase materially as the number of services increases. The result is that we shall be able to reduce materially the price to the post office for 1941 under the automatic feature of the contract. That is definitely assured at this time.

As to the revenue, I think we all realize that in starting a new service there will be some expense. The Post Office Department were establishing an air mail service which, looking at the experience in other countries and looking to the future of this dominion, they had every reason to believe would become profitable to that department as it was built up. A chart was set up which indicated that the service could be expected to be profitable to the post office in about the fourth or fifth year, as I recall the original negotiations. As a matter of fact, I am satisfied that the Post Office Department should about break even on the service this year and should make a substantial profit next year. Therefore my hon. friend's claim about one department of government robbing another is, in my opinion, unwarranted.

Mr. HARRIS (Danforth): On a point of order, Mr. Chairman, I did not say anything about one department robbing another.

Mr. HOWE: My hon. friend said something about our department putting our hands into the till of the Post Office Department, and a man does not usually put his hand into somebody else's till unless he wishes to take something that does not belong to him.

Mr. HARRIS (Danforth): I object to the word "rob". They put their hands into the till under a contract.

Mr. HOWE: The Post Office Department believed that in establishing an air mail service in Canada they were establishing something which was needed in this country and which, in time, would be profitable to the department and beneficial to Canadian business. Trans-Canada Air Lines believed that in establishing the service on this basis they were setting up a service that would handle his majesty's mail in a reliable manner and would furnish a passenger and express service which would be of benefit in speeding up the business activities of the Canadian people. So far as I am aware, neither department has been disappointed up to the present time. I think if one asked the responsible officers of either department who were concerned with making the original contract they would say that the results at this time, for both the Post Office Department and the air lines, far exceed any operating results that were anticipated at the time this service was put in operation.

Mr. HARRIS (Danforth): I have just one further observation to make and I shall have finished. Evidently the Minister of Munitions and Supply was not in the committee when I made my opening remarks; otherwise he would not have found it necessary to say what he has said for the last ten minutes, which was merely a repetition of what I said in congratulating the department. So far as that portion of his remarks addressed to the member for Danforth is concerned, I shall simply ignore them and let it go at that. If the minister wants to carry the matter any further, we are here and we shall be very glad to do so.

I think it is the right and duty of every hon. member to be fair with the Canadian people. Let us tell them that we are establishing a great service, and that it is costing us something. Let us not try to hoodwink them by saying it is going to be carried on at a profit. So far as the agreement with the Post Office Department is concerned, in referring to this 60 cent rate the official of the department was asked what the rate should be. His reply was:

Anything from 35 to 50 cents, but it is definitely less than 60 cents. The Trans-Canada bill makes it obligatory on the Trans-Canada Air Lines to supply equipment which will meet the requirements not only of mail conveyance but also passenger and express traffic which leads up to the determination of the rate.

That is just what I was saying. We know that our mail is getting a de luxe ride. We

know that we have not enough traffic in Canada at this time to put on special aeroplanes to carry mail only. But let us be frank with the Canadian people. Let us tell them exactly where we are getting the money. Last year 69.5 per cent of the money necessary to balance the budget of Trans-Canada Air Lines came from this one source. The other alternative would be to make a contract which, according to the evidence given by the official of the department, would be fairer to the Post Office Department than the contract at present in force. If there is a deficit, let us face it and pay it as we pay the deficit of the Canadian National Railways.

Mr. NICHOLSON: I have been greatly impressed, in discussing this service, with the efficiency displayed by the officials of this department. I feel that the minister is most fortunate in having within his department men who have made such a careful study of the development of similar services in other countries, as I believe we are very fortunate in having such a well developed service here. Would the minister tell us what increase would be required in the volume of mail carried before the service would pay its own way?

Mr. MULOCK: During the month of July, 1939, the average was about 1,599 pounds a day. This year it is about 2,538 pounds a day. At the present rate, that is on the basis of the 60 cent rate, we estimate that it would take about 4,700 pounds a day to break even on operating expenses.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

281. Departmental administration, \$190,415.

Mr. MacNICOL: I notice that the department is getting into the habit of employing outside architects to a considerable extent. Perhaps that is a commendable practice; I do not know, but I should like to compliment several of these architects on their splendid work. For instance, the architect for the new supreme court building, E. Cormier, Montreal, deserves a great deal of credit for the handsome design of that building. The same remarks apply to the architects for the magnificent, unique new building in London, Ontario, who, I believe, were Messrs. Watt and Blackwell. Then there is Craig and Madill, who were architects for the beautiful new post office in West Toronto. In all these instances I think the department deserves credit for the fine structures which have been put up. On the other hand, I always believe in giving a great deal of credit to our own

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architects and engineers in the department. In going outside the department I hope there is no reflection on the men in the department here at Ottawa. They are equal to the best.

Item agreed to.

Chief Architect's branch.

283. Ottawa—Maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, et cetera, \$2,683,989.

Mr. PURDY: I should like to draw to the attention of the minister an item which appeared a few days ago in the *Ottawa Journal*, pointing out that tenders had been closed on August 1 in connection with the installation of an oil heating system for the Daly building. At that time I had a question on the order paper asking the government if, so far as possible, Canadian fuel would be used for all public buildings in Canada. The answer from the Department of Public Works was, yes, in both instances.

It seems to me there is a certain amount of inconsistency. On the one hand we are told by the newspaper that the government is about to instal an oil-burning plant in the Daly building, to replace a coal-burning plant. On the other hand, I am told that in order to conserve exchange, in every instance so far as possible the government will insist upon using fuel produced in Canada. I admit that a certain amount of oil is produced in Canada, but certainly not to the extent of making it exclusively a Canadian fuel. Is the newspaper report with regard to the installation of an oil-burning system in the Daly building correct?

Hon. P. J. A. CARDIN (Minister of Public Works): The information of the hon. member is quite correct. This is an exceptional case. As a rule, as far as possible we use Canadian coal, but in certain instances we use oil. In regard particularly to the Daly building, I may point out that during past years complaints have been made to the department by the management of the Chateau Laurier, and it has been pointed out that at times the situation was intolerable. For a number of years I have lived in that hotel. My room happens to be on the east side, and not far removed from the Daly building. At certain times when fresh coal was added to the fires the situation was quite intolerable. I have had to close the windows. The curtains on the windows of rooms on the east side of the Chateau Laurier have to be changed several times a week, if they want to keep them clean. The sills of the windows are always covered with coal dust. I submit that in those circumstances we might consider this case exceptional.

However, this does not affect the general policy of the government, namely that of using as far as possible, Canadian coal for heating government buildings.

Mr. PURDY: I am sorry the minister has suffered inconvenience from the dirty coal dust. At the same time I have at heart the interests of my constituents in Nova Scotia. By a recent ruling of the foreign exchange control board, in order to conserve exchange my constituents have been refused the privilege of selling their lumber in the United States market unless it is paid for in official dollars, or, in other words, dollars purchased from the foreign exchange control board. As a result, the operators in my constituency have to accept prices \$2 or \$3 per thousand less than they could have obtained if they had sold in the unofficial market. In the marketing of lumber we have to start at the top and work down. In that respect we are not in the same situation as the manufacturer who starts at the bottom and works up. We have to take the prices we can get for our articles, and work down. The regulation of the foreign exchange control board which stipulates that we cannot ship our produce to the United States market unless it is paid for in so-called official dollars means that the workers in our lumber woods must work for a lower wage than otherwise they would receive. In other words, in order to conserve exchange with which to buy oil to heat the Daly building, and other public buildings, my workers who are employed in a primary industry are called upon to work at a lower rate of wage. I do not think, even at the price of inconveniencing the minister and the patrons of the Chateau Laurier, that should be permitted.

Item agreed to.

Chief Architect's branch.

Construction, repairs and improvements of public buildings.

Maritime provinces generally.

287. Dominion public buildings, improvements and repairs, \$50,000.

Mr. HAZEN: Is the \$50,000 voted last year to make improvements and repairs to dominion public buildings in the maritime provinces all expended?

Mr. CARDIN: Practically all expended.

Mr. HAZEN: On what buildings is this vote of \$50,000 to be expended, in the present year?

Mr. CARDIN: It covers improvements and repairs to any public buildings in the maritime provinces. Judging from the past, in all probability the whole amount will be expended.

Mr. HAZEN: Does the minister know what buildings require repairs at the present time?

Mr. CARDIN: I cannot tell the hon. member exactly. All public buildings require a certain amount of repair. In some instances, a coat of paint may be required, and in others, doors may have to be changed, and all that kind of thing. The vote covers only the annual repairs to buildings, repairs which may become necessary during the course of the year. It does not cover additions.

Item agreed to.

Chief Architect's branch.

Construction, repairs and improvements of public buildings.

Generally.

296. Experimental farms and science laboratories—replacements, repairs and improvements to buildings, \$100,000.

Mr. GREEN: Does this vote cover improvements to buildings at the central experimental farm in Ottawa? Out there I believe one building connected with the division of botany was being extended, and it would appear as though the extensions have been stopped. The building has been left half improved. It does not seem sensible to leave a building in that condition.

Mr. CARDIN: This vote is to cover buildings at the experimental farms.

Mr. GREEN: This building is at the experimental farm in Ottawa.

Mr. CARDIN: This refers to all buildings, not only in Ottawa.

Mr. GREEN: The building to which I refer is at the experimental farm here in Ottawa; it houses the division of botany, and the extension is only half finished.

Mr. CARDIN: It is not covered by this vote.

Mr. GREEN: What department would that come under?

Mr. CARDIN: Agriculture.

Mr. CASTLEDEN: Since the Department of Agriculture is doing away with five or six of these experimental farms, will this \$100,000 be required?

Mr. CRERAR: It is the experimental stations that they are doing away with.

Item agreed to.

Supply—Public Works

Chief Architect's branch.

Construction, repairs and improvements of public buildings.

Generally.

298. Public buildings generally—repairs, alterations, fittings and improvements, \$200,000.

Mr. ROSS (St. Paul's): What does this item cover?

Mr. CARDIN: It covers all repairs, alterations, fittings and improvements which may become necessary during the course of the year. This is a general item which is used to cover unforeseen expenditures during the year.

Mr. ROSS (St. Paul's): This is not included with the other votes for Quebec, Nova Scotia and so on?

Mr. CARDIN: This covers the whole dominion and is used to supplement the particular votes for the provinces. It very often happens that the amount set aside by the officers of the department to take care of public buildings in a province is not sufficient, so we are able to take a few hundred or a thousand dollars from this vote.

Mr. ROSS (St. Paul's): Was the amount voted last year used?

Mr. CARDIN: Yes.

Mr. HAZEN: How was the money distributed among the provinces last year?

Mr. CARDIN: Of that \$200,000, we spent a little over \$12,000 in the maritime provinces.

Mr. HAZEN: There are three maritime provinces; how much did each receive?

Mr. CARDIN: I regret that the amount has not been divided.

Mr. HAZEN: Where can that information be obtained?

Mr. CARDIN: I can give that information to my hon. friend to-morrow. The figures for the provinces are:

| | |
|--------------------------|----------|
| Maritime provinces | \$12,000 |
| Quebec | 75,000 |
| Ontario | 24,000 |
| Ottawa | 63,000 |
| Manitoba | 1,100 |
| Saskatchewan | 6,200 |
| British Columbia | 11,000 |

Item agreed to.

Chief Engineer's branch.

Dredging.

305. Manitoba, Saskatchewan and Alberta, \$52,424.

Mr. CASTLEDEN: Would this include dredging at Churchill?

Mr. Crerar.]

Mr. CARDIN: That work is under the national harbours board. There would be no money from this vote spent at Churchill.

Item agreed to.

Chief Engineer's branch.

Maintenance and operation of graving docks, locks and dams, etc.

307. Champlain graving dock, \$53,985.

Mr. GREEN: Are these graving docks owned by the dominion and operated by private companies, or what is the arrangement?

Mr. CARDIN: They are owned and operated by the department.

Item agreed to.

Chief Engineer's branch.

Maintenance and operation of roads and bridges.

315. New Westminster bridge, \$45,300.

Mr. GREEN: Will the minister explain this item?

Mr. CARDIN: This covers the operation of the New Westminster bridge which was transferred to the dominion government by the government of British Columbia. My hon. friend will remember that when the new bridge was built, the question of interference with navigation was brought up and the provincial government undertook to avoid any such interference. At the time it was thought it would be necessary to do away with the old bridge, but we have been advised that we might wait before taking such drastic action. It was contended that in reality the piers of the new bridge would not, as was at first believed, interfere with navigation. To make sure that the bridge would be removed when navigation would necessitate removal, it was agreed that the bridge should be transferred to the federal authority; and after a certain period of time, if it was established that it creates no interference with navigation, it would be returned to the provincial government. Complete accounts will be kept of the revenues which the department will derive from the operation of this bridge.

Item agreed to.

Telegraph branch.

Telegraph and telephone services—operation and maintenance.

332. Telegraph and telephone services generally, \$6,000.

Mr. CASTLEDEN: May I have an explanation of this item?

Mr. CARDIN: This amount of \$6,000 is required to cover unavoidable expenditures in

connection with dominion telegraph and telephone services during 1940-41. I can give details of the amounts:

| | |
|--|---------|
| Maintenance Pelee Island (Ont.) telephone cable | \$2,000 |
| Maintenance Timiskaming district (Quebec) telephone line | 2,000 |
| Maintenance Killarney telephone line and Cockburn island cable.. | 1,500 |
| Maintenance Maniwaki telephone line (Quebec) | 500 |
| Total | \$6,000 |

Item agreed to.

General.

338. Miscellaneous works not otherwise provided for, not more than \$3,000 to be expended upon any one work, \$50,000.

Mr. ROSS (St. Paul's): What does this item cover?

Mr. CARDIN: This is a general item to provide for unforeseen expenditures, covering the whole of Canada.

Item agreed to.

Special.

Chief Engineer's branch.
Construction, repairs and improvements of harbours and rivers.

New Brunswick.

348. To close out contracts, \$85,000.

Mr. HAZEN: In 1939-40 the sum of \$193,000 was voted to New Brunswick for the purpose of closing out contracts. I should like to know from the minister the names of the contractors, to whom this amount of money was paid, how much money each contractor received, and where the work was done.

Mr. CARDIN: The amount of \$193,000 voted last year was not to close out contracts. It was voted to execute works, which, in fact, have been executed. I am sorry that the officers of the department have not with them at the moment particulars of the number of contracts which were executed last year and the amount paid to each contractor. If my hon. friend desires to have the information, it can be given to him. Unfortunately I cannot supply it to him to-night, but it can be very easily obtained.

Mr. HAZEN: Thank you.

Item agreed to.

Special.

Chief Engineer's branch—Telegraph branch.
Telegraph and telephone services.
Ontario.

353. To close out contract, \$6,200.

Mr. CASTLEDEN: This item seems to be a duplication of item 350, which is "Ontario—

to close out contracts, \$275,000." The present item is \$6,200.

Mr. CARDIN: No; item 353 on page 40 of the estimates relates to the telegraph branch; item 350 on page 39 has reference to harbours and rivers.

Mr. ROSS (St. Paul's): Just before the estimates of this department are finished, I would point out to the minister that, while there has been a reduction in the total estimates of approximately \$17,000,000, there has been a reduction of only \$905 in departmental administration. I suppose that as soon as all the contracts are closed out, there will be a big decrease in departmental administration costs.

Mr. CARDIN: Possibly.

Item agreed to.

LEGISLATION

Library of parliament.

132. General administration, \$78,145.

Mr. CASTLEDEN: There are two librarians. Are they both in office?

Mr. CRERAR: There is a vacancy in one position at the present time.

Mr. CASTLEDEN: Is it expected that \$12,000 will be paid just the same?

Mr. CRERAR: The position will be filled in due course. I cannot say when.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine service.

433. Life saving service, including rewards for saving life, \$47,790.

Mr. HAZEN: At what points is the life saving service provided?

Hon. P. J. A. CARDIN (Minister of Transport): The stations are at:

Banfield, British Columbia; Clayoquot, British Columbia; Bayview, Nova Scotia; Little Wood island, New Brunswick; Cheticamp, Nova Scotia; Point Pelee, Ontario; Blanche, Nova Scotia; Canso, Nova Scotia; Devils Island, Nova Scotia; Duncan Cove, Nova Scotia; Herring Cove, Nova Scotia; Main-A-Dieu, Nova Scotia.

Mr. HAZEN: Does the department maintain life saving boats there?

Mr. CARDIN: Yes. We have boats at all these places.

Mr. HAZEN: At each of the places the minister mentioned?

Mr. CARDIN: We have boats at: Banfield, British Columbia; Clayoquot, British

Supply—Transport—Railway Service

Columbia; Bay View, Nova Scotia; Little Wood island, New Brunswick; Cheticamp, Nova Scotia; Point Pelee, Ontario.

Mr. HAZEN: What is the nature of the service provided in the other places mentioned?

Mr. CARDIN: I am informed that the only boats that have been used at the other stations are rowboats and they have been laid up this season.

Item agreed to.

Railway service.

441. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, \$39,414.69.

Mr. MacINNIS: Does this item relate to the maintenance and operation of ministers' private cars?

Mr. CARDIN: Yes, and the governor-general's also.

Mr. MacINNIS: At this time when there is so much urge for economy, do the committee not think that this would be a good place to begin to economize? Ministers could very well ride in the ordinary compartments and berths in the standard railway cars.

Mr. CARDIN: I am inclined to agree in a general way with the observation made by my hon. friend, but in certain instances I think it is useful and advantageous to the public service that the minister be given the benefit of a private car, because on a private car he can take members of his staff and carry on his work. I think there is no abuse in the use of private cars by the ministers. They are not used for pleasure purposes; I need not say that, it must be obvious; they are used when ministers are travelling in the public interest.

Item agreed to.

Railway service.

442. Hudson Bay railway—construction and improvements—capital, \$15,000.

Mr. JOHNSTON (Bow River): Is any new construction taking place on the Hudson Bay railway at the present time?

Mr. CARDIN: This vote is for a few small capital expenditures. For example, there is ditching, \$10,000; bridges and culverts, \$2,300, and engineering and supervision, \$600.

Item agreed to.

Railway service.

446. Amount required to provide for payment from time to time during the fiscal year 1940-41 of the difference (estimated by the Board of

[Mr. Cardin.]

Transport Commissioners for Canada and certified by the said board to the Minister of Transport, as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during the calendar year 1940, under the tariffs approved by the following companies: Canada & Gulf Terminal railway, Canadian Pacific railway, including: Fredericton & Grand Lake Coal & Railway Company, New Brunswick Coal and Railway Company, Cumberland Railway & Coal Company, Dominion Atlantic railway, Maritime Coal, Railway & Power Company, Sydney and Louisburg railway, Temiscouata Railway Company, \$800,000.

Mr. GILLIS: What is required of railways other than the national system to qualify for grants under the Maritime Freight Rates Act? What services must be maintained? I am interested in the Sydney and Louisburg railway.

Mr. CARDIN: This item is to make up the difference between the ordinary freight rates and the special rates provided by the statute, which are 20 per cent lower.

Mr. GILLIS: But they must maintain certain services in order to qualify?

Mr. CARDIN: No; it is on the ordinary traffic that moves. No obligation is imposed on the railways as to the service to be given.

Item agreed to.

Marine service.

455. River St. Lawrence ship channel—to provide for extension and improvement of control weirs—capital (revote), \$61,500.

Mr. HAZEN: What are these control weirs, and where are they situated on the river?

Mr. CARDIN: The construction of these weirs was considered a long time ago by a commission appointed by the government to consider the advisability of creating certain obstacles in the flow of the St. Lawrence river with a view to raising the level of the river between lake St. Peter and Montreal. These weirs have been constructed between islands at the head of lake St. Peter. Several channels between these islands have been blocked by these weirs with a view to retarding the flow of the St. Lawrence, in order to raise the level of the river. It has been established that the results are beneficial; the water level has been raised a few inches between lake St. Peter and Montreal harbour.

The project considered several years ago contemplated also the building of smaller weirs in the vicinity of Montreal, blocking the channels existing between certain islands in the vicinity of Boucherville, below Montreal, and the north shore of the St. Lawrence,

but up to the present time the only structures that exist are those between these islands at the head of lake St. Peter.

Item agreed to.

GOVERNMENT OWNED ENTERPRISES

Special deficits Canadian National Railway Company.

459. Amount required to provide for the payment during the fiscal year 1940-41 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company, to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) arising in the calendar year 1940, including such supplementary contribution to the Intercolonial and Prince Edward Island railways employees' provident fund as may be necessary to provide for payment in full of monthly allowances under the provisions of the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act, notwithstanding the limitation contained in section four of the said Act, and including such supplementary contribution to the Grand Trunk Railway of Canada superannuation and provident fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the statutes of Canada, 1874, but not including amounts charged to proprietor's equity of the national railway system as defined in chapter twenty-two of the statutes of Canada, 1937: Canadian National railways, exclusive of eastern lines, \$12,975,000; eastern lines, \$2,025,000. Total, \$15,000,000.

Mr. HARRIS (Danforth): Perhaps the minister would make a statement in view of the fact that he now has before him the experience of the last six months' operations.

Mr. CARDIN: This vote is to meet the expected or estimated deficit of the Canadian National Railways during the present year. It is true that the returns for the few months that have elapsed might to a certain extent justify a plea for a reduction of this amount, because one might say that the position of the Canadian National Railways is a good deal better than it was during last year. This estimate was made by the officers of the department—

Mr. HARRIS (Danforth): When?

Mr. CARDIN: The final estimate I am told was prepared in February last. They take into consideration the results of the previous year, the prospects for the present year and the situation they may expect to face. These estimates are based on monthly returns, which I am reminded are revised each month by the officers and accountants of the company. After careful consideration

it was thought that this amount would be required to cover the deficit for the present fiscal year.

It may be that the returns are more encouraging than was expected when the calculation was made, but of course there is the possibility that the succeeding months may not be as good as was expected. For example, according to what I am told, the returns from the movement of grain will not be up to the estimate which was made last February. I believe the officers and management are right in taking the stand that while they may have been more fortunate than they expected in the first part of the year, they can hardly be sure that their position will be as happy during the remainder of the year. In any event they want to be certain that they will have enough money to meet their deficit. I quite understand what is in the mind of my hon. friend. He would like the Canadian National to present a better picture by saying they will not require as much money to meet their deficit this year as would be indicated in the estimates, but the management wants to be safe and to provide the amount that it believes will be required. Under the circumstances I think the management should be trusted; and in any event, if the money is not required, it will not be spent, because it is voted for the express purpose of meeting the deficit.

Mr. HARRIS (Danforth): I appreciate that the minister is new to the department, and I do not want to labour the point at length because this matter has been gone over on several occasions, particularly in connection with the \$15,104,000 refinancing measure which was guided through the house so carefully and judiciously by the Minister of Transport. We now come to this item of \$15,000,000 to meet the deficit. As the minister very properly observes, the estimate was arrived at in February of this year, and since February we have had a very happy experience. The management in making up their budget estimated that there would be an increase in revenue of 22 per cent over last year. The actual experience up to the end of June, however, showed an increase of 29 per cent, or a difference of 7 per cent. As hon. members will notice at once, 7 per cent of a revenue of \$203,000,000 is about \$14,000,000. Therefore the railways are in this happy position, that they have this extra revenue in the treasury and, in addition, we are voting this \$15,000,000 in order that they may be safe. It is quite true that the original estimate, made last fall, was \$25,000,000. In December the management reduced it to

\$20,000,000; then in his wisdom the Minister of Transport decided that \$15,000,000 would be ample. Since then, however, there has been an extra increase of 7 per cent in the revenue.

No doubt the question occurred to many members of the committee, what about the expenditure? And we had the statement by the president of the company that when the revenue got beyond the figure of \$250,000,000, then out of every additional \$2,000,000 of revenue, \$1,000,000 would be applied to the deficit. I just want to point out to hon. members that we are being asked to vote \$15,000,000 that will not be used. The experience of the last six months amply illustrates that; it is not going to be used. Nevertheless we sit here and vote it. It is a very happy situation, although sad to realize that this extra traffic is a result of our war effort. So far as wheat is concerned, the Minister of Mines and Resources and the other wheat experts know there will be a movement of 100,000,000 bushels before very long, and with the prospects of the movement of a great deal of war material I feel sure that the increase of 29 per cent in the revenue will be maintained for the remainder of the year.

It ran through my mind, in considering this item, how greatly it would have reestablished confidence in the Canadian National Railways and in the Department of Transport if we had just been sensible enough about this amount of \$15,000,000, which was requested many months ago, to say, "Well, we are not going to use all that money. When this estimate is brought down we who occupy the treasury benches will reduce that amount." I do not suggest that it should be wiped out entirely, but it should have been reduced by a reasonable amount. I believe that would have tended to increase confidence in this great publicly-owned enterprise. We should not leave the impression in the minds of a great many people that because this enterprise is owned by the government, it can make estimates six, eight or nine months in advance and then come here and get any amount of money it requires. On account of circumstances we are sitting here on this sixth day of August. We have had seven months of experience since January, and we know that because of war conditions this company has a substantial revenue in its treasury. Nevertheless, because it asked for this money last February or March, this item must go through; otherwise the solidarity of the cabinet would be defeated. The government have the power to force this item through, and it is going

through; but how much better it would have been if they had been a little fairer with the people who are anxious to support this enterprise, and had reduced this estimate by five or ten million dollars, when they know the whole amount is not going to be required.

Item agreed to.

Special.

Deficits.

National harbours board.

461. To provide for payment to national harbours board, of the amount hereinafter set forth, to be applied in payment of the deficits (after payment of interest due the public but exclusive of interest on dominion Government advances and depreciation on capital structures) arising in the calendar year 1940, in the operation of the Churchill harbour, \$96,867.

Mr. NICHOLSON: I notice that this appropriation is cut almost in half, and of course I realize that it is necessary to effect economies wherever possible. I have before me a copy of *Canadian Finance* for July 17, in which nearly half a page is devoted to a discussion of the Hudson Bay route in war time. In reply to a question I asked on June 14, the Minister of Transport mentioned that the British government had knowledge of the Churchill route, but this article wonders whether the Canadian government is doing as much as it might to encourage the more extensive use of this route. Would the minister care to make any comment along this line?

Mr. CARDIN: My hon. friend will readily appreciate that I am not in a position to make an extensive comment on the situation because, as he knows, I am new to this department. I have not had time even to read the book dealing with these estimates, but I may assure my hon. friend that with my colleague, the Minister of Mines and Resources, sitting at my right, it will be difficult to cease interesting ourselves in the port of Churchill.

Mr. CRERAR: I might say just one word in reply to the hon. member for Mackenzie. If the war had not broken out at the beginning of September, I am confident that this year the port of Churchill would have had the largest business in its history. But the outbreak of war brought control of shipping by the British shipping ministry; and the need to convoy vessels in considerable groups in order to effect economies and safety has had the effect of largely destroying, for the time being, the use of Churchill as a shipping port. How long that may last I cannot say, but certainly this year from all indications Churchill would have had a very large business compared with previous

[Mr. J. H. Harris.]

years had it not been for the unfortunate outbreak of the war. I have no doubt whatever that in future years Churchill will be part of a great trade route of this dominion.

Item agreed to.

LOANS AND INVESTMENTS

National Harbours Board.

463. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures during the calendar year 1940 on any or all of the following accounts:

| | |
|--|-----------|
| Reconstruction and capital expenditures— | |
| Montreal | \$242,800 |
| Vancouver | 150,000 |
| | \$392,800 |
| Less amount to be expended from replacement funds | 59,612 |
| | \$333,188 |

Mr. GREEN: What is the purpose of the expenditure of \$150,000 in Vancouver?

Mr. CARDIN: The item covers an expenditure of \$50,000 for the construction of a wharf at the foot of Dunlevy avenue, and \$100,000 for renewal space and new storage space at Columbia elevators.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine service.

481. Miscellaneous services relating to navigation and shipping—further amount required, \$12,000.

Mr. GREEN: What is the purpose of this vote?

Mr. CARDIN: This is to provide for the removal of the schooner *Laurentian* which was sunk in the St. Lawrence river near Three Rivers, as the result of a collision. The sinking of that ship has created an obstacle to navigation. After notice was served upon the proprietor of the vessel to remove the wreck he replied that he could not do the work because he was too poor. Since the schooner is a menace to navigation, the government has undertaken to remove the vessel from the river. If in the future there is any possibility of making a collection from the owner, we have reserved our right so to do.

Item agreed to.

Air service.

480. Airways and airports—construction and improvements, including lighting and radio facilities—capital—further amount required (revote \$60,000), \$100,000.

Mr. GREEN: Would the minister explain the vote of \$100,000?

Hon. C. D. HOWE (Minister of Munitions and Supply): I believe that item comes in the Department of Munitions and Supply. There were two items of \$30,000, which were revotes for contracts to be completed in the previous fiscal year, but not finished in time for final payment to be made. The \$40,000 was an additional expenditure in connection with Moncton airport. It was found that additional drainage was required at that airport as a result of a very wet spring this year. I would point out that \$40,000 of new money was supplied for that purpose, and the \$60,000 is voted by way of revotes.

Mr. GREEN: The money was required at Moncton because the original work did not provide for any drainage; is that correct?

Mr. HOWE: Not sufficient drainage, apparently. There was heavy snow there during the winter, and the drainage which was considered sufficient by the engineers when the work was constructed proved to be insufficient in the light of experience. There were heavy snowfalls in the spring, and the drainage was not sufficient to carry off the melted snow, without damage to the airport.

Mr. GREEN: Thank you.

DEPARTMENT OF TRADE AND COMMERCE

377. Departmental administration, \$106,080.

Mr. GREEN: What action has been taken by the war-time prices and trade board with regard to the increase in the price of bread?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, I shall be pleased to place on *Hansard* an order which was issued by the war-time prices and trade board, and is in the following words:

1. Until further notice, the maximum price per pound at which any grade, quality or type of wheat flour shall be sold or offered for sale by any person for consumption in Canada shall be the price per pound charged by such person for that grade, quality or type of wheat flour on the 23rd day of July, 1940, together with an addition consisting of a portion of the processing levy imposed on wheat products by the Canadian Wheat Board Act, 1935, as amended, which portion shall not exceed thirty-five cents per barrel of one hundred and ninety-six pounds net weight or the proportionate part of such sum if the flour is packed in other types of containers; provided that, pursuant to section 18 (2) of the said Act as amended, in the case of flour delivered pursuant to a contract in force on the 24th day of July, 1940, for the future delivery of such flour, the whole of the said processing levy applicable to the flour so delivered may be added to the said maximum price.

2. Until further notice, the maximum price per pound at which any grade, quality or type of bread shall be sold or offered for sale by any person shall be the price per pound charged by such person for that grade, quality or type of

Supply—Trade and Commerce

bread on the 23rd day of July, 1940, and no part of the processing levy referred to in section (1) hereof shall be added to the said maximum price.

3. Until further notice, no change shall be made in the terms and conditions of sale effective on the 23rd day of July, 1940, which would result in an increase in the price of bread or wheat flour.

4. This Order shall be effective on and after the 7th day of August, 1940.

H. B. MacKinnon,
Chairman.

Mr. GREEN: In how many places were the prices raised?

Mr. MacKINNON (Edmonton West): To the best of my knowledge in only one place, namely Vancouver.

Mr. CHURCH: When I first entered the house in 1922 I proposed a national coal policy for this country. Under that policy all the coal we would use would be mined in Canada—in the maritimes or in Alberta—or in Wales, or some other place under the British flag. In these times, with another war on, we are faced with the same problem of conservation, but we receive the same old stereotyped replies from the deputies in the department. Surely the government should wake up to the fact that something should be done for the coal, and iron and steel industries. The iron and steel industries should be permitted to use more Canadian coal. Although the minister does not agree with this, in my opinion there is a possibility of a coal famine, such as we had in 1917. In those days there was a serious shortage of fuel in Ontario and other provinces, and as a result fuel had to be rationed. I hope the government will consider this matter, and see if it is not possible to have a real, progressive national fuel policy.

Mr. PURDY: The hon. member spoke of the ruling of the war-time prices and trade board with regard to flour. Do the minister's remarks also apply to mill feeds?

Mr. MacKINNON (Edmonton West): There is no processing tax on mill feeds.

Mr. PURDY: What is there to prevent the placing of the processing tax on mill feeds, thereby adding to the costs of our dairy farmers, who are already heavily hit?

Mr. MacKINNON (Edmonton West): I believe that matter can be well left to the war-time prices and trade board.

Mr. PURDY: That is the question; will they also see to it that there is no increase in the price of mill feeds?

Mr. MacKINNON (Edmonton West): They will give the matter consideration.

Item agreed to.

[Mr. J. A. MacKinnon.]

Canada Grain Act.

389. Administration, \$107,818.

Mr. JOHNSTON (Bow River): I have just received a telegram from a group of farmers in my district. I shall read it to the minister, and perhaps he will give me sufficient information to reply to these people. It is addressed to me and reads:

Resolution passed by a meeting of 160 farmers here on August 5. We the farmers of the Carbon district find ourselves due to four years' hail and low prices of products in a position where it will be impossible to even start harvest unless we receive assistance and, whereas we have been previously able to obtain assistance from either the bank or the elevator companies such assistance being no longer available, therefore we ask the dominion government to seriously consider assisting the farmers to harvest the present crop.

These 160 farmers are much concerned and they have wired me to get some definite information. As I pointed out the other day, this section has been seriously affected by hail. Hail comes through there almost every year, and I think this district has more hail than any point on the North American continent. These people pay their toll of one per cent into the prairie farm assistance scheme and they receive no assistance. They find they cannot carry on their fall operations and they are asking what can be done.

Mr. MacKINNON (Edmonton West): The wheat committee of the cabinet is most sympathetic with the situation prevailing in certain districts in the west, but dealing with an individual case of this kind should, I think, be the first responsibility of the municipality or the provincial government.

Mr. JOHNSTON (Bow River): This is not an individual case; there are 160 farmers involved.

Mr. MacKINNON (Edmonton West): I meant, comparatively speaking.

Mr. JOHNSTON (Bow River): Quite a considerable district is affected. I imagine it would run for twenty-five or thirty miles, but it is not large enough to be considered a township. This whole strip has been cleaned out for the last several years and I think the government should do something.

Item agreed to.

DEPARTMENT OF LABOUR

Special.

116. To provide for commitments under relief settlement agreements with the provinces, including \$350,000 for undischarged commitments, \$500,000.

Mr. MacINNIS: This is the vote under which the federal government assists the

provincial governments by means of grants in aid to discharge certain relief commitments. Within the last few months drastic relief regulations have been put into effect in most of the provinces. Some time ago single men were cut off relief in most of the larger cities. Married men with families are rapidly being taken off the relief rolls. My remarks will refer particularly to British Columbia because that is the province with which I am most familiar. The situation in Vancouver is quite desperate and is likely to lead to trouble unless something is done to ease the situation. I am given to understand that this is how the unemployed are dealt with. When it is considered that a relief recipient can meet the requirements for military service, relief is refused. Should the man attempt to enlist, as many have done, and be rejected, it is next to impossible for him to get back on the relief rolls. This treatment of the unemployed, particularly the married unemployed, has resulted in great hardship to the women and children.

There is a feeling abroad, particularly among persons in comfortable circumstances, that because we are at war there must be work for everybody. Unfortunately this is not the case and there is a great deal of unemployment. The latest figures from the bureau of statistics are generally a few months late. The May figures for unemployment are the most recent which I have been able to obtain. At the beginning of May it was estimated that there were 305,000 unemployed in Canada. That is a considerable amount of unemployment. I am sure that we shall not improve the situation to any extent by cutting people off relief in the hope that they will be able to find work. A person cannot find work unless there is work. The mere fact that there are hundreds of thousands of unemployed is sufficient proof that work is not available. I have often observed that the more cushy the position a person is in, the better he is provided for by the labour of others, the more he is appalled by the laziness and shiftlessness of the unemployed. This applies in particular to many of our municipal and provincial nincompoops in British Columbia, who have to do with unemployment and relief.

Another factor, which applies with more force to British Columbia than to the central provinces, is that British Columbia has not received the large volume of war contracts which the central provinces have had. That is one side of the picture.

There is also another side. Although there is undoubtedly more work this year than there was last year, many employers, instead of taking on more men, are compelling the workers already employed to work longer

hours. In British Columbia there is an hours of work law which limits the working day to eight hours, and the working week, I believe, to not over forty-four hours, but it is being violated right and left, and the government seems to be both deaf and blind to those violations. Many of the lumber mills, some of them working on war work, producing aeroplane lumber—I might mention the Cypress Spruce Lumber company of British Columbia—are working ten hours a day, six days a week. Employees in other companies are working ten hours a day for five days and nine hours on Saturdays. While these long hours of work prevail in some industries at the same time queues are lined up in front of the employment bureaux begging for work.

I know there is another item which deals with employment offices, but I think I shall say a word about them now so that I need not again address the committee on the subject. It would be appropriate action for the government to compel employers to register their needs for men with the employment offices. Many employers do not do this. I may be told that the federal government has now no jurisdiction in this matter. But may I point out that we are working under war conditions; and if the government has, as undoubtedly it has, the power to make all persons register and give their life histories, I see no reason why it is not competent to compel employers to register at the employment bureaux their needs for labour power.

At this time, when we require the cooperation and the good-will of everyone, it is peculiarly important that an effort should be made to create those conditions which will build the mental and emotional states necessary to a united effort. We cannot have the cooperation and good-will which are so much desired if many people are unemployed while others are working overtime. By allowing such a state of affairs to continue, we create ideal conditions for those who are interested in fomenting discontent. I would impress upon the minister and the government that every effort should be made to remove as far as possible even the slightest occasion for stirring up discontent. In these days we hear much about democracy. Let me say that we must make democracy something more than an abstraction if it is to mean anything to the unemployed and to the workers and farmers who just manage to exist but who have never lived. We must translate democracy into the amenities and the comforts of life if we are to obtain the cooperation and good-will so necessary to bring us success in our present effort. I implore the minister to take up this question with the provincial governments

and insist that so long as we have unemployment, at least a minimum of decent and reasonable living conditions shall be provided.

The number of persons unemployed does not matter so very much. Remember that one person who is out of work suffers just as much as if there were a hundred unemployed, and a hundred unemployed experience as much suffering as if the problem involved several hundred thousands. The fact that there is a war on, or that we believe there may be work available, is no reason why we should allow people to be thrown off the relief rolls until we are satisfied that every one of them, by the exercise of ordinary effort, can get work.

Hon. NORMAN A. McLARTY (Minister of Labour): Mr. Chairman, if I correctly interpret the remarks of the hon. member for Vancouver East, they are to the effect that so long as some are unemployed, we should not unduly increase hours of labour so as to give extra work to those who are employed, thus prejudicing the position of those who are not employed. I believe he also stressed the importance of having employment offices to see to it that the conditions which he suggests, and correctly, have heretofore existed, shall not continue.

In the first place, the hon. member is well aware, and none better, that incidental to the Unemployment Insurance Act, of which he was of such great assistance in securing the passing, it will be necessary for the Department of Labour of Canada to take over the employment agencies. I trust and believe that the execution of that undertaking will provide a complete answer to the question he raises about employment offices.

As regards the problem of hours of labour, I agree with him that while men are unemployed it is inadvisable to increase to an unreasonable extent the hours of labour of those who are in employment. Circumstances and occasions may render necessary some increase of hours, but until every man in Canada is employed it is a sound and definite policy not to lengthen hours of labour provided we can arrange increased shifts.

I believe I have covered in a general way the suggestions made by the hon. member. If there are others, I shall be glad to deal with them.

Mr. MacINNIS: I should like to see the government adopt a new attitude towards the unemployed and to deal with them, not on the principle that they are a nuisance, but because we hate misery and want to relieve it. Let the government deal with unemployment in a humane way, as if the unemployed were members of the family and we were

[Mr. MacInnis.]

determined not to see members of the family in need. Take them into the family circle, because they cannot be in the family as long as they are outcasts and unemployed. That is what I should like to see the federal and provincial governments do.

Mr. McLARTY: Nothing could give one more satisfaction than to see this tragedy of unemployment, if we may so describe it, ended. Fortunately the figures indicate a definite reduction. I assure the hon. gentleman that any failure to take steps to end unemployment is due not to any complacent and smug attitude on the part of this government but to the fact that we are dealing with an exceedingly difficult problem.

Fortunately or unfortunately, it has been solved to some extent under existing conditions. I say unfortunately, because the conditions are undoubtedly unfortunate, and fortunately, because the facts are demonstrating to us each day that those conditions are nevertheless improving. If there are any proposals which the hon. gentleman can make that would assist us in the matter, I should be glad to hear them.

Mr. CHURCH: Will the minister try to broaden out the agreements in connection with the settlement of the relief problem with the provinces in order to bring about some joint action by the dominion and the provincial governments with regard to moratorium, rents, usury and all such matters notwithstanding the laws, statutes, usages or customs of the country? Nothing weighs more heavily on the working people than these matters to which I have referred. The government may have to broaden out the War Measures Act, but they will not need additional legislation. It is all very well to say that the price control board has jurisdiction, but we know that nothing can be done under that board. There is jurisdiction in England; there the government can take action in any direction for the welfare and good of the country. I am simply asking the minister to consider this problem jointly with the provinces during the recess of parliament in order to see if something really satisfactory cannot be evolved, because nothing reacts more detrimentally upon the people than the evils to which I have referred. The action of the loan companies in the district from which I come is simply scandalous, and I urge the government to take steps to bring about some joint action with the provinces in this regard during the recess of parliament.

Mr. McLARTY: I am sure the hon. member appreciates the fact that the constitutional question and the difficulties involved will

present quite a problem, but I will bear in mind the observations he has made and will see how far we can go along the lines he indicates.

Mr. CHURCH: Let me make a further suggestion. Under "peace, order and good government" the minister, by the War Measures Act, can take absolute control of these prices in Canada and can take action with regard to moratorium, wages, rents and so forth. There is no doubt about it. Let him act; let him try it, and see who will appeal. He has the power under the "peace, order and good government" provision, notwithstanding any laws, statutes, usages or customs of the country.

Mr. McNEVIN: I realize that the provincial governments, through their departments of labour, have control over hours of work, minimum wages and so forth, but in connection particularly with construction works under the federal government, I should like to know whether the rates of pay of time and a half for overtime and double time for Sunday still apply.

Mr. McLARTY: The question of wages is one for the provinces except in so far as it may affect works carried on directly by the government of Canada. We have set up the national labour supply council whose duty it is to endeavour to work out a definite arrangement with regard to time and overtime, and I am sure they will discharge that duty properly.

Mr. McNEVIN: As regards pay of time and a half for overtime and double pay for Sunday work, the regulation was adopted in order to restrain an employer from imposing upon his employees, but so far as these government works are concerned, that provision, I believe, should be left out of consideration entirely. At a time when we are asking the Canadian people to make great sacrifices, to buy war savings stamps, and when we are paying our soldiers \$1.30 a day, we should be careful on these large construction works to see that workmen are fairly treated. I am not in favour of overtime if there are people unemployed, but if there are people who are employed overtime and on Sunday the regular rates of pay should prevail, and I believe the Canadian people would support the idea.

Mr. BLACKMORE: What are the latest figures with regard to unemployment in Canada? Do they indicate any fall in unemployment? I should like to know the trend of unemployment.

Mr. McLARTY: Naturally it is down. What I had in mind was a composite picture

of a large number of cities representing about 60 per cent of those on relief. I could place that on *Hansard*, but I dislike to clutter up the record. The figures indicate a definite reduction as between the figures we were discussing when the Unemployment and Agricultural Assistance Act was being debated and the figures as at the end of July.

Mr. BLACKMORE: Do the minister's figures concern those on relief or those who are employed?

Mr. McLARTY: They concern those on relief. The employment figures of the Department of Labour relate to those who are in receipt of welfare. I do not propose to give all the figures unless it is the wish of the committee, but will give just enough to indicate the trend of the reduction in the number of those receiving relief. I shall be glad to give that for any particular city or community, but generally I might say that as between March and July the percentage of reduction in those unemployed and in receipt of welfare is substantial.

I know the hon. member for Vancouver East is anxious to ask the question. Those figures are within the purview of the dominion bureau of statistics; the figures I can give are of those receiving welfare. I shall be glad to give any figures any hon. member would like to have.

Mr. MacINNIS: What is the latest date for which the minister has figures?

Mr. McLARTY: The latest date is the end of July, 1940, for forty-one cities in Canada. The average rate of reduction is 34.6 per cent. I shall be glad to give the statistics for any particular city that hon. members would like to have and that happens to be included in the list.

Mr. MacINNIS: I submit that the figures the minister has are not worth the ink it took to print them. They give the numbers of those receiving relief, but there are many people who are not receiving relief but who are yet unemployed. Those are the people in whom I am interested, the people who are unemployed but are not getting relief. The people receiving relief have at least something to get by on. The bureau of statistics gives the only real figures we have in regard to the number unemployed, and these are only estimates. They show a substantial increase in the numbers employed at the beginning of July, but do not give the figures of those unemployed. The latest figures we have from the bureau of statistics are for the end of May. At that time the bureau estimated that there were 305,000 persons unemployed. There may be thousands of these who are not receiv-

ing relief, because they have been cut off the lists. What I desire is to get these people back on relief until we find employment for them. Any government that is interested in human welfare would do that.

Mr. McLARTY: The hon. member is quite correct. I thought I made it clear that the figures I was quoting were of those on welfare, not necessarily complete figures of those unemployed. The figure he gave is correct. But I thought that in dealing with Department of Labour statistics I was right in giving the figure I did because the only figures that we in the Department of Labour have are as to those who are on welfare.

Mr. MacINNIS: The point I was trying to make—I do not know if I have made it clear yet—is that those on relief, or, as the minister says, on welfare, are very much different from those who are unemployed. If we cut all our unemployed off relief, and said we would not give any relief, there would be no one on welfare but there would be the same number unemployed.

Mr. McLARTY: But there is no registration of those unemployed. I am giving the registration figures of those receiving direct relief. They are not, of course, all-inclusive figures. I adopt the figures of the bureau of statistics as being correct, but it has no registration. I am giving the registration figures of the Department of Labour only.

Mr. GILLIS: I think the figures the minister has are of some value, and I should like to see them placed on *Hansard*. I do not suggest that we should take time to go over them here to-night, but I should like to have them so that we could study them. At the same time I agree with the hon. member for Vancouver East. For the past year or so, province after province have been broadcasting the statement that unemployment is on the wane, and they quote the figures in regard to relief—"so many have gone off relief." But I know that so far as Nova Scotia is concerned, the ones who have been cut off relief have not gone into employment; they are unemployed; but because the relief rolls have been reduced, the government says that unemployment is on the wane, which is not true.

There is a new phase of unemployment as far as my part of the country is concerned, namely, the question of relief for aliens deprived of their work because they are aliens. There is at present quite a number of them in the coal mining sections of Nova Scotia. About a month ago the matter was taken up with the minister in the house.

[Mr. MacInnis.]

He assured me then that the question had been taken up with the provincial government, that an understanding had been arrived at and that matter would be taken care of in the future. Only to-day I received a telegram from another section advising me that a number of Italians particularly were deprived of their employment through no fault of their own, and were receiving no relief. They asked if I would take the matter up with the minister. I take this opportunity of asking him whether that matter has been taken care of. That telegram came from the secretary of a local union who is responsible and knows what he is talking about. We have had the assurance that the provincial government was taking care of the matter, but until to-day in that section, which is the Dunakin section of Nova Scotia, it has not been taken care of. Could the minister say whether that question has been definitely settled with the Nova Scotia government?

Mr. McLARTY: I am glad to give this information to the hon. member for Cape Breton South. Dependents of interned aliens are looked after by the dominion government. Aliens who are unemployed naturally come under the same class as other unemployed. The primary responsibility for the administration of relief is with the municipality and the province. We make our contribution; in some instances we have perhaps gone further than we were justified in going in connection with making investigations, but primarily, it must be admitted, the responsibility is on the municipality and the provincial government.

The hon. member raised some time ago a question as to whether or not those people are receiving a proper measure of relief. When he did so, I asked that communications be sent to the province to ascertain if they are so receiving relief. In each case I have received a confirmation that they are being properly looked after. I think that is as far as the Minister of Labour of Canada, who is not responsible for administration, could be asked to go. I have carried out the suggestions made by the hon. member to endeavour to ascertain if proper provision is being made. I can go no further.

Mr. GILLIS: I am quite satisfied that the minister has done what he could, but I think he is not receiving from that end of the country the cooperation that he should receive on that question.

Mr. BLACKMORE: I wish to associate myself with what the hon. member for Vancouver East has said. I do not wish to delay the passage of the items, but I should like

to say once again to the minister in all seriousness that this is the first time in the world's history that a war is being fought in an age of abundance. Consequently all the principles that have applied in past wars are not likely to apply in this war. We have always thought that when war came on, unemployment disappeared; but just to show how different are the experiences of this war, I should like to read a short paragraph from this evening's *Ottawa Citizen*, with regard to conditions in Great Britain, where, above all nations in the world, one would expect to see the disappearance of unemployment. This dispatch is dated London, August 5:

The United Kingdom's unemployed increased by 60,431 between June 17 and July 15 to 827,266, according to ministry of labour figures issued to-day.

That does not necessarily mean that Canada's unemployed are going to increase in number, but it does mean that unless conditions exist in Canada which do not exist in Great Britain, in all probability the number of our unemployed will increase. There are in Canada conditions which do not exist in Great Britain. We have resources which are not to be found there. Wherever there are resources, people should be employable upon those resources; but if we are not using the right means to put people to work, then as far as the effect on our unemployed is concerned, we might just as well not have those resources. The result is that even where there are bountiful resources, there may be an increasing unemployment problem. Particularly is there danger because of the great amount of taxation which has been placed upon the country and because of the large contributions we are urging people to make.

I do not want to labour this point, but I wish to do my full duty in setting forth the dangers which I think exist in Canada. It must be understood that in order to employ people, industry must be able to sell goods. If industry cannot sell goods, it cannot employ people; and if we take out of the hands of the people the money with which they have been buying food, clothes and various other articles, there is going to be difficulty in selling goods and consequently difficulty in employing people to produce goods. This means that unless we increase war production at a tremendous rate, so as to absorb the people thrown out of employment, we are going to have an increase in unemployment. What I am afraid of is just what was pointed out by the hon. member for Vancouver East, that there will be a gradual increase in the suffering endured in this country until the condition will become almost unbelievably bad. That

will have a reaction upon our morale, and will place us in a genuinely dangerous position.

I just want to point this out to the minister. I am not saying he is responsible; I think he is doing his part well. But, as the hon. member for Cape Breton South has pointed out, there is a number of provincial officials who have not become much more realistic than they have had to, who have allowed themselves to be deceived and deluded, who have become hard-boiled, callous, tough, and all that sort of thing. As a result, this suffering goes on right before their noses, to the point where it may bring this country to an inflammable state, which certainly would be disastrous from every angle. If we can show wisdom; if we can be fore-armed; if we can develop our foresight to be as good as our hindsight, as the saying is, perhaps it will be all to the good. I earnestly believe that there is danger of our overlooking a serious condition of suffering.

I might mention just one or two matters which cause me to worry. In perhaps every third mail I get a request for work from someone in my constituency. Always the indication is that there is no work to be found for these people, although they may be young men or women. I have set out to find work for them; and I would just about as soon look for a needle in a haystack as look for a job in Canada at this time. As long as this situation exists, there is something radically wrong with conditions in this country. If we were absorbing our unemployed as we should be, there would not be people writing me from away out in my constituency for very small jobs. Jobs should be available there, but apparently there is none.

There is one other matter about which I am greatly alarmed. I know half a dozen people right here in the city of Ottawa who are relatively young; that is, they are about thirty-nine or forty, certainly under forty-five years of age. These people are in a position to do a good day's work, but they cannot find work although they have been looking for it now for weeks and weeks. There is a tendency on the part of the civil service to say, "We will not take people when they get beyond a certain age". When we were boys—of course the minister and I are just boys yet—we expected people to do a good day's work at sixty-eight and seventy, and they did. I have seen men of seventy stand up to the hard work of the hay field and grain field; I have seen them work on the thresher; I have seen them hauling, stooking, stacking, and all that sort of thing. That is a clear indication that men far beyond forty-five years of age are able to do a good day's work, but for some

reason or another, to-day we do not have any use for people when they are over forty-five. This is another indication that we are not absorbing the unemployed. We just do not have any use for these people.

To me all these matters indicate that there is cause for grave concern and need for the most watchful care on the part of the Minister of Labour.

Item agreed to.

119. To provide for contribution to plans for rehabilitation of unemployed higher age persons (revote for commitments \$45,200), \$295,000.

Mr. ROSS (St. Paul's): I am surprised to see that this grant should be reduced by \$385,000. This concerns people of the class to which hon. gentlemen have just been referring, who need help perhaps more than anyone else. They need to be retained, and as time goes on, Canada is going to need the services of these people. Just why has this vote been reduced by this amount?

Mr. McLARTY: Perhaps I can explain that to the hon. member. This vote is primarily predicated upon what the provinces match dollar for dollar. It does not mean that this represents the sum total of what the Department of Labour is going to do in the matter of retraining. I may add that in our technical schools at the present time we are training and retraining more than 7,200 men. This vote represents an amount which we estimate the provinces will be able to contribute dollar for dollar.

Mr. ROSS (St. Paul's): The government are retraining these people in the higher age groups in the technical schools?

Mr. McLARTY: No, not necessarily. This is the general vote for retraining, which is paid dollar for dollar by the provinces. The dominion is doing much more in the way of retraining, but not under this vote.

Mr. BLACKMORE: Up to what age may men be retrained? For example, if the minister and I were suddenly thrown out of work, would there be room for us in the retraining scheme?

Mr. McLARTY: I am sure there would be plenty of opportunity for the hon. member for Lethbridge, but I should not like to fix a maximum age. I do not know what it would be.

Mr. ROSS (St. Paul's): There are many people who want to give their services to the country, and who are quite capable of doing so. They should be told—and particularly those in the civil service—that the fact that a man is fifty, fifty-five or sixty-five years of

[Mr. Blackmore.]

age is not sufficient reason for excluding him. Our country needs men at the present time. We shall need the services of every good Canadian before this job is done.

Mr. BLACKMORE: I associate myself most emphatically with the hon. member who has just taken his seat. There should be no limit to the ages of people who should be permitted to give service at the present time. That rule in connection with the civil service should be absolutely and immediately abolished.

Item agreed to.

Special.

122. Amount required to provide for administration expenses generally, including salaries and travelling expenses:—

| | |
|----------------------------------|-----------|
| Unemployment relief..... | \$155,000 |
| National registration..... | 99,000 |
| Youth training..... | 21,500 |
| Comptroller of the treasury..... | 25,000 |
| | <hr/> |
| | \$300,500 |

Mr. ROSS (St. Paul's): Now that we are taking a national registration, will this amount of \$99,000 be needed?

Mr. McLARTY: This is the registration recommended by the national employment commission, relative to unemployment relief.

Mr. ROSS (St. Paul's): It probably will not be needed.

Mr. McLARTY: We trust it will not.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Customs and Excise divisions.

212. General administration, \$979,625.

Mr. GILLIS: For the past few years hospitals throughout the country have enjoyed exemptions from the sales tax on certain purchases necessary to their operation. There is a rumour to the effect that this exemption is to be abolished. Is that correct?

Hon. C. W. G. GIBSON (Minister of National Revenue): I have heard of no suggestion to the effect that the sales tax exemption would be abolished.

Mr. GILLIS: I have had several letters to that effect.

CIVIL SERVICE COMMISSION

40. Salaries and contingencies of the commission, \$401,930.

Mr. GREEN: Two years ago a special committee of the house investigated the operations of the Civil Service Act, and brought in its report on June 28, 1938. The last paragraph of that report reads:

Your committee recommends that long term temporaries on the staff of the House of Commons who have been giving satisfactory service for a number of years should be made permanent employees under the civil service commission.

I understand that this recommendation, so far as it concerns the officers of the preventive service in the House of Commons, has not yet been acted upon. I believe the constables on the senate side of the building have been made permanent, and their salaries have been set. I understand, however, that no provision has been made for the constables on this side. Is it possible to have that matter attended to, without further delay?

Hon. PIERRE F. CASGRAIN (Secretary of State): Part of the recommendation of the committee has been implemented. While I had the honour of holding the Speaker's chair, a resolution was brought in and adopted, and payment of these employees was dealt with in that way. This year a resolution was voted some time ago, and a few employees were made permanent. It is the intention later on to do it for the others, as was suggested a moment ago by the hon. member.

Mr. GREEN: Would the minister have the position of the preventive service checked again?

Mr. CASGRAIN: This question will have to be looked into by His Honour the Speaker of the House of Commons. Then, if the resolution is passed by the House of Commons, these people will receive the privilege they seek. I believe this will be done in due course.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

364. Naturalization branch, \$61,365.

Mr. GREEN: Certain recommendations with regard to naturalization were made to the government by the special committee which at this session considered the defence of Canada regulations. Will those recommendations be adopted by the government?

Hon. PIERRE F. CASGRAIN (Secretary of State): We shall look into the recommendations made by the committee. If I recollect correctly, I believe the committee suggested that next year a committee might be set up to consider the Naturalization Act. Possibly we shall be able to do that at the next session.

Mr. GREEN: They made a further recommendation with regard to the hearing of applications by enemy aliens for naturalization. I would suggest that the minister should check that recommendation carefully.

Mr. CASGRAIN: I shall look into the matter, and if it is possible to do so, we shall do it.

Item agreed to.

AUDITOR GENERAL'S OFFICE

38. To authorize payment from the consolidated revenue fund to Georges Gonthier, former auditor general, of an annuity at the rate of \$1,500, to commence on his retirement from the position of auditor general and to continue during his lifetime, \$2,083.33.

Mr. STIRLING: I do not think this item should be allowed to pass without some comment being made and without some explanation by the government. Two or three weeks ago the leader of the opposition raised this question in the house in passing reference, and at that time the Minister of Finance replied, as reported on page 1914 of *Hansard*:

The government proposes to leave that particular item to the untrammelled discretion of the house, every member being free to vote as he likes upon the question. The auditor general is an officer of parliament and not of the government. His contention is that he has been legislated out of his position, having taken a position with the same tenure as that of a supreme court judge, and is entitled to the same treatment accorded supreme court judges by statute a few years ago. That is the basis for the item. The government simply proposes to place that item before the house, leaving it to every individual member to vote just as he or she desires. It is not put forward as a government measure, and the house will be given an opportunity to give effect to the auditor general's contention if it desires to do so.

I rise to protest against that method of dealing with this item. It appears to me the government should make known its own intention with regard to how such a matter should be treated. When an item like this is placed in the estimates it is certain to cause difficulty. Unless the most ample explanation is given, the thought of discrimination will be around, not only among the civil servants but throughout Canada. What are the facts? Sixteen years ago the auditor general was appointed at a salary three times that paid to his predecessor; he received two and a half times the salary paid to his predecessor, plus an annual amount which was voted by this house. Throughout the years of his service the auditor general paid into the superannuation fund the requisite amount. One must necessarily presume that he accepted the fact that that would be the basis for the superannuation which he would eventually receive. His superannuation on retirement amounted to \$4,850 or some such figure annually.

At the termination of that service the auditor general chose to consider that he had been wrongly treated, that he should have been looked upon as a supreme court judge.

When he paid into plan number five of the superannuation fund it was on the understanding that in the event of his death his widow would receive half his superannuation. If he now changes his mind and desires to be treated as a supreme court judge, in the event of his death his widow should not receive compensation. It does not seem to me reasonable that so much should be made of the contention of this gentleman and that an item should be placed in the estimates which, I presume, will have to be voted year after year during the lifetime of this gentleman. It should not be left to this house to say whether or not that is the proper action.

Hon. J. L. ILSLEY (Minister of Finance): I want to place this case fairly and squarely before the House of Commons, whose servant the auditor general is, and leave it to the judgment of the house. I want to point out that prior to 1931 the tenure of the office of the auditor general was the same as the tenure of supreme court judges. I do not think it will be necessary for me to go back very far into the history of Great Britain to illustrate how serious the matter of the tenure of supreme court judges has been considered; I think it will be sufficient to say that it figured in two revolutions. The matter was finally settled by the settlement act of 1702 when it was decided that supreme court judges should hold office during good behaviour and should only be removable by an address of the two houses of parliament.

In the early stages of confederation, specifically in 1878, it was determined by the federal parliament that the office of auditor general was of sufficient importance to the Dominion of Canada that the appointees should have the same tenure as judges of the supreme court. Since that time, auditors general have been appointed under the same act, with certain variations or amendments, with their term to run during good behaviour, which is usually taken to be interchangeable with the term "for life," and they were to be removable only by an address of both houses of parliament. Why was that done? That was done to guarantee in so far as it possibly could be guaranteed the independence of the auditor general.

Upon the auditor general is cast an extremely difficult, unpleasant and responsible task. It is his duty to check ministers and departments of the government, even the government itself, and report to this House of Commons anything which he may find wrong in connection with expenditures. The matters upon which he is to report are listed in the Consolidated Revenue and Audit Act. It is provided in that act that the Min-

[Mr. Stirling.]

ister of Finance shall make his report to the House of Commons, but if he does not make that report, then the auditor general may report direct to the house, thus showing that he is an officer of the house and not under the government.

Mr. CASSELMAN (Grenville-Dundas): Has he ever so reported?

Mr. ILSLEY: The auditor general reports every year.

Mr. CASSELMAN (Grenville-Dundas): I mean to the house.

Mr. ILSLEY: The report of the auditor general is presented to the house. It may be that the salary of this gentleman was increased when he was appointed, but I am not interested in that. All I am interested in is that this high officer is appointed under the same tenure as applies to supreme court judges and for the same reason, in order that absolute independence may be guaranteed.

Mr. STIRLING: Was he appointed under a statute?

Mr. ILSLEY: Yes.

Mr. STIRLING: Was there an order in council citing a statute which placed him on the same basis as a supreme court judge?

Mr. ILSLEY: He was appointed by virtue of a provision that that should be the tenure upon which he should hold office.

We now come along to 1931. In that year the act was amended in such a way that the auditor general must retire from office at the age of seventy. Something like that was done with respect to the judges of the supreme court, in the year 1927, and it was followed in 1930 with an act in which this parliament recognized the extreme importance and the extreme gravity of interfering with that type of tenure. By that act the judges of the supreme court, although they were retired at seventy-five, not seventy years, were given a pension for life equivalent to their entire salary.

I myself intend to vote for this item. I assume that the administration will vote for it; I do not know about that; but I intend to vote for it on the ground that it is extremely important that this parliament should realize the seriousness of legislating a person out of his position when it is of this high nature, when it may be regarded as the corner-stone of our parliamentary control over governmental expenditure. I could not, occupying the position I do, take a light view of this issue.

That is the sole reason for the item. It does not go so far as the Supreme Court

Judges Act of 1930 went. It gives this official \$1,500 a year, which is the additional pension he would have received had he continued in office until he was seventy-five years of age. That is the basis of this \$1,500 item.

As regards the attitude of the committee, I said the other day that we do not regard this as a government measure, and every hon. member is completely free to vote as he wishes. I would say this to hon. members, that he is your man; he reports to you and to us, and he has reported to the other governments, as far as that goes. If hon. members think it is important to preserve the principle, well and good; if they do not think it important, then they will vote the other way.

I am not interested in the matter on personal grounds. I do not know anything as to the need of the auditor general for this pension. I am putting the matter not on that ground at all, but on the ground of principle, that when the tenure of office of an official such as he, is shortened, some recognition of the fact must be made.

I do not know that I can add very much, but I would suggest this. The present auditor general has been appointed under an act which makes him hold office during good behaviour, and he is removable only on address of both houses of parliament, but he remains only until seventy years of age. It is extremely important that the auditor general should be independent. It is extremely important that he should not be in any way amenable to suggestions of the government. He must be independent of them at all times; otherwise parliament has no protection. For example, would the house regard it as proper to legislate him out of his position at sixty years of age, without compensation? I put that to the committee because, if this precedent is created, it may well be that a subsequent government might desire to get rid of this particular auditor general; and the moment the continuity of the position is thus jeopardized, the independence of auditors general will be to some extent affected.

I repeat that these are my own personal views. Perhaps I should say that they are the views of the government. They certainly were the views of those ministers who were members of the government at the time the item was inserted. But the committee is completely free to do exactly as it wishes in connection with this item.

Mr. STIRLING: One point mentioned by the minister I did not follow, namely, why should the government now, in 1940, take this view, whereas during the time it has been in office, and during the time it was previously

in office—if one can so speak of an entity of which the same prime minister is the head—it permitted the auditor general to pay into the superannuation fund a certain sum of money which would entitle him at the end of the period of his service to such-and-such a pension? I do not understand why this matter did not arise years ago and be settled on the basis that the minister has explained, namely that this was an individual who was answerable to parliament, occupied in its mind a position which was on the basis of that of a supreme court judge, and consequently, at retirement, if ever, would be entitled to the same treatment as a supreme court judge.

Mr. ILSLEY: The auditor general is entitled to the benefits of the Civil Service Superannuation Act.

Mr. McCANN: He gets them.

Mr. ILSLEY: He made his contributions under the Civil Service Superannuation Act and is entitled to superannuation under that act.

Mr. CASSELMAN (Grenville-Dundas): As a matter of right.

Mr. ILSLEY: As a matter of right. That is a separate thing. That is statutory.

Mr. MacINNIS: What is the amount of his superannuation under the Superannuation Act?

Mr. ILSLEY: It is \$4,750 or thereabouts.

Mr. CASSELMAN (Grenville-Dundas): What is his age now?

Mr. ILSLEY: He retired at seventy, as he was obliged to do.

Mr. STIRLING: He will be seventy-one in November.

Mr. MacKENZIE (Lambton-Kent): I have no doubt that the facts which the Minister of Finance has reported are correct, but the fact remains that in 1923, when this auditor general was appointed, his predecessor, who, I presume, performed the same duties, received \$7,000 a year. But when this man was appointed, while his salary was maintained at \$7,000 for the first seven years, in order to make it up to \$15,000 a year an item of \$8,000 was placed in the public estimates and squabbled over every year for the first seven years. In the result, for sixteen years he received \$15,000 a year, and now he retires on a superannuation of approximately \$4,800. I believe the amount mentioned to me by an official of the superannuation board was \$4,820.

Mr. ILSLEY: It is \$4,750.

Mr. MacKENZIE (Lambton-Kent): The fact remains that he got \$15,000 for sixteen

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years, whereas his predecessor got only \$7,000 a year. I think the gentleman in question has been fairly well taken care of, and I move that the item be struck out altogether.

Mr. VIEN: I should like to point out that when this gentleman was appointed auditor general he would never have accepted to give up his office in Montreal if the salary attaching to the position had not been increased. My hon. friend waves his finger in denial of my statement. He may not know the facts. But I can tell him that I do know the facts. This gentleman had an office as public accountant in Montreal which yielded him more than \$15,000 a year. He was called in by the then Minister of Justice, Sir Lomer Gouin, who prevailed upon him to accept the position.

Mr. MacKENZIE (Lambton-Kent): At \$7,000.

Mr. VIEN: Not at \$7,000 a year, at \$15,000 a year. There was the statutory salary of \$7,000, but the order in council appointing him stipulated a salary of \$15,000 per annum, \$8,000 of which was to be provided for by a vote in the estimates, and parliament has voted this supplement of \$8,000 from year to year ever since.

I am disinterested. I have no interest in the matter other than seeing that justice be done. When a man is appointed by the crown to a position for life, such an appointment for life is on a parallel with that of a justice of the supreme court. Mr. Gonthier left a very profitable business and accepted to serve the Parliament of Canada, as auditor general, for \$15,000 a year, for life. Such was the contract between the government of Canada and Mr. Gonthier.

Under Mr. Bennett, in 1931, I believe, provisions were made for the retirement at seventy years of age, of high officials of the crown and the auditor general was included. The auditor general is not a civil servant. He is an officer of parliament. A civil servant is appointed by the civil service commission. The auditor general is appointed by order in council. A civil servant is appointed during pleasure. The auditor general is appointed during good behaviour. A civil servant can be dismissed at will. The auditor general, like a justice of our high courts can be dismissed only on impeachment voted by the two houses of parliament. When parliament, in its wisdom, chose to establish an age limit, at seventy-five, for federal court justices, the Civil Service Superannuation Act was not applied, and properly so. Why? Because supreme court judges are not civil servants. And the auditor general is not a civil servant. He is the servant of parliament,

[Mr. H. A. MacKenzie.]

and responsible to parliament alone. He is not an employee of the government of Canada. The government cannot dismiss him. Appointed by the government, he can be dismissed only as a judge of the high courts can be dismissed, by both houses of parliament. Otherwise, he is appointed for life.

Mr. McCANN: Was he dismissed?

Mr. VIEN: He was not dismissed. After his appointment, in 1922 or 1923—

Mr. STIRLING: In 1924.

Mr. VIEN: Seven or eight years later he was included in the age limit provided for in the Civil Service Act. In 1929 we had set an age limit for the judges of the supreme court and of the exchequer court, who had been appointed for life. Parliament decreed that they should retire at the age of seventy-five. In 1930, however, a law was passed giving them the benefit of their full salary for life. They had been appointed by order in council for life, at a certain salary. Parliament respected the contract, and all judges appointed prior to 1929 received their full salary for life, although compelled to retire at the age of seventy-five.

With that precedent on our statute books the auditor general could have claimed his full salary for life, on the same basis. The government should have given him as much. It now proposes, by this item in the estimates, to give him, on retirement the same compensation as he would have been entitled to, had he retired at the age of seventy-five. That is all that is entailed in the estimates. In my opinion, the full measure of justice due to the retiring auditor general would have been to pay him his full salary for the rest of his life, as we provided for the supreme court and the exchequer court judges. Mr. Gonthier is simply asking that, instead of his superannuation being computed on the basis of his retirement age at seventy years of age on account of his forced retirement, such superannuation should be computed as if he had retired at seventy-five. That is all.

Hon. gentlemen should understand that there is a fundamental difference between high officers of the crown, the auditor general, judges of the supreme and exchequer courts, and ordinary civil servants appointed under the Civil Service Act, and Civil Service Superannuation Act. I can say further that, had I been consulted as a lawyer, I would have advised the auditor general to claim the full payment of his salary, and for life.

Mr. STIRLING: The previous auditor general, I am informed, received a statutory salary of \$5,000, which was augmented by an

additional vote. On January 18, 1924, a new auditor general was appointed. Can the Prime Minister say under what terms he was appointed? Was he appointed for life? Was there any indication at that time that the treatment he would receive would be that of a supreme court judge? The present Prime Minister was Prime Minister at that time. Can he recollect the terms under which the auditor general who has just been retired was appointed?

Mr. MACKENZIE KING: I cannot recollect the terms of the appointment.

Mr. McCANN: While the hon. gentleman who occupies the position of Deputy Speaker of the house is quite within his rights in leaving the chair to defend any of his friends or civil servants of the house, let me say that he has performed a unique act on this occasion.

Mr. ILSLEY: I have seen it done before. The gentleman who was deputy speaker between 1930 and 1935 did it.

Mr. VIEN: The hon. gentleman will admit that the Deputy Speaker is still the member for Outremont.

Mr. McCANN: I indicated that in my opening sentence when I said that while the hon. gentleman was quite within his rights, it was a unique act for one in his position.

Mr. VIEN: I am defending what I considered a case of simple justice.

Mr. McCANN: The hon. gentleman's argument does not hold water. The auditor general's position and that of judges of the supreme court, while they may be relative, are not comparable. There is only one auditor general, and that is the case we are dealing with on this occasion. I submit that if the auditor general of Canada has a contract with the dominion through this government and he feels that he is unjustly dealt with, he should have recourse to justice through the exchequer court of Canada. Let him sue the dominion for that which he feels is due him. He is already receiving superannuation. It has been argued he is not even a civil servant. If he is not even a civil servant, then why does he claim treatment under the civil service superannuation? He is a civil servant, although perhaps not appointed by the civil service commission. He is responsible to the parliament of Canada, and the parliament of Canada to the people, and this is the proper place to deal with this particular item.

When this matter was brought up and studied for two years by the committee on superannuation, of which I was a member,

I felt that an injustice was being done if superannuation were paid to any employee of this government at a rate higher than \$4,000 per annum. While this matter would not come under that particular regulation, with regard to employees of the government who take on superannuation from such a date as the recommendation of the superannuation committee might be put into effect, we attempted to establish, and so recommended to the government, that no employee be given superannuation in excess of \$4,000 a year.

What does this mean? A superannuation allowance of \$4,800 and an annuity of \$1,500, total \$6,300 a year. It means that this government sets aside a capital sum of \$200,000, the interest on which shall be paid to a public servant who has received a salary of \$15,000. I do not know Mr. Gonthier personally at all; I do not know what his needs are, but I protest as strongly as I can against the injustice of giving one man \$6,300 a year while another man who has given his life to the government service for thirty or forty years is put off with a meagre \$80 or \$90 or \$100 a month.

Mr. VIEN: What attitude did the hon. member take in this house when retiring allowance equal to full salary was allowed the judges of the supreme court?

Mr. McCANN: It is, of course, hard to deal with these individual cases when laws are established and pension is given by statute. The principle of the whole thing is wrong.

Mr. VIEN: The same principle applies here.

Mr. McCANN: The principle is wrong whether it has been established for years or not, and people protest against it. I hear it from time to time; one reads every day in the papers of people protesting against high government officials who have had good salaries throughout their life being given superannuation far above what they are actually entitled to. The cases may be relative, but they are not comparable. I hope the day may come when these large superannuation allowances will not be put into effect. I believe that a man who has been employed and has given good service and who, on a contributory basis, has built up for himself something to keep him in his later years, is entitled to it. But why should people who are employees of a government have the taxpayers pay them so much a year for the rest of their life? Are there not many other people who are rendering service to the country? What about the professional men, men in the medical profession for example;

are they not rendering service equal to or comparable with that of men employed by the government? Yet who provides for them if they do not themselves provide a competence for their old age? Probably they would have to apply to the government for an old age pension. I submit that these employees are fairly and generously dealt with and that in this particular case it would be an outrage on the public to give any man who had received a salary of \$15,000 a year an annuity of \$6,300 for the rest of his life.

I am sorry that after having been in this house for four or five years, I find myself not in accord with the views of the members of the government. But we have been told by the Minister of Finance that this is a matter of individual judgment. I propose to exercise my individual judgment on this matter, and if it comes to a vote I shall vote against the additional allowance.

Mr. VIEN: It might be useful to remind hon. members that acrimonious debates have taken place in this house with respect to salaries of the judges of Canada. These salaries do not compare favourably with salaries paid to judges of similar courts in Great Britain or the United States. Many eminent lawyers have refused appointments to our high courts, because of the inadequate compensation provided for in the law. Before begrudging the salaries paid to our judges, one should remember that these gentlemen are entrusted with our lives, our property and freedom. It is essential that the best talents be attracted to the bench. How could you do so with the meagre salary which does not equal one-half or one-fourth of the salary which eminent counsel could command, when, in their own professional practice, they can earn from \$30,000 to \$100,000 a year.

Mr. HOMUTH: If they work for the government.

Mr. VIEN: My point is that if you do not pay to judges of the high courts a salary that will attract the best lawyers you will get appointees of inferior quality. And yet in their hands you confide your life, your property and your freedom.

Mr. McCANN: Is the gentleman in question a lawyer?

Mr. VIEN: No.

Mr. McCANN: Then what is the point of the argument?

Mr. VIEN: I am drawing a parallel between judges of the high courts and the auditor general of Canada. The auditor general reports to parliament; he does so over and above

[Mr. McCann.]

the ministers of the crown. Every year, in the report of the auditor general, there is to be found independent criticism of the administration of departments. The correspondence exchanged between the departments and the auditor general on points in dispute is published in his report. Is it not extremely important for parliament and country that the auditor general be a man of the highest character? That was a decisive factor considered when the services of Mr. Gonthier were retained. Therefore, if a man is appointed to a position of such high standing, and appointed for life, how can he be treated as an ordinary civil servant? The compensation provided for him in the estimates is far from being adequate if you want to do him justice.

Mr. McCANN: Had the gentleman in question a contract with the government?

Mr. VIEN: He had.

Mr. McCANN: What was the nature of the contract?

Mr. VIEN: Just the same as the supreme court judges.

Mr. McCANN: No.

Mr. VIEN: My hon. friend says no. Let us compare the two cases. A lawyer is called to the supreme court bench; there is an order in council appointing him, and a statute fixing his compensation. The auditor general is appointed by order in council, he is called to be the auditor general. There is a statute, the Auditor General's Act, which provides for his salary. He is appointed for life and cannot be removed except by an address of both houses of parliament, like a judge of the supreme or exchequer court.

Mr. STIRLING: I have already asked for the order in council in question. It seems to me that would go a long way towards settling this matter.

Mr. McNEVIN: I have no desire to labour this point, but I should like to suggest that occupying ministerial positions in the government we have men who are making great sacrifices in the public interest, for whom no pension or superannuation provisions are made at all. Men occupying these positions have great demands made upon their resources by the public. I consider that the former auditor general has been well treated in the matter of his superannuation allowance, and I register my objection to this additional grant.

Mr. ROSS (Moose Jaw): I do not want to contribute to this debate at any length, but I think this affords an opportunity to discuss

at least one principle that has come up during this discussion. That is the case of a man who is retired from the service because he has reached the age of seventy. Whether we have contracts or customs in regard to appointments for life or appointments which must be terminated on reaching a certain age, it is my opinion, as I think it is the opinion of most people in Canada, that no man in the government service should hold an appointment beyond the age of seventy, no matter what may be his position. I think it is about time we provided that every appointive position in Canada should become vacant when the person holding that position reaches the age of seventy, whether he be a senator or a judge or anything else; whether he be under contract for the balance of his life, and even though compensation must be paid.

Mr. VIEN: I agree entirely with the hon. gentleman, with this qualification: when a gentleman is appointed for life, and then a statute is passed providing that in future there will be an age limit, that age limit should apply only to those appointed after such legislation was enacted.

Mr. EDWARDS: In connection with this matter one point is bothering me to which I think we should direct our attention instead of considering the general principle. If this gentleman was appointed for life, as has been suggested or alleged, then why and how did he avail himself of the provisions of the superannuation act? What was the necessity for it if he contemplated receiving this salary for life? It seems to me that the two positions are wholly irreconcilable. Either this man had a contract under which he would receive \$15,000 a year for life, or he did not. The fact that he availed himself of the provisions of the superannuation act is at least to my mind, cogent evidence that he had no such contemplation when he was employed by this government.

Mr. HOMUTH: Everything the deputy speaker has said to-night has been a matter of comparison, and to me comparisons are odious in connection with the salaries and superannuations of civil servants. But we have thousands and tens of thousands of people raising families in this country and earning \$15, \$18 and \$20 a week. These people have to pay the salary and superannuation of men like this. These are the things that are causing in this country a feeling of disrespect for and lack of confidence in government. There are men in this house, in this party and in the Liberal party, who protest against the Cooperative Commonwealth Federation, the communists and others going into politics.

They go into politics because of things like this, and I think it is about time we began to realize that the money to pay these high salaries and superannuations comes out of the small wage-earner of this country, who is not going to stand for it very much longer. Let this house set a precedent to-night and say we will not do this thing the government is asking us to do.

Mr. ILSLEY: The hon. gentleman who is leading the opposition at the moment asked for the order in council. I have not the order in council here, but I asked for a memorandum concerning the statutes under which auditors general have been appointed, and my information is that from 1878 to the present time the statutes have provided that their appointment shall be during good behaviour, removable upon address of both houses of parliament. From that I would think it would follow that the actual terms of the order in council would be irrelevant, because the statute would govern. The order in council could contain only one provision; that is, it would be an appointment under the statute, for the tenure I have mentioned.

Mr. STIRLING: Does the minister know how this gentleman's predecessor was treated?

Mr. ILSLEY: I do not know the history of the matter at all. With regard to the point raised by the hon. member for Calgary West (Mr. Edwards), I do not know why Mr. Gonthier availed himself of the provisions of the Civil Service Superannuation Act. I presume one reason would be that they applied to his case. Another would be that under that act he would receive certain protection against retirement by virtue of ill health or incapacity, and his dependents would also receive protection under it. Therefore it would not follow that it would be disadvantageous to him to make his payments under that act if he were appointed for life. The two are not inconsistent. I can imagine it being desirable from his point of view to make his payments under the Civil Service Superannuation Act, so that if he did retire through incapacity he would be pensionable under the provisions of that act, and if he died his dependents would also receive benefits.

Mr. EDWARDS: Are the judges or any other employees of the government who are not civil servants in a position to avail themselves of the provisions of that act?

Mr. ILSLEY: The judges are not.

Mr. EDWARDS: Or any other employees of the government?

Mr. HOMUTH: Not those in similar positions.

Mr. VIEN: But it must be remembered that in the Judges' Act there is a superannuation provision different from the Civil Service Superannuation Act.

Mr. HOMUTH: But they have not a choice of coming under the Judges' Act or the Civil Service Superannuation Act.

Mr. VIEN: The auditor general, not being a judge, had no choice but to take advantage of the superannuation act, of which the judges cannot avail themselves. They have an act of their own.

Mr. McNEVIN: I move, in amendment, that the amount of \$1,500, as annuity for the former auditor general, be reduced to one dollar.

Mr. STIRLING: Are there any other instances of retiring employees, who under the superannuation act have paid into this fund of superannuation, having been paid additional amounts to augment the amount of their pensions?

Mr. ILSLEY: I do not know about that.

Mr. RYAN: I do not know anything about the agreement made with Mr. Gonthier, but I am very well acquainted with him. I knew what he was doing in Montreal as an auditor, when he was appointed by the government. I have known this man for years, and I am confident that if he had not thought he was being appointed for life he would never have accepted the position. I knew him well enough to know what he was earning in Montreal. He would never have taken a position where the government at any time could discharge him. I believe that this amount of \$1,500 ought to be paid, in justice to this man, because I firmly believe he held the position with the thought that he had been appointed for life.

An hon. MEMBER: Appointed at a salary of \$7,000, and that salary continued for several years.

Mr. RYAN: I believe firmly that Mr. Gonthier would not have accepted a position as Auditor General of Canada for \$7,000 a year, because he was earning much more than that.

Mr. HOMUTH: Then why did he accept the position?

Mr. CASSELMAN (Grenville-Dundas): In order to have the record straight, on July 17, 1940, this question was asked in the House of Commons:

Have any other retired employees, under the superannuation act, been voted additional amounts?

[Mr. Edwards]

The answer to that question was, no. That means that this vote we are now asked to pass to-night places this man in a position different from that of any other man who has ever been in the employ of the government of Canada and comes within the provisions of the superannuation act.

Mr. ILSLEY: The ordinary person appointed to the civil service of Canada is appointed during pleasure.

Mr. HOMUTH: What is there so extraordinary about this appointment?

Mr. ILSLEY: He was appointed during good behaviour.

Mr. HARRIS (Danforth): What is the difference between appointment during pleasure and appointment during good behaviour?

Mr. ILSLEY: There is all the difference in the world. I will tell hon. members the difference, and illustrate by the experience of governments in England. One of the Stuart kings dismissed twelve judges because they were appointed during pleasure. He dismissed them because they gave judgments which did not appeal to him.

Mr. HOMUTH: That was in the time of the Stuarts; this is 1940.

Mr. ILSLEY: That was the very thing which gave rise to the demand by the English people that the tenure of judges must be during good behaviour, so as to put them beyond the reach of governments, and thereby make them independent of governments.

The ACTING CHAIRMAN (Mr. Jean): Does any other hon. member wish to speak on this item?

Mr. PURDY: Yesterday I received a letter from the Post Office Department stating that they must close certain post offices because they could not carry them on any longer. Last week I received a similar letter, and the week before a similar letter. The week before that, because they wanted to save expenses, they were going to close a mail route which served a large number of people. A day or so after that, they were going to close lighthouses because they did not have the money to carry on. Surely, if the government has not the money to carry on services for the good of the people in the rural districts, it cannot have the money to give an annuity of \$1,500 to this man.

Mr. ILSLEY: Before the vote is taken, I wish to repeat that every hon. member will act on his own responsibility in the matter. He is free to vote exactly as he pleases, without any intimation from anyone as to what he should do.

The ACTING CHAIRMAN (Mr. Jean): It is resolved that a sum not exceeding \$2,083.33 be granted to his majesty for the purpose set out in the item. It is now moved in amendment by the hon. member for Victoria, Ontario, that the amount of \$1,500, as annuity for the former auditor general, be reduced to one dollar.

The question is on the amendment. In my opinion the ayes have it, and the amendment is carried.

Mr. VIEN: Count the votes.

The ACTING CHAIRMAN (Mr. Jean): Those in favour of the amendment will please rise.

Mr. McNEVIN: This has been settled. The Chairman has given the results. The matter was settled, and the decision announced.

The ACTING CHAIRMAN (Mr. Jean): But an hon. member has asked for a standing vote.

Mr. STIRLING: Too long after the announcement was made.

Mr. VIEN: I am asking for a standing vote.

Mr. McNEVIN: I would point out that when a vote is demanded, five members must rise in their places. In this instance they did not rise.

Mr. VIEN: No, that is not the rule in committee. In committee the vote is taken by a standing vote. And I am asking that this vote be taken by a standing vote.

Mr. HOMUTH: It seems to me that the decisions in committee depend entirely upon whether or not the chairman of committees is in the chair or whether he is sitting as a private member of the house.

Mr. VIEN: When the chairman of committees says, "In my opinion the ayes have it", any member of the committee may ask for a standing vote. I am asking for that standing vote.

Mr. HOMUTH: And you will get it.

Mr. STIRLING: What is before the chair?

Mr. VIEN: Those in favour will stand.

Mr. HOMUTH: Who is running the committee, anyway?

The ACTING CHAIRMAN (Mr. Jean): After a decision being made by the chairman of the committee, I believe it is the right of any hon. member to ask for a standing vote. I believe some hon. members in the com-

mittee would like to have a standing vote. Therefore I ask those in favour of the amendment please to rise.

Amendment agreed to: Yeas, 36; nays, 27. Item as amended agreed to.

DEPARTMENT OF FINANCE

52. Departmental administration, \$286,590.

Mr. STIRLING: I believe the Minister of Finance is the member of the government responsible for operations under the foreign exchange control board. I would draw the attention of the minister and the committee to the utter inequality in connection with the findings of that board.

In the morning issue of the *Ottawa Journal* there appears a reference to an article which appeared in the *Windsor Star* and which I shall paraphrase shortly. It refers to the fact that the federal exchange control board objects to citizens of Windsor going across to Detroit to see the Tigers play the New York Yankees, while citizens of Toronto are permitted to send their money to the United States to pay for watermelons, peaches, plums, grapes, et cetera. We have made several attempts to impress upon the government the extreme situation which results from the findings of the foreign exchange control board. Our expenditures are curbed if we want to go to the United States, or if we want to pass through that country en route from one point in Canada to another. Enormous sums of money are being used for the purchase of perishable products produced in the United States, when the same products are produced in Canada and available for sale. I have not dealt to any extent with my own province, but the minister knows that the constituency which I represent takes in the Okanagan and other valleys in which these fruits are produced. I received a letter to-day which I should like to place upon the record. It is from the Southern Cooperative Exchange, dated July 30, 1940, addressed to myself, and reads:

We, a group of fruit growers, are much exercised about the present state of the peach deal in western Canada.

Our sales office, the British Columbia Tree Fruits Limited, of Kelowna, B.C., informs us that there were twenty-five (25) cars of American peaches in Winnipeg over the week-end, and that they are excluding our produce from the market, practically altogether, as far west as Regina.

Also, in Vancouver, there are truck loads of American peaches coming in and retailing at prices that we consider would be less than the cost of production to us, if we have to meet the competition.

We are convinced that the American producers, etc., only consider the Canadian markets as a dump market, and anything that they can

get from it is something salvaged, and also a help to maintain better prices on their domestic market. So, naturally, we feel that it is very unfair competition, and as a consequence we should have protection.

We are to-day at war with an enemy that is going to take all of our resources to defeat. We listen to various speakers, and read articles in the newspapers all exhorting us to do our utmost in the effort to win this war, by buying war savings certificates, and by giving to a dozen different war efforts.

The allowing of wholesale fruit importations on to the Canadian markets, when Canada, herself, can supply it, seems to be inconsistent with the national policy of conserving national dollars.

We are all willing and anxious to do all of the things requested of us to aid in the national war effort, but how can we if we do not receive better than cost of production for our produce?

We, as private citizens, are not allowed to buy outside of Canada without going through a lot of red tape, yet big importers seem to have no difficulty. We are asked to be patriotic, and save our foreign exchange for the purchase of war supplies. Why doesn't this apply to the big importer, and if he is not willing to cooperate, why isn't he forced to do so?

We are as loyal and patriotic a group of growers as there is in Canada and are willing to do our bit at all times, but we would feel better about it if we had the protection of our markets by the government, and could feel assured that others were doing their bit also and not being allowed to exploit a situation to their personal advantage with possible harm to the general national effort.

We trust that this will meet with your immediate attention, that the situation will be thoroughly investigated, and all that is possible will be done to bring this situation to a more satisfactory standing.

There is only one reason I can think of why the foreign exchange control board, guided as it must be by government policy, should make these findings in connection with foreign exchange. The Canada-United States trade agreement contains a clause having to do with the operation of the treaty should either country be engaged in hostilities or war. It seems to me that if it saw fit, the government could prevent this stream of stuff from coming in to compete with our Canadian production.

Mr. ROSS (Moose Jaw): What is the duty on peaches?

Mr. ILSLEY: If my recollection is correct, the duty on the whole range of fruits and vegetables, with certain exceptions such as tomatoes which carry a specific duty, is ten per cent. I would point out that the fruits to which the hon. gentleman has referred really have a protection of about thirty per cent. There is the ten per cent regular duty, the ten per cent war exchange tax and the ten per cent exchange. In addition to that, in that part of the year when similar

[Mr. Stirling.]

fruits are available in Canada in commercial quantities, these fruits are subject to a value for duty purposes, which varies with the particular fruit. In some instances it runs quite high, so that the total protection is considerable for certain parts of the year. This year very low prices are prevailing in the United States, and there has been a substantial volume of importations into Canada despite the duties to which I have referred. The government has given serious consideration to whether something should not be done. The treaty provision which the hon. gentleman has mentioned is an obvious one, but we cannot avail ourselves repeatedly of the war clause in that agreement and expect it to stand. If the agreement were destroyed, I think it would be unfortunate. The erection of a trade wall across this continent at this time would be undesirable, not only from a trade point of view but from other points of view as well.

Mr. JAUQUES: I should like to direct attention to something which came to my notice to-day and which appeared in the *Globe and Mail* of Toronto in the August 5 issue. This reads:

Alas, the public, including some bankers and economists and even some mining engineers, is gullible and unconsciously and innocently helping this insidious German propaganda. I believe if the Canadian and American governments were to broadcast by radio the general remarks outlined in this article, especially the comparison with an average dwelling, that it would do much to counteract the foul German propaganda which is making the people believe that the gold reserves in the central banks of the world are just so much "dross."

It will be the job of bankers and business men to get the world back on a gold basis and assuredly this will happen all in good time after Herr Hitler and his fifth column have been silenced.

The inference there is that those who do not believe in the gold standard will be branded as fifth columnists. The boot is on the other foot. Had it not been for the gold standard, in all probability Herr Hitler would never have been heard of. I have good authority for saying that. I do not ask the committee to take my word on such a matter. I should like to read a short excerpt from a book of a most illustrious Liberal, none other than the Right Hon. David Lloyd George. In his book "The Truth About Reparations and War-Debts," he says this:

The draining away of the world's gold supplies has made gold scarce and dear—

I might say that the object of this article in the *Globe and Mail* is to prove that gold is both scarce and dear. Mr. Lloyd George says:

The draining away of the world's gold supplies has made gold scarce and dear, which

means that, by comparison with gold, all other property and goods have become cheap. The immense fall in the value of everything has bankrupted industry and finance. The money value (in gold) of investments, securities, stores, and the products of industry and agriculture has collapsed until it is no longer worth-while commercially to make things or grow them for sale. Hence the world to-day is faced with that industrial stagnation and financial bankruptcy of which I have given illustrations in my introductory chapter.

This book was published in 1932. Again, he says this:

Countries which were devastated and exhausted by the war and countries which on balance profited by the war are alike suffering, and they find that the tale of Midas ought to have taught them that gold is indigestible. It may be all right in the teeth of a nation, but it should not be allowed to travel any further.

I see a danger in articles of this kind. If those who are opposed to the gold standard are to be branded in the press as fifth columnists, there may be trouble ahead. I should like to tell the writer of this article and the editor of the paper that there were opponents of the gold standard before Hitler was born, and certainly before he was heard of.

In conclusion, may I ask the Minister of Finance if he can assure the committee that there are no financial limitations whatever on our war effort, and that the methods adopted to finance the war will not lead to such conditions as are described by Mr. Lloyd George in the book from which I have just read. Also, could he tell the committee briefly the purpose of the visit to this country of Sir Otto Niemeyer. According to the press, Sir Otto Niemeyer, accompanied by a large staff of assistants, came here a couple of weeks ago and intends to stay for some weeks or months. I understand that he is a director of the Bank of International Settlements, of which institution there are at the present time both German and Italian directors. I suppose that his visit has no connection with this article, which may or may not be inspired.

In this connection I might quote one further line from Mr. Lloyd George's book. Referring to Mr. Montagu Norman, who of course is governor of the Bank of England, of which Sir Otto Niemeyer is a director, and with regard to a trip which the Right Hon. Stanley Baldwin made with Mr. Montagu Norman to the United States in 1923 to open negotiations for the funding of the British debt, Mr. Lloyd George says:

It was a bad combination. No worse team could have been chosen. Mr. Montagu Norman is the high priest of the golden calf and his main preoccupation was to keep his idol burnished and supreme in the Panthéon of commerce. In his honest view it was the only god to lead the nation out of the wilderness.

Would the minister tell us what is the mission of Sir Otto Niemeyer?

Mr. ILSLEY: Sir Otto Niemeyer came to see the Bank of Canada, not the dominion government. I understand that he came for the purpose of discussion of some matters of interest to the two banks, that is the Bank of England and the Bank of Canada—probably matters relating to foreign exchange control.

Item agreed to.

General.

76. Unforeseen expenses, expenditure thereof to be subject to the approval of the treasury board, and a detailed statement to be laid before parliament within fifteen days of next session, \$80,000.

Mr. BLACKMORE: Would it be in order, before the vote for the whole department is passed, to revert to one item which was passed before I was aware how rapidly they were being passed. I should like to discuss a matter which is appropriate to item 57, if it would not be entirely out of order. I was listening attentively, but I could not tell what numbers the chairman was calling.

The ACTING CHAIRMAN (Mr. Jean): The item under discussion is 76.

Mr. BLACKMORE: There is one matter I should like to discuss under item 57.

Some hon. MEMBERS: Go ahead.

The CHAIRMAN: Very well.

Item agreed to.

Old age pensions (including pensions to the blind).

57. Old age pensions, including pensions to the blind, administration, \$41,090.

Mr. BLACKMORE: Could the minister give us any information about the petition which was presented on June 14, regarding old age pensions, by the hon. member for Comox-Alberni (Mr. Neill), and signed by 57,409 petitioners from Ontario, Alberta, Manitoba, Saskatchewan and British Columbia? Has any provision been made, or any action taken by the minister?

Mr. ILSLEY: The petition was to lower the age at which persons would be eligible for old age pensions. Is that the petition to which the hon. member refers?

Mr. BLACKMORE: Yes.

Mr. ILSLEY: The provision for old age pensions is based, as before, upon the seventy-year age. It is not felt this year, with all the financial demands there are upon the government, that we could lower the age limit to sixty or even to sixty-five. There are other

reasons as well, but the main one is that the provinces are primarily those who pay old age pensions and our agreements with the provinces are based upon the age of seventy. It would be necessary to get the provinces to agree to a lowering of the age, which would in turn throw a heavier financial burden upon the provinces if the present plan of division of expenses were continued. All factors considered, it was not felt that the government could comply with the prayer of the petition this year.

Mr. BLACKMORE: I appreciate the way in which the minister has dealt with the matter, and I grant that probably, as we see matters at the present time, that is completely satisfactory; but just the same we have not taken care of people between the ages of sixty and seventy. With respect to the Department of Labour, I said a little while ago that there was no way in which a man of sixty could get a job, and I do not believe that one could find a firm from one end of Canada to the other who would take on a woman of sixty. If they cannot get work at sixty and cannot sell what they are able to produce, then they are in danger of starvation or of the greatest privation, and their only recourse is to go on relief. But we are cutting down relief all over the country. Look at the condition that these people will be in between the ages of sixty and seventy. It was consideration for this large group that prompted me to make the statement I did with respect to the civil service regulations. I am not making a suggestion to the minister, but I wonder if he could not work out with his colleague a plan whereby we could arrange for people of sixty or seventy to get work. A good many people will suffer terribly unless some measures are taken to help them, because they cannot help themselves. If the civil service will not take a man who is perfectly sound at sixty, how can one expect anyone else in the dominion to take him? We know that industry demands that a man shall be under forty-five years of age. Under these circumstances, if we do not make provision to bring the old age pension age down to sixty, we are practically condemning to shameful privation people between the ages of sixty and seventy. I merely wanted to point this out. I know the ministers are burdened with trials and anxieties, so much so that I marvel that they can keep their poise. But there is this difficulty which must be faced; otherwise the suffering will be a disgrace to the country and to all governments in power.

Mr. McCANN: I have always entertained the principle that pensions of any type should be on a contributory basis; and in view of the

[Mr. Ilesley.]

fact that this house has passed an Unemployment Insurance Act on that basis, I wonder if the government has considered the proposal, which was put to the house at former sessions, of establishing a system of old age pensions on a contributory basis. All people at some time in their lives have some earning capacity. A good many people will not save a dollar of their own volition; and if they could be induced to put by a few dollars during their earning years, the government contributing in a like manner, then when they came to the age of sixty or sixty-five or seventy, a fund would have been built up whereby they could be given an old age pension. In my judgment, until that time comes, when there is some type of contributory pension fund for aged people, we are not going to be in a position financially to pay pensions to people under seventy years of age. The late Minister of Finance, Mr. Dunning, in discussing old age pensions, took kindly to the suggestion in that regard. These matters should not be dropped. They should be kept alive from year to year, and the sooner the government adopts as a part of its policy the building up of a contributory system of old age pensions, the sooner we shall have a solution of a pressing problem.

Mr. ILSLEY: Everyone admits the desirability of establishing a system of contributory rather than non-contributory old age pensions if possible. The difficulties heretofore have been largely constitutional, and it was hoped, I think, that this would be one of the questions which would have been considered in connection with the Sirois report. A certain reallocation of powers will be necessary before a workable scheme can be adopted with regard to contributory old age pensions. If that were adopted, it might be possible to lower the age.

Mr. MACKENZIE KING: May I express one hope in connection with what the hon. gentleman has been discussing. I trust the day will come when we shall have a social insurance plan broad enough to include old age, unemployment, invalidity, accident, health, all in one contributory scheme, whereby all those who contribute will be assisted in their efforts by the state and will be able to draw from a fund for any one of these purposes.

Mr. McCANN: That will be utopia.

Mr. MACKENZIE KING: I am not so sure that it is so remote. I hope the day will come, for it is something everyone will be pleased to have.

Mr. BLACKMORE: Meanwhile the first task is to learn to put everyone to work at a reasonable income. Until we do that, it is idle to talk of old age insurance on a contributory basis.

Item agreed to.

Resolutions reported, read the third time and concurred in.

SUPPLY—CONCURRENCE

Hon. J. L. ILSLEY (Minister of Finance) moved:

That the reports of the committee of supply made to the house on June 3, 7, 24, 25, 26, July 15, 18, 31, August 5, less amounts voted in interim supply be now received, read a second time and concurred in.

Motion agreed to.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1941, the sums of \$178,176,682.65 and \$3,197,488, respectively be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilesley thereupon moved for leave to introduce Bill No. 124, for granting to his majesty certain sums of money for the public service of the financial year ending the 31st March, 1941.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Government House, Ottawa,
30th July, 1940.

Sir:—

I have the honour to inform you that the Right Hon. Sir Lyman P. Duff, G.C.M.G., act-

ing as deputy of His Excellency the Governor General, will proceed to the Senate chamber on this day the 7th of August, at 12.30 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,

F. L. C. Pereira,

Assistant Secretary to the
Governor General.

BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to express to hon. members the appreciation of my colleagues and myself for their courtesy in continuing to sit all this evening until this hour so as to enable the business of the house to be completed this morning. The business is now complete, and I move:

That when the house adjourns it stand adjourned until 12.15 o'clock p.m., to-day.

I might say that I understand the senate does not resume its sitting until twelve o'clock noon, at which time the supply bill will be considered in the other house. I imagine there will be no delay in its passage there, and I think that if hon. members reassemble here at 12.15 p.m. to receive the bill when it comes back from the other house, that will be the only business to-morrow until the royal assent takes place at 12.30 p.m.

Motion agreed to.

On motion of Mr. Mackenzie King the house adjourned at 1.28 a.m.

Wednesday, August 7, 1940

The house met at 12.15 p.m.

NATIONAL REGISTRATION

STATEMENT OF MAYOR OF MONTREAL—REFERENCE TO REPORT APPEARING IN STAR WEEKLY

On the orders of the day:

Hon. GROTE STIRLING (Yale): I desire to draw attention to a statement which appeared in the *Star Weekly* of Saturday, August 3. I will read two short paragraphs, if I may be permitted. It is apropos of the action of the mayor of Montreal recently:

Premier King said the house could rely on the government to see that the laws of the country were duly upheld. He promised to make a statement later.

The Prime Minister

"I declare myself peremptorily against national registration," Mr. Hanson said. "It is unequivocally a measure of conscription. Parliament, according to my belief, has no mandate to vote conscription."

It seems to me most unfortunate that on so serious a matter as this the leader of the opposition (Mr. Hanson) should have been thus misrepresented.

THE PRIME MINISTER

CONGRATULATIONS ON TWENTY-FIRST ANNIVERSARY OF ELECTION AS LEADER OF THE LIBERAL PARTY

On the orders of the day:

Hon. GROTE STIRLING (Yale): I have already had the pleasure of shaking the Prime Minister's hand on this occasion, but I feel sure that had the leader of the opposition (Mr. Hanson) been present this morning he would have desired to add his congratulations to my own and those of others on the occasion of the right hon. gentleman having attained his majority as leader of the Liberal party.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I desire to join with my hon. friend (Mr. Stirling) in making reference to the twenty-first anniversary of the Prime Minister's election to leadership of the Liberal party. I do so as one who has enjoyed not only the closest cooperation but the most intimate friendship with the Prime Minister, and I am happy to offer him my congratulations and good wishes. I believe, in fact I know, that he is the only leader of a political party in the world who is still at the head of his country after twenty-one years of leadership. He has gone through six general elections and has been successful in five—which I confess may not be for all members of the house an unmixed blessing; however, it is quite an achievement. I know that all hon. members will join with me when I express admiration for the Prime Minister's talents, his energy, his tremendous capacity for work, all of which have been placed at all times at the service of Canada. To-day, in this crisis, he is not only the man of a party but he is the man of Canada, the man of his country. In the contest in which we are engaged he represents the spirit of Canada, with all its vigour, its vitality, its sincerity and its eagerness to achieve victory. I am happy indeed, speaking as the dean of the house, which I do not do very often, to offer our congratulations to the Prime Minister. Et je puis dire qu'en le faisant je parle au nom de ma province.

[Mr. Stirling.]

Mr. VINCENT DUPUIS (Chambly-Rouville): Mr. Speaker, on this very happy occasion I cannot resist the temptation to say a word on behalf of my own district. It is now twenty-one years, as has been said already, since the national Liberal convention met in Ottawa to choose a successor to Sir Wilfrid Laurier. The delegates decided to vote in favour of a distinguished young man, the grandson of a great patriot, well known by the labour class for his work on their behalf. When called upon by Sir Wilfrid Laurier, upon the suggestion of Sir William Mulock, he organized the Department of Labour and became the first minister of labour in Canada. But I am sure that one of the principal motives which animated the delegates in their choice was his unlimited fidelity to Sir Wilfrid, in victory or in defeat.

I shall not undertake to recite all that he has accomplished since that time, except to repeat what the right hon. Minister of Justice (Mr. Lapointe) has already said, that the Prime Minister is the only leader of a party in the world who is still in office after so many years of leadership.

The main object of his life has been to maintain unity in this country, and after twenty-one years of leadership I am sure that the right hon. gentleman could repeat the words uttered by his predecessor in Strathroy in 1908, during the course of a political campaign. Sir Wilfrid Laurier said:

It is now twenty years since I assumed the leadership of the Liberal party. When my friends chose me to be their standard-bearer I swore to myself that I would give the task the whole of my life, my soul and my body, and that I have done. My days cannot be very long now.—

I hope the days of the present Prime Minister will be very long.

But whether they are long or short, I shall ever treasure as the most holy thing in my life the confidence which has been placed in me by men who were not of my own kith and kin. I have endeavoured to maintain the principle that the Liberal party is broad enough, that Liberal principles are large enough, to give an equal share of justice and liberality to all men, no matter what may be their race or religion. This is the feeling that has animated me, and this is the feeling which shall animate me to the end. If I am to be remembered after I have gone to my grave I would rather it should be because my name has been attached to the great work of advancing the unification of the races forming the Canadian nation. When my life comes to the end, if my eyes close upon a Canada more united than I found it twenty years ago, when I assumed the leadership of the Liberal party, I shall not have lived in vain, and I shall die in peace.

Therefore I desire to join with other hon. members of this house in expressing the hope that the right hon. gentleman may be spared for many more years to serve his country.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, as one of the senior members of the House of Commons, and a Liberal of the old school, I am delighted to join with my esteemed leader from the province of Quebec—whom we are all so glad to see with us to-day—in the tribute that he has so eloquently paid to the leader of the house, the Prime Minister, my chief. There is no greater pleasure than to recognize such an anniversary as this, to extend our congratulations and to express our good wishes—and say it with flowers. I am not endowed, sir, with the gift of flowery language, but the congratulations that I offer and the good wishes that I convey to the Prime Minister, not only on my own behalf but on behalf of all the private members, are none the less sincere.

Before taking my seat I wish also to pay my tribute to you, Mr. Speaker. You have had years of legal training, and you have a thorough understanding of parliamentary procedure and constitutional law. You have honoured the chair of this house. Every hon. member has been delighted to express his satisfaction in having you in the chair, and the house has always upheld your rulings.

May I say also that although I have not always agreed with Mr. Deputy Speaker, the chairman of committee of the whole, nevertheless he did very well and I offer him also my congratulations and best wishes.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, it is appropriate that someone from the western part of our dominion should join in the felicitations that have been extended to the Prime Minister on the occasion of the twenty-first anniversary of his election to the leadership of the Liberal party. It is a notable thing that he should have retained, not only undiminished but in an increasing degree with the passing of the years, the confidence of his party. It is a simple statement of fact that the right hon. gentleman has never stood so high in the estimation of those of his political faith as he does at this moment. We all know, that in the cross-fire of political warfare, if it may be so described, and in the heat of political controversy, hard things are sometimes said. But when we sweep all that away and look at the picture in its clear perspective it must be said of the Prime Minister that he enjoys, both at home and abroad, an esteem and standing greater than he has ever before held in his whole public career.

We are passing through strenuous days; a great surge of unprecedented events is coming upon us. It is well sometimes to think of the events of the past and learn from them some lessons for the future.

I simply wish to join my voice with that of the others who have spoken in appreciation of the services the Prime Minister has rendered to Canada, and to testify to the outstanding place he occupies in the esteem and affection of the people.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I feel that those whom I have the honour to represent in this house would be less pleased if I omitted to extend my best wishes to the Prime Minister on this occasion, and I should myself feel less content did I neglect to say a word at this time. I think the right hon. gentleman has a unique record, as has been pointed out already, and has much cause for satisfaction. I do not know that I have ever heard of anyone else who achieved what he has achieved in the way of long public life, retaining high esteem over a period of twenty-one years. I trust that he may be able to echo in a somewhat prophetic vein, shall I say, the superb words of Browning:

Grow old along with me!

The best is yet to be,

The last of life, for which the first was made.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have been informed that the deputy of His Excellency the Governor General has arrived at the parliament buildings and is waiting to give the royal assent to the bills which remain to be assented to. In the circumstances I hope hon. members who have spoken in such kindly terms in reference to the period of my leadership of the Liberal party, and hon. members who have received their words so graciously, will pardon me if I do not use more than a word or two in acknowledging what has been said.

Naturally one has reason to be deeply grateful that at the end of twenty-one years of leadership of a political party one should be privileged to listen to the expressions of good-will it has been my privilege to hear to-day. I am indeed profoundly grateful for the confidence which I have enjoyed on the part of so large a number of the citizens of Canada over such a long period of years. I am particularly grateful for the loyal support of the party to which I belong, particularly that of the members of the government and hon. members in this House of Commons, which has made this confidence possible; and may I say I am in no less measure deeply grateful for the good-will which has been extended by

members of all political parties regardless of differences that may exist between the principles and policies we respectively advocate.

I can assure you, Mr. Speaker, that no one is more surprised than I am, looking back upon the convention of 1919 to which reference has been made this morning, to find myself still head of the Liberal party. It has been a long road. I was going to say it has been a long period of time, but as I look back the time seems indeed very short. If I asked myself how it has all come about, I would have to re-echo the statement I have just made; it has been the associations, personal and political, that I have been privileged to enjoy during my life. As I think of my home in my early days, I recall that there social service, problems of social well-being and other public questions formed part of the daily conversation of the household. In that way I suppose it was, I became interested in public affairs. Later came the association, which has been referred to by the hon. member for Chambly-Rouville (Mr. Dupuis), with Sir Wilfrid Laurier, the members of his government and the members of the House of Commons of that time; and throughout the twenty-one years since 1919 there has been the association with the most loyal and devoted body of associates that the leader of any political party could ever wish to have. My friend and colleague the right hon. Minister of Justice (Mr. Lapointe) has spoken of that association. Any good fortune I have had in the leadership of the party is due in large measure to him; it is something I owe as well in the greatest possible degree to every colleague with whom I have been associated during the time I have been privileged to be at the head of the party and to have direction of public affairs in parliament.

I do not know that at this moment I should attempt to say more. I believe, however, I can honestly state that in these twenty-one years of responsibility in leadership, I have tried above everything else to keep before me two aims which I believe to lie deep in the hearts of the Canadian people. One is that to which reference has already been made, namely to preserve the unity of our country, to do or to sanction nothing which would tend to destroy that unity; but rather to do everything which lies within one's power to further it. The other has been an aim equally dear, I believe, to the hearts of Canadians generally: it is to maintain, to extend and to defend freedom in its many individual and national aspects. This I have sought to do to the extent of my ability. I have had before me also in my public life one other aim which I hope I have been fortunate enough to carry

[Mr. Mackenzie King.]

out at least in some degree. It has been that no word of mine uttered in political discussion, either in parliament or on the platform, would ever inflict a wound in the breast of any political opponent or indeed injure the feelings of anyone with whom I might be drawn into public controversy.

Once again, Mr. Speaker, to those who have been so kind as to speak as they have this morning, particularly to my hon. friend the acting leader of the opposition (Mr. Stirling) for the words he has spoken on his own behalf and on behalf of the leader of the opposition; to my hon. friend the leader of the Social Credit party (Mr. Blackmore), who also has spoken on behalf of other hon. members opposite; and to the other hon. members and to my colleagues, who have spoken on this side, and to all who have so generously shown their approval of these many expressions of good will, may I say that I am indeed more than deeply grateful. I suppose the greatest of all rewards that can come to anyone in public life is to be worthy of the esteem and regard of one's fellow men. If in the slightest degree I have earned that regard over these twenty-one years I shall feel that I have had more than my full share of reward for such public service as it has been possible for me to render during that time.

THE ROYAL ASSENT

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name royal assent to the following bills:

- An act to amend the Salaries Act.
- An act respecting The Ottawa Electric Company and the Ottawa Gas Company.
- An act respecting The Cedars Rapids Manufacturing and Power Company.
- An act to amend the Yukon Act.
- An act to amend the Northwest Territories Act.
- An act respecting The Detroit and Windsor Subway Company.
- An act to amend the Naval Service Act.
- An act to amend the Civil Service Superannuation Act, 1924.
- An act to amend The Department of Munitions and Supply Act.
- An act to incorporate Pool Insurance Company.

- An act to amend the Customs Tariff.
 An act to amend the Income War Tax Act.
 An act to incorporate The Stanstead & Sherbrooke Insurance Company.
 An act respecting a certain wharf of Saguenay Terminals Limited.
 An act to incorporate Sisters Servants of Mary Immaculate.
 An act to amend The Cheese and Cheese Factory Improvement Act.
 An act to amend the Penitentiary Act and the Penitentiary Act, 1939.
 An act to amend The Tariff Board Act. The Excess Profits Tax Act, 1940.
 An act respecting Treachery.
 An act to amend The Excise Act, 1934.
 An act to amend the Special War Revenue Act.
 An act to amend the Royal Canadian Mounted Police Act.
 An act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1940, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.
 An act to establish an Unemployment Insurance Commission, to provide for Insurance against Unemployment, to establish an Employment Service, and for other purposes related thereto.
 An act respecting the payment of compensation for the taking of certain property for war purposes.
 An act to amend The Prairie Farm Assistance Act, 1939.
 An act to amend An Act respecting debts due to the Crown.
 An act to amend The Canadian Wheat Board Act, 1935.
 An act for the relief of Elizabeth Pauline Tingley Kidd.
 An act for the relief of Nancy Patricia Lytle Rowat.
 An act for the relief of Henry Carl Mayhew.
 An act for the relief of Laura Lucrezia Green Stinson.
 An act for the relief of Irene Nellie Kon Simpson.
 An act for the relief of Elma Jane Harris Aspell.
 An act for the relief of Edith Leanora Holland Bonet.
 An act for the relief of Dorothy Lavinia Worsley Baker.
 An act for the relief of Eugene Belanger.
 An act for the relief of Rebecca Cohen.
 An act for the relief of Ethel Cahan Naihouse.
 An act for the relief of John Roy Fumerton.
 An act for the relief of Paul Edouard Tardif.
 An act for the relief of Pearl Aizanman Morris.
 An act for the relief of Molly Goldfarb Goldberg.
 An act for the relief of Muriel Agnes Martin Beech.
 An act for the relief of Alfred Reinhold Roller.
 An act for the relief of Sarah Kerzner Spilberg.
 An act for the relief of Christina Smith Dunlop Andrique.
 An act for the relief of Anna Shepherd.
 An act for the relief of Margaret Somerville Sickinger.
 An act for the relief of Romain Cléophas Moreau.
 An act for the relief of Dorothy Florence Donn Martin.
 An act for the relief of Phoebe Doris Edge Pott.
 An act for the relief of Filomena Grego Sauro.
 An act for the relief of Kathleen Irene Mae Stephens Morrissey.
 An act for the relief of Dorothy Frances Poyser MacDermid.
 An act for the relief of Sheila Alice Dolly Young Dodge.
 An act for the relief of Margaret Louise MacDonald Russell.
 An act for the relief of Edward James Holt.
 An act for the relief of Peter Logush.
 An act for the relief of Goldie Wolfe Goldberg.
 An act for the relief of Ethel Witkov Myers.
 An act for the relief of Tilly Fishman Constantine.
 An act for the relief of Rachel Ruth Levenstein Schwartz.
 An act for the relief of Eleanor Mabel Campbell Townsend.
 An act for the relief of Isabel Margaret Gill Bacon.
 An act for the relief of Michele Fiorilli.
 An act for the relief of Gertie Schwartz Simak.
 An act for the relief of Geneva Clementine Hurley Picard.
 An act for the relief of René Gaudry.
 An act for the relief of Fanny Costom Copelovitch.
 An act for the relief of William Gerald Dickie.
 An act for the relief of Agnes Dorothy Smith Bruneau.
 An act for the relief of John Eric Pitt.
 An act for the relief of Dennis Calvert Kerby.
 An act for the relief of Camille Perks.
 An act for the relief of Maria Cecilia Patricia Gatien Rowell.
 An act for the relief of Lemuel Athelton Lewis.
 An act for the relief of Joseph Philias Hector Sauvageau.
 An act for the relief of John Bernard Hughes.
 An act for the relief of Annie Block Smilovitch.
 An act for the relief of Charles-Auguste Armand Lionel Beaupré.
 An act for the relief of Albert Lennox Brown.
 An act for the relief of Talitha Emily Findlay.
 An act for the relief of Joseph Armand Odilon Boucher.
 An act for the relief of Doris Bertha Schwartz.
 An act for the relief of Lilius Augusta Shepherd Harris.
 An act for the relief of Forest Wentworth Hughes.
 An act for the relief of Margaret Florence Stewart Corley.
 An act for the relief of Moora Lipsin Sagermacher, otherwise known as Mary Lipsin Sager.
 An act for the relief of Robert Tester Gordon.

Prorogation of Parliament

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Honourable the Deputy Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Honourable Deputy Governor General as follows:

May it Please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the commons, I present to Your Honour the following bills:

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1941.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1941.

To which bills I humbly request Your Honour's assent.

To these bills the Clerk of the Senate, by command of the deputy of His Excellency the Governor General, did thereupon say:

In His Majesty's name, the Honourable the Deputy Governor General thanks his loyal subjects, accepts their benevolence, and assents to these bills.

On motion of Mr. Mackenzie King the house adjourned at 1.10 p.m., until Tuesday, November 5, at 3 o'clock.

Tuesday, November 5, 1940

The house met at three o'clock.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S
SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, November 5, 1940.

Sir:

I have the honour to inform you that the Right Hon. Sir Lyman P. Duff, G.C.M.G., acting as the deputy of His Excellency the Governor General, will proceed to the Senate chamber on Tuesday, the fifth day of November, at 3.10 p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,

Your obedient servant,

F. L. C. Pereira,

Assistant Secretary to the
Governor General.

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 the Hon. Angus Lewis Macdonald, for the electoral district of Kingston City;

Of Louis O. Breithaupt, Esquire, for the electoral district of Waterloo North;

Of George Russell Boucher, Esquire, for the electoral district of Carleton;

Of Alfred Henry Bence, Esquire, for the electoral district of Saskatoon City.

NEW MEMBERS INTRODUCED

Hon. Angus Lewis Macdonald, member for the electoral district of Kingston City, introduced by Right Hon. W. L. Mackenzie King and Hon. J. L. Ralston.

Louis O. Breithaupt, Esquire, member for the electoral district of Waterloo North, introduced by Right Hon. W. L. Mackenzie King and Hon. C. D. Howe.

George Russell Boucher, Esquire, member for the electoral district of Carleton, introduced by Hon. R. B. Hanson and Mr. J. H. Harris.

Alfred Henry Bence, Esquire, member for the electoral district of Saskatoon City, introduced by Hon. R. B. Hanson and Mr. E. E. Perley.

HOUSE OF COMMONS

GIFT OF CHAIR USED BY SIR JOHN BOURINOT AS
CLERK OF THE HOUSE FROM 1880 TO 1903

Mr. SPEAKER: I think it desirable to inform the house that during the recess Doctor Beauchesne, Clerk of the House, was in communication with Mr. Arthur Sidney Bourinot, son of Sir John Bourinot who was clerk of this house from 1880 to 1903, who expressed the desire to present to the house the chair which Sir John Bourinot used during those years and which had been in the possession of his family.

Doctor Beauchesne accepted the gift and gratefully acknowledged it, and has caused the chair to be placed at the table and it is now occupied by Doctor Beauchesne.

PROROGATION OF PARLIAMENT

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

GOVERNOR GENERAL'S SPEECH

The deputy of His Excellency the Governor General was pleased to close the first session of the nineteenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

When the present session opened in May, one free country after another, in quick succession, had become the victim of nazi aggression. Before its adjournment on August 7, Italy had joined her axis partner as an open enemy, French resistance had collapsed, and the government of France had surrendered. Britain herself was threatened with invasion. The theatre of conflict had begun to spread into other lands beyond the confines of Europe. Japan and China were still at war. Among the nations of the world, the United Kingdom and the British dominions, alone, stood in arms, in the defence of the world's freedom.

Canada has willingly accepted the widening responsibilities which events have placed upon her. The measures which you have taken have had in view the immediate task of sharing more completely in the defence of Britain and securing our own country more effectively against internal subversion and external attack. They have also had in view the long range task of ensuring the ultimate defeat of the enemy.

To serve these ends, the structure of the administration has been altered and enlarged. A Ministry of National Defence for Air and a Ministry of National Defence for Naval Services have been created. The scope of the Department of Munitions and Supply has been expanded and its organization strengthened. A

Department of National War Services has been established. The government has been empowered by the National Resources Mobilization Act to bring to the defence of Canada and the advancement of the common cause all the resources of the country, both human and material. In the different branches of war activity there has been a steady expansion and acceleration of training, transport, manufacture and production.

By the Unemployment Insurance Act you have made a valuable contribution to industrial and financial stability in time of war, and to social security and justice in time of peace. It is deeply gratifying that approval was given by all the provinces to the necessary amendment to the British North America Act to permit of the enactment of unemployment insurance by the parliament of Canada.

Members of the House of Commons:

I thank you for the financial appropriations which you have made. The determination of the Canadian people to support and advance the cause for which we have taken up arms, has been reflected in the unselfish acceptance by all of its heavy financial burdens.

Honourable Members of the Senate:

Members of the House of Commons:

It has become only too apparent that the lust for conquest will continue to enlarge the theatre of war. The struggle to preserve freedom will be long and hard. May Almighty God guide and uphold its brave defenders.

This concluded the first session of the nineteenth parliament.

